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Executive summary

The European commercial paper (CP) market comprises several segments, including the Euro CP market, the Negotiable European CP market, and various other domestic CP markets. While these markets function effectively in isolation and most investors are largely indifferent to the CP market in which an issuer operates, their resulting fragmentation and structural challenges can create operational complexity, higher costs and limited appeal to new participants.

Despite these challenges, the combined size of the European CP market is not insignificant and continues to expand, demonstrating resilience and significant potential for further growth. Scaling the European CP market could bring wide-ranging benefits: improving accessibility and secondary market liquidity, diversifying short-term funding options for issuers, reducing dependence on bank funding and supporting EU objectives under the Savings and Investments Union plan by deepening capital markets and lowering funding costs for European businesses.

This paper maps the landscape of the European CP market, examines its structure, function and relevance, and identifies enabling measures to enhance its depth and accessibility, drawing comparisons with the more standardised and transparent US CP market.

In short, this paper demonstrates and concludes that scaling the European CP market relies on a virtuous cycle in a number of inter-linked areas:

Transparency: A full, consolidated, centralised, aggregated information source across all markets could facilitate the development of generic curves, allowing new issuers to understand directional pricing and volumes, and investors to benchmark and assess fair value.

Standardisation: Streamlined and consistent terms and processes would democratise the product, enabling like-for-like comparisons across a more uniform and homogeneous range, and could help to establish a baseline structure that could facilitate innovation.

Diversification: Increasing the range of eligible issuers and investors, including through regulatory calibration of money market fund (MMF) rules and rethinking the architecture of MMFs, could result in stronger demand and market depth.

Developing **asset-backed CP**, where Europe reaches only 21% of the US market's total, a robust **repo market** and **expanding HQLA** eligibility would support scalability.

Sustainable CP presents a promising avenue for market development, though progress depends on improved data, transparency and infrastructure. ICMA has attempted to harness this momentum in a paper on *The role of commercial paper in the sustainable finance market*¹.

Innovation: Modernising issuance processes could reduce operational inefficiencies, and the relatively contained CP market allows exploration of DLT-based solutions that can be leveraged and scaled elsewhere. **Tokenised MMF** units in particular show promise for enhancing **collateral mobility**.

In producing this paper, ICMA hopes to demonstrate that market-driven measures, targeted regulatory alignment, enhanced market transparency, standardisation and greater technological adoption can help to scale and develop the European CP market's full potential.

¹ [The role of commercial paper in the sustainable finance market-October-2024.pdf](#)

Table of Contents

Executive summary	1
Introduction	3
The European CP and USCP markets	4
The CP landscape in Europe	4
The CP landscape in the US	5
Relative sizes of the European CP market and USCP market	5
Types of issuers and investors	5
Why do issuers use CP over other funding instruments?	6
Is the European CP market accessible?	7
What drives the decision to issue in the European CP market or the USCP market?	8
Conclusion	9
Increasing participation in the European CP market	10
Why scale up the European CP market?	10
Enabling measures to scale up the market	10
Transparency in the European CP market	11
Standardisation of the European CP market	12
Broadening diversity in the European CP market	14
Conclusion and recommendations	16
Additional measures to scale up the European CP market	18
Increasing ABCP in the European CP market	18
Developing a repo market for CP, and recognising highly-rated CP as HQLA	19
The role of sustainable CP	20
Conclusion and recommendations	22
The role of innovation	23
Are operational challenges in the European CP market stifling scalability?	23
Do issuance or trading platforms have a part to play?	24
Do blockchain/DLT and tokenisation have a role?	25
Conclusion and recommendations	26
Overall conclusion	28

Introduction

The CP markets are a fundamental component of global capital markets, offering flexible and cost-efficient short-term funding for daily treasury operations and broader financial strategies to a wide range of, usually highly-rated, issuers from the sovereign supranational and agency (SSA) community, financial institutions and corporates.

The European CP market consists of several distinct segments, including the Euro Commercial Paper (ECP) market, the Negotiable European Commercial Paper (NEU CP) market and a number of domestic CP markets. Overall, the European CP market comprising *all these segments* is valued at approximately EUR 1.27tn².

Scaling the European CP market would have myriad benefits: it could improve accessibility in the existing European CP market, including liquidity in secondary trading. It would provide a viable alternative to short-term funding for potentially, a wider range of issuers, thereby reducing dependence on bank funding. It would also align with EU policies under the European Commission's Savings and Investments Union (SIU) plan³ by providing a larger pool of funding to support investments in the European economy and lowering financing costs for European businesses.

