

PRODUCT SPOTLIGHT

OTC Exchange Network

Offering total trade-to-settlement solutions

OTC Exchange Network (OTCXN) leverages its own proprietary blockchain technologies to operate a permissioned, peer-to-peer trading network solving the biggest problems facing all market participants; starting with the OTC Spot FX market. In this article we highlight its range of products and services.

P2P TRADING NETWORK

OTCXN's Peer-to-Peer trading network makes it possible for anyone to trade with anyone else without requiring credit lines to face their counterparties. Members can access wholesale liquidity with leverage, while retaining full control over their own collateral and being insulated against credit and counterparty risk. The network is a purely technological solution that uses proprietary Blockchain, also referred to as DLT, and related

technologies to change how counterparties face each other from a financial and risk point of view.

Members do not change the technology they use to access liquidity. Trading can be bilateral or all-to-all over existing ECNs and aggregation platforms with pools created just for OTCXN members – FIX-in, FIX-out.

MEMBER TOOLS

OTCXN's platform supports

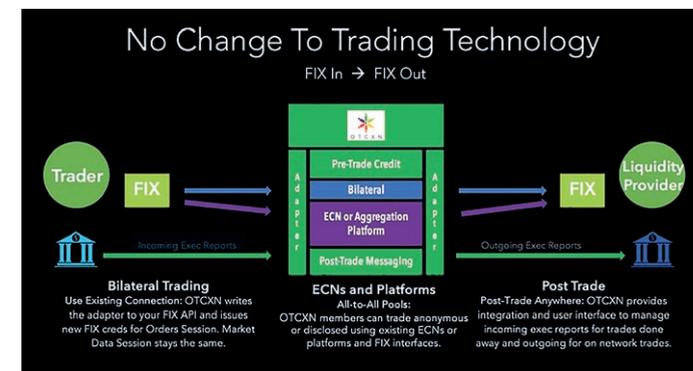
multiple actor types on the network, all of which are referred to as members. This includes Custodial Banks who hold collateral and issue tokens into the network on behalf of other members; Prime Brokers that grant network access to their credit clients; Collateral Providers that use their balance sheet to support trading by specified members for a brokerage-like fee, as well as members who are participating as makers or takers. In addition, there are specialized suites of tools for Custodial Banks, Prime Brokers, Collateral Providers (e.g., Prime-of-Primes), and general trading members.

In this product spotlight, we focus on the primary member dashboard application for trading entities, which serves a number of purposes for both makers and takers. Registration for access to the network and the member application is

web-based and self-directed. The main screen is a highly customizable dashboard view, where virtually all data in the system is available as a widget with real-time updates that can be arranged however desired.

PROFILE AND PREFERENCES

When members sign up they step through a profile and preferences setup process that addresses key details such as setting their home currency and specifying auto-conversion of P/L residuals back to the home currency. Members also specify one or more bank accounts at participating Custodial Banks as collateral sources and can send a real-time request to the Custodial Bank's OTCXN-provided application to reserve collateral to cover their trading



on the network. Clearing and settlement options, such as creation and management of incoming and outgoing post-trade messaging sessions that the member may require, can be set.

