



Survey on Eurosystem plans for trials and experiments on new technologies for wholesale central bank money settlement

The Eurosystem – the ECB and the national central banks of the euro area – launches a [survey](#) to gauge interest in trials and experiments for central bank money settlement of wholesale financial transactions recorded on distributed ledger technology (DLT) platforms.

The Eurosystem is developing the modalities, which are being commented by its relevant [Contact Group](#), for exploring such solutions during 2024 (ECB's [press release of 28 April 2023](#)).

In particular financial market participants and market DLT platform operators are invited to participate in this survey. Respondents are (at this time or in the foreseeable future) expected to meet certain criteria, which are detailed below. Financial market participants can express interest and share information on their envisaged participation until 31 October. A survey response does not constitute any formal commitment and information will be treated confidentially. Respondents will be kept informed about the upcoming formal call for expression of interest and subsequent public information session.

1 Envisaged scope of Eurosystem exploratory work

The Eurosystem exploratory work will focus on settlement of DLT-based transactions **in a euro-denominated context** for securities settlement, covering settlement of delivery-versus-payment for a broad range of operations (primary market, secondary market) in central bank money as well as single payments in central bank money as part of securities' lifecycle management (e.g. coupon payment); and in a cross-currency context, covering settlement of payment-versus-payment including with or without a DLT-based FX layer, if possible.

Two complementary settings for the exploratory work are envisaged. **Experiments**, with mock settlement of the cash and asset legs in test settings, would explore aspects that cannot be studied in trials and specific features (e.g. performance, latency and throughput of DLT-based infrastructures for wholesale settlement) for the aforementioned transactions. Experiments will be jointly conducted by the Eurosystem and eligible participants at specific dates and times. **Trials** would take place with real-life settlement of central bank money available on a regular basis during a limited period, for an envisaged window of up to 6 months within a pre-defined period of time, and in an ad hoc setting for the purposes of exploratory work only. Trials with the three Eurosystem interoperability-type solutions will be offered in parallel to allow financial market participants to test multiple solutions and gain insights into their relative merits.

These transactions would be settled in trials and experiments through connecting DLT platforms (see eligibility below) to three Eurosystem solutions: Trigger, TIPS Hash-Link and Full-DLT Interoperability solutions (an overview can be found [here](#)). These solutions are provided by the Deutsche Bundesbank, the Banca d'Italia and the Banque de France, respectively, on behalf of the Eurosystem.

2 Envisaged eligibility for Eurosystem trials and experiments

Without prejudice to existing access rules to the TARGET Services and for the duration of Eurosystem trials and experiments only, there would be two types of participating actors: eligible market participants and market DLT platform operators. While the eligibility criteria are yet to be formally considered and approved by the ECB decision-making bodies, the envisaged eligibility criteria for the financial market participants are as follows:

Eligible market participants are defined as those entities with access to T2, within the meaning of Article 4 of Annex 1 Part I and Article 7, Annex 1 Part I of the TARGET Guideline¹, as amended from time to time.

Market DLT platform operators could be:

1. Central securities depositories (CSDs), authorised under the CSDR, operating a Securities Settlement System based on DLT / operating a DLT platform (including T2S CSDs subject to a derogation of the contractual and regulatory framework of T2S);
2. Operators of a DLT settlement system or a DLT trading and settlement system as authorised under the DLT Pilot Regime Regulation (Regulation 2022/858);
3. Investment firms and market operators and other licensed financial institutions operating a DLT platform, as duly licensed under the national law transposing MiFID II or under other relevant national legal frameworks subject to an assessment.

Entities duly licensed under national frameworks (including frameworks implementing MiFID II) would be subject to a case-by-case assessment to ensure proper risk management and provide a rationale and added value of participating to the Eurosystem exploratory work. Only those entities that have received their respective licences and a positive assessment by the Eurosystem would be permitted to participate in the Eurosystem's exploratory work.

These eligibility criteria are envisaged for the purposes of the Eurosystem's exploratory work only and do not in any way pre-empt the formation of a new category of actor that could access TARGET Services in the future. Within the breadth of these eligibility criteria, the Eurosystem would follow to the extent possible

¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022O0912>

an open participation approach, while it must acknowledge operational capacity constraints.

3 Next steps

The Eurosystem plans to launch a call for interest in Q4 2023. A public information session on further details on the scope Eurosystem exploratory work is planned shortly after. Following the signing of a legal framework in 2024, the trials and experiments would start. Two possible onboarding waves would be provided during the envisaged overall duration of the exploratory work (maximum of 6 months):

- **first wave**, possibly starting in Q2 2024
- **second wave**, possibly starting in Q3 2024

Participants would, subject to operational capacity constraints, be onboarded in the preferred wave for the solution(s) they wish to experiment and trial with after the call for expression of interest.