This paper explores regulatory and market-led measures and innovations to expand the European CP market, drawing comparisons where relevant with the more developed USCP market. It is organised into four parts: part one examines the current landscape in the European CP market and the USCP market. Part two explores potential growth drivers of the European CP market through a variety of measures, including transparency, standardisation and encouraging broader diversity, including through regulation. Part three examines additional ways to scale up the European CP market, such as the potential contribution of asset-backed commercial paper, the development of a repo market for CP and the role of sustainable CP and part four considers the role of innovation, including operational challenges, the introduction of platforms and trading venues and new technologies such as blockchain and tokenisation.

This paper refers to and builds upon key recommendations contained in a paper, *The European Commercial Paper and Certificates of Deposit Market*⁴ (the CPC White Paper), which was released in September 2021 by the [ICMA Commercial Paper & Certificates of Deposit Committee](#) (CPC). The CPC White Paper concluded that more could be done to support the development of a more efficient and resilient pan-European CP market, involving all market stakeholders, including regulators and policy makers. It made four key recommendations to develop the European CP (and certificates of deposit (CD)) market: (i) greater standardisation and harmonisation, (ii) fully consolidated publicly available information, (iii) development of a functional and liquid secondary market and (iv) supporting automation to develop a more efficient and resilient pan-European CP market.

Since the release of the CPC White Paper, ICMA has engaged bilaterally on the European CP market with policy makers including IOSCO, the Financial Conduct Authority in the UK and the European Commission, and responded to the European Commission's *Targeted consultation assessing the adequacy of macro-prudential policies for non-bank financial intermediation*⁵, a large part of which related to CP. The market is currently awaiting firm policy updates from these interactions.

In compiling this paper, ICMA has drawn from the CPC White Paper and interviewed a range of ICMA members from the CPC, spanning the issuer, investor and dealer communities. ICMA is indebted to the participation of all those involved, whose insights have helped to inform the content, and to [CMD Portal](#), who provided the majority of the data in this paper.

² As at 8 September 2025. Source: CMD Portal.

³ [European Commission Savings and Investments Union Communication](#).

⁴ [The European CP & CD Market September 2021](#).

⁵ [Targeted consultation assessing the adequacy of macroprudential policies for non-bank financial intermediation \(NBFI\) - European Commission](#).

The European CP and USCP markets

This section examines the current landscape and relative scale of the European CP and USCP markets. It outlines the types of issuers and investors active in CP, their motivations, the accessibility of the European CP market and why some choose to issue in one market over another.

The CP landscape in Europe

The European CP market is well-established, offering significant depth and accessibility to a broad range of participants, providing issuers with a large and diversified investor base and strong, consistent demand.

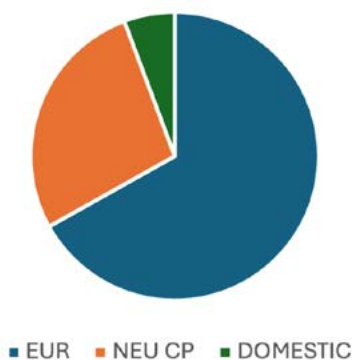
The European CP market is not however one single, pan-European market. Rather, it is made up of a number of different markets, resulting in fragmentation due to different legal and regulatory frameworks, rules, conventions, participants and settlement systems (typically, Euroclear, Clearstream and domestic clearing systems).

The largest of these are the Euro Commercial Paper (ECP) market, the Negotiable European Commercial Paper (NEU CP) market, primarily used in France under the oversight of the *Banque de France*, and a number of domestic CP markets, such as those in Belgium, Germany, Italy and Spain.

For the purposes of this paper, the European CP market includes the ECP market, the NEU CP market and these domestic markets.

As illustrated in figure 1 below, at the end of August 2025, ECP outstanding represented approximately EUR 751bn, NEU CP EUR 308bn and domestic CP EUR 64bn equivalent.

Figure 1: Outstanding CP in the European CP market (EUR bn)



Source: CMD Portal

Many issuers are drawn to the ECP market over the others, as it offers access to a broader investor base and greater flexibility in funding, in particular in terms of currencies (issuers can also tap into demand from investors seeking exposure to other currencies, even if those investors are based outside the EU). Furthermore, the English law legal framework is widely recognised and understood internationally.

The CP landscape in the US

The CP market in the US (USCP market), having existed for many years, is even more established than the European CP market, with better depth and accessibility to a broad range of global issuers and investors. But unlike the European CP market, the USCP market is much more standardised in that it benefits from one single currency, one settlement system (The Depository Trust & Clearing Corporation, or DTCC) with a faster settlement framework, unified market conventions, a unified regulatory regime, one legal system and more standardised credit ratings.

