



TOPICS:

Technology

SOURCE:

European Central Bank

ECB to Invest Part of Own Funds in Tokenised Securities, with Settlement via Pontes

- The Eurosystem has taken two coordinated steps to support the integration of **distributed ledger technology (DLT)** into European financial markets. The launch of **Pontes** for settling wholesale transactions in tokenised assets in central bank money, and the ECB's preparatory work to invest a limited part of its own funds portfolio in tokenised securities.
- **Pontes** is the first operational initiative under the Eurosystem's tokenised finance strategy. It responds to the need for a **risk-free settlement asset**, identified during the 2024 DLT trials, and will initially offer core services before expanding functionality and operating hours. Full implementation is expected by **2028**, with an initial group of banks, financial institutions and DLT market operators already onboarded.
- In parallel, the ECB intends to use Pontes directly as an investor to gain practical experience with DLT-based markets.

Following preparatory work, a small portion of its own funds portfolio may be invested in **euro-denominated tokenised securities**, mainly issued by euro area governments, agencies and supranational institutions, with settlement in central bank money through Pontes.

- Together with **Appia**, which will develop a blueprint for an integrated European DLT ecosystem by 2028, these initiatives mark a concrete step towards making central bank money suitable for tokenised financial markets.