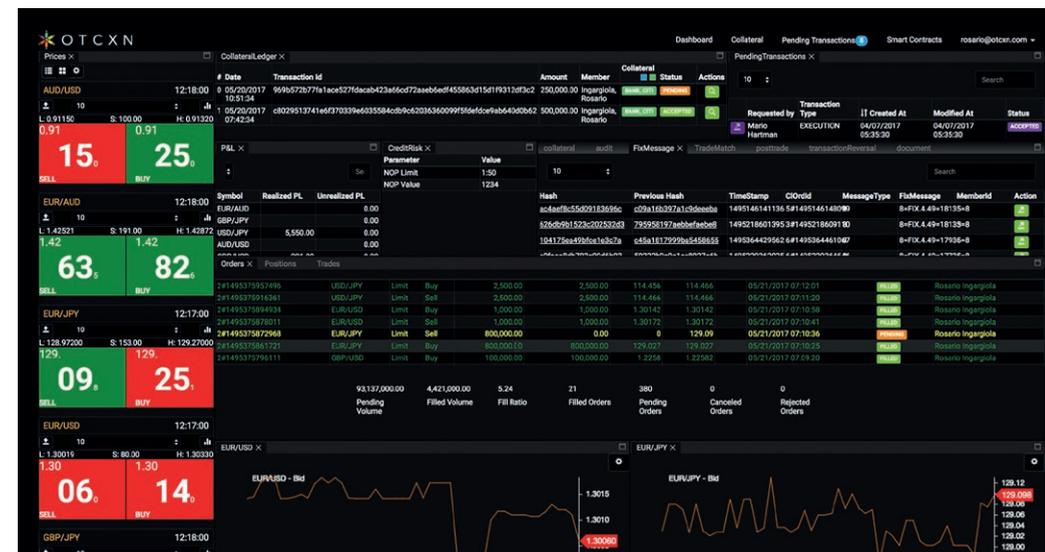
In a future release, there will be additional preferences that provide extremely granular control over liquidity

management and counterparty risk management as well as allowing each member to control who their orders match with based on numerous criteria, including real-time dynamic factors.

COLLATERAL AND LIMITS

Members can initiate requests to their Custodial Bank to reserve collateral for trading on

Anyone can trade directly with anyone else, no barriers, no friction.



Member Dashboard

Information ✕

Hash: `ac4aef8c55d09183696c6be702db1704b4e7bd0b636a9b47c4a54fa3c9100e2`

Previous Hash: `c09a16b397a1c9deeeba496ac2d41c15627c35fd248880b8f7efa167683f5d8`

TimeStamp: `1495146141136`

ClOrdId: `5#1495146148099`

MessageType: `8`

MemberId: `5`

Data details

Tag	Description	Value
8	BeginString	FIX.4.4
9	BodyLength	181
35	MsgType	8
34	MsgSeqNum	26046
49	SenderCompID	EXEC
52	SendingTime	20170518-22:22:21.136
56	TargetCompID	BANZAI
6	AvgPx	0
11	ClOrdID	5#1495146148099
14	CumQty	0
17	ExecID	6965
32	LastQty	100000
37	OrderID	6965
39	OrdStatus	0
54	Side	1
55	Symbol	GBP/USD
75		Thu May 18 22:22:21 UTC 2017
150		0
151		100000
10	Checksum	064

FIX Blockchain Data

the network and can monitor their collateral balance in real-time with visibility into all transactions that affect their collateral balance including additions, withdrawals, currency conversions, settlement payments, and fee payments.

BLOCKCHAIN LEDGERS

Each and every transaction is validated, signed, and committed to a Blockchain underpinning the private permissioned network using a proprietary DLT technology stack which has no connection to any public Blockchain network.

This includes all FIX order messages and their related messages in each sequence which can be viewed with a single click. All the rules of engagement governing transactions that affect a member's collateral are programmatically enforced using a form of smart contract capabilities. In addition, all critical system state changes are captured, such as changes to NOP limits by an administrator, conditions triggering any auto-liquidation and many others. All transactions can be independently verified and

are both tamper-evident as well undeniable because of the enforcement of digital signing tied to private keys controlled by the signer, while still adhering to strict privacy mechanisms and controls over who can view data.

TRADING AND BLOTTERS

Standard click trading capabilities are available in the member dashboard application as well as charting in any frequency. Blotters include real-time views of all orders, including fill ratio and other metrics, as well as positions, trades, and closed positions. Outgoing, as well as incoming post-trade messages are also visible. Other dashboard widgets display both realized and unrealized P/L for each currency pair traded. Additionally, NOP and other limits and risk metrics are visible in real-time.

EARLY ADOPTER PROGRAM

OTCXN has launched an early adopter program that offers major savings and benefits to all market participants no matter where they fit into the network ecosystem. Participants can lock-in free, or low cost network access for participating in an open dialog about network features and end-user requirements. All Prime Brokers, Custodial Banks, Bank/Non-Bank Market Makers, and ECNs and Aggregation Platforms are encouraged to reach out and get involved in this program while it is still open.