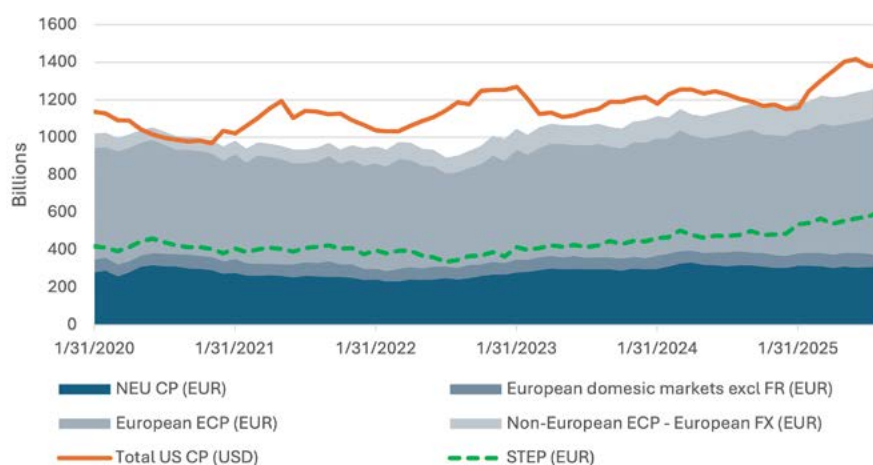
Relative sizes of the European CP market and USCP market

Figure 2 below shows that the relative sizes of the European CP market and the USCP market are roughly comparable (European CP market is valued at approximately EUR 1.27tn and the USCP market stands at US Dollar 1.38tn)⁶. However, when the US certificates of deposit (CD) market - estimated to be close to US Dollar 2tn – is included, the total US short-term funding market significantly exceeds that of Europe.

The European CP market experienced a sharp decline during the COVID-19 period, reflecting broader market disruption. However, as can also be seen in figure 2, despite the fragmentation and structural challenges which will be further explored in this paper, the European CP market has shown strong recovery since August 2022.

This steady upward trend highlights the resilience and continued relevance of the European CP market, even in the face of significant external shocks. This, and the fact that the total US short-term funding market (including CDs) is so much bigger than that of Europe, signals significant potential for scalability, particularly if certain enabling measures were implemented.

Figure 2: Outstanding: USCP vs European CP (to 31/08/2025)



Source: CMD Portal

Types of issuers and investors

Types of issuers

In both the European CP market and the USCP market, there are four main types of issuer: financial institutions (mainly banks), SSAs, non-financial corporates (NFCs, or corporates) and asset backed commercial paper (ABCP) issuers, which are special purpose vehicles established for the purpose of buying assets such as loans or receivables and issuing CP to fund those purchases. The repayment of that CP comes from the cash flows generated by the assets the ABCP holds.

⁶ As at 8 September 2025. Source: CMD Portal.

While longer-term funding gaps are typically addressed through bond issuance, CP offers a flexible way to raise unsecured funding in response to short-term needs, making it a valuable tool for liquidity management.

Depending on the type of issuer, CP serves a wide variety of functions, including: as an (often cheaper) alternative to bank funding (particularly for corporates) for management of short-term liquidity gaps; for working capital, or other specific short-term purposes; for treasury management and managing capital adequacy ratios; as a concentration risk management tool to minimise exposure to single bank names; for investor diversification purposes; opportunistically to take advantage of demand and rates, and in the case of highly rated, highly liquid, large and consistent CP issuers, as a benchmark issuer, providing transparent pricing that guides the broader CP market.

Types of investors

The CP market is widely regarded as having a broad, mainly institutional investor base which includes funds, central banks, sovereign wealth funds, insurance companies and pension funds. CP serves as a tool for investors to match short-term cash flow needs while offering relatively low credit and interest rate risk, allowing them to optimise returns while preserving liquidity.

The majority of CP investment flows through money market funds (MMFs). MMFs typically impose strict credit quality requirements, often accepting only highly rated CP (A1, P1, F1 or equivalent, although some may invest in lower-rated paper if stringent credit controls are in place). Therefore, this is where the majority of the demand is deemed to be.

Investing through MMFs offers many benefits to investors, including diversification of investments across securities and by issuer, same day liquidity in many cases, outsourcing of credit analysis to a professional cash management team, segregation of assets, competitive money market returns and diversification away from single exposure bank risk⁷.

In terms of investibility of issuers, many banks will only invest in what they classify as High Quality Liquid Assets (HQLA)⁸. And for an investor, corporate issuers in particular are perceived as carrying greater headline risk due to their vulnerability to M&A activity, economic downturns and market shocks.

Why do issuers use CP over other funding instruments?

