

PRESS RELEASE

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WORLD'S FIRST BLOCKCHAIN-BASED STRUCTURED PRODUCT

London, 19 March 2018 – The first Structured Product to be transacted and custodied using blockchain launched on Friday 16 March. The product, a GBP principal protected note linked to the FTSE 100 index, is registered, cleared and settled on the **Ethereum** blockchain.

Created by **Marex Solutions**, in partnership with **Chartered Opus**, the product uses the **ResonanceX** multi-issuer platform developed and connected to the blockchain by **Nivaura** to automate price discovery, issuance and administration. **Allen & Overy** is supporting with the legal documentation and, as a first in this space, the product has been executed within the **FCA's** regulatory sandbox.

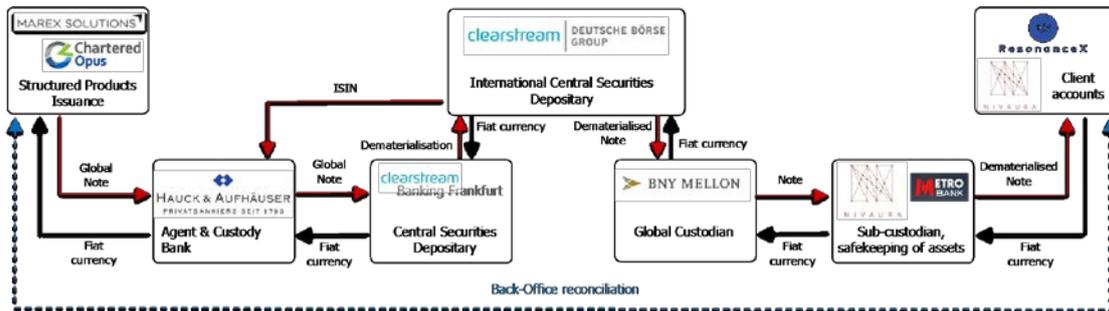
Distributed ledger technology has the potential to disrupt the trillion-dollar structured investment product markets, which are increasingly being sold in higher volumes, but for smaller notional amounts. This makes the pre, post-trade and custody costs highly significant. As things stand, a few large players dominate the various elements of the value-chain, from manufacturing and distribution, to custody, clearing and registration. Blockchain opens-up this market to best-of-breed niche firms who can come together to create competitive products, a development that disrupts the traditional finance models that relied partly on centralised trust to earn revenue.

For investors, the advantages of blockchain in structured products includes:

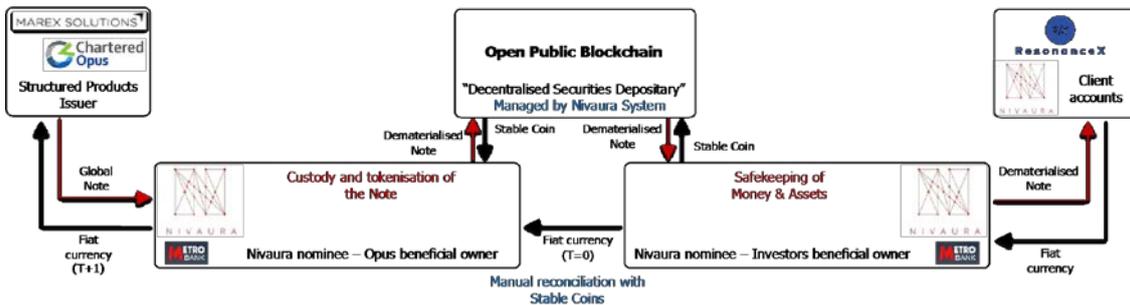
- Reduced costs, with blockchain potentially removing intermediaries.
- Fewer opportunities for data manipulation, with blockchain acting as the database.
- Less chance of human error associated with handling such transactions.
- Faster settlement. The current settlement cycle is two-days. By using blockchain, this can be reduced to minutes, if not seconds.
- Minimised settlement risk, given the faster settlement time.
- Greater transparency, with holdings already backed by securities.

The next development is to fully tokenise issuance and administer lifecycle events and payments via smart contracts.

Incumbent process:



With Blockchain infrastructure:



ResonanceX

Multi-issuer platform responsible for arranging and distributing.

