



EUROPEAN CENTRAL BANK

EUROSYSTEM

Timeline and onboarding activities

Agenda item 1



10/04/2024

Recap: Testing activities – key principles



Testing aims at preparing for conducting trials and experiments, including that the necessary technical connections, static data configuration and understanding of the operational procedures are established to start the execution phase.



All market participants and market DLT platform operators need to complete testing before they can conduct trials and/or experiments.



The content of the testing may vary depending on whether participants want to execute trials or experiments or both, and the business cases to cover

Feedback from the NTW-CG members

Extension of the test window for wave 2 needed to successfully complete testing

→ Part of the wave 2 onboarding activities can be completed as early as foreseen while the final deadline for completion has been extended, i.e. the testing phase 1B has to be completed by 28 June at the latest (previously 24 May). While the full-day end-to-end testing (phase 2A) still must be completed by 31 July, the setup of data in the production environments can be completed later (phase 2B)

Trial execution is foreseen to take place earliest in October. Additional rehearsal window needed

→ Market DLT operator and market participants participating in trials have the possibility to conduct an additional rehearsal of their use case in September (latest by 27 September) to rehearse specific business scenarios envisioned for the later execution of the trial, e.g. in October and November

Wave 1: timeline for onboarding and execution

2024	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Connectivity, operational, functional testing ¹	18/12 ^a to 12/04*											
Rehearsal (trials) / end-to-end testing (experiments) ¹			On specified dates in the time from 11/03 ^a to 30/04*						Optional, only trials, from 02/09 ^a 27/09*			
Trial setup				From 29/04 ^a 10/05*								
Signing of the legal framework			signed prior to start execution phase									

complete end-to-end testing and rehearsal trial daily process (for trials)

Execution phase wave 1 from 13/05 to 29/11

For already onboarded participants

^a early start is **not possible**

* early exit is **possible**

¹ specific list of covered functionalities will be provided to market participants and market DLT operators by the Eurosystem, following registration

Reminder for wave 2 participants

The deadline for applications to participate in wave 2 expires 30 April

By then, the parties involved in an experiment and/or trial, both market DLT operator and the market participants, must have submitted the registration form and additionally necessary documents to the local NCB

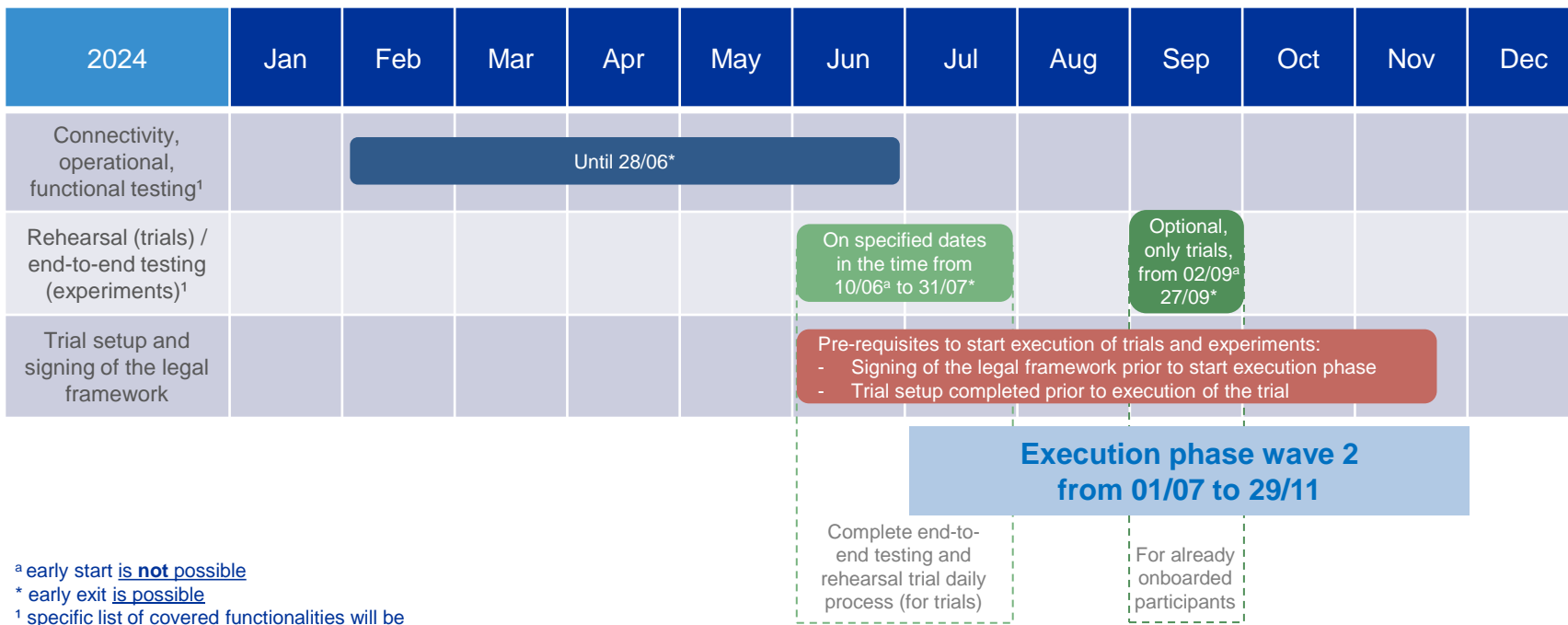
In-principle eligible participants can start onboarding activities