Issuers typically have access to many sources of funding, the choice of which will depend on a variety of considerations. Competitive pricing is a key consideration: CP can sometimes be the cheapest form of unsecured funding, often more cost-effective than bank financing. It is also quick and easy to access, with minimal documentation and no stringent prospectus update requirements, enabling issuers to act dynamically and opportunistically, within a short lead time and no notice periods required, sometimes even on a T+0 basis.

Repo market

Using the repo market for short-term funding has different considerations depending on the type of issuer.

Corporates may not have collateral, or may not have the right type of collateral, to enter into repo transactions. They may therefore be reliant on banks as repo counterparties. But as repo transactions remain on the bank counterparties' balance sheets and can count toward their leverage or regulatory capital requirements, this often makes repo an expensive source of funding for corporates, especially for term financing.

By contrast, dealers can sell a corporate issuer's CP directly to end investors, which does not absorb balance sheet capacity. Furthermore, repo relationships require significant due diligence and ongoing maintenance including legal, operational, credit and collateral oversight, making them resource-intensive for a corporate to set up and maintain.

But bank issuers' choices may be more nuanced, involving an assessment of investor relations, collateral requirements, regulatory implications and of course relative cost. The investor base in the repo market is different to the investor base

⁷ <https://www.immfa.org/about-mmfs/benefits-to-investors.html>.

⁸ Some sovereign and supranational CP could be considered Level 2B HQLA.

in the CP market, which allows banks to broaden their access to liquidity and reduce reliance on any single group of investors. Collateral availability is also key: repo allows banks to leverage the HQLA on their balance sheets, but in times of collateral scarcity, banks may want to preserve this for other purposes such as margin calls, or other secured financing needs. Banks may also need to carefully manage the proportion of encumbered assets on their balance sheets, since a high level of encumbrance can affect financial flexibility and credit ratings, and might trigger regulatory concerns. The regulatory capital treatments can also influence banks' preference for repo over CP: if the balance sheet impact of repo is more costly, CP could be more efficient, as well as providing more flexibility to match funding to specific needs without the daily rollover risk of overnight repo.

Other credit lines

Issuers, and in particular, corporate issuers, can sometimes be reluctant to draw on other credit lines, such as revolving credit facilities (RCFs), as these typically incur fees and can be more expensive than CP. RCFs are generally reserved for emergencies, and avoiding their use can be perceived as a signal of financial strength. Plus, RCFs tend to be longer-term (one year or more) and secured, whereas CP provides a more nimble, unsecured, cost-effective solution for short-term needs.

Is the European CP market accessible?

Issuers' perspective

The European CP market tends to be consistently accessible, with most issuers being able to execute their required volumes quickly and with relative ease. Investors, particularly MMFs, are eager to deploy cash through CP instruments, so even where there are signs of diminishing liquidity elsewhere in the eurozone, the European CP market continues to benefit from robust demand.

Investors' perspective

Overall, investors appear satisfied with the current CP supply levels, and market volumes have been healthy for several years. As can be seen in figure 3 below, supply from SSA issuers and financial institutions remains significant, steady and reliable year on year. However, there is a desire for greater issuer diversity.

Figure 3: CP outstanding amounts per type of issuer

EUR (bn)	31/08/2025	31/08/2024
SSA	261.3	203.8
Financial institutions	786.7	664.9
Corporates	138.5	136.1
ABCP vehicle	86.4	67.3



Source: CMD Portal

Issuance regularity

Given the short-term profile of CP, some issuers need to access the markets daily, particularly those with large programmes and high volumes outstanding which require constant roll-over, or re-financing. They effectively are acting as market makers, sometimes buying back their own paper and maintaining a daily presence for both liquidity and client relationship management. Other issuers may be subject to significant seasonality in cash flows, with funding needs fluctuating based on factors like heavy long-term borrowing early in the year or, for banks, the timing of peak lending activity. Issuers may use CP to smooth out these seasonal variations, which influences their activity levels throughout the year. As a result, issuance volumes can fluctuate depending on balance sheet conditions and the need to address short-term funding gaps.

Corporate issuers represent a smaller segment of the market, typically accessing it only when short-term funding is necessary. Many higher-rated corporates are currently considered to be cash-rich and have limited short-term funding needs. Combined with seasonality and a preference for more cost-effective *long-term funding*, this results in a scarcity of high-quality corporate CP. Nevertheless, CP is an important tool for corporate issuers to support working capital or other specific short-term needs.

In contrast, away from the typically higher-rated issuers who make up the European CP market, there is potentially a large pool of untapped lower-rated issuers which would provide greater liquidity and ensure issuer diversity, if there were a universe of interested buyers.

What drives the decision to issue in the European CP market or the USCP market?

The European CP market and the USCP market are distinct but co-exist, with many issuers using both markets for various reasons. But even in the event of a liquidity squeeze in one market, a significant shift to the other is improbable: most CP issuers are highly rated and can source alternative forms of funding through other channels.

