
Banking & Finance -- Currencies: BNY Mellon Invests in Crypto Startup --- The investment in Fireblocks comes as the bank pushes into digital...	2
BNY Mellon, Google Develop AI to Spot Treasury Trade Fails.....	4
Nation's Oldest Bank Opts to Accept Bitcoin.....	5

Banking & Finance -- Currencies: BNY Mellon Invests in Crypto Startup --- The investment in Fireblocks comes as the bank pushes into digital-asset custody

By Alexander Osipovich

733 words

19 March 2021

The Wall Street Journal

J

B10

English

Copyright 2021 Dow Jones & Company, Inc. All Rights Reserved.

Bank of New York Mellon Corp . is investing in a cryptocurrency startup, the latest move by a traditional Wall Street player to embrace digital assets.

The startup, Fireblocks, builds tools for the secure storage and transfer of bitcoin and other cryptocurrencies. BNY Mellon plans to use Fireblocks' **technology** to underpin a new business that the bank unveiled last month, in which it plans to serve as a custodian for digital assets on behalf of institutional investors.

BNY Mellon's strategic investment in Fireblocks is part of a larger funding round that Fireblocks announced Thursday, after news of the investment was first reported by The Wall Street Journal. The New York-based startup raised \$133 million from investors, including hedge-fund firm Coatue Management LLC and venture-capital firms Ribbit Capital and Stripes. BNY Mellon didn't disclose the size of its investment.

Fireblocks was founded in 2018 by veterans of Israeli military intelligence. The Series C funding round gives the firm a valuation of more than \$900 million, a person familiar with the matter said. Fireblocks has raised \$179 million to date, including the new round.

Cryptocurrencies have enjoyed a wave of interest this year from mainstream financial firms and corporations. Those include Mastercard Inc ., which has said it plans to support some cryptocurrencies on its network, and Tesla Inc ., which bought \$1.5 billion in bitcoin for its treasury.

Amid the growing interest, bitcoin has nearly doubled in value since the beginning of the year and was trading above \$58,000 on Thursday. The biggest U.S. cryptocurrency exchange, Coinbase Global Inc., recently filed plans to go public on the Nasdaq Stock Market .

BNY Mellon is one of the world's largest custody banks. Such banks play an essential role in global finance by ensuring the safe storage of assets held by institutional investors, such as pension funds and mutual funds.

One reason why money managers have been reluctant to invest in cryptocurrencies -- besides their volatility and uncertain regulatory status -- is the lack of reputable custodians for digital assets. Safe storage is especially critical in crypto because of the frequency of cyberattacks. Collectively, hackers have stolen billions of dollars of digital currencies since bitcoin made its debut in 2009.

BNY Mellon says it is entering crypto custody to serve growing interest in digital assets among institutional investors. "There is very significant demand for digital assets in general," said Roman Regelman, chief executive of BNY Mellon's asset-servicing and digital businesses. "They're becoming part of the mainstream."

Earlier this month, payments giant PayPal Holdings Inc . acquired a rival of Fireblocks, Curv, in another sign of interest in crypto-custody **technology**. State Street Corp ., one of the other major custody banks, also says it is working on a digital-asset-custody service.

Fireblocks has developed what is effectively a safe-deposit box for cryptocurrencies, along with a crypto version of the Swift money-transfer network used by banks.

In February, more than \$100 billion of digital assets were moved through Fireblocks' network, more than double the level from three months earlier, the firm says. That rapid growth reflects the rally in bitcoin, ether and other cryptocurrencies as well as increasing usage of the network. Fireblocks says it has more than 200 clients, including some of the larger crypto-focused trading firms.

The startup is also working with five other multinational banks besides BNY Mellon, according to Fireblocks Chief Executive and co-founder Michael Shaulov. He declined to identify the banks.

Earlier, Mr. Shaulov led a startup specializing in mobile-device security, Lagoon Mobile Security, which was acquired by Nasdaq-listed Check Point Software Technologies Ltd. in 2015.

In the early 2000s, he served in Unit 8200 of the Israel Defense Forces , the country's equivalent of the National Security Agency . Fireblocks' other two co-founders and many of its engineers have similar backgrounds.

In an interview, Mr. Shaulov said his experiences in the secretive unit lay the groundwork for his career in **cybersecurity**. "Once you understand how the attackers work, or how the attackers operate in their most advanced capacity, it gives you a lead in terms of understanding how to build the defense systems," he said.

