

Dematerialised Eurobonds

Joint ICSD Webinar, March 10th, 2026

Today's speakers

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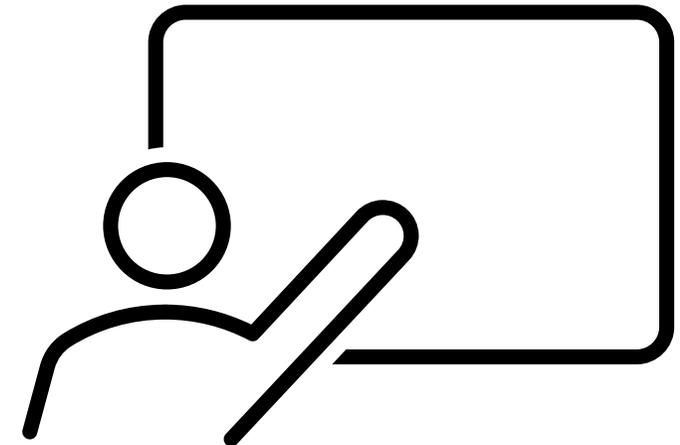
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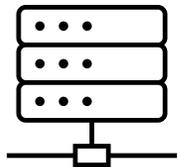
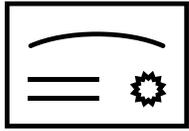
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Agenda

- Introduction
- Benefits of dematerialisation
- Reminder of the existing issuance models
- Changes introduced by the change: high level, role-based, etc.
- Process overview & timeline: high level, detailed
- Available documentation
- What is next?
- Q&A

Introduction: what is dematerialisation?



As of March 16th, 2026 the ICSDs will introduce a **new, optional issuance type**, i.e. in-scope securities will be issued in dematerialised form.

In this new model, the global certificate, that is, the physical representation of the Issue Outstanding Amount underpinning each Eurobond, will be **removed** and replaced by an electronic issuance record.

In a first phase, the in-scope securities are new issues of **debt securities** (medium-term notes, commercial paper, certificates of deposit, convertible bonds, equity linked notes) issued by **UK issuers and supnationals, using English law** representing 30% of all Eurobond issues.

This initial scope will be **gradually extended** to cover additional issuer jurisdictions and governing laws.

What are the benefits of dematerialisation?

Dematerialised issuance of Eurobonds will **increase efficiency and compress the issuance timeline, reduce risk** and pave the way for **further automation and digitalisation**

- Removes the certificate creation, handling & safekeeping process which **opens the door to same-day issuance**
- **TEFRA restrictions** should not be applicable, as dematerialised securities should be considered in registered form for US federal income tax purposes
- Reduction of **operational** risk (simplified process)
- Reduction in **market** risk due to the potentially compressed timelines
- Reduction of **business resiliency risk** (e.g., risks related to flooding or fires associated to physical certificates safekept in a physical vault)
- When combined with the Issuance & Processing Taxonomy (IPT) standardised data transported using APIs, this will enable **automation and straight-through processing**, creating further opportunities to compress the issuance timeline

Dematerialised issuance: high-level changes

	Classical Global Notes	New Global Notes	New Safekeeping structure	Dematerialised
Legal form of security	<ul style="list-style-type: none"> • Bearer or Registered 	<ul style="list-style-type: none"> • Bearer 	<ul style="list-style-type: none"> • Registered 	<ul style="list-style-type: none"> • Dematerialised (new legal form)
Holder of the legal title	<ul style="list-style-type: none"> • Common Depository 	<ul style="list-style-type: none"> • ICSDs 	<ul style="list-style-type: none"> • Nominee company of one of the ICSDs (when ECB eligible) 	<ul style="list-style-type: none"> • Nominee company of one of the ICSDs
Asset servicing	<ul style="list-style-type: none"> • Common Depository 	<ul style="list-style-type: none"> • Common Service Provider (CSP) 	<ul style="list-style-type: none"> • Common Service Provider (CSP) 	<ul style="list-style-type: none"> • Common Service Provider (CSP)
Safekeeping	<ul style="list-style-type: none"> • Common Depository 	<ul style="list-style-type: none"> • Common Safekeeper (CSK) (ICSD or commercial bank) 	<ul style="list-style-type: none"> • Common Safekeeper (CSK) (ICSD) 	<ul style="list-style-type: none"> • NOT APPLICABLE
Common Record Keeper	<ul style="list-style-type: none"> • Not applicable 	<ul style="list-style-type: none"> • Not applicable 	<ul style="list-style-type: none"> • Not applicable 	<ul style="list-style-type: none"> • Common Record Keeper (ICSDs only)
Eligibility for Eurosystem monetary policy and credit operations	<ul style="list-style-type: none"> • Yes, for qualifying securities issued before January 2007 for bearer securities and before 2010 for registered securities 	<ul style="list-style-type: none"> • Yes, for qualifying securities deposited with ICSD as Common Safekeeper 	<ul style="list-style-type: none"> • Yes, for qualifying securities issued after 2010 	<ul style="list-style-type: none"> • Yes, as of March 30th, 2026

