

Press release

For business editors
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Commerzbank and thyssenkrupp process FX Transaction via Blockchain

- **FX Forward transaction successfully replicated through Blockchain – first deal involving a large German corporate**
- **Significant potential for efficiency gains in confirmation matching**
- **Real time confirmation offers actual liquidity position to corporate treasurers**

On May 23rd, 2018, thyssenkrupp traded an FX Forward with Commerzbank and this transaction was instantaneously replicated in a Blockchain successfully. The use of Blockchain completely eliminates the need for a manual or semi-automated reconciliation between the client and the bank, thereby drastically reducing operational risks in FX transactions. The EUR/PLN FX Forward deal, which amounted to EUR 500,000 with a one month tenor, was initiated by thyssenkrupp using FX Live Trader, Commerzbank's flagship FX Trading Platform. The deal confirmation was sent to thyssenkrupp directly via CORDA, a distributed ledger designed for finance by the R3 blockchain consortium.

On this achievement, Nikolaus Giesbert, Divisional Board Member, Fixed Income, Currencies & Commodities and Trade Finance & Cash Management, Commerzbank AG, said "Reconciliation is a major issue for banks when trading FX. Significant resources are dedicated to resolving the issues that occur during the matching process. This deal demonstrates how the use of distributed ledger can transform and digitalise the processes in this space. Commerzbank is pleased to be working with thyssenkrupp on this deal and to further develop digital banking solutions for corporates".

With this pilot transaction, Commerzbank and thyssenkrupp have now affirmed a real FX transaction via Blockchain. In the future, the option of offering FX Post Trade Confirmation and Matching via Blockchain may offer significant benefits. Firstly, a more streamlined FX transaction process and a real time confirmation can offer efficiency gains for corporate treasurers by offering real time liquidity positions. Secondly, the use of Blockchain will completely eliminate the need for transaction reconciliation, since the transaction is stored as a single immutable record on the Blockchain. This drastically reduces time delays, operational trade risks, manual errors, and reconciliation problems in the process. Thirdly, the Blockchain based system will eliminate the need of the various third party solutions that banks use to send transaction confirmations to the clients. However, to fully realize these efficiency gains, technical, regulatory and legal requirements need to further develop.

“The comprehensive insight into the Blockchain process clearly shows how to connect market participants in the future in a highly secure and efficient manner while reducing transaction costs by avoiding external software solutions. The simplified process with maximum transparency reduces the hurdles for financial integration and allows us to rethink existing processes. At thyssenkrupp, we monitor digital developments very closely and look forward to introduce more applications with associated value for our treasury operations“, said Mr. Thomas Empelmann, Head of Corporate Finance, thyssenkrupp AG.

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About Commerzbank

Commerzbank is a leading international commercial bank with branches and offices in almost 50 countries. In the two business segments Private and Small Business Customers and Corporate Clients, the Bank offers a comprehensive portfolio of financial services which is precisely aligned to its clients' needs. Commerzbank finances approximately 30% of Germany's foreign trade and is the leading finance provider for corporate clients in Germany. Due to its in-depth sector know-how in the German economy, the Bank is a leading provider of capital market products. Its subsidiaries Comdirect in Germany and mBank in Poland are two of the world's most innovative online banks. With approximately 1,000 branches, Commerzbank has one of the densest branch networks among German private banks. In total, Commerzbank serves more than 18 million private and small business customers, as well as more than 60,000 corporate clients, multinationals, financial service providers, and institutional clients. The Bank, which was founded in 1870, is represented at all the world's major stock exchanges. In 2017, it generated gross revenues of €9.2 billion with approximately 49,300 employees.

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