A spokesperson for the Israel Defense Forces declined to comment.

Document J000000020210319eh3j0000n

THE WALL STREET JOURNAL.

BNY Mellon, Google Develop AI to Spot Treasury Trade Fails

By John McCormick

342 words

22 February 2021

The Wall Street Journal

J

B2

English

Copyright 2021 Dow Jones & Company, Inc. All Rights Reserved.

Bank of New York Mellon Corp., working with Alphabet Inc.'s cloud-computing business, Google Cloud, developed machine-learning technology designed to predict when Treasury market trades will fail to settle.

Treasury securities are traded by broker-dealers, institutional investors, banks and others. There are a number of reasons U.S. Treasury trades can fail, such as if one party is short the securities needed to complete a trade, a computer system goes down, or because of some other operational issue, according to the custody bank.

The failure to deliver the securities can cause both reputational harm and result in penalty recommendations from the Treasury Market Practices Group, which could be up to 3% of the face value of the securities, BNY Mellon said. TMPG is an industry trade group sponsored by the Federal Reserve.

BNY Mellon, which is one of the largest clearing and settlement firms in the roughly \$20 trillion Treasury market, said that on a typical day about 2% of transactions fail to settle. BNY Mellon is involved in the clearing and settlement of about a third of U.S. Treasuries, according to research and consulting firm Aite Group. Other firms clearing and settling Treasury trades include JPMorgan Chase and State Street Corp., according to Aite.

"It's a large market," said Brian Ruane, chief executive of BNY Mellon's clearance and collateral management business. "So 2% is still a large number."

When the Treasury market technology service, which BNY Mellon announced earlier this month, predicts a market trade will fail to settle, it provides a warning to the client and allows them to take corrective action, such as obtaining additional securities to fulfill a trade.

The bank used 10 months of BNY Mellon settlement data to train and test the model and found it can pick up about 40% of the trades that are likely to fail. The model is new and will learn and get better as it ingests more client data, Mr. Ruane said.

Document J000000020210222eh2m00014

THE WALL STREET JOURNAL.

Nation's Oldest Bank Opts to Accept Bitcoin

By Justin Baer

871 words

12 February 2021

The Wall Street Journal

J

A1

English

Copyright 2021 Dow Jones & Company, Inc. All Rights Reserved.

Bank of New York Mellon Corp., the nation's oldest bank, is making the leap into the market for bitcoin, a sign of broader acceptance of the once-fringe digital currency.

The custody bank said Thursday it will hold, transfer and issue bitcoin and other cryptocurrencies on behalf of its asset-management clients. Custodians like BNY Mellon keep track of money managers' assets -- whether they are physical things like real estate or cash housed in an account with another bank -- storing some themselves while attesting to the existence of others.

BNY Mellon's announcement marks the first time one of the big custody banks has unveiled a road map for treating digital currencies like any other asset. And the bank hasn't put limits on the kinds of digital assets it will allow clients to store there. BNY Mellon intends to begin offering these capabilities later this year.

In time, BNY Mellon will allow digital assets to pass through the same plumbing used by managers' other, more traditional holdings -- from Treasury securities to **technology** stocks -- using a platform that is now in prototype. The bank is already discussing plans with clients to bring their digital currencies into the fold.

"Digital assets are becoming part of the mainstream," said Roman Regelman, chief executive of BNY Mellon's asset-servicing and digital businesses.

Until now, those money managers have had to use separate custodians for their cryptocurrency holdings, Mr. Regelman said.

It is a big step for Wall Street's back-office banks, whose concerns over regulatory, legal and stability risks left them reluctant to come into direct contact with crypto markets. BNY Mellon and its rivals were working on various services for clients' digital assets for years but have been waiting for signs from regulators that they could move forward in a market at one time criticized for its use in illicit activity. One signal flashed earlier this year, when the Office of the Comptroller of the Currency weighed in on banks' use of **blockchain** technologies.

As prices of bitcoin and other digital assets have continued to rise, they have become more popular with asset managers, hedge funds and other institutional investors. Bitcoin hit an intraday high of \$48,635.84 today, according to CoinDesk.

"As clients evolve, you need to evolve with them," said Glenn Schorr, an analyst with Evercore ISI. "Who are you to say, 'No one will use crypto?'"