The European CP market

From an issuers' perspective, unless investor preferences dictate otherwise, there is generally no strong incentive to choose one market over another, although there may be pricing differences observed between the different European CP markets at different ends of the curve. But while domestic programmes serve a role and continue to attract international investors who have the capacity to be more active and responsive in CP, many issuers favour the English law framework offered by the ECP market for its broader appeal and legal clarity.

Most investors report that they are largely indifferent to the European CP market in which the issuer operates; and as long as the CP is issued under a recognised legal framework and governing law, investors typically have no prescriptive allocation policies. However, this indifference may stem more from the coexistence of multiple markets rather than from genuine preference, or choice.

Instead, investment decisions tend to be primarily driven by yield and risk considerations, particularly credit risk, along with factors like market conditions and duration; all constants which apply regardless of the issuing market. A combination of factors also influences investment decisions: the overall depth of the market, the relative liquidity of specific issuers and whether issuers are willing to buy back their own paper.

The USCP market

For some European issuers, accessing the USCP market is a strategic decision, as it provides visibility and a presence in the world's largest capital market. But logistical considerations can also influence the choice: due to time zones, pricing levels are often shown to the European CP market first, resulting in issuance if expectations are met. In fact, some European issuers have exited the USCP market altogether, citing time zone constraints and the need to complete daily funding by 14:00 CET. That said, funding pools are dynamic, so that if funding is not secured in one region, it might be in another, allowing European issuers to fund US Dollar needs more easily with USCP⁹, and *vice versa*.

9 Although, over the last 5 years (2020-2024), the number of US issuers was less than 2.5% of the European CP markets. Source: CMD Portal.

Issuers active in both the European CP market and the USCP market report more consistent demand in the USCP market, citing its greater depth, size and a more active secondary market. For multinational entities with established US treasury operations, there is a natural inclination to favour USCP issuance over European CP, given the operational convenience, alignment with US Dollar liquidity management and broader investor reach. Pricing tends to be more stable and transparent, and volumes are typically easier to achieve. The USCP market is particularly efficient at the very short end, such as 1-, 2-, and 3-day maturities. However, for tenors in the 9 - 12 month range, the USCP market becomes less accessible¹⁰.

For issuers who are *not already active* in the USCP market, pricing is an obvious influence, but this would need to be a long-term sustainable benefit to justify the cost, additional operational and system adjustments required. And while European CP programmes already support issuance in multiple currencies, including US Dollars, the decision to issue USCP is more likely driven by cost efficiency in currency swaps, which in turn depends on FX swap basis.

Conclusion

Both the European CP and USCP markets are well-established, offering significant depth and liquidity to issuers and investors, although the total US short-term funding market significantly exceeds that of Europe. But the European CP market is fragmented whereas the USCP market is more standardised, with a single legal, regulatory and settlement framework, greater depth, more transparent pricing and an active secondary market.

Despite the fragmentation and structural challenges which will be further explored in this paper, the European CP market has been on a steady upward trajectory, which highlights its resilience and continued relevance, and indicates significant potential for scalability, particularly if certain enabling measures are implemented.

¹⁰ USCP traditionally relies on an exemption from registration in Section 3(a)(3) Securities Act 1933, where the maximum maturity is 270 days. There is a growing movement to issue USCP under S4(a)(2) of the Securities Act as a private placement, where there are no maturity limitations, but where maximum maturity tends to be 270 days.

Increasing participation in the European CP market

The CPC White Paper concluded that fully consolidated publicly available information could help to support greater confidence for potential issuers, investors and intermediaries, as well as helping with price formation, particularly in the secondary market (where during the Covid turmoil, the CP market was considered to be thin and vulnerable). It also highlighted a need for greater standardisation in terms of legal and regulatory frameworks, documentation, issuer eligibility, maturity and denomination profiles and settlement cycles, and suggested that lower barriers to entry to the market, particularly for corporate issuers, would also be welcomed.

This section examines the connection and circularity between the ambitions, implications and enabling measures for scaling up the European CP markets, such as enhanced transparency, standardisation and other actions aimed at broadening participation, including through regulation.

Why scale up the European CP market?

Many market participants consider that the European CP market functions well in its current form; while it may not be seen as particularly dynamic, some suggest that it does not need to be. Issuers and investors alike are generally satisfied with its accessibility and performance. The market is viewed as being at a stable and healthy “cruising altitude”, effectively fulfilling its core purpose in supporting broader economic functioning. Participants value the European CP market for its consistency, predictability and reliability, qualities that are deemed to be particularly important in spontaneous short-term funding.

