ECSDA | Technology evolves. Trust remains.

ECSDA ADVANCES

A new DLT-based European capital markets connectivity model

"SECA"

the Single European Capital markets Area



WHY IT MATTERS?

- ECSDA **is proposing a new model for connecting European capital markets** to enable Europe to channel its savings more efficiently to productive European projects and to tokenise at scale within a short timeframe, by mobilising around € **100 trillion-worth assets under custody** issued in European CSDs, while preserving the trust, safety and resilience of the existing CSDR framework.
- The proposal seeks to **overcome liquidity fragmentation** and build on the scale, trust, resilience and legal certainty of the existing regulated market infrastructures. Indeed, DLT can make connectivity fundamentally more efficient: shared transaction information reduces reconciliation, programmability enables automation, and atomic execution allows securities and cash movements to be synchronised across infrastructures.

THE SECA NETWORK AT A GLANCE

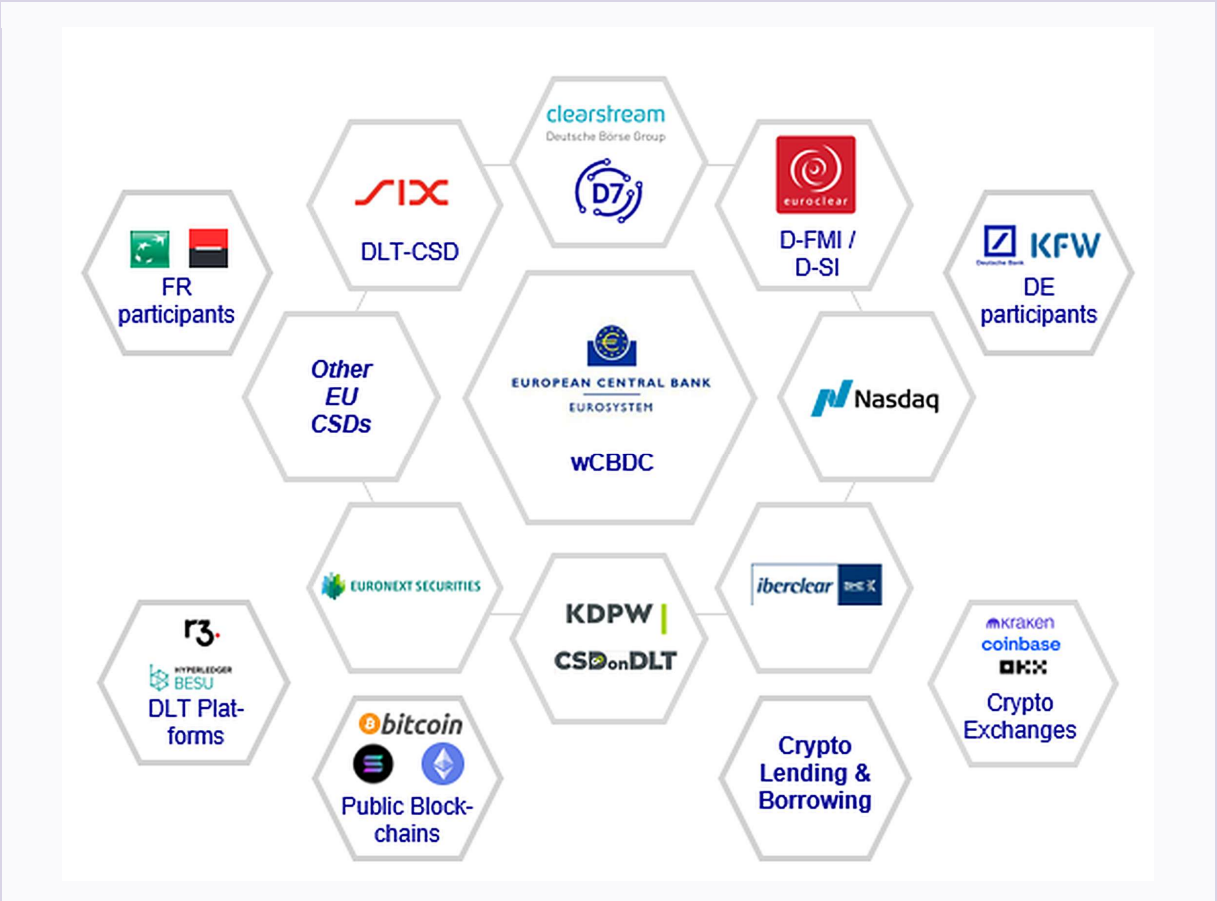

Figure 1 — *An open Network of Networks connecting CSDs, market participants, DLT platforms, public blockchains and crypto exchanges around the Eurosystem's wCBDC*

