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Broadridge Offers More Details About Its Blockchain Plans

In a follow-up Q&A after our recent video chat, Horacio Barakat, vice president of corporate strategy at Broadridge Financial Solutions, offers more details about the company's plans to capitalize upon a major disruptive technology. The vendor won Best Blockchain Initiative of the Year via the FTF News Technology Innovation

by Eugene Grygo



The team members of Broadridge Financial Solutions accepting their award.

Horacio Barakat, vice president of corporate strategy at Broadridge Financial Solutions, already acknowledges in a recent FTF Awards video <http://bit.ly/2Bbek15> that the company has “accomplished a lot over the last 12 to 18 months” in its efforts to take advantage of blockchain and

distributed ledger technology (DLT). In particular, the vendor has had breakthroughs via a DLT-based proxy solution and a bilateral repo transaction platform. In addition, the company last year founded the Broadridge Blockchain Center and launched a pilot test of a blockchain-based solution with

JPMorgan, Northern Trust and Banco Santander to facilitate global proxy vote transparency. The vendor also had a pilot effort with Natixis and Société Générale to use blockchain technology to boost the operational efficiency and auditability of bilateral repo agreements.

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Barakat took time out of his busy schedule to provides more details about these efforts.)

Q: What is Broadridge doing with blockchain/DLT?

A: Broadridge is working on several use cases where DLT can bring a step up in operational efficiencies and also create new opportunities for our clients.

Examples of these use cases are our DLT proxy solution and our DLT bilateral repo platform.

Broadridge used its blockchain software to allow investors to vote at Banco Santander’s annual meeting, partnering with custodian banks Northern Trust and JPMorgan and two other leading global custodians.

Following our proof-of-concept last year, Santander’s shareholders, primarily institutional investors, were able to see firsthand the benefit of using blockchain technology to conduct voting in terms of both speed and transparency.

We’re looking forward to continuing our collaborative work with our partnernetwork to create seamless and efficient voting procedures for enhancedcorporate governance.



Also, we are spearheading another DLT project to improve the efficiency of bilateral repo lifecycle. The project is to track and execute both legs of non-cleared repo transactions, and capture terms, trades, asset substitutions and return of collateral. The project rationale is that bilateral repo sell-side counterparties can gain operational and risk management efficiencies via the re-engineering of the repo process with the distributed ledger technology.



Q: What is your innovation strategy?

A: Our innovation strategy is guided by two key principles:

- 1) Focus on specific point solutions where blockchain technology can bring significant benefits to the industry and where Broadridge has the necessary network to drive and accelerate adoption; and
- 2) Co-innovate with our clients to ensure that the solutions we are building are aligned with their interests and pinpoints.

Q: What have been the reactions among Broadridge’s customers to DLT?

A: Most business leaders will tell you that the promise of DLT for business efficiencies is undeniable.

But, few enterprises have the expertise to implement new, cutting-edge solutions today.

Our clients have been very interested in our DLT pilots and products. Broadridge has the required DLT expertise, leadership and the ability to develop blockchain-based solutions and bring that innovation to the industry.

Q: What are the blockchain/DTL results in proxy? In bilateral repo?

A: Proxy: During the first practical use of proxy voting at an AGM [annual general meeting], about one-fifth of the shareholder votes were voted on the DLT. There is the advantage of increased transparency with straight-through processing.

Bilateral Repo: For several weeks, all participants tested the prototype, focusing on functionality, operational efficiencies and technology readiness.

During testing, Broadridge proved that the prototype helps with reducing the risk of trade discrepancies and reconciliations, makes the repo process more efficient and creates a clear audit trail of the trade lifecycle.

Broadridge has several initiatives on its roadmap, which is the result of the successful testing of the foundational repo functionality, particularly the movement of rights of collateral. **FTF**



Horacio Barakat, vice president of corporate strategy at Broadridge Financial Solutions

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