However, increasing the size of the market would have many positive impacts: it would improve and streamline accessibility to the European CP market for a wave of investors and higher- and lower-rated issuers, which could result in a more efficient, cheaper, consistent and varied funding source for a broader range of participants and could result in an increase in secondary market activity. It would also reduce dependence on bank funding and free up lending capacity for elsewhere.

From a policy perspective, according to the European Commission’s SIU plan, *“the EU needs a larger pool of capital to support investments in the European economy and lower financing costs for European businesses”*. Scaling-up the European CP market would align with this goal and would contribute to the EU’s economic competitiveness and open strategic autonomy.

It is also important to consider the potential consequences. A bigger market may result in competition on pricing and maturities, potentially diluting demand in what remains a relatively opaque market. Some investors consider that yields are not rewarding enough, particularly when compared with returns available from other instruments or even cash deposits. But of course, a virtuous cycle of broader participation and diversity would result in more competitive pricing for issuers, encouraging more supply and, in turn, more and stronger demand for safe, short-term assets such as CP.

Enabling measures to scale up the market

When exploring ways to scale up the European CP market, the interlinked nature and co-dependencies between transparency, standardisation and market growth become increasingly apparent. In short, scaling the European CP market relies on a virtuous cycle in a number of areas: transparency encourages standardisation, standardisation promotes democratisation of the product and growth in the market in terms of broader adoption and participation, and growth, in turn, establishes a stronger foundation for the supply and demand dynamics of the market.

For instance, generic curves based on CP data might make it easier for investors and issuers to assess and agree fair value and mutually favourable terms. But the market lacks sufficient depth to support meaningful curves across all necessary data points: this would require a significant increase in the size of the market. And in order to increase the size of the market and create and achieve meaningful transparency, a degree of standardisation is essential, enabling market participants to make like-for-like comparisons across a more uniform, homogenous product.

Transparency in the European CP market

At the best of times, issuers have limited visibility into daily market activity in some European CP markets. They often lack insight into which investors are active and may receive minimal feedback through the dealer community, making it difficult to assess why expected volumes, tenors or pricing levels are not being met across different days or markets. As a result, they may settle for less favourable terms, potentially sending unintended negative signals to the market. These subtleties are not reflected in yield curves, but they have real behavioural and pricing implications.

For investors, the same reduced market visibility into daily activity and a lack of publicly available data on issuance volumes and outstanding amounts, pricing and secondary trading across markets makes it difficult to benchmark or assess fair value.

While some segments of the European CP market display good levels of transparency, consistent and reliable data across *the entire market* remains limited¹¹. Where data is available, it often lacks uniformity in terms of reference points and consistency, leaving certain parts of the market underrepresented.

A fully consolidated, publicly accessible source of information providing a clear, holistic picture of overall activity, pricing and outstanding amounts, would be helpful. Having access to full, centralised, aggregated information could facilitate the development of generic curves based on volumes, ratings, tenors, pricing levels, outstanding amounts, issuance and redemption patterns, allowing new issuers to understand directional pricing and volumes, and potentially boosting both market depth and secondary activity. These curves would need to be produced in such a way that they are resilient to other distortions such as seasonal issuance patterns.

There may potentially be a role here in respect of transparency and data collection and consolidation, either by leveraging the expertise of the institutions who currently collect and consolidate data (such as the *Banque de France* for NEU CP¹² or the ECB for STEP-compliant CP¹³), or by assigning this function to a European regulatory or oversight body, such as ESMA¹⁴. This approach could be based on a model similar to that of the *Banque de France*, the ECB or the Federal Reserve Board for USCP¹⁵.

Pricing transparency

Currently, issuers rely heavily on their dealers (or other data providers) for market intelligence and investor feedback, the quality of which can depend on the proactivity of individual dealers (most are reported as being extremely helpful, but some fall short, in particular as compared to US dealers, who are generally viewed as more forthcoming).

On the investor side, MMFs typically have sufficient expertise to assess fair pricing independently. However, greater transparency could be particularly valuable for smaller investors, such as corporate treasuries, who may lack dedicated resources.

Generic curves could greatly benefit issuers in terms of greater visibility into market activity and investor demand across different markets, as well as better insight into peer pricing. But the European CP market maintains a degree of discretion, often resembling a quasi-private placement market, which is partly driven by issuer and investor preferences for confidentiality.

11 Although there are a number of commercial providers, including CMD Portal (who provided the data in this paper), who provide data and statistics on issuance volumes and outstanding amounts across the different CP markets.

12 <https://www.banque-france.fr/en/publications-and-statistics/statistics-studies-cp-mtn>.

13 https://www.ecb.europa.eu/stats/financial_markets_and_interest_rates/step/html/index.en.html.

14 <https://www.esma.europa.eu/>.