OUR AMBITION

01 European liquidity

Progressively more integrated European transaction environment in which savings can move efficiently across borders to Europe's most productive projects and infrastructure boundaries become increasingly seamless for issuers, investors and intermediaries.

02 European scale

Hybrid platforms connecting securities initially issued on traditional technology with DLT-based infrastructures. This would bring existing securities and digitally native assets into a joint connected ecosystem. The proposal offers a pragmatic and faster path to European scale, unlocking existing assets as digital issuance grows and advancing a genuinely modernised integrated European securities environment.

03 Provide market-driven innovation that incentivises collaboration while preserving competition

An open federated and decentralised open market-led solution supporting settlement in central bank money via the Eurosystem as well as other forms of money (e-money/stablecoins).

04 Overcome the cost of fragmentation

Using technology to smoothly navigate barriers regardless of the fragmented national securities laws without requiring immediate structural legal changes, while acting as a catalyst for legal harmonisation.

05 More efficient access across connected markets

The objective is to give issuers, investors and intermediaries simpler access to securities across Europe with less operational complexity and reduction of the overall cross-border investment costs.

KEY PRINCIPLES

01

An open Network of Networks powered by DLT

An open ecosystem of regulated market infrastructures interconnected through common technical protocols, standards and agreed operating principles. This federated approach would enable collaboration across the broader digital assets' ecosystem, combining extensive European reach and clearly defined responsibilities.

02

SECA is a private-sector-driven infrastructure

It preserves technological agility, sovereign legal perimeters and modular connectivity, with a privately operated open setup that supports innovation, market convergence and competition.

03

Hybrid platforms to unlock European scale

Connecting traditional and DLT-based infrastructures helps mobilising existing securities alongside digitally native assets. Interoperability makes assets accessible across connected systems, supported by clear arrangements for maintaining consistent records.

04

Enable market-led transformation and expand market access

Evolve at pace, in step with the market's use cases and its capacity to adapt, while progressively broadening the pool of securities available to issuers, investors and intermediaries as the digital markets develop.

05

Trust and protection across the Network

The approach builds on CSDR, the existing proven regulatory framework, preserving trust, legal certainty and settlement finality in digital markets, thereby underpinning confidence across connected infrastructures. The framework guarantees operational resilience, the integrity of the issuance and investor protection across both traditional and DLT rails with high-quality digital custody and applying segregation rules.

06

The "SECA Framework" provides a common set of rules

That complements and extends each CSD's rulebook covering among others the mutual recognition of movements between wallets. Tokenised securities can move freely across SECA, despite cross-border barriers.

07

The wCBDC as the anchor

The Network will connect to the Eurosystem's digital settlement infrastructure Pontes. SECA could provide the foundation of the public-private partnership for the settlement of tokenised securities using Central Bank Money.

08

Key Appia building block

In addition to preserving CeBM as a securities settlement anchor, SECA greatly contributes to the Appia vision by providing a market-driven foundation for an integrated, efficient and competitive European tokenised securities ecosystem, while reinforcing European strategic autonomy and resilience.

09

Settlement Finality

Designated systems remain legally responsible for transaction finality under their rulebooks and the Settlement Finality Directive, giving participants legal certainty.

10

Clear responsibilities

Settlement responsibilities stay clear, which builds trust and manages fragmentation. Interconnectivity and contracts let existing national legal differences be navigated, so tokenisation can scale in the near term while broader legislative solutions are developed.

ABOUT ECSDA

ECSDA represents 42 national and international central and connected securities depositories (CSDs) across 37 European countries, as well as 7 Affiliates. The Association provides a forum for European CSDs to exchange views and take forward projects of mutual interest. It aims to promote a constructive dialogue between the CSD community, European public authorities, and other stakeholders aiming at contributing to an efficient and risk-averse infrastructure for European financial markets.