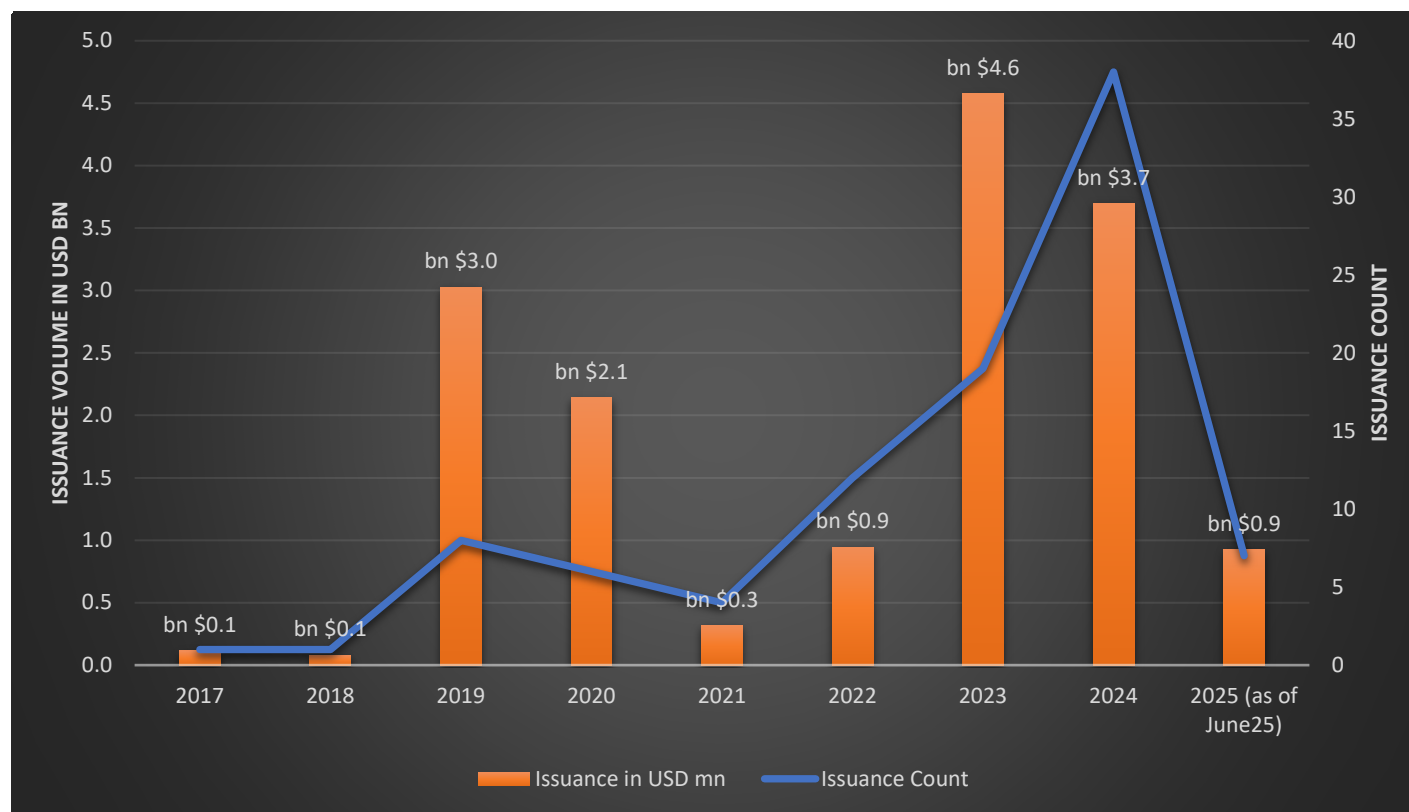


DLT-based Bond Issuance – Status and Outlook

ECB Bond Market Contact Group

Digital (DLT-based) bonds and intraday repos – Where are we now?

