

Clearstream and Euroclear

# Proposal for a framework on the issuance of dematerialised debt securities under the 28<sup>th</sup> Regime approach

MAY 2026



# Introduction and background



While the single market is one of the European Union's (EU) greatest achievements, its full potential remains constrained by legal fragmentation. This fragmentation impedes the Savings and Investments Union (SIU) to reach its full potential. In particular, businesses attempting to issue or invest in securities across borders face the significant hurdle of navigating 27 different legal systems. This regulatory friction and the resulting barriers (e.g. complexity and costs) place the EU at a competitive disadvantage globally and inhibit cross-border issuance and investments under the legal framework of the European Union and its member states.

To overcome these critical barriers, the International Central Securities Depositories (ICSDs), Clearstream Banking S.A. (Luxembourg) and Euroclear Bank SA/NV (Belgium), are proposing a new market-led solution.

Building on EU-wide provisions regarding the mechanism of a "28<sup>th</sup> Regime" [↗](#), this initiative proposes an optional legal framework establishing coherent rules for the issuance of dematerialised debt securities.

The framework would operate alongside the 27 existing national securities law regimes as a "virtual 28<sup>th</sup> Member State". Such legal framework shall support the full deployment of the SIU.

To ensure this legal framework is practical and accessible for market participants, the solution outlined in this paper focusses on dematerialised debt securities and excludes equity instruments to avoid potential interference with national corporate laws. The proposed regime may be extended at a later stage to include equity instruments, subject to the experience gained with the approach.

As a result, the proposed 28<sup>th</sup> Regime for dematerialised debt securities should be understood not merely as a call for technical adjustments but as a strategic market initiative aimed at strengthening the SIU. This paper outlines the purpose and scope of the proposed framework and serves as a basis for further discussion among stakeholders, including policymakers, issuers, investors, legal advisors and financial market infrastructure providers.

Bridging the divide: addressing the EU's fragmented capital markets and fostering the Savings and Investments Union via a proposal for a dedicated 28<sup>th</sup> Regime for the issuance of dematerialised debt securities

# Key features of the proposal

The aim of the framework on dematerialised debt securities is to increase legal certainty in cross-border issuances by addressing uncertainties resulting from legal fragmentation across EU Member States. The purpose of the proposed solution is to facilitate issuer access to funding by providing a clear and simplified European legal framework for the issuance of dematerialised debt securities within the EU, which also addresses the investor's needs.

In this context, the proposal focuses on the key issues regarding the issuance process with the aim to strike the right balance between creating value and feasibility, by unifying selected areas at EU level and leaving certain elements (e.g. investor rights) at Member State level. This creates a clear and practical value proposition.

**Optionality:** Any issuer may choose to use the 28<sup>th</sup> Regime on a security-by-security basis, regardless of where it is located or which law governs the rights attached to the securities. Once an issuer opts in for a specific security, compliance with the framework would become mandatory.

**Narrowly defined scope:** The framework should govern only the issuance of dematerialised debt securities for issuers who opt in. It would work alongside existing EU and national frameworks, including the Central Securities Depository Regulation (CSDR), the Prospectus Regulation, the national implementation of the Markets in Financial Instruments Directive and Regulation (MiFID/MiFIR) as well as national custody laws.

**Simple and straightforward issuance requirements:** The intention is to regulate how dematerialised debt securities can be validly issued by registration in an electronic record operated by a duly regulated financial institution with a minimum level of key data.

**Technology and holding model agnostic approach:** The framework is designed to be technology-neutral. Securities may be issued, for example, using traditional electronic book-entry systems, distributed-ledger technology (DLT) or any other technology. It also applies regardless of the holding model, centralised and decentralised. This approach encourages innovation and ensures the framework remains relevant as technology develops.

**New role, but no new licensing requirements:** The 28<sup>th</sup> Regime would rely on a Record Administrator taking responsibility of the issuance process. It is envisaged that licensed market participants like Central Securities Depositories (CSDs), banks and investment firms would be eligible for acting as Record Administrator. No new licensing requirements would be applicable.