15 [The Fed - Commercial Paper Rates and Outstanding Summary](#).

Reflecting this, opinions are mixed about publicly sharing pricing levels. While some issuers support a central repository, particularly for enhancing valuation processes, many others remain cautious due to the potential for misinterpretation of an issuer's financial position or strategy, or amplifying funding sensitivities, especially during periods of market stress. Issuers would also be reluctant to let prior pricing (which is likely to be based on different parameters, volumes or tenors) influence future transactions. It may however be possible to assuage such concerns by providing data on an aggregated basis.

Issuance volumes and outstanding amounts

While issuers and dealers are generally proactive in providing issuance volumes and outstanding amounts to investors, it would be beneficial to have this information consolidated and published through a single, centralised source, particularly to support MMF reporting requirements. Models such as those implemented by the *Banque de France* for NEU CP and by the ECB for STEP-labelled CP could serve as useful examples¹⁶.

Standardisation of the European CP market

As already mentioned, most investors report that they are largely indifferent to the type of CP they invest in, although preference or choice may be trumped by the coexistence of multiple markets.

That said, the ECP market offers access to a broader investor base and greater flexibility in funding than any of the domestic markets. Issuers can also tap into demand from investors seeking euro exposure, even if those investors are based outside the EU¹⁷. The English law legal framework is widely recognised and understood internationally, and its extensive use over time means that outcomes are tested and therefore, more predictable, which helps reduce legal risks and associated costs compared to less familiar domestic systems.

Inconsistencies across European CP markets

Figure 4 below highlights some of the inconsistencies within the European CP market in terms of minimum issuance denominations, maturities, settlement systems and governing law frameworks, all of which contribute to unnecessary complexity.

Figure 4:

Type	Minimum issuance denomination	Maturities	Clearing systems	Governing law
ECP	EUR 500,000	1-364d	Euroclear / Clearstream	Typically, English
NEU CP	EUR 150,000, or EUR 200,000 if English documentation	1-365d	TARGET2-Securities in central bank money	French
Belgium	EUR 250,000	1-365d	Euroclear Belgium / Clearstream	Belgian
Germany	EUR 100,000	1-365d	Clearstream Banking Frankfurt, Euroclear / Clearstream	German
Italy	EUR 100,000	1m – 5y	Monte Titoli (and as depository for Euroclear and/or Clearstream)	Italian
Spain	EUR 100,000	3d – 2y	Iberclear	Spanish

Other inconsistencies arise elsewhere, such as ISIN generation across different markets, as countries apply varying conventions; some ISINs reference both the start and end dates of the CP, while others refer only to the end date.

¹⁶ Related, investors have noted that greater clarity is needed around the definition of "outstanding" under the EU MMF Regulation, including whether outstanding amounts are measured at the issuer or MMF level, whether all short-term maturities are included, if roll-overs are treated as new issuance, how CP and ABCP are distinguished and whether gross or net exposure is reported.

¹⁷ As at end August 2025, 61.6% of outstanding ECP was euro-denominated, 21.4% US Dollar-denominated and 16.1% was sterling). Source: CMD Portal.

Additionally, adopting a single, standard form of dematerialised note, as used in the NEU CP market, would simplify operations by eliminating the need to determine the form of note representing the CP for each trade and avoiding the logistical burden of physically printing and storing the note.

Together, these inconsistencies create operational burdens, slowing processing and increasing administrative costs. Adopting a single, standardised form of CP with uniform terms and structures in these key areas could streamline issuance, trading and settlement practices across markets, resulting in reduced operational hurdles and costs and lower demand for legal, compliance and administrative efforts (such as ISIN allocation).

Streamlined and consistent terms would enable investors to make straightforward, like-for-like comparisons across a more uniform and homogeneous product range. This would facilitate greater and more meaningful transparency, leading to better understanding and broadening the market's appeal and accessibility to a wider range of issuers. Additionally, standardisation could establish a baseline structure that would enable the market to more easily adopt new products or innovations.

In practical respects:

- one single issuance denomination would eliminate the need to confirm denomination requirements in each programme, which is particularly cumbersome for irregular-sized trades,
- one single form of (dematerialised) note would be more efficient than having different types of note (for example physical global notes, global permanent notes, global temporary notes, new global notes (NGN), NGN global permanent notes and NGN global temporary notes),
- one single set of conventions for floating rate interest calculations would be easier to manage and lead to fewer rounding discrepancies,
- one settlement system generating one form of ISIN number, which could be centralised, would ensure speedy ISIN generation and
- one single form of consistent documentation with standardised disclosure and update requirements under one governing law, such as ICMA's CP documentation¹⁸, NEU CP documentation¹⁹ or the documentation format required for STEP-compliance²⁰, would promote greater homogeneity and clarity, including as to legal outcomes.

