



PRESS RELEASE

Natixis, IBM and Trafigura introduce first-ever Blockchain solution for U.S. crude oil market

March 28th, 2017 – Natixis, IBM and Trafigura have pioneered the first blockchain solution in commodity trade finance for US crude oil transactions. The distributed ledger platform, built on the Linux Foundation open source Hyperledger Fabric, allows major steps in a crude oil transaction to be digitized on the blockchain, ensuring improved transparency, enhanced security, and optimized efficiency.

By having the buyer, seller and their respective banks all on the same ledger, all parties can simultaneously view and share data on the status of a transaction, from the time a new trade is confirmed and validated, to when the crude oil is inspected, to its final delivery and cancellation of the letter of credit. Key benefits of the solution include reduced cash cycle times, improved efficiency via lower overhead costs and fewer cost intermediaries, increased transaction visibility to help reduce the threat of tampering, fraud and cyber-crime, and the creation of transparent transactions by using shared processes and recordkeeping.

This initiative is part of a broader effort to modernize trading in the global crude oil industry, which today is predominantly driven by manual, non-digital processes.

“Natixis wants to use blockchain to enhance client service by optimizing the antiquated arena of commodity trade finance,” said Arnaud Stevens, Natixis’ New York Head of Global Energy & Commodities. “The current process is paper and labor intensive, we have multiple friction points with high processing costs and limited automation. Distributed ledger technology brings some much-needed innovation into our industry.”

The new trading platform allows trade documents, shipment updates, delivery and payment status to be shared across a single shared ledger, helping to reduce transaction time, duplication of documents and authentication processes among all trading partners. Traditionally these transactions require complex workflows and paper-based processes in which documentation is shared through courier, fax and email exchange. The solution, which is hosted on IBM’s cloud platform, Bluemix, was led and delivered by IBM France.

“Processes in the energy and commodities trade business are ripe for improvement,” said James Wallis, Vice President, blockchain markets and engagements, IBM. “The approach we are taking, using a permissioned blockchain network built on the Hyperledger Fabric, has the potential to transform the crude oil industry by creating consistency in trade finance and by digitizing transactions and information sharing. Creating this ecosystem for the commodities market working with two world leaders in this industry will help create an entirely new approach to managing the global commodities trade.”

The platform will soon be expanded to allow all parties in the transaction to enter data directly onto the blockchain. For example, the shipping company, pipeline operator, inspector or warehouse can provide real-time status updates via the blockchain on the crude oil transaction, helping lower the risk of fraudulent transactions. More importantly, the distributed ledger for crude oil transactions is designed to be adopted at scale across the entire industry. By creating a shared permissioned ledger for use across all trading partners, including multiple buyers, sellers, banks and trading partners, even further efficiencies can be anticipated.

“Together with Natixis and IBM, we have analyzed the workflow of crude oil transactions in the US, detailing the different steps of a transaction, our interactions with the financial institutions and the documents exchanged among the various parties,” said Rodney Malcolm, Trafigura Trading’s North American Chief Financial Officer. “The goal is to replace paper-heavy manual processes with blockchain-based workflows to improve transparency and data sharing. With the distributed ledger technology, all transaction participants in the network are updated simultaneously with a record that cannot be altered or tampered with. Each change or new transaction immediately creates a new record in the shared ledger.”

Natixis’ CIB Head of Digital, Frederic Dalibard said, “This partnership with IBM and Trafigura represents great momentum for Natixis and supports our aim to move distributed ledger technology from vision to execution.”

About Natixis

Natixis is the international corporate, investment, insurance and financial services arm of Groupe BPCE, the 2nd-largest banking group in France with 31.2 million clients spread over two retail banking networks, Banque Populaire and Caisse d’Epargne.

With more than 16,000 employees, Natixis has a number of areas of expertise that are organized into three main business lines: Corporate & Investment Banking, Investment Solutions & Insurance, and Specialized Financial Services.

A global player, Natixis has its own client base of companies, financial institutions and institutional investors as well as the client base of individuals, professionals and small and medium-size businesses of Groupe BPCE’s banking networks.

Listed on the Paris stock exchange, it has a solid financial base with a CET1 capital under Basel 3⁽¹⁾ of €12.7 billion, a Basel 3 CET1 Ratio⁽¹⁾ of 11% and quality long-term ratings (Standard & Poor’s: A / Moody’s: A2 / Fitch Ratings: A).

⁽¹⁾Based on CRR-CRD4 rules as reported on June 26, 2013, including the Danish compromise - without phase-in except for DTAs on tax-loss carry forwards following ECB regulation 2016/445.

Figures as at December 31, 2016. Reference to Natixis, herein, includes its subsidiaries.

About IBM

IBM is the leader in secure open-source blockchain solutions built for the enterprise. As an early member of the Linux Foundation’s Hyperledger Project, IBM is dedicated to supporting the development of openly-governed blockchains. IBM has worked with more than 400 clients across financial services, supply chains, IoT, risk management, digital rights management and healthcare to implement blockchain applications delivered via the IBM Cloud.

For more information about IBM Blockchain, visit www.ibm.com/blockchain.

About Trafigura

Founded in 1993, Trafigura is one of the largest physical commodities trading groups in the world. Trafigura sources, stores, transports and delivers a range of raw materials (including oil and refined products and metals and minerals) to clients around the world. The trading business is supported by industrial and financial assets, including 49.6 percent owned global oil products storage and distribution company Puma Energy; global terminals, warehousing and logistics operator Impala Terminals; Trafigura’s Mining Group; 50 percent owned DT Group which specializes in logistics and trading; and Galena Asset Management. The Company is owned by around 600 of its 4,100 employees who work in 61 offices in 36 countries around the world. Trafigura has achieved substantial growth over recent years, growing revenue from USD12 billion in 2003 to USD98.1 billion in 2016. The Group has been connecting its customers to the global economy for more than two decades, growing prosperity by advancing trade. Visit: www.trafigura.com

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