



NEWS RELEASE

# Payments Canada, the Bank of Canada, TMX Group, Accenture and R3 Demonstrate Feasibility of Instantaneous Equity Settlement through Distributed Ledger Technology

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Proof of concept first to integrate cash and assets to enable settlement on distributed ledger technology

TORONTO, May 11, 2018 - Payments Canada, the Bank of Canada, TMX Group and Accenture have demonstrated that the instantaneous clearing and settlement of securities on-ledger is feasible, showing for the first time that both central bank cash and assets can be tokenized to complete an instant, end-to-end equity settlement on distributed ledger technology (DLT).

Project Jasper is a collaborative research initiative between Payments Canada, the Bank of Canada and TMX group to experiment with an integrated securities and payment settlement platform based on DLT. Jasper III, a continuation of previous work launched in March 2016, is a proof of concept that was delivered by Accenture, leveraging R3's Corda DLT platform. It explores the impact and potential benefits of DLT on broader Canadian financial market infrastructure.

"This proof of concept shows that it is possible to deliver payments in a way that has never been done before – by directly swapping cash from buyers to sellers, resulting in instant settlements," said Gerry Gaetz, President and CEO

of Payments Canada. "We continue to see how the application of distributed ledger technology can help extend the vision of payments innovation in Canada and potentially, one day, help promote financial market integration, both nationally and internationally."

Previous phases of Project Jasper focused on the clearing and settlement of high-value interbank cash payments using DLT. Phase III explores an integrated payments and securities infrastructure. The proof of concept allowed clearing and "delivery versus payment" settlement immediately, demonstrating that it's possible to complete post-trade settlement on a DLT platform. The ability to settle transactions immediately significantly reduces counterparty risk and frees up collateral.

"We have witnessed an impressive achievement and an important financial technology milestone for Canadian capital markets with the successful transaction of tokenized securities and cash in their basic forms," said John Lee, managing director, Enterprise Innovation & Product Development, TMX Group. "Many complex challenges remain as we move ahead, but we look forward to the crucial collaborative work necessary to effect substantive, transformative change in global markets."

Jasper III is currently the only proof of concept that maintains privacy for market participants and their transactions by giving only the parties involved in specific transactions the ability to view the transaction history, without providing the same visibility to other participants on-ledger.

"Maintaining privacy, as well integrating other assets onto the same ledger as payments, would provide important benefits for the financial system from the use of a DLT-based wholesale payment system," said Carolyn A. Wilkins, Senior Deputy Governor at the Bank of Canada. "Indeed, a key lesson from prior phases of Jasper was that the benefits of a DLT-based wholesale payment system likely lie in its interaction with the broader FMI ecosystem. Such benefits would come from reaping economies of scope and reducing costs to participants."

John Velissarios, Accenture's Blockchain Technology & Security Lead, said: "Project Jasper positions Canada as a leading innovator, the first to fuse assets and fiat currency on ledger, which is fundamental to moving towards production. Canada is the first developed market to focus on a full-cycle, on-ledger, trade-settlement system — laying the groundwork for the Canadian financial market infrastructure to collaborate with similarly positioned global partners to derive new, mutually beneficial opportunities and benefits of DLT."

Jasper III initial findings were presented at the Payments Canada SUMMIT by Andrew McCormack, vice president of Payments & Technology at Payments Canada; John Lee of TMX Group; Scott Hendry, senior special director of Financial Technology at the Bank of Canada; and John Velissarios of Accenture. A white paper detailing the complete findings will be released later this year.

## About Payments Canada

Payments Canada ensures that financial transactions in Canada are carried out safely and securely each day. The organization underpins the Canadian financial system and economy by owning and operating Canada's payment clearing and settlement infrastructure, including associated systems, bylaws, rules and standards. The value of payments cleared by Payments Canada's systems in 2017 was approximately \$50 trillion or \$200 billion every business day. These encompass a wide range of payments made by Canadians and businesses involving inter-bank transactions, including those made with debit cards, pre-authorized debits, direct deposits, bill payments, wire payments and cheques. Payments Canada is a proud supporter of the Catalyst Accord and the 30% Club.

## About the Bank of Canada

The Bank of Canada is the nation's central bank. Its principal role is "to promote the economic and financial welfare of Canada," as defined in the Bank of Canada Act. The Bank's four main areas of responsibility are: monetary policy—keep inflation low and stable; financial stability—promoting a safe, sound and efficient financial system; currency—designing, issuing and distributing Canada's bank notes; and funds management—acting as fiscal agent for the Government of Canada.

## About TMX Group (TSX: X)

TMX Group's key subsidiaries operate cash and derivative markets and clearinghouses for multiple asset classes including equities and fixed income. **Toronto Stock Exchange, TSX Venture Exchange, TSX Alpha Exchange, The Canadian Depository for Securities, Montréal Exchange, Canadian Derivatives Clearing Corporation, Trayport** and other TMX Group companies provide listing markets, trading markets, clearing facilities, depository services, technology solutions, data products and other services to the global financial community. TMX Group is headquartered in Toronto and operates offices across North America (Montréal, Calgary, Vancouver and New York), as well as in key international markets including London, Beijing and Singapore. For more information about TMX Group, visit our website at [www.tmx.com](http://www.tmx.com). Follow TMX Group on Twitter: [@TMXGroup](https://twitter.com/TMXGroup).

## About Accenture

Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions – underpinned by the world's largest delivery network – Accenture works at the intersection of business and technology to help clients improve their performance and

create sustainable value for their stakeholders. With approximately 442,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives. Visit us at **[www.accenture.com](http://www.accenture.com)**.

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