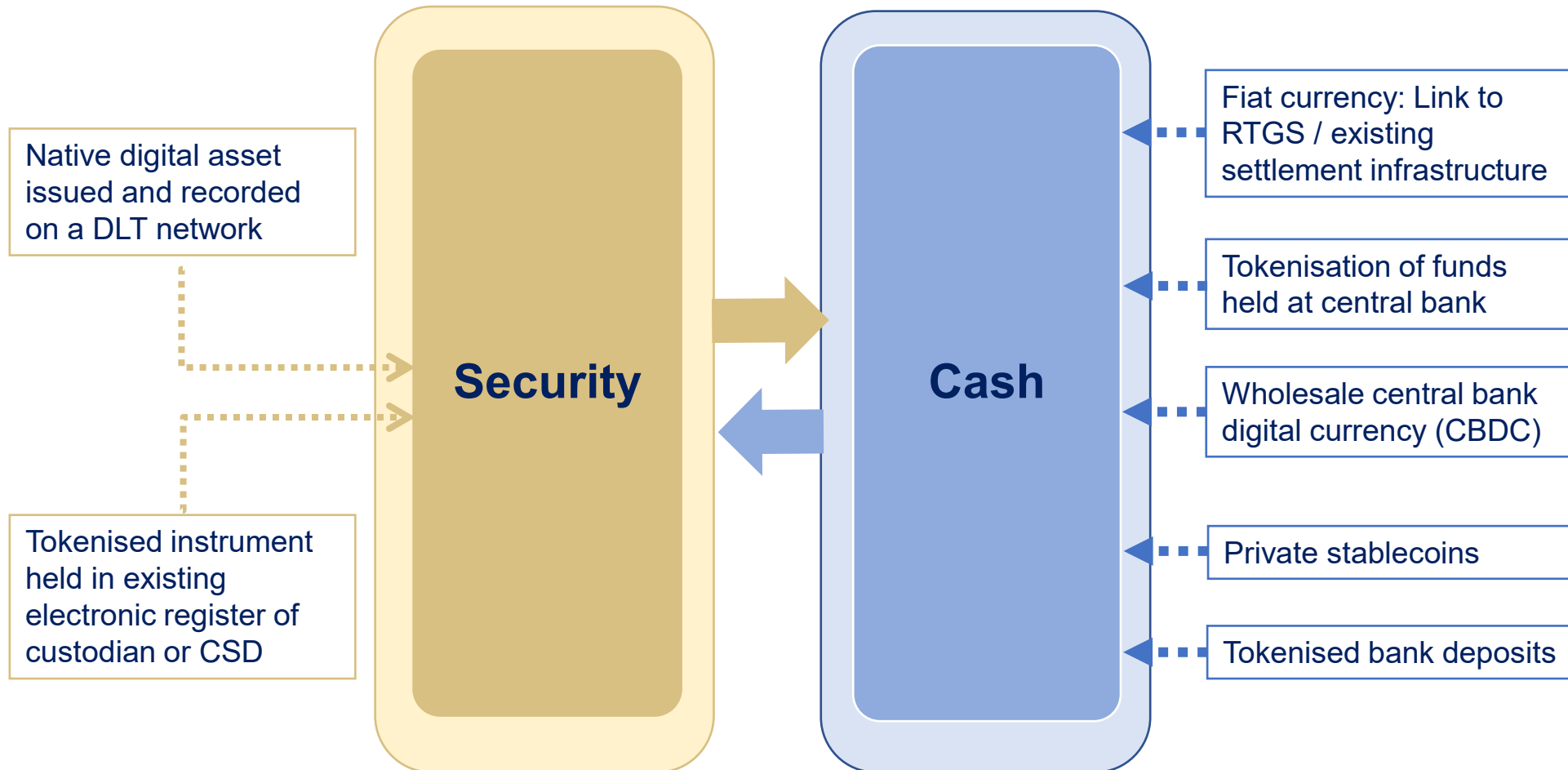


Source: Moody's Ratings, ICMA's [tracker](#)

Note: Since 2021, more than 150 DLT-based securities (including more than 30 in H1 2025) have been issued under German law, also referred to as "crypto securities". Due to limited availability of data, not all DLT-based debt securities have been included.

- Native digital (DLT-based) primary debt issuance has increased in waves since its inception – still only a negligible fraction of total volumes
- In 2024, the Eurosystem [processed](#) over 200 DLT-based transactions and a total value of €1.6bn as part of its 'trials and experiments'
- Investor participation is dependent on jurisdiction, governing law, DLT platforms and settlement arrangements, amongst other factors
- Limited evidence of front office secondary market activity in DLT-based securities to date
- DLT has been adopted at scale for intraday securities financing, facilitated by GMRA Digital Assets Annex (August 2024)

DvP settlement – Approaches vary between market segments



See latest announcements and sample transactions on [ICMA's tracker](#).

