

GLOBAL INVESTOR



AWARDS
2017



> PRIVATE EQUITY FUND ADMINISTRATOR OF THE YEAR

Northern Trust

Chicago-based bank's blockchain solution is adding efficiency to private equity administration

Northern Trust partnered with technology giant IBM and other key stakeholders to launch the world's first commercial deployment of blockchain technology for the private equity market in February 2017. This milestone followed an intensive project working with key industry stakeholders to create the innovation solution for the market and represents a potential game-changer for private equity administration and later other asset classes.

While private equity returns can be attractive, the infrastructure supporting it has not significantly benefited from innovation in recent years during a time when investors are seeking greater transparency, security and efficiency.

Northern Trust and IBM built a security-rich blockchain, or distributed ledger solution, based on the Hyperledger Fabric. It is available for use for managing the administration of a private equity fund managed by Unigestion, a Switzerland-based asset manager with \$20bn in assets under management. The bank also conferred with a number of other private equity managers and asset owners and found strong support for the initiative.

It allows the fund to transfer ownership stakes and be managed, serviced and audited throughout the investment lifecycle on a transparent platform offering a single version of the truth to participants that gain access via secured means.

Having been focused on blockchain

initiatives and proofs of value for the past two years, this is Northern Trust's first commercially-launched solution. It is an important first step to connecting participants much more effectively, including investors, managers, administrators, regulators, advisors and auditors. "Northern Trust has drawn on its global approach to cutting edge technologies and combined this with its understanding of regional markets such as Guernsey where the fund is domiciled," says a spokesperson.

While Northern Trust's primary focus has been delivering value to the private equity space, the architecture and technology is designed to accommodate a wide variety of asset classes. Northern Trust has \$5.2trn assets under administration, including \$72bn in private equity (at the end of March 2017). The firm says it will explore expanding the solution into other asset classes and jurisdictions in the future. ■



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*As featured in Global Investor Group/FOW Global Investor Awards 2017 report