## A 28<sup>th</sup> Regime for the issuance of dematerialised debt securities: a tailor-made, flexible and future-proof framework

The proposal does not purport to regulate trading and settlement, or payment. Existing EU and national laws in these areas would remain unchanged.

The regulatory framework would reduce legal complexity, enabling cost savings, efficiency and flexibility in cross-border issuance activities, thereby strengthening the competitiveness of the European SIU, facilitating debt issuance for companies and promoting innovation through the digitisation of capital markets. The regime would be further in line with the approach of the Market Integration and Supervision Package<sup>1</sup>.

<sup>1</sup> The Market Integration and Supervision Package published by the European Commission is available at [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_25\\_2893](https://ec.europa.eu/commission/presscorner/detail/en/ip_25_2893).

# Challenges to be addressed by the proposal

A key obstacle of the current situation is the lack of legal certainty for issuers and financial market infrastructure providers (FMIs), including CSDs, banks, investment firms, custodians, exchanges, registrars and other service providers, regarding the valid issuance of dematerialised debt securities in cross-border scenarios. Specifically, different national law regimes have different legal requirements for the issuance and the keeping of accounts and registers at the top-tier level with respect to dematerialised debt securities.

For example, an issuer incorporated under the law of Member State A intends to issue dematerialised debt securities governed by the law of Member State B with a CSD located in Member State C. For the issuance of these securities, principally, the law governing the securities of Member State B applies. National laws for the issuance of dematerialised securities work well in conjunction with the respective domestic infrastructure (e.g. CSD) that plays specific roles in the process of creating dematerialised securities.

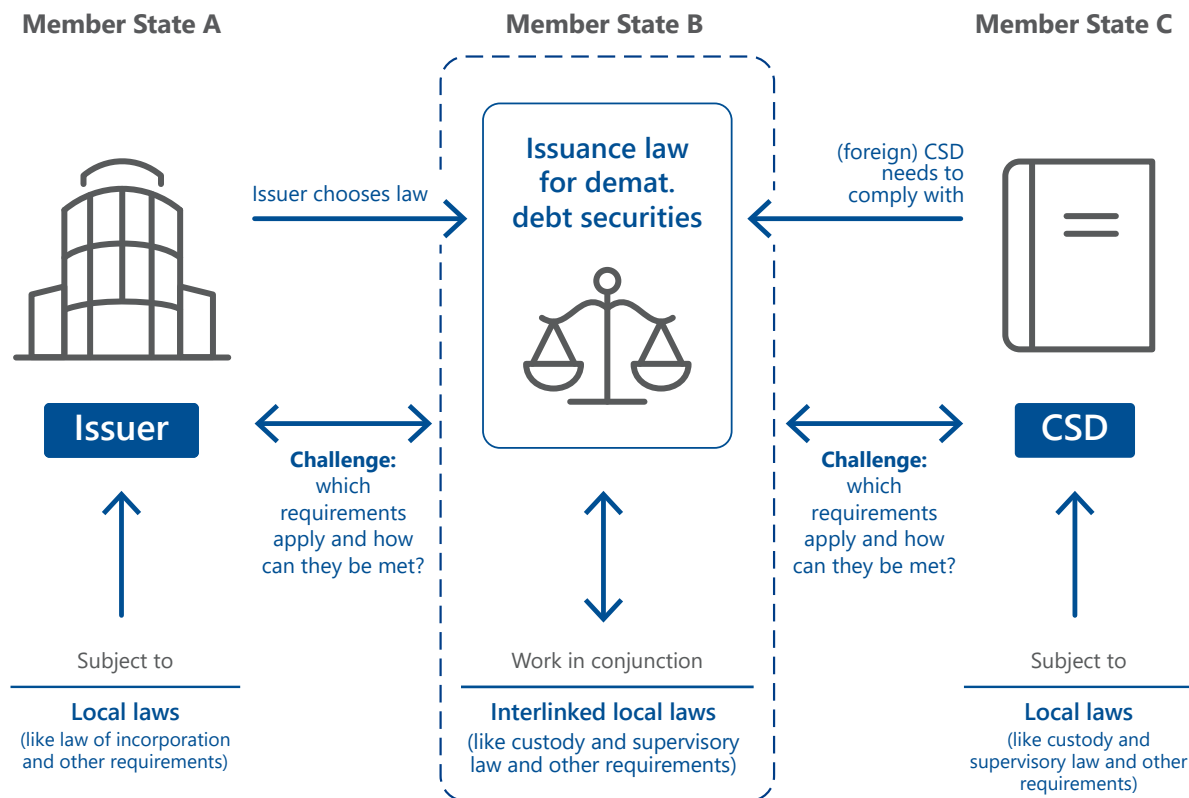
However, in this case, legal questions arise whether and how the non-domestic CSD in Member State C can fulfil the requirements of the issuance law of Member State B. This law may contain legal terms and concepts that are specific to Member State B and whose applicability and application to the non-domestic CSD in Member State C require legal clarification.

