



Case Study

Delivering When it Matters Most

How Depósito Central de Valores (DCV) leverages Nasdaq technology to modernize and evolve Chile's capital markets infrastructure for future growth

Summary

- DCV set itself a major goal of evolving Chile's post-trade market infrastructure to address immediate operational and performance needs, while preparing for future growth and business initiatives. To accomplish this mission, DCV tapped Nasdaq as its technology partner and provider.
- By leveraging Nasdaq's CSD platform, DCV gained standardized, unified operations, plus messaging and data infrastructure coupled with unparalleled flexibility and cost efficiency. DCV is now able to integrate its own business functionality, as well as other third-party offerings, helping to meet its own unique needs.
- Since implementation, DCV has seen a considerable increase in the processing speed of operations, estimated to be more than a hundred times faster. Processes that used to take seconds now take milliseconds. They were awarded "Most Innovative Financial Infrastructure Company in Chile" by the ESE Business School of the Universidad de los Andes in November 2022 and client satisfaction has increased from 70 to 92%.

Background

Depósito Central de Valores (DCV) was established in 1993 to meet the increasing local and regional economy demands for a modern market infrastructure operator in Chile. This required adopting international standards and best practices to give Chile and the Latin American financial ecosystem a seat at the table in an increasingly demanding and globalized capital market ecosystem.

DCV is the sole central securities depository (CSD) in the Chilean financial market and is responsible for the custody of publicly offered securities, processing and electronic registering of stock market transactions, and serving as a transfer agent, among other services.

After nearly 30 years, DCV has emerged as a key player in promoting and modernizing Chile's capital markets. It closely collaborates with the Central Bank of Chile (BCCH), the Commission for the Financial Market (CMF), and placing agents and issuers to maintain Chile's prominent position as a central hub in Latin America's financial economy.

DCV

Key stats:

182

direct participants

802

registries administrated (DCVR)

178

fixed income issuers

Total balance of the portfolio deposited:

US\$
416.8 billion

Balance of the national portfolio:

US\$
413 billion

Industry challenges and drivers for change

As early as 2017, DCV realized that it needed to modernize legacy infrastructure to become more agile and responsive to the rapid changes in the industry.

While respecting its mission and vision, DCV needed to look to the future and prepare the company by adopting new business models, embracing the rapid transformation of an interconnected and global financial ecosystem, and aligning new regulations.

In 2018, DCV launched the DCV Evolution project to address these challenges—and opportunities—impacting both the global and regional CSD industry including Chile's capital markets and, more broadly, the Latin American financial industry.

Through this critical strategic initiative, a partnership was created with Nasdaq to implement a new post-trade infrastructure platform to support DCV's growth and diversification in its current services, while strengthening day-to-day operations and allowing for the scalability and agility needed for innovation projects. The partnership would also be instrumental in placing the Chilean market at the forefront of central securities depositories worldwide.

DCV's top solution requirements

There were several factors that DCV considered when choosing the provider of a new platform. Stakeholders from across the organization were involved, each contributing to the strategic vision while also offering their business, technical and operational perspectives on platform needs. Among the criteria that emerged were ease of adding new assets classes, digital assets centrality, and standardization.

An additional priority was efficient integration with DCV Evolution, which would allow DCV to generate natural synergies with its own architecture. Nasdaq's comprehensive solution covering business, development and operation aspects would be ideal here, enabling the CSD to prepare for the future.

Main drivers leading to leveraging a new technology solution

Infrastructure modernization was the biggest driver in creating the DCV Evolution project. From this project, DCV aimed to generate at least five key benefits for the Chilean capital market, specifically:



1. Modernization of the systems linked to the securities custody and settlement service, incorporating the best international practices in this area: performance, scalability, redundancy and resiliency, among others.



2. Access to world-class technologies in the securities depository industry.



3. Introduce the vision of a significant leader in the global financial industry (i.e., Nasdaq), with access to the permanent renewal of services for the Chilean market.



