



EUROPEAN CENTRAL BANK

EUROSYSTEM

Cash leg for settlement of transactions on DL

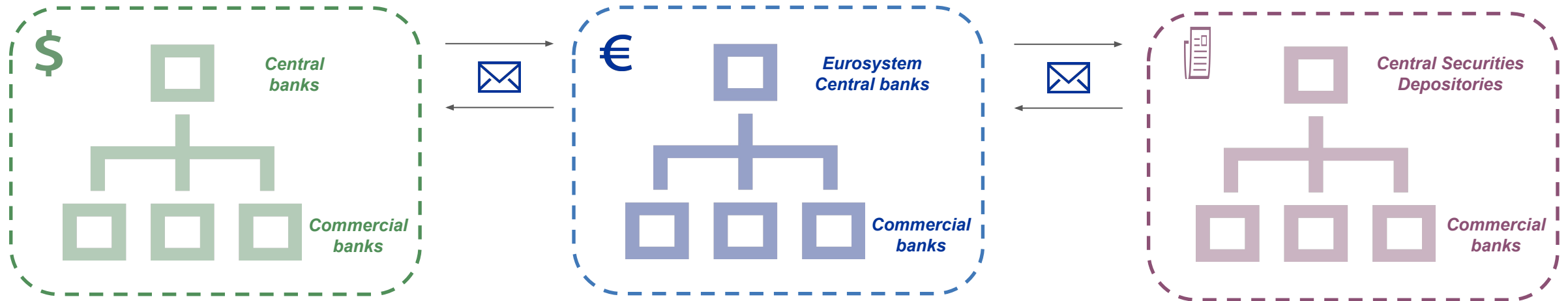
*Conceptual solutions &
Eurosystem initiative*

25/05/2023



World Forum of CSDs - Holger Neuhaus
ECB – Head of Market Innovation and Integration

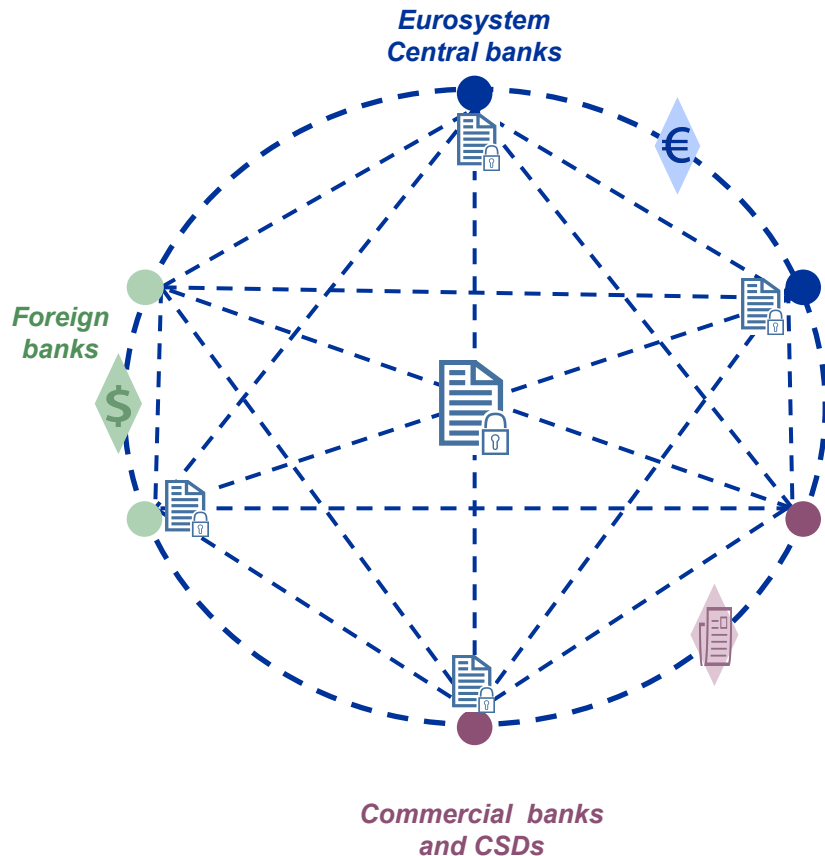
Infrastructures: simplified* status quo



- 1 For money and securities, CSDs, central banks and others play a key intermediation role as book-keepers and operators of centralised platforms and market infrastructures
- 2 Interoperability and settlement between platforms (DVP, PVP) relies on reconciliations and trusted third parties

*For DVP in CeBM, bookkeeping is done centrally on T2S for both cash and securities)

DLT – simplified overview



1

With distributed ledger technologies, money, securities or any other digital asset could be recorded on a shared network in the form of tokens

