

Media Release

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Financial Institutions Move Closer to Realizing a Blockchain Solution for Syndicated Loans

- Successful loans project makes blockchain promise a reality

Synaps Loans LLC announced the successful demonstration of the first working blockchain solution for syndicated loan servicing. R3's Lab and Research Center managed the proof-of-concept testing of the system, which was exclusively developed by Synaps, a joint venture of Ipreo and Symbiont. Credit Suisse helped arrange the project, which included participation from key agent banks, service providers, and fund managers.

Synaps combines Symbiont's leading smart contract technology and Ipreo's new business process solution to help speed loan trade settlement. Nineteen firms participated in the demonstration, including Barclays, BBVA, Danske Bank, LSTA, Royal Bank of Scotland, Scotiabank, Societe Generale, State Street Corporation, TenDelta LLC, U.S. Bank, and Wells Fargo. Influential buy-side firms AllianceBernstein (AB), Eaton Vance Management, KKR, and Oak Hill Advisors were also involved in the initiative.

"Synaps now has the majority of the functionality needed to implement blockchain technology at scale in the syndicated loan market, which enables us to move into the final stages of development," said Emmanuel Aidoo, head of the distributed ledger and blockchain effort at Credit Suisse. "Over the coming months we will work with Symbiont and Ipreo to implement the remaining functions to allow for distributed ledger technology to support a syndicated loan facility from origination to payoff, and work toward market adoption. The technical and market expertise that the project participants brought to the table means this solution will be tailor-made for use in live transactions."

Robert Berk, Senior Vice President and Chief Operating Officer at U.S. Bank Capital Markets said, "The hugely successful testing of this technology has proven it can drive transparency and efficiency in the syndicated loan market. There are clear benefits to borrowers, agents, and asset managers. This is certainly the most automated market solution we've seen to date."

Joseph Salerno, MD of Loan Trade Settlement at Ipreo and CEO of Synaps Loans said, "The project participants provided invaluable subject matter expertise from a wide range of perspectives: agent, dealer, fund manager, and custodian/trustee. This enabled us to design a system that delivers value for the entire loan market."

“With this project we have proven that smart contracts can revolutionize the entire lifecycle of a loan, from creation to settlement in secondary trading,” said Mark Smith, Co-Founder and CEO of Symbiont. “Fifteen different parties played roles in the final demo, executing bespoke and complex tasks on-platform. We look forward to working with these parties to deploy the technology in production.”

Tim Grant, CEO of R3’s Lab and Research Center, commented, “The successful completion of such a major project involving a large group of firms is testament to the working environment we have built at R3. In less than two years we have become the financial services industry’s center of gravity for collaboration and innovation in distributed ledger technology. We work with our members to ask the difficult questions, mutualize experience and resources, evaluate technology with an independent perspective, and support the delivery of real-world distributed ledger applications.”

“We’ve prioritized this as a use-case because we see great potential benefits for leveraging blockchain for the syndicated loans market, as it is an important asset class for our clients,” said John Burnett, head of blockchain development for State Street. “We feel confident that this solution is the right one to take live and we look forward to further advancement of this pilot with these organizations.”

“A block chain-based solution has the potential to vastly reduce loan settlement times from current levels,” said John Mack, Managing Director, Operations & Client Accounting at Oak Hill Advisors.

“This proof-of-concept takes a significant step toward a new syndicated loan operating paradigm, and R3’s and Synaps’ ability to garner collaboration amongst competitors is a tribute to the thirst for this paradigm shift. The future of the syndicated loan space will be very interesting,” said Chad Freeburg, Senior Consultant at TenDelta LLC.

Through Synaps, loan investors have direct access to an authoritative system of record for syndicated loan data. This yields immediate savings by reducing manual reviews, data re-entry, and systems reconciliation.

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R3

R3 is leading a consortium with over 80 banks, clearing houses, exchanges, market infrastructure providers, asset managers, central banks, conduct regulators, trade associations, professional services firms and technology companies to develop groundbreaking commercial applications of distributed ledger technology for the financial services industry.

Operating in nine countries from all regions of the world, the R3 team is made up of financial industry veterans, technologists, and new tech entrepreneurs, bringing together expertise from electronic financial markets, cryptography and digital currencies.

Synaps Loans LLC

Synaps Loans LLC (www.synapsloans.io) is using distributed ledger and smart contract technology to transform data management and trade settlement in the syndicated-loan market. Synaps is a joint venture of Ipreo (www.ipreo.com), a leading global provider of financial services technology, data and analytics, and Symbiont (www.symbiont.io), which is bridging the gap between the emerging blockchain ecosystem and Wall Street.

Symbiont

Symbiont is the market-leading smart contracts platform for institutional applications of distributed ledger technology. Disclosed users of its platform include nineteen financial institutions for Smart Loans™, arranged by Credit Suisse and executed via Synaps, its syndicated loans joint venture with Ipreo; the State of Delaware for Smart Records™; a major European insurance company for Smart Swaps™ in the catastrophe insurance market, and Orebits, a provider of asset digitization services.

Ipreo

Ipreo is a leading global provider of financial services technology, data and analytics. We support all participants in the capital-raising process including banks, public and private companies, institutional and individual investors, as well as research, asset management and wealth

management firms. Our unique, cross-asset class solutions equip our clients with the information and tools they need for more effective decision-making and a more efficient workflow. Ipreo is private-equity held by Blackstone and Goldman Sachs Merchant Banking Division, and has more than 1000 employees serving clients in every major financial hub around the world. Visit www.ipreo.com for more info.