



THE EU ISSUANCE SERVICE

#EUBudget #RecoveryEurope

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A new infrastructure for settlement of primary market issuances and initial distribution of EU debt securities

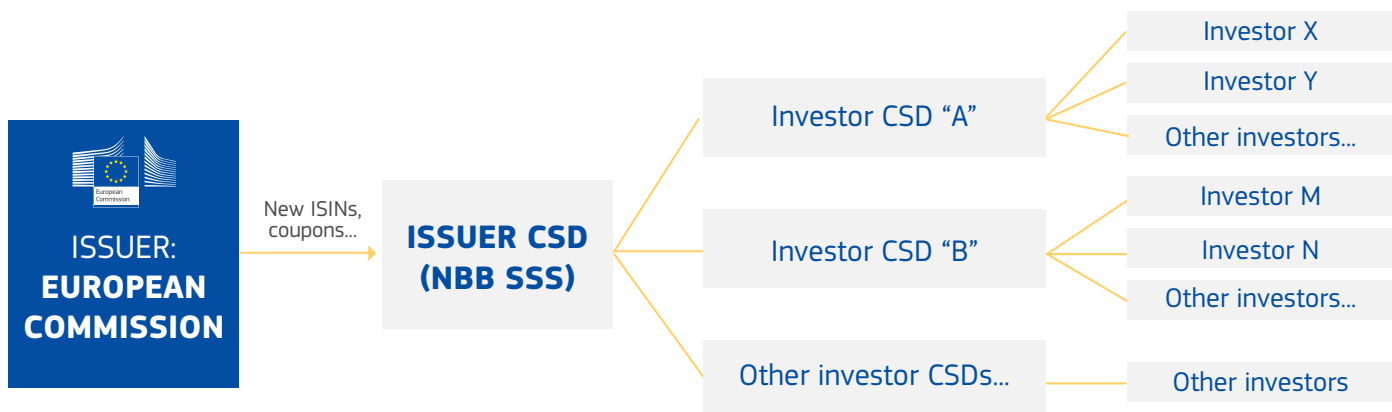
The EU Issuance Service (EIS) offers direct settlement of **EU Bills** and **Bonds** in TARGET2-Securities (T2S) and a level playing field for all (I)CSDs and investors that trade EU-issued bonds. As of January 2024 all new* EU debt securities are to be issued via the EU Issuance Service (EIS).

The key actors

- **Issuer:** The European Union and EURATOM, represented by the European Commission, as the issuers of “EU debt securities”.
- **Issuer CSD:** The National Bank of Belgium (NBB-SSS) which participates in T2S as the Central Securities Depository and settlement agent for the issuances of the European Union and EURATOM.
- **Paying Agent:** The European Central Bank (ECB) as the paying agent for issuances of the European Union and EURATOM.
- **Investor CSDs:** All (I)CSDs other than NBB-SSS that can act as Investor-CSDs.

The structure

- The European Commission deposits EU debt securities with NBB-SSS as the Issuer-CSD.
- Only (I)CSDs other than NBB-SSS can act as Investor CSD and will be able to hold EU or EURATOM debt in their securities accounts directly at NBB-SSS. Any interested EU (I)CSD wanting to become and investor CSD can on-board to NBB-SSS in a non-discriminatory manner.
- The participants of Investor (I)CSDs connected to T2S can settle primary and secondary market transactions directly in T2S.
- The participants of Investor (I)CSDs not connected to T2S are able to settle primary and secondary markets transactions outside T2S via their CSDs (acting as CSD participants in NBB-SSS).
- End-Investors can keep EU debt securities directly on securities accounts with investor (I)CSDs or indirectly via security accounts provided by financial institutions, as it is the case today.
- The ECB as the paying agent for issuances of the EU and EURATOM provides the T2S cash account from which NBB-SSS transfers payments to/from the Investor-CSDs.



The key benefits

The setting up of the EIS is a natural step in the development of the EU as one of the largest issuers of euro-denominated debt securities.

The EIS will:

- Enable EU debt securities to be settled in T2S, moving the settlement of new EU debt securities to a system based on central bank money settlement and public service providers;
- Align the settlement process for EU debt securities with that of large sovereign issuers in the EU and the European Stability Mechanism (ESM);
- Facilitate the use of EU debt securities as collateral by counterparties with central banks;
- Support the creation of a level playing field for all (I) CSDs and investors that trade EU-issued bonds.

You can read more about the framework under which the EIS will operate here: [Memorandum of Understanding \(MoU\)](#)

*Tapping of EU debt securities first issued before January 2024 will continue to follow the Commission's pre-EIS post-trade arrangements, comprising of BNP Paribas Securities Services as settlement agent and Clearstream Banking Luxembourg or Euroclear as (I)CSD.

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