Vanguard uses blockchain to share index data

By Editorial Staff *Thu, Dec 14, 2017*

'Investment managers will be able to instantly distribute, receive, and process index data, resulting in better benchmark tracking and significant cost savings,' said a Vanguard principal.

In a pilot program, Vanguard, the Center for Research in Security Prices (CRSP), and Symbiont are cooperating to use blockchain technology to "simplify the index data sharing process," Vanguard announced this week. Index data will move instantly between index providers and market participants over one decentralized database.

"Investment managers will be able to instantly distribute, receive, and process index data, resulting in better benchmark tracking and significant cost savings," said Warren Pennington, a principal in Vanguard's Investment Management Group, in a release.

For several months, CRSP has distributed daily index data to Vanguard in a testing environment through Symbiont's blockchain platform. Delivering the data via a blockchain and automating workflows with smart contracts has served to expedite data delivery, eliminate the need for manual updates, and reduce risks.

Currently, index data transmission, which is essential to many operations within the financial services industry, including portfolio construction and strategy execution, relies on multiple parties and distribution channels to reach investment professionals.

The success of this initial pilot will enable automation of CRSP index data delivery and intra-day updates over the private blockchain network in early 2018. Vanguard, Symbiont, and CRSP will also use the results of this initiative to influence future blockchain efforts.

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