Key challenges and considerations for scaling DLT-based bond markets

- **Standardisation and interoperability** => Critical to scale DLT-based bond markets and avoid market fragmentation, ICMA's focus being on technical standards (Bond Data Taxonomy) and legal standards (GMRA Digital Assets Annex)
- **Custody and trading** => Major challenge to wider investor participation due to legal, regulatory, and operational complexities. Focus of MAS Project Guardian Fixed Income workstream ([chaired](#) by ICMA)
- **'Cash on chain'** => Critical to fully unlock the benefits of tokenisation, ICMA members have consistently highlighted the need for a wholesale digital Euro (wCBDC) and welcomed the ECB's [announcement](#) on 20 February 2025
- **Regulatory treatment:**
 - EU regulation (eg CSDR, MiFID II/R), BCBS prudential treatment (SCO60) => impacts listing, trading, portfolio management and (re)use as collateral
 - EU DLT Pilot Regime => Flexible limits, clarity on duration and 'exit process' required for commercial viability
 - Market fragmentation => Diverging national securities laws in EU member states
- **Cost-benefit considerations** => Short term vs long term; type of instruments; size; funding requirements

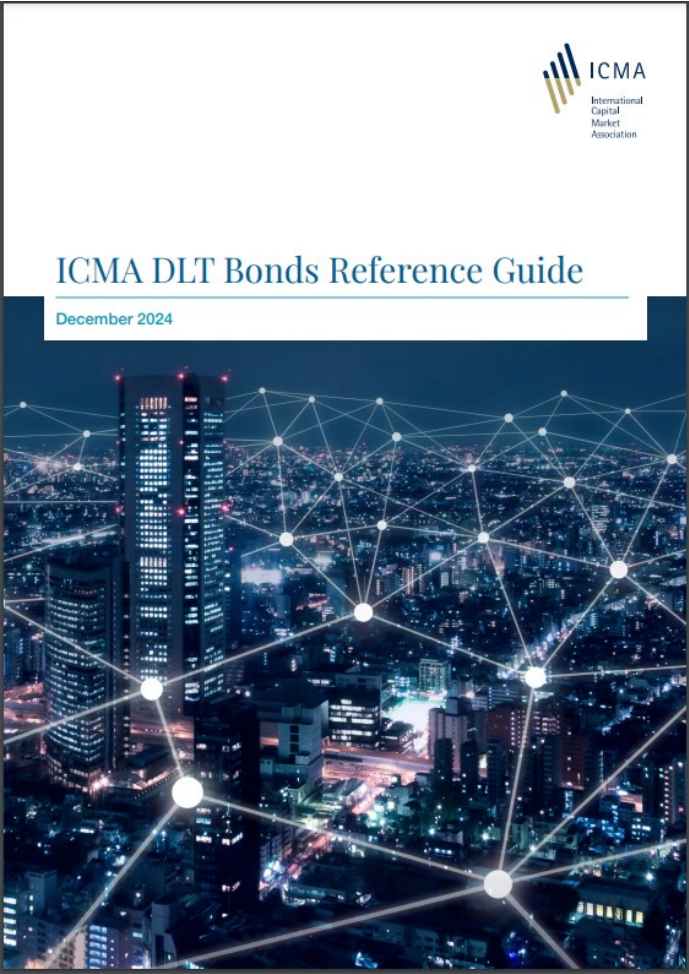
Outlook

- Equivalent prudential, legal, and regulatory treatment of DLT-based bonds and traditional debt securities required
- Ongoing international collaboration, including MAS Project Guardian, BdF/MAS Les Gardiennes, BIS Project Agora, amongst others, continues to lay incremental groundwork
- Further proliferation of industry-led interoperability and standardisation initiatives key to boosting market depth, access and adoption
- The ECB's [announcement](#) in February 2025 to expand its initiative to settle DLT-based transactions in central bank money is expected to accelerate market activity
- The UK is planning a Digital Gilt (DIGIT) - expected to be issued through the UK's Digital Securities Sandbox following a market [consultation](#) in March 2025
- Focused use cases – 'primary' processes where lifecycle scalability less important (eg repo / CP / private placements) and emerging / developing markets where legacy traditional infrastructure less embedded and can be leapfrogged
- US policy shift regarding crypto-assets is expected to have a spill-over effect to capital markets and drive growth of tokenisation in bond markets and other asset classes
- Issuers of USD-pegged stablecoins expected to further increase US Treasury holdings and create interdependencies

