



PRESS RELEASE

Blockchain leaders join forces to create efficiencies in the global FX market

- Finteum is building on R3's Corda, the leading blockchain platform for business
- Project to focus initially on the interbank intraday FX swaps market
- Banks will benefit from instant settlement, minimising settlement risk
- FX is the world's largest and most liquid market, but is beset by outdated technology

EMBARGOED UNTIL 09:00 17 September 2019

London/New York: FnalITY and Finteum today announced they are working together to deliver interoperability between the Finteum application, built on R3's Corda platform, and FnalITY's Utility Settlement Coin (USC) solution, which is based on Ethereum.

The interoperability focuses on intraday foreign exchange (FX) swaps between large institutions and will enable FX trading without settlement risk.

FX is the world's largest and most liquid market but is traded over disparate and often outdated systems and technology, leading to duplicative processes and high pre and post trade processing times.

Finteum is leveraging R3's Corda platform to create a global financial market for intraday liquidity.

Using Finteum, market participants now have a shared data record of their orders and trades, which means settlement will not fail and it will be easier to share market information with third parties, such as regulators.

FnalITY is leading the USC initiative and provides a digital cash system that uses blockchain technology to settle financial transactions.

The collaboration will also allow for instant settlement, in effect creating a new trade settlement business model. Using Finteum, USC funds are reserved before an order is placed in the Central Limit Order Book, and the order can be subsequently cancelled, freeing up the USC.

Banks use the USC to transfer legal ownership of the two currencies using money held at central banks. Finteum's platform means that this happens atomically, with either both transfers occurring together, or none at all. This version of settlement can occur 24/7, meaning less counterparty risk and fewer intermediaries.

Brian Nolan, co-founder of Finteum, said: "Any attempt for a bank treasurer to execute an intraday FX swap involves settlement risk and timing uncertainty in the current market.

"Intraday FX swaps are therefore an untapped source of value for bank treasurers. Large banks could each save tens of millions by creating efficiencies in their intraday liquidity. Instant gross settlement doesn't work for every use case, but is important for the initial payments in intraday FX. Using R3's Corda platform, we are able to work with organisations at the forefront of industry change – such as FnalITY – to deliver crucial responses to market needs. We want to work with three or four banks to support integration and provide feedback while we test and improve the solution and bring it closer to production."

Olaf Ransome, Chief Commercial Officer at Fnality said: “In addition to cost savings, the availability of USC as a payment asset offers new revenue potential to FX trading desks, brokers, and trading platforms. They will be able to earn returns by lending out cash that they are not using, or by bringing more market liquidity to the future markets in intraday FX swaps”.

David E. Rutter, CEO at R3, said: “The FX settlement process needs increased transparency and traceability. Corda is fit to deliver on both counts. It was built to be fully interoperable from day one, and Fnality’s USC is a perfect example of how our platform can be used in conjunction with other systems to answer crucial industry needs.

“We look forward to seeing Finteum continue to create industry-leading initiatives for the financial services sector, supported by cutting-edge technology”

Notes to editors:

About Fnality

Fnality is a London-based company leading the USC initiative, backed by 14 banks plus Nasdaq. USC, the digital settlement asset, settles tokenised value transactions with finality in central bank-backed currencies.

About Finteum

Finteum is a London-based start-up and has built a treasury funding order and trade management platform, leveraging R3's Corda. The Finteum application is built for intraday treasury funding, using financial products such as FX swaps, repo and securities borrowing.

About R3

R3 is an enterprise blockchain software firm working with a broad ecosystem of more than 300 members and partners across multiple industries from both the private and public sectors to develop on Corda, its open-source blockchain platform, and Corda Enterprise, a commercial version of Corda for enterprise usage.

R3’s global team of over 200 professionals in 13 countries is supported by over 2,000 technology, financial, and legal experts drawn from its global member base.

Finteum/R3:

Nick Murray-Leslie

Chatsworth Communications

+44 (0)207 440 9780

r3@chatsworthcommunications.com