4. Agility and simplicity for our client and partners to access critical information.



5. More simplified processes with a better user experience, including increasing the processing speed of DCV operations.

Adopting the Nasdaq CSD platform

By leveraging Nasdaq's CSD platform, DCV gained standardized, unified operations, plus messaging and data infrastructure coupled with unparalleled flexibility and cost efficiency. DCV is now able to integrate its own business functionality, as well as other third-party offerings, helping to meet its own unique needs.

More specifically, the technology provides DCV with:

- Seamless trade and instruction management, settlement, custody, corporate event management and registry capabilities.
- Full coverage for all types of securities and multi-currencies (including UF, i.e. inflation indexed non-deliverable currency).
- Support for smooth, fault-free settlement with optimization algos, as well as potential provision of facilities to securities lending and borrowing accounting.
- Full STP based on global standards and market practices, reducing operational complexity.
- Capabilities to incorporate digital assets on the same technology platform with one consolidated view across traditional and digital asset classes for the CSD and participants.

Implementation process

In close coordination between DCV and Nasdaq, the DCV Evolution project completed the final implementation phase in September 2022. With this completion, DCV took a significant leap forward in advancing Chile's capital market infrastructure and bringing newly added value services to the industry ecosystem. Beyond Chile, DCV now has stronger interconnection with international markets, regulators and industry groups.

The key benefits for DCV in using Nasdaq's technology solution

This long-term partnership with Nasdaq not only allows DCV to have access to critical technology for the development of its industry, but also enables the company to be regularly updated on new practices in the global capital markets that DCV can share with its clients.

Additionally, it allows DCV to evaluate new business opportunities on an ongoing basis in line with the development of new emerging technologies. As an example, in 2023, DCV expanded its partnership with Nasdaq to leverage technology for issuing and settling digitized securities, demonstrating why it's

Overall key benefits of the Nasdaq CSD platform include:

- **Sophisticated settlement management:** a multi-asset and multi-currency solution supporting efficient cash and securities management with optimization algos, technical netting, securities lending and borrowing, and buy-in processing.
- **Innovative technology built for change:** modular and platform-based solution enables CSDs to seamlessly expand their offerings in line with market needs.
- **Stable and high-performing infrastructure:** robust and dynamic infrastructure with industry-leading throughput and performance.
- **Future-proof technology:** supports coexistence between traditional, digital assets and cryptocurrencies through integration with DLT platforms and services.
- **Lower cost of ownership:** reduced operational complexity with lower total cost of enhancements and changes to the system.
- **Proven technology:** benefit from decades of experience and expertise, with 130+ clients leveraging Nasdaq's technology across the globe.

a pioneering leader in Chilean markets and the CSD industry. The DLT-enabled technology supports tokenized asset services and is fully interoperable with other depositories and payment networks, allowing DCV to scale with markets and participant demands.

Since implementation, DCV has also seen a considerable increase in the processing speed of operations, estimated at more than a hundred times faster. Processes that used to take seconds now take milliseconds. As DCV General Manager Rodrigo Roblero said in a recent interview:



“During the first days, we experienced a considerable increase in the processing speed of DCV transactions, up to 144 times faster. This means that the processes that used to take place in seconds have been reduced to milliseconds.”

Looking ahead, DCV’s strategy is to continue delivering infrastructure and other complementary solutions to their local and international clients under the highest standards of transparency, security and efficiency. The Nasdaq CSD platform is a key piece in achieving this goal, as it puts DCV at the technological forefront of securities depositories worldwide, incorporating flexible functions to easily adapt to changing market conditions and constant regulatory requirements.

About Nasdaq

Nasdaq is a global technology company serving the capital markets and other industries. As one of the world’s largest market infrastructure technology providers, Nasdaq provides multi-asset solutions that power 130+ marketplaces, CCPs, CSDs and regulators in over 50 countries while also servicing the bank and broker-dealer community. Our institutional-grade technology across the trade lifecycle set the benchmark for performance, reliability, and scalability, helping organizations to drive efficiency, transparency, and liquidity with unparalleled resiliency. Our capabilities are unique, road-tested and the foundation for modernized markets.

To learn more, visit www.nasdaq.com/solutions/central-securities-depository-technology