HSBC Creates Blockchain Platform To Digitise Private Placement Records

(London) – HSBC today launched Digital Vault, a custody blockchain platform to digitise the transaction records of private placements. The platform, developed by the bank’s Securities Services unit (HSS), will allow investors to access these records quickly and efficiently at a time when investment in the private asset markets is growing strongly.

The new Digital Vault service will enable global custody clients to access details of their private assets - including equity, debt and real estate - directly and in real-time instead of having to request a search of paper-based records.

Private placements, by their very nature, are tailor-made transactions whose records have not generally moved from paper to electronic format because of the lack of standardisation.

HSBC is exploring using blockchain to support the custody of future digital asset classes. Choosing this technology for the Digital Vault gives the bank the option to move more of the transaction lifecycle on to the ledger in future.

Stephen Bayly, Chief Information Officer, HSBC Securities Services, said: “Our clients want real-time visibility of their private placement transactions so that they know when they will receive the coupon on a private debt transaction or to facilitate an audit of transaction records. Private assets are prime candidates for digitisation and we see this platform as a key step on the journey as the model evolves. We are preparing for the future, in which the full transaction lifecycle could be stored on a ledger, including issuing digital tokens instead of paper certificates.”

Sebastien Danloy, Global Head of Asset Owners & Managers, HSBC Securities Services, said: "We have seen an increasing number of clients investing in private assets as they look to pick up the kinds of yields not widely available in the public markets. Our Digital Vault will bring greater functionality to record-keeping in the private placement markets.”

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About HSBC

HSBC Holdings plc

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. HSBC serves customers worldwide from offices in 65 countries and territories in our geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of US$2,751bn at 30 June 2019, HSBC is one of the world’s largest banking and financial services organisations.