Market DLT operators and their market participants can start with testing and onboarding activities (phase 1) following a positive in-principle eligibility assessment, while acknowledging the risk of not being able to participate in exploratory work due to capacity constraints or ineligibility

The final decision on participation of wave 2 participants has to be taken by ECB's Governing Council

The decision is envisaged to be taken before end of Q2/2024. Only those participants that have been approved for wave 2 can start testing phase 2 and sign the legal arrangements with the local NCB and (if applicable) the Solution Provider Central Bank(s)

Wave 2: timeline for onboarding and execution

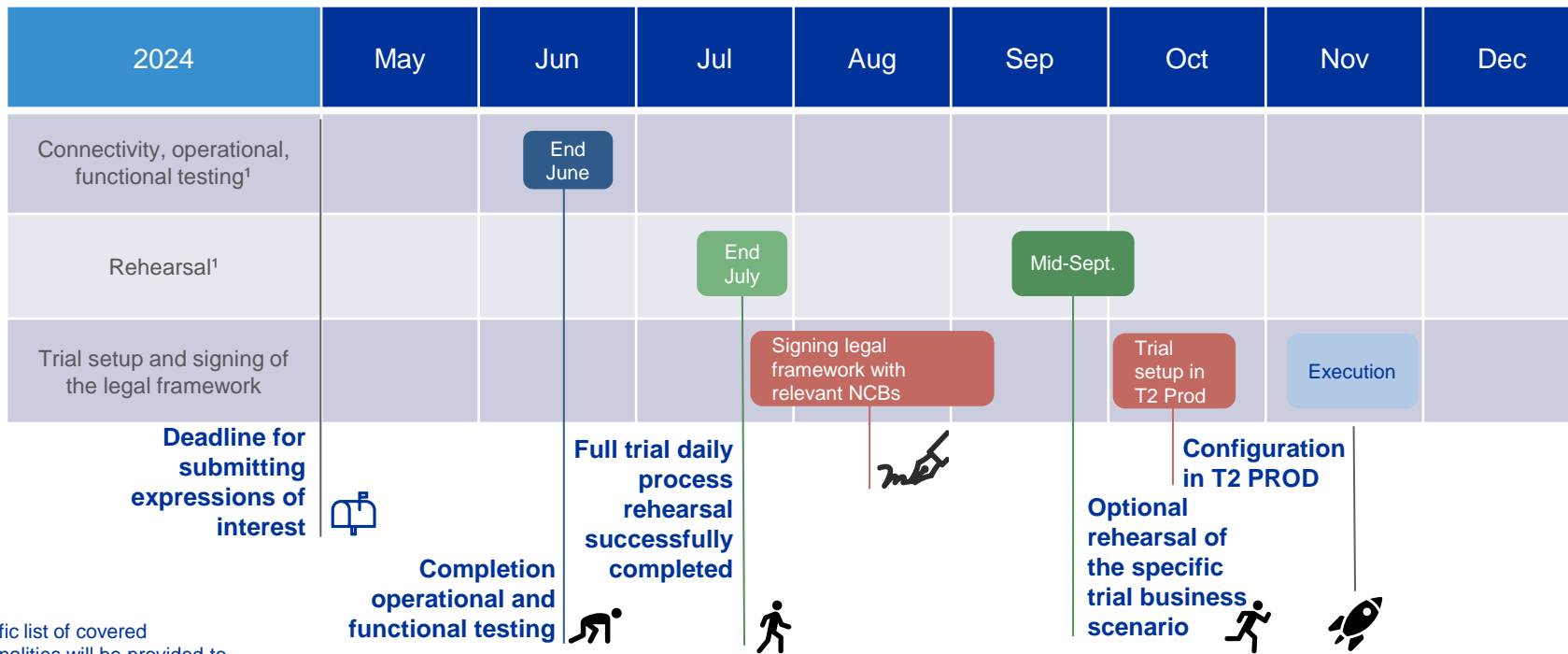


^a early start is **not possible**

* early exit is **possible**

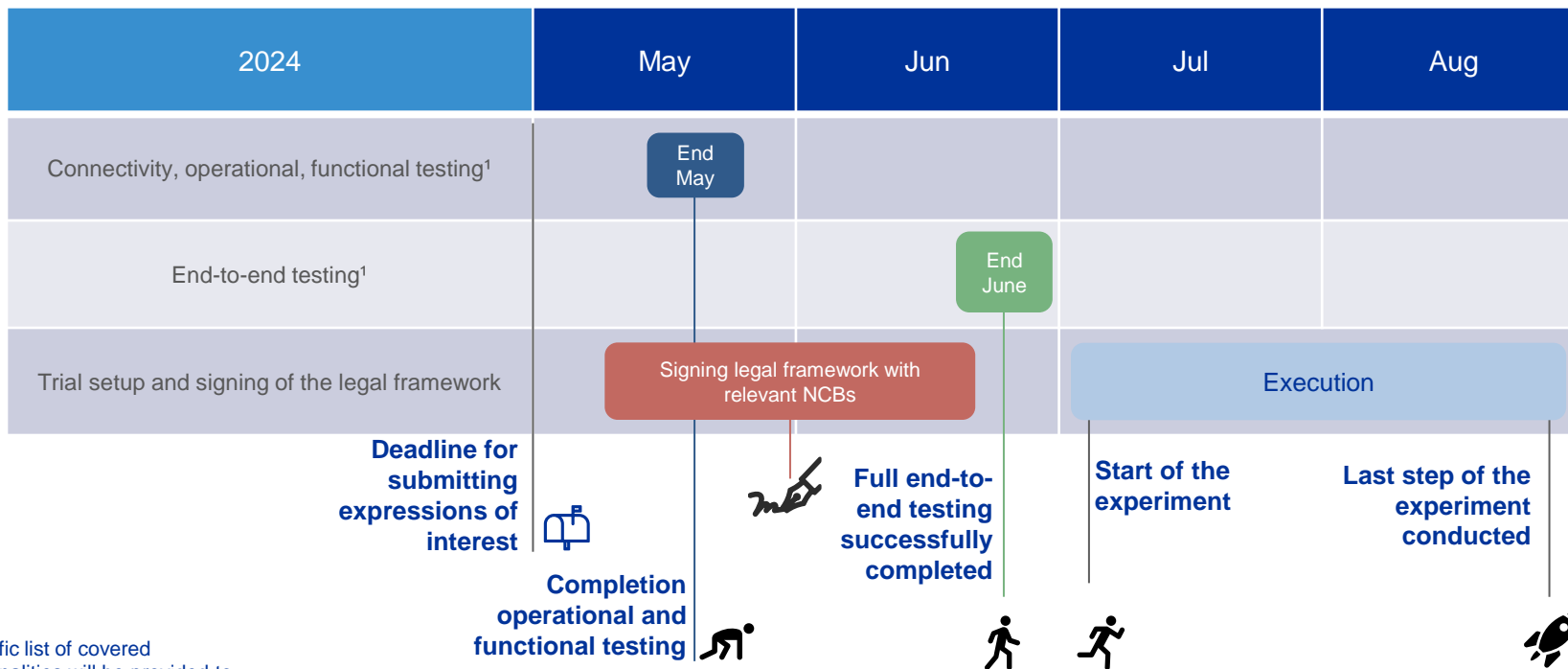
¹ specific list of covered functionalities will be provided to market participants and market DLT operators by the Eurosystem, following registration

