



LSEG Blockchain Work

LSEG DLT Story 2014 - 2017

Internal and External

Internal

- | | | | |
|--|--|---|--|
| <ul style="list-style-type: none"> • Assessment of technology • Assessment of business use cases | <ul style="list-style-type: none"> • Contributing to open source project • Continuing assessment of business use cases | <ul style="list-style-type: none"> • Identified Business Use Case – Trade Reconciliation • Development and Delivery of PoC | <ul style="list-style-type: none"> • Identified Business Use Case – Private Equity Shares • Development and Delivery of PoC |
|--|--|---|--|

2014

2015

2016

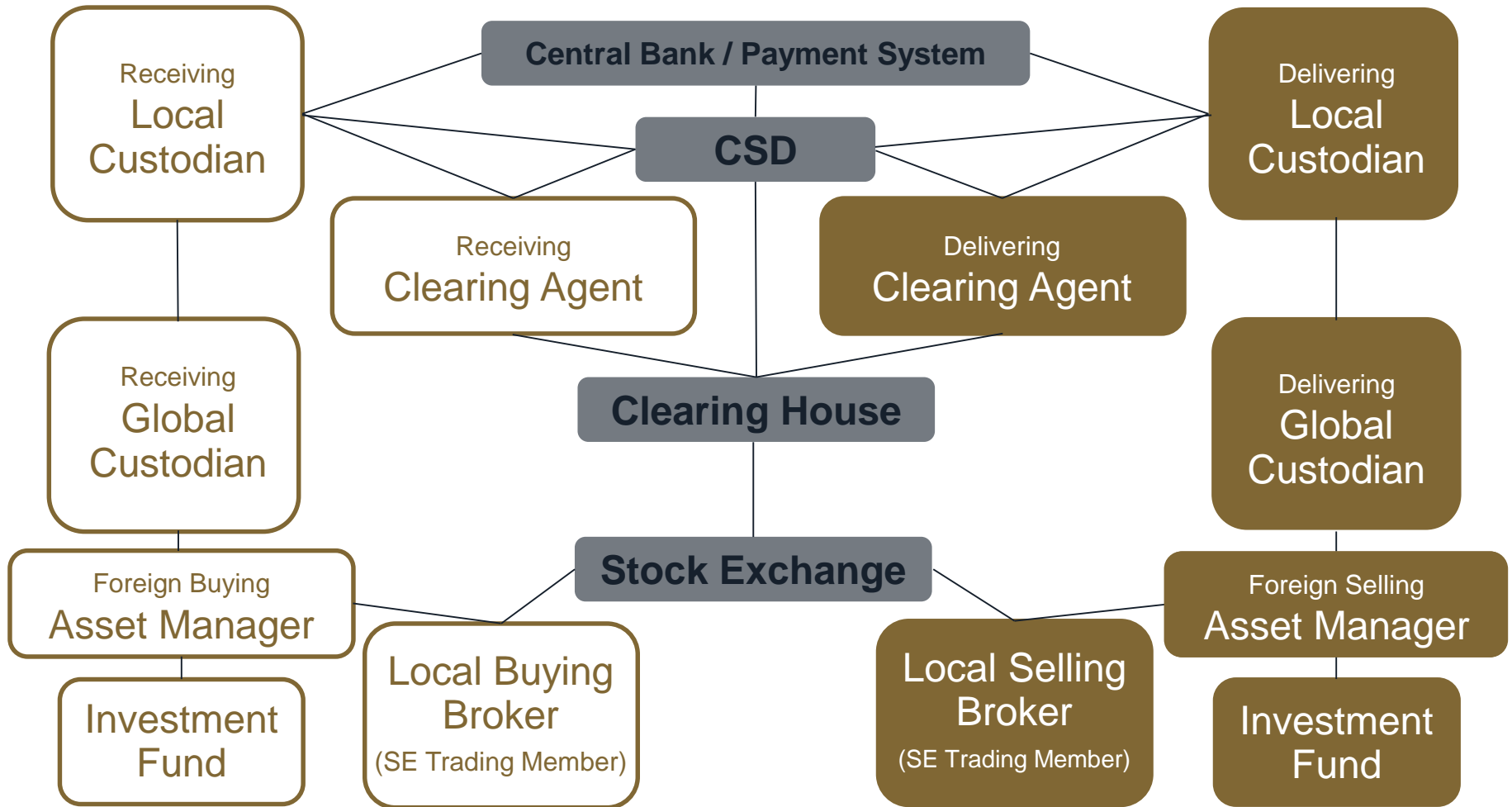
2017

2018

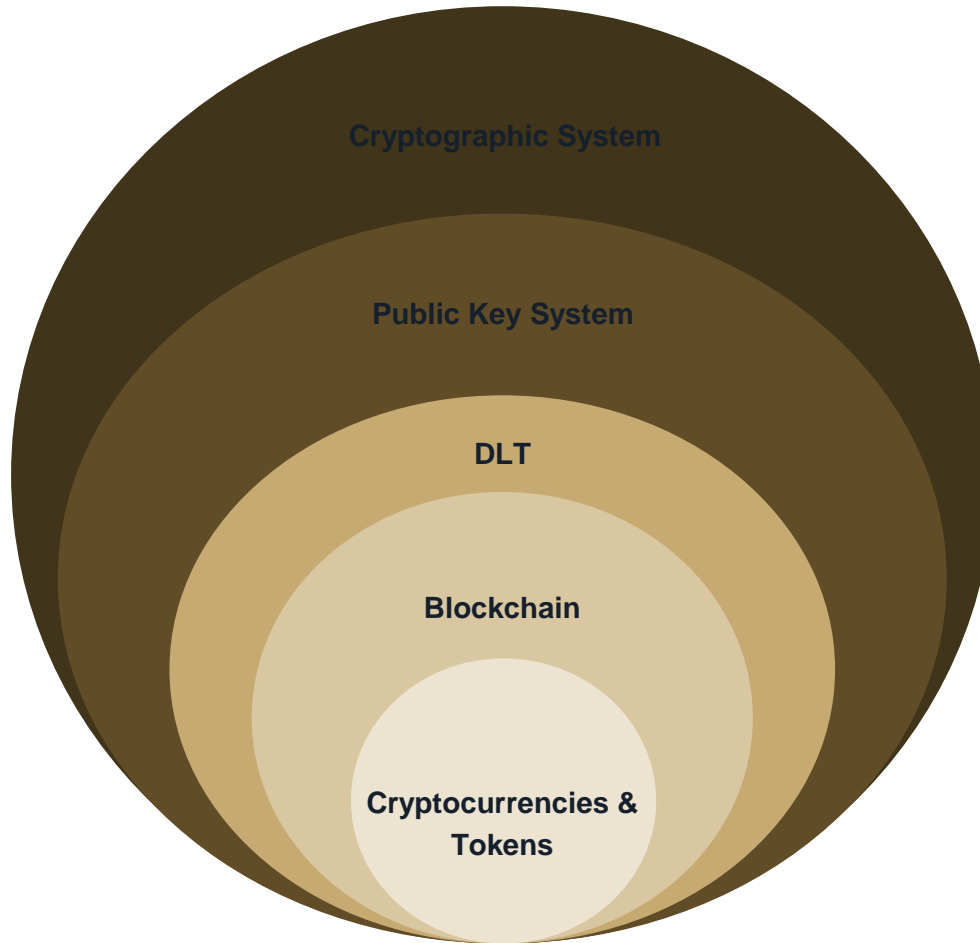
External

- Assessment of emerging technology platforms
- Engaging with Regulators
- Engaging with external companies such as vendors, consultancies