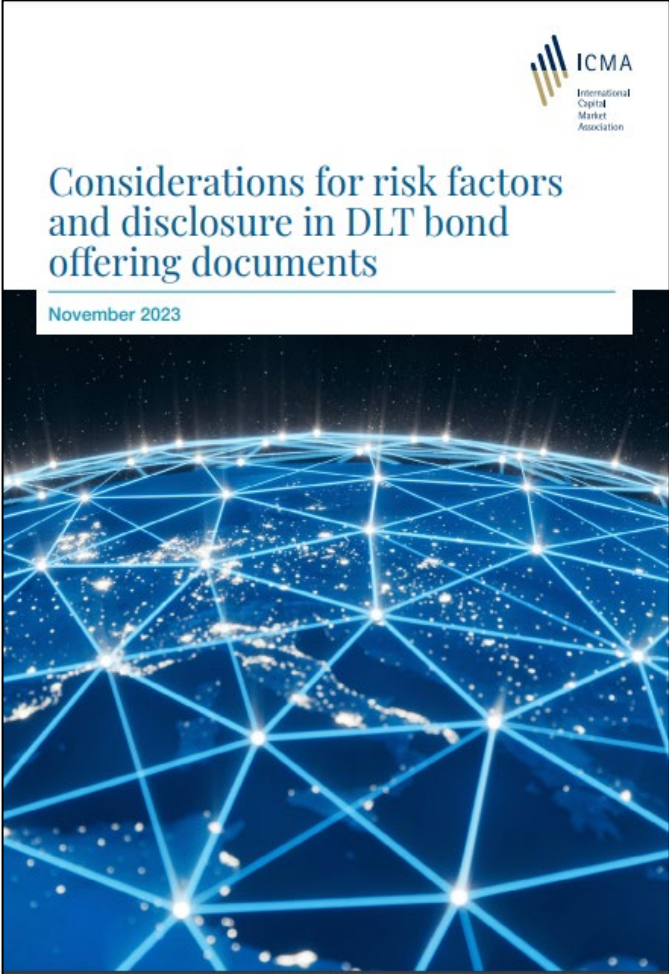
Discussion points

- What do you see as the main benefits (or costs / risks) of adopting DLT in capital markets?
- Has your organisation implemented DLT into your workstreams or does it have plans to do so?
- How long do you think it will be before DLT will have broad-based scalable application in capital markets?

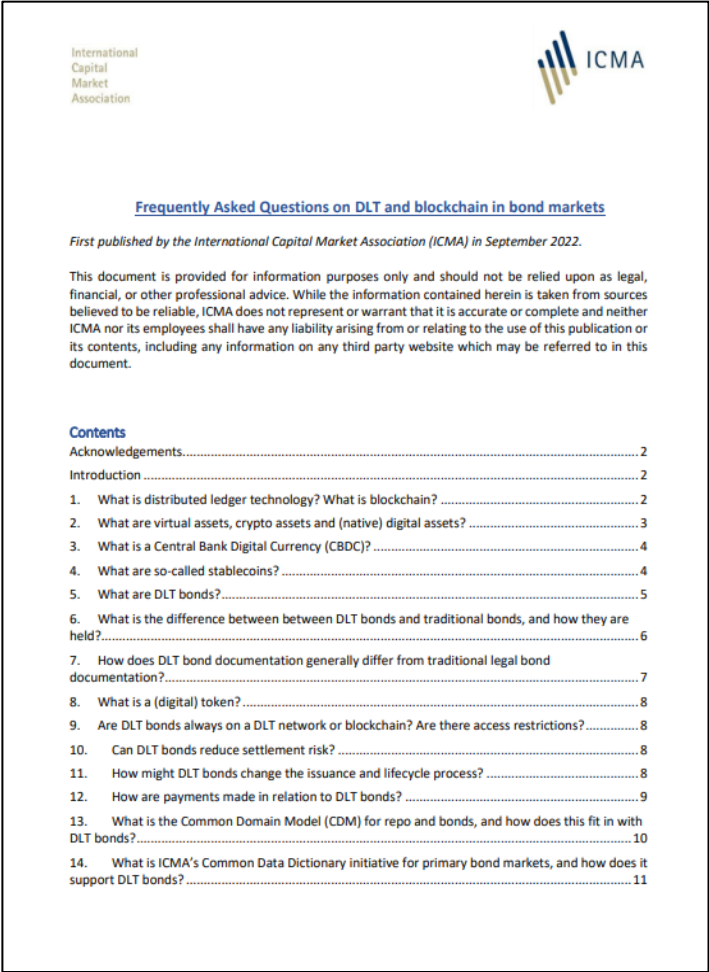
Reference materials for background



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