Example for a trial in November



¹ specific list of covered functionalities will be provided to market participants and market DLT operators by the Eurosystem, following registration

Example for an experiment in July - August



¹ specific list of covered functionalities will be provided to market participants and market DLT operators by the Eurosystem, following registration



EUROPEAN CENTRAL BANK

EUROSYSTEM

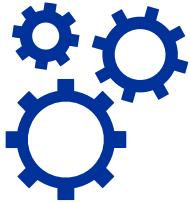
Eurosystem eligibility criteria for non-securities- related use cases

Agenda item 2



10 April 2024

Reminder



- The Eurosystem's exploratory work does not constitute a commitment by the Eurosystem to provide any steady-state solution(s) in the future or to make any DLT-related changes to its current infrastructure
- The eligibility criteria, operational and legal conditions for participation and use cases are specific to the current phase of exploratory work and do not prejudge future Eurosystem decisions

The call for expression of interest...

...envisages, inter alia, the following **use cases** in scope for Experiments and Trials in Eurosystem's exploratory work:

*“Exploratory work could also cover, subject to an assessment by the Eurosystem, **cross-currency and cross-border payments in CeBM** as well as **automated wholesale payments in CeBM** (e.g. in relation to the use by commercial banks of “deposit tokens” with a need for CeBM wholesale settlement).”*

This presentation gives **more details** on the parameters for these use cases

Applying our eligibility criteria

Payment-versus-Payment use cases:

- Requires that a non-euro area central bank establishes a connection to at least one of the interoperability-type solutions for the provision of the non-euro area currency leg
- Only eligible to be conducted as an experiment

Applying our eligibility criteria

Automated wholesale payments:

- Market participants or consortia thereof and / or market DLT operator have to connect to the interoperability-type solutions
- Eurosystem would consider these use cases as eligible to be executed as an experiment, given that commercial bank money (CoBM) on DLT is nascent
- Eurosystem would consider the execution of trials only for use cases involving automated wholesale payments in euro CeBM *only*, without a CoBM leg, subject to a case-by-case assessment

Applying our eligibility criteria

Further background

- Reflections on CoBM tokens and their possible bearer-instrument nature following the 6th meeting of the NTW-CG
 - The CG reflected on the implications on e.g. credit risk, Know-Your-Customer procedures, and fungibility of the CoBM tokens should such tokens be directly transferable across clients of different commercial banks
 - From the Eurosystem perspective, the focus of exploratory work is on settlement of interbank payments → this excludes bearer-like instruments
 - Therefore, within Eurosystem exploratory work, the Eurosystem does not intend to support use cases involving CoBM tokens which can be transferred between clients of different commercial banks directly



EUROPEAN CENTRAL BANK

EUROSYSTEM

International context

Agenda item 3

10/04/2024



New technologies/DLT in international context

- Euro area: ten market participants and six market DLT operators approved for wave 1 of Eurosystem exploratory work
 - Showcasing the relevance of exploratory work and the exploration of DLT for the European market
- Also international interest in this topic, as continuously shown by recent initiatives:
 - As discussed in the NTW-CG Sep 2023 meeting, initiatives proposed by e.g. BIS (e.g. unified ledger), IMF (X-C platform), and experiments within some banking communities (e.g. Regulated Liability Network)
 - More recently, **Global layer 1 initiative** of the Monetary Authority of Singapore and **Project Agorá** of the BIS Innovation Hub (see next slide),
 - and initiatives of other central banks, e.g. **Helvetia III of SNB** ([link for more information](#))

