

Terms of reference of the New Technologies for Wholesale settlements Contact Group (NTW-CG) for the exploratory work on new technologies for wholesale central bank money settlement

1. Preamble and objectives

The Eurosystem is examining new technologies in the context of market infrastructures and payments with an open mind. This approach includes Eurosystem-led exploratory work to investigate how central bank money settlement in euro could take place in the presence of new technologies such as Distributed Ledger Technologies (DLT). As part of this exploratory work, the Eurosystem intends to engage in experiments and trials¹ with financial market stakeholders for the use of DLT in wholesale (large value) payments and securities settlement. By doing so, the Eurosystem is carefully analysing potential implications for, e.g. governance, settlement efficiency and liquidity management. Eurosystem exploratory work in this regard does not prejudice any policy direction of the Eurosystem. In case the Eurosystem interacted with DLT platforms in Eurosystem exploratory work that involved non-Eurosystem financial market stakeholders, neither the experiments/trials that the Eurosystem might engage in, nor their potential sequencing are to be understood as legitimating any of the solutions that are experimented / trialled with. Accordingly, Eurosystem experiments/ trials are without prejudice to any potential future financial market structure in these areas.

The NTW-CG on new technologies for wholesale central bank money settlement supports the Eurosystem by facilitating an active dialogue with financial market stakeholders. The Eurosystem will engage with the NTW-CG to inform on the exploratory work led by the Eurosystem, including the key features and principles of what the exploratory work could entail and how it would be organised. The NTW-CG provides a forum for its members to articulate their needs, share information, provide their views on Eurosystem proposals and possibly act as a sounding board for the Eurosystem-led exploratory work. The NTW-CG does not have a formal advisory or steering role with respect to the Eurosystem's exploratory work.

2. Responsibilities and purpose

The NTW-CG is responsible for exchanging views on the organisation and direction of the Eurosystem's exploratory work on new technologies for wholesale central bank money settlement. It thereby shares

¹ Experiments will not involve the actual settlement of payments while trials will do so within the perimeter defined by the Eurosystem.

information with the Eurosystem regarding developments in the field of DLT and other new technologies, articulates needs and provides its views on Eurosystem proposals for exploratory work. In particular, the NTW-CG shall share information/provide its views on:

- needs and interest of financial market stakeholders to explore DLT solutions for wholesale settlement in central bank money;
- solutions and use cases identified by the Eurosystem;
- additional solutions and use cases identified by NTW-CG members;
- availability of the respective Eurosystem solutions and sequencing of work;
- sourcing and costs of the Eurosystem's exploratory work;
- criteria and required arrangements to govern the participation of financial market stakeholders in Eurosystem exploratory work such as experiments and trials.

3. Composition

The NTW-CG shall be composed of a Eurosystem Chairperson and members, the ECB provides the Secretariat.

Members

The aim of the NTW-CG is to be broadly representative, meaning that its members should cover different types and sizes of institutions, and reflect a variety of service offerings.

- A broad representation of member institutions of the Advisory Group on Market Infrastructure Payments for Payments (AMI-Pay) and the Advisory Group on Market Infrastructure Payments for Securities and Collateral (AMI-SeCo).
- Additionally, a limited number of institutions that are not represented in the AMIs (e.g. FinTechs) that have shown keen interest and / or relevant activities in the field of asset and or cash settlement while applying new technologies. Eurosystem National Central Banks and competent authorities should support with such identification in their respective jurisdictions.
- Industry associations.

Central banks

- Representatives of all Eurosystem central banks are invited, representatives of non-euro area central banks and the BIS may be invited in the context of PvP use cases.

Candidates shall be proposed by the invited institutions. Members will be selected and appointed by the Chairperson. The NTW-CG will remain in existence at a minimum until the commencement of the Eurosystem's exploratory work. Its set-up and relevance for a possible extension of its existence will be evaluated by the Eurosystem's Market Infrastructure and Payments Committee (MIPC).

4. Reporting

Discussions and views expressed in the NTW-CG will be considered and reported to the MIPC and Governing Council.

5. Ways of working

The NTW-CG shall work in an open and transparent manner. Meeting material and relevant outcomes shall be shared with all members and the public to facilitate the circulation of information also outside of the organised meetings.

Meetings

The NTW-CG shall meet online or in person. A meeting schedule will be shared with the participants in advance of the first meeting. Subject to a decision of the MIPC, the NTW-CG may continue meeting throughout the Eurosystem's exploratory work. The NTW-CG will be invited to provide relevant updates on the market use of DLT and other new technologies. Subgroups might be established to have more focused discussions on specific issues.