



OUTCOME

Fourth meeting of the New Technologies for Wholesale settlement Contact Group (NTW-CG)

20 October 2023 (09:00 - 13:00 CEST)

MS Teams

0. Opening remarks by the Chair

Background & outcome:

The Chairperson welcomed the members to the fourth NTW-CG meeting. This interim meeting was scheduled following a request by members to discuss specific aspects of the Eurosystem exploratory work.

The Chairperson raised two opening remarks:

- the members were reminded on the NTW-CG mandate and purpose, i.e. this group acts as a sounding board on settlement of wholesale financial transactions in central bank money in the presence of new technology, in particular DLT. Hence the Eurosystem is using this forum, also after the exploratory work phase, to obtain market feedback. This does not call into question the role of AMI-Pay and AMI-SeCo as existing advisory bodies for TARGET Services;
- the [Eurosystem survey](#) has been published on the ECB's website on preliminary interest for trials and experiments with new technologies for wholesale central bank money settlement, with the aim to gauge interest of market participants for potential participation in trials and/or experiments. The survey can be filled out by 31 October 2023. The publication also contains more details on the planned exploratory work.

Members adopted the agenda without any changes.

Section A: Purpose of the Eurosystem exploratory work

1. Learning objectives of the Eurosystem exploratory work

Background:

In line with the [terms of reference](#) of the NTW-CG, members were informed about the learning objectives the Eurosystem will pursue during the exploratory work. The ECB explained that the progress and findings of the exploratory work will be assessed by a dedicated group of Eurosystem central bank

experts, by monitoring and analysing trials and experiments using a set of defined metrics and by relying on experience and input provided by market participants during trials and experiments (via harmonised reporting templates including key performance indicators).

Members were invited to:

- Take note of the updates on the learning objectives and raise questions, if any
- Comment on and suggest additional learning objectives that could be evaluated

Background documentation:

- Presentation on the learning objectives of the Eurosystem exploratory work

Outcome:

- The ECB clarified that the learning objectives of the exploratory work (as reflected in the presentation) focus on comparing the three interoperability-type solutions from a business, operational and technical perspective. In parallel, the Eurosystem continues its analysis of other identified solutions to supply central bank money settlement and related topics.
- To understand the added value of new technologies to wholesale settlement and capital markets, i.e., the potential expected gains (if any) compared to existing infrastructures, the market participants are expected to come up with their own business cases to investigate, and to share their findings with the Eurosystem. The selected Eurosystem learning objectives will be evaluated consistently across the different business cases of all participants.
- After the meeting, members will be asked via a written consultation to provide feedback on the selected learning objectives and suggest additional objectives, if any (see action point). In the 15 November meeting this feedback will be discussed. Also, more information on the learning objectives will be made available as part of the call for interest which will be published later this year.

Action point:

- A written consultation will be launched after the meeting inviting members to provide feedback to questions related to the learning objectives

Section B: Setting up the Eurosystem exploratory work

2. Update on the operational planning for exploratory work

Background:

The Eurosystem is setting up the exploratory work on wholesale settlement in central bank money while taking into account input from the NTW-CG.

In this meeting, the ECB provided an update on the mandatory testing activities prior to the start of trials and experiments with the Eurosystem.

Members were invited to:

- Take note of the updates on the operational planning and raise questions, if any

Background documentation:

- Presentation on update on the operational planning for exploratory work – testing phase

Outcome:

- Members were reminded that the mandatory testing, which all market participants and DLT platform operators need to complete prior to conducting trials and experiments, aims at ensuring that the necessary technical connections, static data configuration and understanding of operational procedures (e.g., escrow mechanism) are in place.
- The ECB pointed out that the presented testing approach is still under discussion: the timeline is an indication of when the testing phase would take place. Specific dates and cut off times will be communicated at a later stage once these are fixed and aligned with other planned Eurosystem operational activities and after the formal approval expected in February 2024 on the launch of the Eurosystem exploratory work.
- Further discussions are taking place with the central bank solution providers to determine the technical specifications and necessary resourcing. The call for interest will include more details on these aspects, and on the onboarding process and testing approach.

Section C: Wrapping up the meeting

3. Q&A

Background:

NTW-CG members were invited to raise questions if there were other remaining points that had not been covered in the previous presentations and discussions.

Outcome:

- The European Commission representative raised a clarification on the DLT Pilot Regime Regulation (DLT PRR) with relevance to the Eurosystem exploratory work: the duration of the DLT PRR does not have a specific end date; there is no sunset clause written into the regulation itself. Rather, there would need to be an explicit legislative intervention from the co-legislators for the regime to be discontinued. However, given the evolution of the market, it is very likely that the regime would be further developed via amendments after the initial 3-year period.
- The ECB clarified the following points raised by the members on the survey that has been published on the ECB's website to gauge interest for participation in the Eurosystem exploratory work:
 - Individual market participants are invited to respond to the survey, whereas industry associations are invited to reach out to the ECB bilaterally via the NTW-CG Secretariat

to share information deemed relevant for the Eurosystem to better understand the views from their respective constituencies;

- The eligibility criteria stem from the trade-off between endorsing innovation while controlling access to wholesale CeBM settlement in line with Eurosystem policies and the need to avoid any adverse impact on TARGET Services. Market DLT operators will be required to have the necessary license as per the foreseen eligibility criteria. For experiments, which include “mock” settlement in test environments, the Eurosystem might apply less restrictive eligibility criteria on a case-by-case basis.
- The Eurosystem will not disclose specific participants, nor their business cases conducted as trials and experiments without seeking participants consent. Public communication about participation in exploratory work would be at the discretion of the participating institutions.

4. AOB, closing remarks and upcoming meetings

Background & outcome:

Members were reminded of the upcoming meetings scheduled for 2023:

Meeting dates for 2023	Time (CEST)	Format
Wednesday 15 November	9:30-16:30	Online meeting
<i>Wednesday 06 December</i>	<i>9:30-13:00</i>	<i>Blocker for possible online ad-hoc meeting</i>

The Chairperson concluded the meeting, and more detail on the 2024 meeting schedule will be disclosed in the next meeting.