Further, the issuance law of Member State B may be interconnected with the custody law and the supervisory law of Member State B, giving rise to further legal questions as the non-domestic CSD in Member State C is not subject to these laws but rather to the custody law and supervisory law of its home Member State C. In addition, also the laws of Member State A under which the issuer was incorporated may add further legal questions in the given constellation. Additionally, the CSD in Member State C will also need to cater for technical and procedural amendments to its business processes to comply with the requirements of the issuance law of Member State B.

Finally, the complexity and uncertainty described also has an impact on investors: they face a variety of means to hold such securities in different forms of accounts, book-entries, records and registers, which overcomplicates the process of investing in the relevant securities, especially where different solutions are not interoperable. It also hinders innovation and digitalisation of capital markets, as new holding structures require separate diligence exercises for investors, which again creates unnecessary friction for capital raising in the European Union.

Navigating the legal labyrinth: unravelling cross-border complexities and uncertainty in the EU's issuance process

## Complex cross-border issuance scenarios



Lack of legal certainty regarding the valid issuance of dematerialised debt securities in cross-border scenarios incurs legal costs, ties up resources, hinders scalability across the EU and impacts time-to-market.

In summary, the clarification of the various legal issues arising in cross-border issuance scenarios incurs legal costs (e.g. for obtaining legal opinions) and ties up resources and time, for all involved market participants. Hence the current situation prevents issuers from easily issuing securities cross-border, makes it unnecessarily cumbersome for investors to deploy capital in EU financial markets, hinders CSDs from efficiently providing issuance services and slows the digitalisation of EU's capital debt markets, an SIU integration goal. From a macroeconomic perspective, this observation results in the aforementioned competitive disadvantage for the EU capital markets, compared to other jurisdictions.

Legal fragmentation drives costs, delays and limits scalability across the EU

# Key benefits

Unlocking potential: how the 28<sup>th</sup> Regime will transform EU capital markets, empower issuers and support investors

## European Union



- › Reduce legal and procedural fragmentation across Member States
- › Support the EU Savings and Investment Union objectives
- › Enhance the global competitiveness of EU financial markets
- › Promote innovation through a technology-agnostic framework overcoming current fragmentation
- › Ensure all Member States can support dematerialised securities issuance