Guillaume Chatain, CEO, commented: *“With this first ever blockchain issuance conducted in parallel with a traditional issuance via Clearstream, we’re not only demonstrating that our fully automated multi-dealer platform is well integrated within existing capital market systems, but that we are committed to use technology and the benefits of decentralisation to further reduce production costs. This will ultimately translate into lower minimums and better economics in the structured products ResonanceX will distribute.”*

Nivaura

Technology platform for distribution and arranging including digital custody engine.

Dr Avtar Sehra, CEO, commented: *“Multiple hand-offs between key activities, systems and parties results in overall inefficiency and ineffectiveness in the process, which adds to upfront and ongoing execution and compliance costs and challenges. Nivaura enables capture of data at every interaction point of the issuance and administration process, thus managing complexity and driving end-to-end automation in a flexible and compliant manner.”*

Marex Solutions

Product manufacturer and underlying credit risk.

Nilesh Jethwa, CEO, Marex Solutions, commented: *“Technology is disrupting traditional finance by allowing niche specialists to take the place of larger organisations. By being able to provide these products more cheaply, quickly and securely will, we believe, raise the bar for the industry.”*

Chartered Opus

Production platform for tailor-made investment products.

Markus Fehn, Head of Strategy & Product Innovation, commented: *“Since 2013, our mission has been to issue structured products in a transparent and flexible manner, giving investors access to a new universe of investment solutions that traditional issues can’t offer. We are convinced that our decentralised production approach, together with the implementation of new technology, will help our customers gain a competitive advantage in the market.”*

Allen & Overy

Legal Documentation Provider

Philip Smith, Partner, commented: *“This transaction builds on the work we’ve already done with Nivaura to carry out the world’s first fully automated cryptocurrency-denominated bond issuance that was also cleared, settled and registered on a public blockchain infrastructure. The launch underlines the idea that developments in distributed ledger technology are going to have a significant impact on the capital markets.”*

Richard Cohen, Senior Associate, added: *“This issue demonstrated how distributed ledger technology can facilitate clearing and settlement, without requiring a traditional settlement system infrastructure and the cost and complexity that can bring.”*

Financial Conduct Authority

The Financial Conduct Authority’s regulatory sandbox allows businesses to test innovative products, services, business models and delivery mechanisms in the real market, with real consumers. The sandbox is open to authorised firms, unauthorised firms that require authorisation and technology businesses. <https://www.fca.org.uk/firms/fca-innovate>

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Additional Information**ResonanceX**

ResonanceX is an independent platform for the issuance, distribution and administration of structured products that is using technology to bring efficiencies to the asset-class. We are a fully digital trading platform for HNWI and qualified investors to directly interact with multiple dealers in a transparent way. We provide a best in class digital interface and communication tool for investors to price, trade and administrate high-end structured investments while cutting out complexity and cost.

Nivaura

Nivaura's focus is vertical integration in the capital markets. We are connecting the fragmented pieces and automating operational activities to enable seamless and compliant flow of information. We believe such a utility will make it easier, cheaper, faster and safer for investment banks, brokers, exchanges, investors and third party service providers to perform their jobs. While Nivaura makes use of technology to achieve this aim, including blockchain and machine learning, Nivaura is not a blockchain company anymore than it is a machine learning or even an HTML/HTTP company.

Marex Solutions

Marex Solutions is a division of Marex Spectron and provides tailored commercial hedging and structured investment products, powered by a cutting-edge technology platform. We use our world-class expertise to deliver tailored solutions to specific client requirements. We provide clients with the tools, transparency and understanding to enable them to optimise decision and execution.

Chartered Opus

Chartered Opus is a production platform for investment products combining structural and technological innovations to a new methodology in Structured Products. Our clients include investment banks, asset managers, family offices and private banking units, corporates and frequent issuers. We enable them to issue securities, matching individual needs related to structured products, delta-1 solutions and secured bonds in the private debt space; including taking care of regulatory requirements up to marketing as a service.

Allen & Overy

Allen & Overy is an international legal practice with approximately 5400 people, including some 550 partners, working in 44 offices worldwide.

www.allenoverly.com