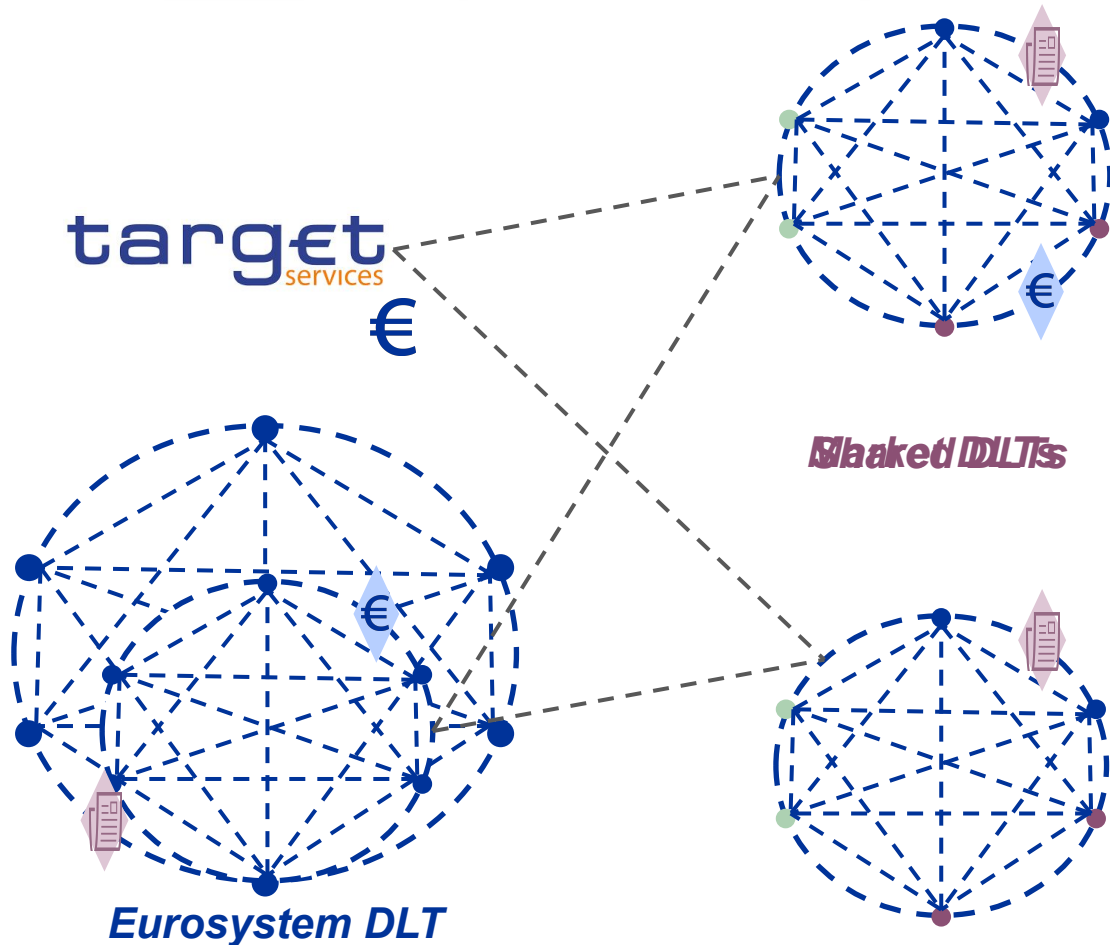
2

CSDs, central banks, and commercial banks jointly share the roles of book-keepers and operators of market infrastructures

3

Potential benefits: atomicity, (decentralized) programmability and ease of reconciliation

CeBM cash leg for settlement of transactions on DLT – Conceptual solutions



1. CeBM settlement in current TARGET Services through adding a *Trigger / Bridge* component
2. CeBM settlement on Eurosystem DLT interoperable with market DLTs (*Interoperability*)
3. CeBM and **securities** settlement on own Eurosystem DLT (T2S DLT) (*Integration*)
4. CeBM and **securities** settlement on DLTs shared between Eurosystem and other stakeholders (*Distribution*)

Press release Eurosystem to explore new technologies for wholesale central bank money settlement (28/04/2023)



(i) consolidate and further develop the ongoing work of Eurosystem central banks in this area, and (ii) gain insight into how different solutions could facilitate interaction between TARGET services and DLT platforms.



(i) keep pace with and contribute to digital innovation in wholesale and retail payments
(ii) central bank money to remain monetary anchor supporting stability, integration and efficiency of the European financial system

Press release Eurosystem to explore new technologies for wholesale central bank money settlement (28/04/2023)



could entail experiments (mock settlement) and trials (real settlement in limited setting). More details to follow through market contact group.