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Eurex Repo to act as access to HQLAX blockchain solution

The development of the HQLAX target operating model, an innovative blockchain solution for collateral swaps in the securities lending market by Deutsche Börse Group and HQLAX, is showing significant progress. In March 2018, Deutsche Börse Group and HQLAX announced a cooperation for a securities lending offering based on R3's Corda blockchain solution. It aims to facilitate more efficient collateral management of high-quality liquid assets (HQLAs), which are in heightened demand due to increased clearing and margin requirements under Basel III regulations.

Following extensive testing during deployment over the past months, the technical set-up is close to final, as is the legal and regulatory framework. Six banks have already confirmed that they have started their onboarding processes and will join the platform at launch date, which is expected in the first half of 2019. The platform will be accessed via Deutsche Börse's Eurex Repo trading system. Eurex Repo is the leading provider for international funding and financing in the secured money market business (repo and securities lending).

Unlike in traditional settlement, there will be no actual movement of securities between custody accounts on the HQLAX target operating model. Instead, tokens will be transferred while the underlying securities will be kept off-blockchain and remain static. This helps market participants to redistribute liquidity more efficiently by providing collateral mobility across systems and locations. A trusted third party layer will be the interface between the distributed ledger technology (DLT) and legacy securities infrastructure leveraging well-established triparty collateral management services.

Guido Stroemer, CEO of HQLAX, commented: "The interest and commitment shown by the market prove that blockchain can bring tangible benefit to our industry. In Deutsche Börse we found the perfect partner to exploit this potential. The increased shareholdings confirm their strong commitment to our business and the joint solution."

Jens Hachmeister, in charge of blockchain initiatives across Deutsche Börse Group, stated: "This blockchain use case reveals the significance and potential of the technology. This creates higher liquidity, transparency and efficiency for financial markets in general and securities financing in particular. We look forward to applying DLT for further solutions along the whole value chain."

Clearstream, Deutsche Börse Group's post-trading services provider, will act as custodian. Additionally, Deutsche Börse is in advanced discussions with further custodians to participate.

Philippe Seyll, CEO of Clearstream Banking S.A., commented: "We are thrilled to see the progress of the platform. It shows the technology's potential to enhance collateral liquidity management by lowering obstacles between different systems and locations."

Marcel Naas, General Manager of Eurex Repo, stated: "We are delighted that our existing customer base of more than 140 participants can easily access to the blockchain securities lending platform. It underlines our cooperative work within Deutsche Börse Group to integrate innovative solutions for our customers to enable more efficient collateral management of HQLAs."

Further information

 [HQLAx & Deutsche Börse Group - Target Operating Model](#)

[→ Deutsche Börse and HQLAX make significant progress on blockchain securities lending solution](#)

[↪ Clearstream](#)

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