Current issuance models

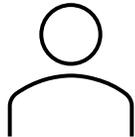


Principal changes introduced by dematerialisation



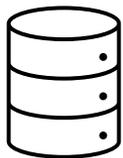
Legal form of security

- Introduction of a **new legal form** ('dematerialised') where securities are represented only as **book-entry records**; no certificate is being issued in relation to them
- This legal form is distinguishable from bearer and registered securities (no register is being maintained).



Holder of the legal title

- **Nominee company*** of one of the ICSDs on behalf of both ICSDs, so one nominee per ISIN

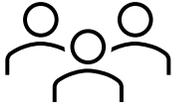


Common Record Keeper

- Introduction of a **new role, i.e. the Common Record Keeper**
- The Common Recordkeeper is responsible **for creating and maintaining the Issuance Record** which is the record held in the books & records of the Common Record Keeper that records the Issue Outstanding Amount (IOA) and the Nominee name.
- The ICSD where the primary distribution of the security takes place, as elected by the issuer agent, will be allocated the role of Common Record Keeper and will also act as Nominee.

* When considering the future extension to other governing laws, a 'Nominee entity' may not be applicable.

What changes for the ecosystem – role-based view



Issuer & advisors (legal, other)

- New legal packs for program & stand-alone issuance, including a new Issuer-ICSD agreement



(Issuing & Paying) Agents

- Advise ICSDs of new legal/physical form & CRK when requesting an ISIN
- No need for separate CSK election form nor effectuation letter



Common Service Provider

- Process remains unchanged. Important note: MT544 acts as final confirmation of the CRK appointment
- Manual of Procedures has been updated to reflect the new issuance model



Common Record Keeper (ICSDs)

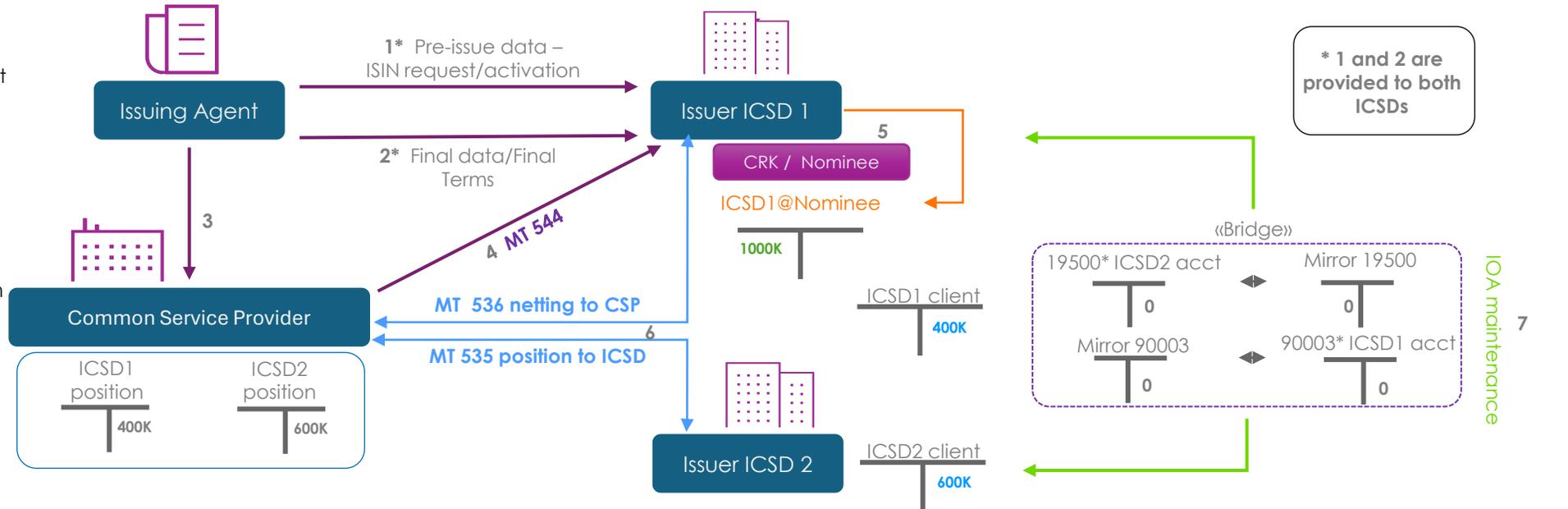
- Appoint the nominee to hold legal title to the issuance
- Create & maintain the issuance record

