



First real blockchain transaction completed in fund distribution

Paris 5 July 2017, Natixis Asset Management, a leading affiliate of Natixis Global Asset Management, has revealed that investors have successfully purchased shares in Natixis AM's funds through the blockchain-powered fund distribution platform for fund managers, FundsDLT.

The news comes after the asset manager announced its intention to be the first asset management player in the industry to use the FundsDLT platform by using blockchain technology across several of its business lines, taking advantage of great opportunities to enhance distribution mechanisms in the asset management industry.

FundsDLT is the result of collaboration between Fundsquare (a subsidiary of the Luxembourg Stock Exchange), InTech (a subsidiary of POST Group) and KPMG Luxembourg. The platform is being developed to enable asset managers to sell funds through a new distribution channel, while significantly reducing administration costs and the time to process transactions for both asset managers and other asset servicers. FundsDLT will streamline a range of fund administration and order-routing tasks by using blockchain to automate several processes in a secure manner. The model is applicable to a wide range of funds and does not depend on the jurisdiction.

The successful execution means that, for the first time in the fund industry, investors are using a blockchain based platform to purchase real funds' shares with real cash. First, the investors use the FundsDLT mobile app to submit the standard subscription order for the shares. Via the API the order is transmitted to the FundsDLT platform and the information is immediately and simultaneously transmitted using blockchain technology to Natixis AM and the other parties involved in the transaction, each one having its own node on the FundsDLT blockchain. The transfer agent – in this case CACEIS – is the first to act by confirming the transaction and logging it as “approved” or “declined”. Approval triggers the clearing and settlement processes: all of which take place on the Funds DLT platform. This change in the distribution chain marks a real revolution for distribution activities.

The cash and payment process was handled using S-money (part of Groupe BPCE). Investors topped up their S-money account with sufficient funds to cover the transaction before completing the order. S-money APIs were a major contributor to this success, as they allowed for the movement of money via state-of-the-art technology. This real transaction has paved the way for a new financial services model.

Said Fihri of KPMG Luxembourg explains:

“It is really exciting to be part of such a tremendous step forward. We not only replicated trades in the blockchain; we moved real cash and invested in a real fund. We are close to having an industrial product that could be used in different configurations: distributors, IFA, robo advisors and D2C.”

Olivier Portenseigne, Managing Director of Fundsquare, comments:

“We are proud to have run the first real blockchain transactions in the history of investment funds. It was important for us to demonstrate that FundsDLT works in order to create the necessary trust that blockchain will answer the current needs of the asset management industry in terms of operational efficiency and digitalization. This will give our customers easy access to a powerful new generation of services.”

Arnaud Misset, Group Product Director at CACEIS comments:

“We are delighted to have contributed to the launch of this new Distribution Platform in Luxembourg built on blockchain technology and to have enabled our client Natixis Asset Management to be the first asset manager to distribute their funds range via FundsDLT.”

Fabrice Croiseaux, CEO of InTech, adds:

“We have developed a flexible and efficient API dedicated to the fund industry by using state-of-the-art technologies: a combination of blockchain and a microservice-based reactive platform. We look forward to see how far we can go in terms of performance and real time interoperability.”

Matthieu Duncan, CEO of Natixis Asset Management concluded:

“Natixis Asset Management is delighted to have contributed to this pioneering first blockchain enabled trade via the FundsDLT platform. We believe the potential for blockchain technology to enhance distribution mechanisms in the asset management industry is very significant.”

With the successful completion of the first transactions, the team is looking to investigate other use cases and applications in the field of B2B and B2B2C.

If you'd like to read more about FundsDLT's solutions, please visit our website:

<http://www.fundsdlit.net/>

View a demo of FundsDLT: <https://www.youtube.com/watch?v=r8NzJyY4v1E>

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About KPMG Luxembourg

KPMG in Luxembourg provides a full range of audit, tax and advisory services to major national and international clients active in the financial, insurance, commercial and industrial sectors.

With more than 1,500 people, KPMG in Luxembourg is one of the country's leading audit, tax and advisory firms. Our approach to relationships and service delivery is designed to help clients exploit new opportunities, improve performance and manage risk.

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About Fundsquare

Fundsquare was constituted in June 2013 and was set up by the Luxembourg Stock Exchange in order to create a unique international market infrastructure that provides services to substantially support and standardise cross-border distribution of investment funds. The main objective of this utility is to facilitate the relationships between professional investors and funds and to allow them to meet current and future challenges of cross-border distribution. It provides a flexible and responsive infrastructure to enable operational effectiveness across the entire distribution chain. Fundsquare offers unique solutions for order routing management, information and regulatory compliance.

More information at: www.fundsquare.net

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About InTech

InTech is an IT company providing consulting and expertise in information technology. With more than 100 engineers, InTech helps its customers to create innovative services through the use of emerging technologies and works on blockchain since 2013. InTech is a member of the POST Luxembourg Group. More info at: <http://www.intech.lu/>

About Natixis Asset Management

Natixis Asset Management is a leading Europe-based asset manager running €358 billion (\$399 billion) of assets as of 31 March 2017 on behalf of institutional and retail clients. Natixis Asset Management help investors address their needs through their broad capabilities in fixed income, mixed assets, differentiated equities (active quantitative / risk-managed, thematic and conviction-driven) and alternative solutions.

The firm has a global presence, with research and investment capabilities on the ground in Europe, the US and Asia. As of 31 March 2017 Natixis Asset Management had 699 employees. Natixis Asset Management's broad investment offering is made available to investors around the world through Natixis Global Asset Management's global distribution platform. Natixis Asset Management also designs products and services tailored to the client base of Groupe BPCE, the second-largest banking group in France.

Further information: www.nam.natixis.com

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About CACEIS

CACEIS is the asset servicing banking group of Crédit Agricole dedicated to institutional and corporate clients. Through offices across Europe, North America and Asia, CACEIS offers a broad range of services covering execution, clearing, depositary and custody, fund administration, middle office outsourcing, forex, securities lending, fund distribution support and issuer services. With assets under custody of €2.5 trillion and assets under administration of €1.6 trillion, CACEIS is a European leader in asset servicing and one of the major players worldwide (figures as of 31 December 2016).

www.caceis.com

About S-money

S-money is a French fintech created within the BPCE Group providing disruptive and innovative digital solutions to its clients (from start-ups to high volume accounts).

More info at <http://www.s-money.fr>

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