NY FED INNOVATION ADVISORY COUNCIL

DTCC directions on Digital Assets and DLT

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Innovation @ DTCC

Innovation is a necessity – change even in the most uncertain times is constant – so keeping up with the pace of change in our industry and innovating makes us more resilient, increases value to our clients, and ensures ongoing functioning of our markets.

While Innovation happens across the enterprise, the Innovation R&D Team drives enterprise knowledge sharing on novel tech and business models, encourages curiosity and rapid experimentation, and facilitates internal and external ideation and collaboration.

Innovation Strategy & Design
Creating a collaborative environment fostering a culture of ideas and experimentation in capital markets

- Partnering across technology and business units
- Experimenting in novel business models and technologies to create new platforms and ecosystems of products and services

Creating value for DTCC, our clients and the broader capital markets landscape

Technology
Enable rapid prototyping of business concepts and technology solutions to succeed or fail fast

- Partnering with fintech and 3rd parties to bring expert resources to experiments and proof-of-concepts on demand
- Sponsoring, funding and provoking a spirit of innovation across IT
- Leading the integration of new technology into DTCC
Innovation R&D | 2022 DLT Activities

- Open-Source: Hyperledger, Corda, Hamilton, & DLT Readiness
- Advancing DSM and ION to Production MVP, Security Eval
- Payment Rails for SIFMU, DDP Wholesale Pilot
- Opportunities to Leverage DTCC Services for Digital Identity
Key Program Initiatives Moving to Production

**ION EQUITIES CLEARING & SETTLEMENT MVP ON DLT**

**ION Production MVP based on success of ION Prototype - a novel DLT platform for consolidated clearance and settlement**

**SOLUTION**
DLT prototype demonstrated consolidated processing flow and optional RTGS, T+0, T+1/2, T+1 scenarios on DLT; tokenized assets and APIs
Production MVP will deliver Parallel System providing Bi-Lateral Trade Ingestion and Matching on DLT, target production Q2 2022 with limited clients and security eligibility. Clients can opt in to participate.
Built to meet DTCC’s rigorous standards across resiliency, stability, security, risk, and controls

**DIGITAL IMPLICATIONS**
DLT Enterprise Readiness, Value, Operational and BCM Integration

**DSM DIGITAL SECURITIES MANAGEMENT PLATFORM**

**Digital platform to standardize private markets from issuance to distribution and secondary transfer, including asset tokenization**

**SOLUTION**
MVP of Digital Platform for Private Market Securities. Issuers have option of creating digital securities and issuing tokens to investor. Investors can transfer tokens between accounts
Platform provides standardized, efficient, compliant, and secure operations across primary and secondary private markets
In development for target mid-2022 production MVP.

**DIGITAL IMPLICATIONS**
Supports token minting on public Ethereum Network
Token transfers execute Smart Contract which requires DTCC signing approval
QUESTIONS?