New technologies/DLT in international context

- This presentation provides an update on the relation between Eurosystem exploratory work and these international developments
- **Reminder:** Eurosystem's exploratory work does not constitute a commitment by the Eurosystem to provide any solution(s) in the future or to make any decision related to the uptake of DLT

Project Agorá

- Experiment by the Bank for International Settlements (BIS) together with seven central banks (Banque de France representing Eurosystem)
 - Builds on the unified ledger concept [proposed by the BIS](#), common platform where multiple central banks and commercial banks participate
- Focuses on cross-border payments, with central bank money and commercial bank money in seven different currencies on a single technical platform
- BIS will issue a call for expression of interest to private financial institutions
 - Interested in participation by European commercial banks
 - For more information: [Link](#)
 - Please contact your local national central bank and the ECB in case of interest [see Annex]

Global Layer One

- Monetary Authority of Singapore gathering private market participants and public sector participants to discuss the establishment of a common layer 1 DLT platform for the financial industry
- The initiative focuses on the concept of a foundational asset-agnostic digital infrastructure established by a consortium of public and private institutions that facilitates digital asset-based financial transactions
- For more information: [Link](#)

Cross-border aspect of Eurosystem exploratory work and planned experiments

- Call for expressions of interest envisages, inter alia, the following use cases in scope for Experiments and Trials:

*“Exploratory work could also cover, subject to an assessment by the Eurosystem, **cross-currency and cross-border payments in CeBM...**”*

- Cross-border/cross-currency payments use cases with interoperability solutions envisaged via experiments (not trials) with non-euro area central banks
 - Testing interlinking of the Eurosystem interoperability solution with other central banks' solutions
 - Experimenting with PvP FX settlement in CeBM in EUR and another currency

Eurosystem approach (1/2)

- Eurosystem exploratory work and other initiatives are complementary to provide Eurosystem with the maximum input possible to reflect on next steps after 2024
- Our own exploratory work seeks to obtain systematic feedback
 - Important to go beyond previous proofs-of-concept and to gain consistent and coordinated feedback via multiple experiments/trials to assess scalability, confidentiality and to cover **realistic business scenarios**
 - Interoperability solutions are a no-regret-move as interoperability will always be necessary in the absence of a single global platform for all countries, participants and assets

Eurosystem approach (2/2)

- Eurosystem monitoring of and involvement in other initiatives complements Eurosystem exploratory work
 - Provides concrete information on international developments and possible approaches adopted beyond the Eurosystem, as a factor
 - Brings forth additional input on the analysis of different solutions, including beyond interoperability solutions (e.g. governance of shared platforms, technical standards discussed for DLT, etc.)

Annex - Eurosystem contact details in case of interest

ECB's ntw-team: ntwCeBM@ecb.europa.eu

National Central Bank of your institution

National Central Bank	Email address	National Central Bank	Email address
Austria	Wolfgang.haunold@oenb.at	Italy	target_services@bancaditalia.it
Belgium	target2.helpdesk@nbb.be	Latvia	T2ServiceDesk@bank.lv
Croatia	helpdesk.t2hr@hnb.hr	Lithuania	target2@lb.lt
Cyprus	target-cy@centralbank.cy	Luxembourg	AMISECO.LSG@bcl.lu
Estonia	astugi@eestipank.ee	Malta	riccam@centralbankmalta.org
Finland	targetservices@bof.fi	The Netherlands	v.p.j.frijters@dnb.nl
France	monnaie-innovation@banque-france.fr	Portugal	target@bportugal.pt
Germany	triggersolution@bundesbank.de ;	Slovakia	lenka.sidorova@nbs.sk
Greece	ntwcebm@bankofgreece.gr	Slovenia	pomoc.ps@bsi.si
Ireland	eurosettlements@centralbank.ie additionally in CC Robert.davis@centralbank.ie	Spain	paymentsystem@bde.es