Firms' top executives have started asking BNY Mellon and their peers to treat digital assets as they would their other holdings, Mr. Regelman said.

"We have seen a surge in interest and demand from clients, and it is only natural that we bring our legacy of trust and innovation to be a first mover in bridging the gap between traditional and digital assets," said Todd Gibbons, BNY Mellon's chief executive.

Custody banks keep records on all of the managers' trades, and at the end of day figure out how the value of each of those assets has changed.

"The custodian's job is to make sure it can account for and value funds at an aggregate level and shareholder level, and makes sure assets exist," said Peter Cherecwich, president of asset-servicing at Northern Trust Corp.

Performing those tasks for digital assets meant figuring out how to handle those requiring physical storage, as cryptocurrencies do, Mr. Cherecwich said.

BNY Mellon isn't the first big-name financial firm to declare its interest in digital assets. Fidelity Investments announced plans in October 2018 to store and trade bitcoin and ether, another digital currency, and a year later won regulatory approval to operate its crypto business in New York.

Northern Trust's Mr. Cherecwich said that questions remain on how and where digital assets are regulated, but "they are certainly clearing up,"

"We needed to do it right," said Mr. Cherecwich. His bank with Standard Chartered PLC formed a joint venture, Zodia Custody, that will store digital assets. "It's a new asset class."

Cryptocurrencies are just one flavor, he said. Others include digitizing contracts between private-equity firms and their investors or bespoke derivatives.

Custody banks like BNY Mellon have increasingly turned to **technology** to wring out costs. Many of the services they provide to the investing world might be essential, but they are by and large less profitable than, say, advising on a merger, taking a company public or making loans.

The drive to digitize financial services has thrust the custody banks, long viewed as occupying a stodgy corner of Wall Street, into the forefront as champions of technological change. Yet even now, some of their clients insist on faxing their positions to their custodian every day.

The more assets that move seamlessly through custodians' pipes, the faster and more efficiently -- and cheaper -- the business of record-keeping becomes.

BNY Mellon expects many clients to bring it their digital assets, even if custody banks don't have a clear window into how large those holdings have become. The bank formed a team of executives who will oversee how digital assets can be inserted in all its businesses, and appointed Mike Demissie, head of advanced solutions, to lead it.

Document J000000020210212eh2c0005d

Search Summary

Text	(technology OR "AI" OR fintech OR "digital banking" OR "cloud computing" OR blockchain OR cybersecurity OR "machine learning" OR "data analytics" OR "big data" OR "predictive analytics" OR "cloud migration" OR "edge computing" OR "5G banking" OR "API banking" OR "open banking" OR "data governance" OR "data monetization" OR "digital transformation" OR "quantum computing" OR "AI-driven banking" OR "AI in compliance" OR "AI-powered fraud detection" OR "AI in customer service" OR "AI in investment banking" OR "conversational AI" OR "generative AI" OR "robo-advisors" OR "natural language processing" OR "algorithmic trading" OR "automated risk assessment" OR "AI regulatory challenges" OR "embedded finance" OR neobanks OR "Banking as a Service" OR "BaaS" OR regtech OR suptech OR "decentralized finance" OR DeFi OR "cryptocurrency adoption" OR "Central Bank Digital Currencies" OR CBDCs OR tokenization OR "real-time payments" OR "Buy Now Pay Later" OR BNPL OR "cyber resilience" OR "Zero Trust security" OR "identity verification" OR "fraud detection" OR "insider threats" OR "AI-driven cybersecurity" OR "financial data breaches" OR "data privacy laws" OR GDPR OR CCPA OR "operational risk management" OR "regulatory compliance technology" OR KYC OR "Know Your Customer" OR AML OR "Anti-Money Laundering" OR "hyper-personalization in banking" OR "customer-centric banking" OR "omnichannel banking" OR "digital wallets" OR "contactless payments" OR "voice banking" OR "biometric authentication" OR "wearable banking" OR "banking UX/UI innovations" OR "financial inclusion technology")
Date	01/01/2021 to 03/31/2021
Source	The New York Times Or The Wall Street Journal Or The Economist Or Forbes
Author	All Authors
Company	The Bank of New York Mellon Corporation
Subject	All Subjects
Industry	All Industries
Region	All Regions
Language	English
Results Found	3

Timestamp	5 March 2025 3:57 PM GMT
-----------	--------------------------