

Annex 1

Mandate of the Appia Contact Group

1. Preamble and objectives

With Appia, the Eurosystem is shaping the development of a European tokenised financial ecosystem in which central bank money continues to play a pivotal role. The collaboration between public and private sector stakeholders takes a central role in this initiative, which aims at building an integrated, innovative, and resilient tokenised wholesale financial market in Europe.

The Appia Contact Group (Appia CG) comprises relevant financial market stakeholders and public sector bodies with the aim of fostering a multilateral dialogue, providing the Eurosystem with informed feedback and acting as a sounding board on aspects linked to the Eurosystem's initiatives¹ on tokenisation and Distributed Ledger Technology (DLT) for tokenised wholesale financial markets.

2. Responsibilities and tasks

To support the Eurosystem in defining the operation and evolution of its DLT-based central bank money settlement solution (including its enhanced iterations), the Appia CG will have the following tasks:

- Discuss business, technical matters relevant for the operations and the evolution of the Pontes Pilot;
- Provide input on user requirements and system functionalities as part of the change and release management, on the planning and execution of user testing and migration activities, as well as on operational activities; and
- Provide advice on risks related to Pontes.

To assist and contribute to the development of the Eurosystem's blueprint for tokenised wholesale financial markets, the Appia CG will have the following tasks:

- Exchange information on developments in the field of DLT;
- Contribute to the work done on technical and business topics in scope of the Appia roadmap, covering amongst others confidentiality and privacy in tokenised wholesale markets, cross-chain interoperability and synchronisation, collateral mobilisation, secondary-market structure and cross-border issuance flows;
- Support the Eurosystem's work on standardisation in the field of tokenisation and DLT;

¹ The Eurosystem's strategy for providing tokenised wholesale central bank money rests on two complementary projects: Pontes and Appia. Project Pontes develops and implements a Eurosystem DLT solution to enable central bank money settlement for DLT-based transactions. Appia has a broader, longer-term perspective and will involve close cooperation with the market to explore how an entire wholesale financial ecosystem based on tokenisation and DLT could be designed.

3. Composition

3.1. Members

Members are selected on the basis of their institutions' commitment to and engagement in the Eurosystem's initiatives and of their expertise in this area. Members are expected to contribute actively with a market-wide perspective to the work done by the Eurosystem in the field of wholesale financial markets tokenisation. To that end, the members of the Appia CG shall include:

- (Future) users of the Eurosystem's DLT solution developed by the Pontes project;
- Parties contributing to the Eurosystem's analytical and practical work as part of project Appia;
- Relevant market stakeholders, representing the various components of the financial value chain, with legitimate interest and actively involved in the design of the future tokenised wholesale financial markets ecosystem; and
- Relevant industry associations.

The Market Infrastructure Board (MIB) and the Market Infrastructure and Payments Committee (MIPC) shall decide on the composition of the group. To that end, it is essential that the representation is balanced in terms of geographical backgrounds, type and size of institutions and that it reflects a variety of service offerings.

Members are expected to command the appropriate level of seniority and authority within their organisations in order to be able to provide authoritative views and mobilise resources conducive to meeting the group's objectives. If an existing member changes roles in the nominating institution or leaves it, this member must timely inform the Appia CG Secretariat. An existing member's seat will not be automatically passed on to a nominated replacement.

Members are expected to attend all meetings. They can, on exceptional basis, be replaced by an alternate who can participate in their absence.

The number of members is limited to allow for active discussions and contributions. Membership is subject to annual review.

3.2. Observers

The following entities are invited to participate in the Appia CG as observers:

- One representative for each ESCB National Central Bank connected to T2;
- One representative for each ESCB National Central Bank having signed a T2 Currency Participation Agreement (CPA);
- Up to four representatives of the central banks forming the 4CB;
- One representative of the European Securities and Markets Authority (ESMA);
- One representative of the European Commission.

Unless agreed otherwise, observers are invited to attend all meetings remotely.

4. Organisation and working procedures

The Appia CG is chaired by the ECB. The Chairperson shall be entitled to designate an alternate to replace him/her in exceptional circumstances, and to invite additional experts from the ECB, NCBs, or external organisations to the meetings of the Appia CG on specified agenda items. The ECB provides the Secretariat of the Appia CG.

The Appia CG meets by default on a quarterly basis, online or in person. Ad hoc meetings may be organised when deemed necessary by the Chairperson. No recording of virtual and physical meetings is permitted.

The Appia conducts its works in an open and transparent manner, and, in principle, meeting materials and outcomes are published on the ECB website.

The Appia CG may establish substructures to support its work in an efficient manner. The mandate or terms of reference of such substructures shall be defined by the Chairperson after having consulted the members of the Appia CG.