Bringing it all together

Issuance step	Actor	Change?	What will change?
Pre-issuance – documentation	Issuer/Legal counsel/IPA/Lead manager	Yes	<ul style="list-style-type: none"> The new legal pack and Issuer-ICSD agreement for dematerialised issuance need to be used.
Issuance – ISIN allocation & eligibility check	Dealer/Lead manager/IPA	Yes	<ul style="list-style-type: none"> The new 'legal form' and the new 'physical form' of the securities (dematerialised) as well as the Common Record Keeper need to be advised when requesting an ISIN. All other processes remain unchanged.
Safekeeping and inventory keeping – handling of the global certificate	CD/CSK	Yes	<ul style="list-style-type: none"> This step will no longer be necessary as the global certificate will be removed. The effectuation step will also be removed.
Record keeping – recording of the IOA	ICSD	Yes	<ul style="list-style-type: none"> The Common Record Keeper will create and maintain the issuance record.
Primary distribution – distribution of the new securities	IPA/Lead Manager/Common Service Provider	No	<ul style="list-style-type: none"> No change to the distribution process, however the MT544 sent by the CSP to the distributing ICSD to credit the securities will be the confirmation of the Common Record Keeper role.
Asset servicing – corporate actions, repurchase, income & tax	IPA/Lead Manager/Common Service Provider	No	<ul style="list-style-type: none"> No changes to the asset servicing process
Accounting	IPA/Lead Manager/Common Service Provider	No	<ul style="list-style-type: none"> No changes to accounting process
Reconciliation	IPA/Lead Manager/Common Service Provider	No	<ul style="list-style-type: none"> No changes to the reconciliation process i.e. the ICSDs will continue to reconcile with the Common Service Provider on a daily basis.
Termination-Disposal	CD/CSK	Yes	<ul style="list-style-type: none"> The disposal-destruction step is removed

Detailed issuance process

- 1 | CD-10 to CD-5 (pre-pricing):** Preliminary data submitted by IPA to both ICSDs (could be final if already determined)
- 2 | CD-5 to CD-1:** If initial data submission was not final, then IPA to submit updated/final details to both ICSDs up to CD-1. If no file update received, original data deemed final
- 3 | CD-1:** Agent validates Final Terms and provides mark-up instruction to CSP (could be actioned earlier but not later than CD-1)
- 4 | CD-1:** CSP validates the core scope related criteria and the mark-up instruction received from the Agent and then sends MT 544 to credit the securities to an (IPA) acc. in the ICSDs. (MT 544 could potentially be 'released' earlier)
- 5 | CD:** Upon settlement, IOA to be recorded by the Common Record Keeper (CRK) in the Issuance Record
- 6 | CD:** Following settlement on CD, ICSDs report (daily) netting file (MT 536), the CSP reports respective ICSDs' position to the ICSDs (MT 535),
- 7 | Daily inter-ICSDs reconciliation for IOA maintenance/position management**



- 4a |** Upon (DVP) settlement, IOA to be reflected by Common Record Keeper (CRK) in the Issuance Record (ongoing maintenance of IOA via existing bridge reconciliation with Euroclear and via trilateral reporting with the CSP)
- 5a |** IPA and Dealer will have input their settlement instr. (FOP or DVP) in advance of Closing. Settlement will occur on the CD during the appropriate settlement window depending on whether securities were credited to IPA account CD-1 (pre-release) or on the CD

CRK – Issuance Record (Nominee level)

Always reflects the IOA, i.e. it would remain static except for mark-up and mark-down

Maintenance of IOA via daily Inter-ICSD reconciliation, also tri-lateral reconciliation with the CSPs.

