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## **HSBC and Wells Fargo expand DLT solution to include offshore Yuan**

*Bilateral agreement adds additional currency being settled between the two banks*

HSBC Bank and Wells Fargo & Company (NYSE: WFC) today announced that the blockchain-based solution they are using for bilateral FX settlements is expanding to include the offshore Yuan (CNH).

The offshore Yuan is the fifth currency to be settled between the two banks using a shared settlement ledger that currently encompasses the US dollar, Canadian dollar, British pound sterling, and the Euro. Since launching the shared DLT solution in December 2021 announcement, HSBC and Wells Fargo have settled over USD200 billion in transactions, and plan to add additional currencies over the coming months.

Commenting on the announcement, Mark Williamson, global head of FX Partnerships & Propositions at HSBC said: "Extending CNH PvP settlement to Wells Fargo is an important milestone for reducing Herstatt Risk outside G10 currencies. This development is only our first step in extending our coverage into Emerging Markets currencies."

"We are pleased to expand the capabilities of the platform to include CNH, allowing us to reduce risk in the payment settlement process," said Vince Hindman, global head of Rates and FX Solutions, Wells Fargo Corporate & Investment Bank. "The collaboration shows that we can pursue innovative technologies and apply them in a way that enhances our existing infrastructure and ultimately benefits our clients."

The shared, private ledger is managed by joint operations teams at HSBC and Wells Fargo with full visibility by each of the parties to the relevant FX settlement, along with shared FX transaction records. The platform is governed under the framework of an agreed rulebook and facilitates efficient netting and settlement of FX transactions between HSBC and Wells Fargo in EUR, GBP, CAD, USD and now CNH. Participants in the network are only privy to transactions to which they are a counterparty.

The platform runs on Baton Systems' proprietary CORE distributed ledger technology and is governed by the Baton rulebook. The platform enables participants to efficiently settle bilateral cross border obligations across multiple onshore and offshore currencies, coupled with the added flexibility of extended settlement windows to optimize PvP risk reduction opportunities.

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**Notes to Editor:**

The FX and payments markets continue to prioritize reducing settlement risk, utilizing PVP risk reduction tools, on-us settlement and payment netting mechanisms. Recent global industry body statements on these topics include the FX Global Code's settlement risk principles 35 and 50, the Financial Stability Board's G20 roadmap for enhancing cross-border payments, and the Committee on Payments and Market Infrastructures Stage 2 report to the G20.

**About HSBC Holdings plc**

HSBC Holdings plc, the parent company of HSBC, is headquartered in London. HSBC serves customers worldwide from offices in 63 countries and territories in its geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of US\$2,985bn at 30 June 2022, HSBC is one of the world's largest banking and financial services organisations.

**About Wells Fargo**

Wells Fargo & Company (NYSE: WFC) is a leading financial services company that has approximately \$1.9 trillion in assets, proudly serves one in three U.S. households and more than 10% of small businesses in the U.S., and is the leading middle market banking provider in the U.S. We provide a diversified set of banking, investment, and mortgage products and services, as well as consumer and commercial finance, through our four reportable operating segments: Consumer Banking and Lending, Commercial Banking, Corporate and Investment Banking, and Wealth & Investment Management. Wells Fargo ranked No. 37 on Fortune's 2021 rankings of America's largest corporations. In the communities we serve, the company focuses its social impact on building a sustainable, inclusive future for all by supporting housing affordability, small business growth, financial health, and a low-carbon economy. News, insights, and perspectives from Wells Fargo are also available at [Wells Fargo Stories](#).

Additional information may be found at [www.wellsfargo.com](http://www.wellsfargo.com) | Twitter: [@WellsFargo](#).

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