## Issuers

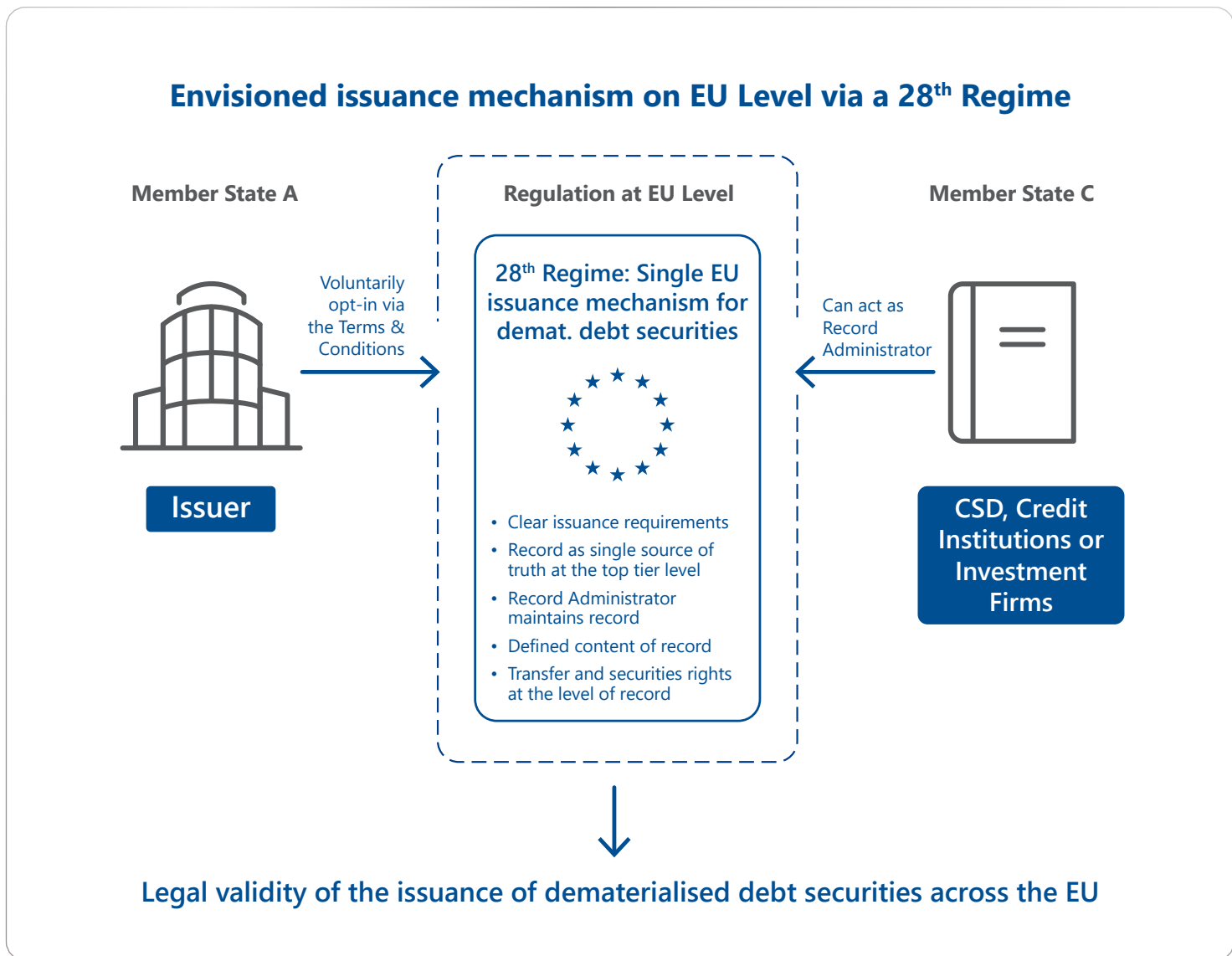


- › Reduce fragmentation by providing one harmonised EU issuance framework instead of 27 national regimes
- › Lower legal and operational costs by removing the need for multi-jurisdiction analysis
- › Offer a clear and uniform issuance mechanism of dematerialised debt securities
- › Enable technology choice (traditional book-entry or DLT-based)
- › Accelerate time-to-market for new issuances

## Investors



- › Provide clear ownership representation via a "single source of truth" at the top tier level
- › Improve interoperability across different custody and holding models
- › Reduce legal uncertainty in cross-border investments
- › Expand access to innovative digital and DLT-based instruments
- › Strengthen infrastructure reliability through defined roles, e.g. Record Administrator



## Next steps

Market participants are invited to contribute by providing feedback, ideally supporting the initiative and making themselves heard. The insights, discussions and recommendations will hopefully inform the legislative discussions and support the goal of creating a regime that delivers tangible benefits to issuers and infrastructures and ultimately the investors alike, while advancing the broader policy objectives of the SIU.

Shaping the future: a call for stakeholder engagement to advocate for a 28<sup>th</sup> Regime for the issuance of dematerialised debt securities

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