Paying Agent account

Under the instruction of the IPA, the CSP sends MT544 mark-up instruction of the entire issue to this account

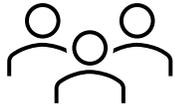
Dealer account

Entire issue is transferred DVP to the Dealer

The Dealer may have counterparties in CBL or across the bridge to the other ICSD

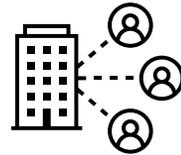
Available documentation

The following information will be made available:



Issuer & advisors (legal, agents)

- Updated legal pack for issuance under programme and standalones, including an updated issuer/ICSD agreement



Common Service Providers

- Updated Manual of Procedures



Common Record Keeper

- New Agreement & Manual of Procedures

Note: only applies to the ICSDs, added for completeness' sake

All:

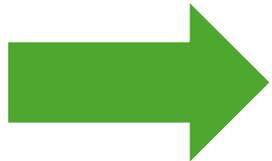
- Updated ICSD mandate allocation rules
- Functional specifications outlining the details of the new issuance process
- FAQ document with common questions / answers

What is next?

The ICSDs are looking to expand the scope of the dematerialisation



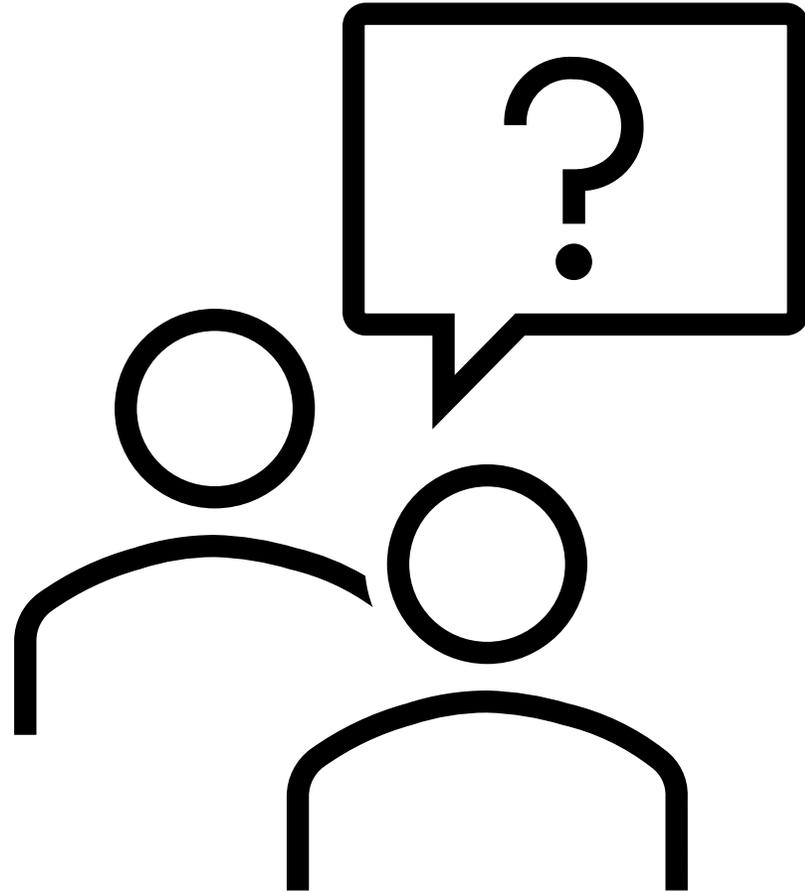
Vertical expansion: including **additional issuer jurisdiction under English governing law**



Horizontal expansion: including **additional governing law** beyond English governing law

More details on scope & timing will be shared in due course.

Questions and Answers



Thank you

Disclaimer

This presentation is provided for general information and educational purposes only. It aims to offer an overview of the dematerialisation of Eurobonds, including the associated processes, benefits, and roles.

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