
Press release

AFME Responds to ECB's expanded initiative to settle DLT-based transaction in central bank money

20 February 2025

The Association for Financial Markets in Europe (AFME) welcomes the European Central Bank (ECB)'s announcement that it will be moving forward with the implementation of an interoperability solution that makes possible the settlement of DLT-based transactions in central-bank money in the shortest feasible timeframe.

AFME supports linking the solution to existing Target infrastructure, as this would ensure the most substantial degree of legal certainty and enables swift implementation and adoption by market participants. In its further work on the interoperability solution, AFME calls on the ECB to also take serious account of other important considerations, in particular the ability of market participants to efficiently manage central bank reserves and avoid liquidity fragmentation.

James Kemp, Managing Director and Head of Technology and Operations at AFME, said: *"The swift implementation of an interoperability solution will serve as an important enabler to the further scaling of DLT-based capital markets in Europe and is key in supporting Europe's leadership position in DLT adoption".*

In addition to enabling settlement in central bank money, AFME also emphasises the need for the ECB to review its collateral eligibility framework in a way that allows DLT-based securities to serve as collateral in ECB credit operations. Such an inclusion is vital to further unlocking market liquidity and adoption of DLT-based securities.

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Notes:

1. AFME (Association for Financial Markets in Europe) promotes fair, orderly, and efficient European wholesale capital markets and provides leadership in advancing the interests of all market participants. AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. AFME participates in a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) through the GFMA (Global Financial Markets Association). For more information please visit the AFME website: www.afme.eu
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