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News Release

UBS, SBI and DBS completed world's first cross-border repo with a natively-issued digital bond fully executed and settled on a public blockchain

- Launched as part of the Monetary Authority of Singapore's (MAS) Project Guardian, the transaction lays the foundation for more efficient cross-border distribution and settlement of capital markets instruments.

Zurich, Japan, Singapore 15 November 2023— UBS, SBI and DBS have launched the world's first live repurchase transaction¹ (repo) with a natively-issued digital bond on a public blockchain. The transaction automatically and instantly settled a repo, digital bond purchase and redemption using regulated digital payment tokens, across regulated entities located in three different jurisdictions (Japan, Singapore, Switzerland).

Conducted as part of MAS' Project Guardian, the transaction highlights how blockchain technology enables cross-border distribution and settlement of capital market instruments in a highly efficient, flexible and cost-effective manner while enhancing liquidity management for institutions.

The transaction involved a repo to borrow tokenized Japanese Yen (JPY) against a JPY-denominated natively-issued digital bond, with the borrowed tokenized JPY used to finance the purchase of the same bond. The subsequent digital bond redemption and payment of principal and interest at maturity was executed on-chain as well, demonstrating the potential to cover an entire transaction lifecycle on a public blockchain.

Mike Dargan, UBS Group Chief Operations and Technology Officer said: "With this pioneering transaction, we proved the feasibility of executing a fully automated and instantly settled transaction across several jurisdictions by leveraging a public DLT network under a strict compliance framework. The flexible nature of our UBS Tokenize service, allowed our partners to easily adapt and leverage our innovative product framework and technology capabilities, to their infrastructure and transaction needs."

Fernando Luis Vázquez Cao, Chief Executive Officer of SBI Digital Asset Holdings said: "At SBI Digital Asset Holdings (SBI DAH), we are building an institutional grade digital asset ecosystem and are ready for its commercialization. This groundbreaking transaction demonstrates what can be done in Japan and cross-border, in providing innovative and efficient products and services to the market and clients. It is also an example of the strength of partnerships SBI DAH has with large global institutions and across the SBI group, with SBI SECURITIES as counterparty to the repo transaction and Shinsei Trust & Banking as the issuer of JPY stablecoin."

This transaction demonstrated benefits for financial markets, such as: real-time 24/7 settlement, operational and capital efficiency while ensuring compliance and security requirements.

As part of Project Guardian in 2023, UBS Asset Management also collaborated with SBI Digital Markets to conclude a technical pilot for the issuance and distribution of a tokenized Variable Capital Company (VCC) fund on a permissioned environment of the Ethereum network. The pilot is part of UBS's global distributed ledger technology strategy, focused on leveraging public and private blockchains networks for enhanced fund issuance and distribution. It also forms part of the broader expansion of UBS's tokenization services through UBS Tokenize.

From the SBI group perspective, the transaction and broader participation in Project Guardian are the result of the new ecosystem of institutional grade digital asset infrastructure developed by SBI DAH. This includes SBI Digital Markets, AsiaNext, SBI Zodia Custody and SBI Security Solutions. The company also engages closely with licensed group companies such as SBI SECURITIES, Shinsei Trust & Banking among others to bring digital solutions to the market.

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Note to the editor:

1. A repo is a form of short-term borrowing that involves one party selling a security to another for cash, with the seller agreeing upfront to repurchase the same security from the buyer in the future at a higher price. In so doing, the seller is effectively borrowing cash from the buyer using the security as collateral, with the repurchase being a repayment of the loan and the higher price reflecting the interest rate. Financial institutions tap repo markets for several reasons, including to access short term funding to meet liquidity requirements or to finance capital market transactions such as security issuance underwriting.

About UBS

UBS is a leading and truly global wealth manager and the leading universal bank in Switzerland. It also provides diversified asset management solutions and focused investment banking capabilities. With the acquisition of Credit Suisse, UBS manages 5.5 trillion dollars of invested assets as per second quarter 2023. UBS helps clients achieve their financial goals through personalized advice, solutions and products. Headquartered in Zurich, Switzerland, the firm is operating in more than 50 countries around the globe. UBS Group shares are listed on the SIX Swiss Exchange and the New York Stock Exchange (NYSE).

About SBI Digital Asset Holdings and the SBI Group

SBI Digital Assets Holdings (SBI DAH) oversees and operates digital asset-related businesses under the umbrella of SBI Holdings, Inc. Some of the key assets under its umbrella are SBI Digital Markets, AsiaNext (JV), SBI Security Solutions and SBI Zodia Custody (JV). The company also has investments into key portfolio companies including Sygnum, Boerse Stuttgart Digital Exchange, Everspin, ClearMarkets, Modernity Financial Technologies, and Tangem among others. SBI DAH endeavours to bring innovation to the financial industry by building an ecosystem for issuance, custody, management, and liquidity for digital assets. SBI DAH, via SBI group companies, has strong links with other group investments such as Ripple, R3, B2C2, Securitize and has inroads to banking and securities infrastructure across Asia with businesses in Thailand, South Korea, Hong Kong, Malaysia and Cambodia.

The SBI Group is a leading financial conglomerate based in Japan. The SBI Group's core businesses include Financial Services Business, Asset Management Business and Biotechnology-related Business. In addition, it is one of the largest Japanese private equity firms and leverages its extensive eco-system to further drive the value of its investments.

Please visit www.sbidah.com and www.sbigroup.co.jp/english/ for more information.

About DBS

DBS is a leading financial services group in Asia with a presence in 19 markets. Headquartered and listed in Singapore, DBS is in the three key Asian axes of growth: Greater China, Southeast Asia and South Asia. The bank's "AA-" and "Aa1" credit ratings are among the highest in the world.

Recognised for its global leadership, DBS has been named "World's Best Bank" by Global Finance, "World's Best Bank" by Euromoney and "Global Bank of the Year" by The Banker. The bank is at the forefront of leveraging

digital technology to shape the future of banking, having been named “World’s Best Digital Bank” by Euromoney and the world’s “Most Innovative in Digital Banking” by The Banker. In addition, DBS has been accorded the “Safest Bank in Asia” award by Global Finance for 15 consecutive years from 2009 to 2023. DBS provides a full range of services in consumer, SME and corporate banking. As a bank born and bred in Asia, DBS understands the intricacies of doing business in the region’s most dynamic markets.

DBS is committed to building lasting relationships with customers, as it banks the Asian way. Through the DBS Foundation, the bank creates impact beyond banking by supporting social enterprises: businesses with a double bottom-line of profit and social and/or environmental impact. DBS Foundation also gives back to society in various ways, including equipping communities with future-ready skills and building food resilience.

With its extensive network of operations in Asia and emphasis on engaging and empowering its staff, DBS presents exciting career opportunities. For more information, please visit www.dbs.com.

Media contact

UBS

Julie Yeo +65 9673 4433; julie.yeo@ubs.com

Adeline Lee +65 9753 2480; adeline.lee@ubs.com

Kate Oei +65 9271 2077; kate.oei@ubs.com