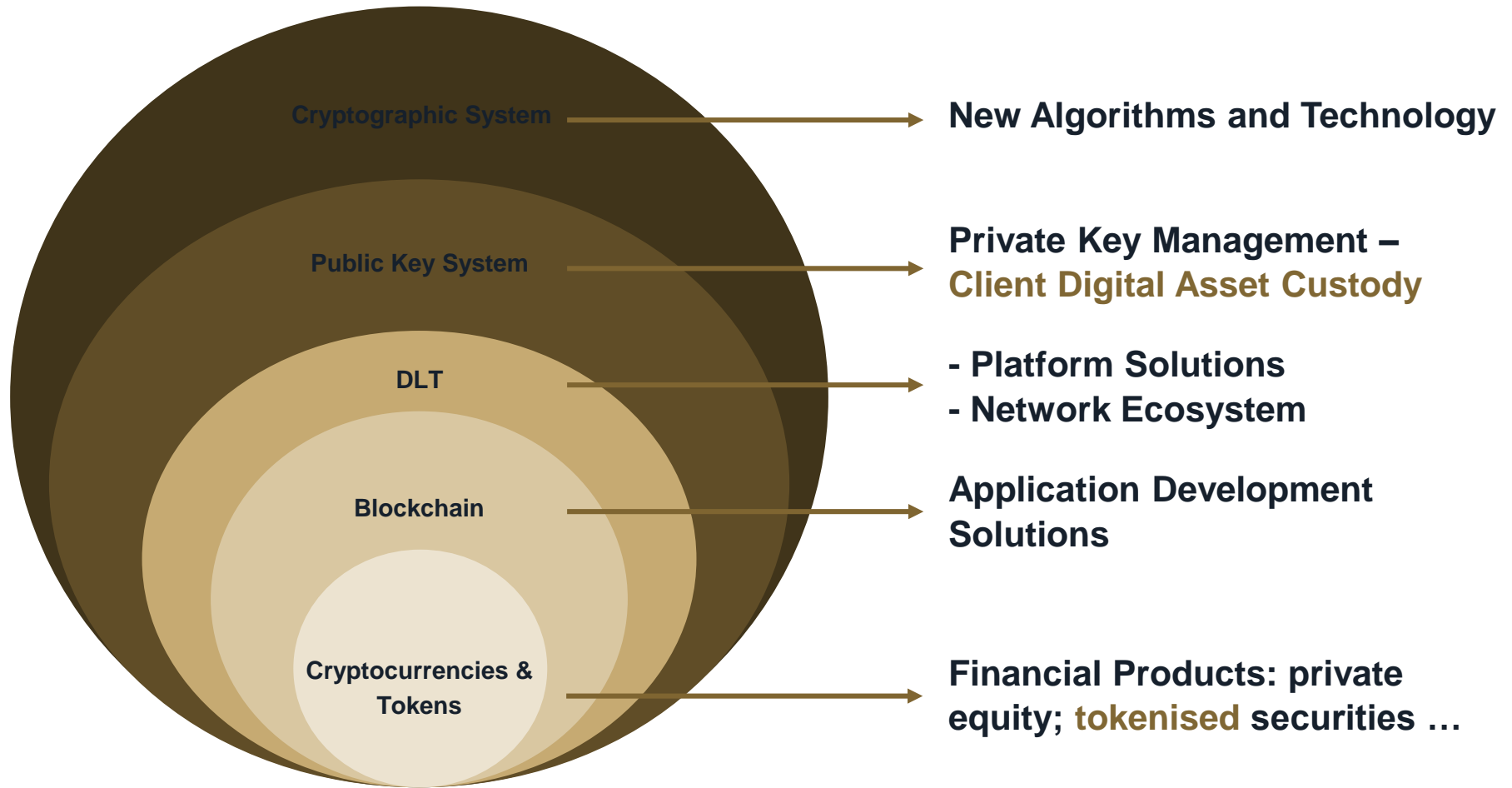
Existing Market Infrastructure



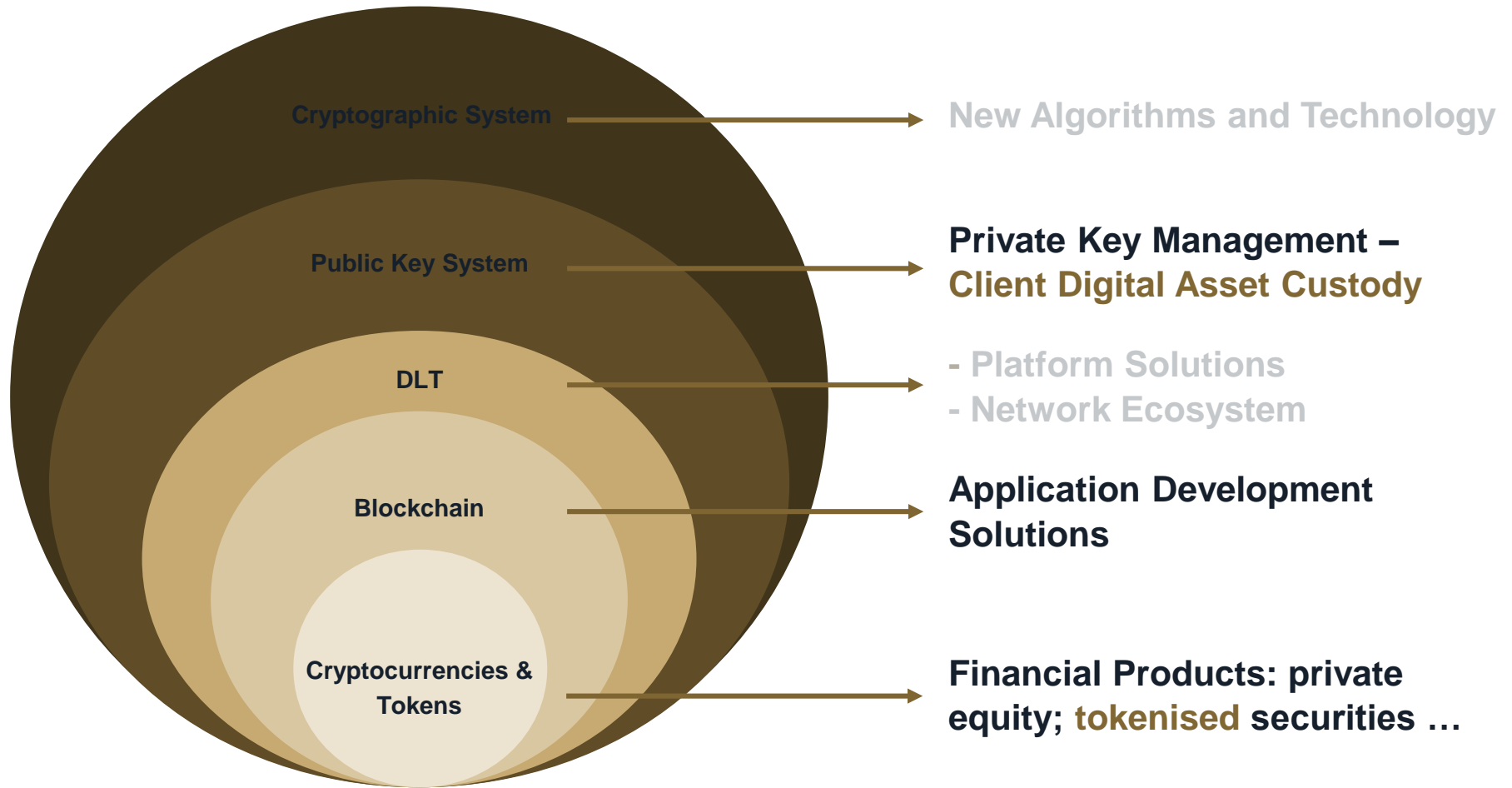
Setting the Technology Scene



Business Opportunities



Business Opportunities



LSEG Industry Collaboration Approach

Consortium Membership

- **Hyperledger Project**
LSEG working closely with the development team and has contributed to its public repository
- **PTDL Group**
LSEG is one of the founding members and member of Organising Committee
- ***Actively looking at other consortiums***
...

External Engagement

- **Engagement via private and public conferences**
 - LSEG has long been an active player at conferences
 - LSEG has established good relationships with its clients who share interests in the DLT space
 - LSEG has active engagements with regulators such as EC, BoE, FCA, HMT, SEC

Internal Engagement

- **Gather interests via internal client facing teams**
 - LSEG has a rich ecosystem that spans over multiple sectors in the financial industry, e.g.: CSD, Investment and Growth, Issuance and Trading, Clearing Business, Information Services etc.



A LSEG Use Case

- Blockchain Solution for SMEs

LSEG Use Case 1-

A Blockchain Solution for SMEs

- Business owner: **Monte Titoli** as LSEG's European CSD with connectivity to T2S
- Observations:
 - Majority of shareholders of **non-listed** Italian issuers **hold certificates in physical form**
 - Certificates in physical form are not usually **safe-kept in a vault**
 - Issues:
 - End-to-end management of **corporate actions** and distributions
 - **Physical endorsement** in case of **change of beneficial ownership**
 - **Physical registration** of pledges on certificates
 - Management of **shareholders meeting**
 - **High costs** of management of certificates

LSEG Use Case 1-

A Blockchain Solution for SMEs

We propose a blockchain solution where:

- Certificates in physical form are **turned into digital assets** stored in an immutable ledger
- The shared ledger allows **advanced functionalities** for participants (issuers, regulators, CSD and investors)



To overcome the issues mentioned previously to achieve:

- Shareholding information is visible to permissioned participants in **real time**
- **Securities issuance** can be achieved in a **user friendly** yet robust and audit proof process
- Securities transfers to update shareholding composition can **interact with legacy system**
- **Straightforward and cost efficient** way of managing shares

LSEG Use Case 1- A Blockchain Solution for SMEs