Standardisation of the European CP market would also align with the European Commission's SIU plan, which states that "*Sources of fragmentation in EU capital markets, whether regulatory, supervisory or political, should be removed to allow for the possibility of market-driven consolidation.*"

Domestic markets' considerations over standardisation

But some view the diversity of markets as a strength and key attraction of the European CP market, arguing that if reform were truly necessary, the market would have evolved in a particular direction organically (absent other barriers to entry). So while market standardisation is a valid ambition, there are reservations about its feasibility, particularly in domestic markets.

Achieving true alignment would require active engagement and commitment from domestic CP markets, many of which have developed around specific local needs and regulatory frameworks, and facilitate unrated issuers and local investors. These participants often rely on established relationships within their local ecosystems and are comfortable operating under familiar legal and operational regimes.

Notwithstanding this, aside from the main ECP market, the fragmentation across the European CP market (including ECP, NEU CP and active domestic programmes in Belgium, Germany, Italy and Spain) is *generally* seen as being inefficient and creating unnecessary complexity.

18 [ICMA ECP Documentation](#). (ICMA members and ICMA Primary Handbook subscribers only)

19 <https://www.banque-france.fr/en/monetary-strategy/markets/marketable-debt-securities/access-the-market-and-information-memorandum>.

20 <https://www.stepmarket.org/how-to-apply/>, Forms & Templates.

Broadening diversity in the European CP market

Increasing the range of eligible issuers in the European CP market (either through direct issuance or via asset sales to an ABCP vehicle) could support the growth of smaller, lower-rated issuers. And increasing the range of investors could result in stronger demand and market depth; together, strengthening the overall market and potentially enhancing secondary market liquidity.

Increasing diversity of issuers

In the USCP market, investment in lower-rated CP has contributed to greater depth and diversity, making the USCP market more accessible to a broader range of issuers²¹. In contrast, while the EU Money Market Fund Regulation (MMF Regulation) does not mandate a specific minimum credit rating, many EU MMFs, especially those seeking the highest ratings, typically invest only in instruments and issuers with higher credit quality²², which excludes many lower-rated issuers from the market. But opening the market to lower-rated issuers would need to be carefully balanced against the risk these issuers may pose, including any systemic contagion effect on the market. And of course, there would need to be a universe of interested buyers.

Restrictions stemming from Basel III can also stifle bank issuance of CP, as current regulatory liquidity ratios (such as Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR)) require them to maintain sufficient HQLA and stable funding. As a result, banks may limit CP issuance to preserve liquidity buffers and reduce reliance on short-term liabilities that attract higher regulatory charges.

Increasing diversity of investors

While there is already a wide investor base (MMFs make up the largest of the investor community in both the European and USCP markets, but pension funds, insurance funds and sovereign wealth funds are also present), there is potential for growth from a more diverse investor base, particularly generated by the MMFs themselves, and from corporate treasuries.

In the US, MMFs are widely used by both retail and institutional investors. As at 6 November 2025, the industry was near an all time high of US Dollar 7.53tn²³ in assets under management (AUM), with institutional investors accounting for 60% and retail, the remaining 40%. In Europe, as at the end of June 2025, AUM of MMFs was just over EUR 2tn²⁴. But unlike in the US, institutional investors account for over 90% of EU money market funds²⁵.

It has been estimated that there is as much as EUR 10tn sitting in European bank deposits²⁶; much of which could be more productively allocated towards MMFs offering higher return due to longer duration and diverse portfolios, rather than bank deposits linked to interest rates. Increasing awareness and utilisation of MMFs in Europe as a retail investment strategy could help to grow the MMF sector and, consequentially, be a significant catalyst for expansion of the CP market. This would also align with the European Commission's SIU plan of *"improving how the EU's financial system channels savings to productive investment, providing a wider range of efficient investment and financing opportunities for citizens and businesses respectively"*.

Related, the European Commission's SIU plan also states that *"Higher levels of financial literacy will be essential in developing a retail investment culture within the EU"*. The role of financial literacy which could be delivered through educational initiatives, including at school level, should not be underestimated here.

Elsewhere, for corporate entities, because bank deposits often generate little or no interest, partly due to the unfavourable regulatory treatment under NSFR and LCR requirements, there is a strategic rationale to diversifying liquidity management away from bank deposits and toward market-based debt instruments such as CP. However, members of the ICMA Corporate Issuer Forum²⁷ have identified certain conditions under which corporate treasuries might consider investing

21 As at the end of July 2025, Tier 2 securities accounted for 25% in terms of nominal amounts outstanding of USCP. Source: [Federal Reserve Bank of New York](#).

22 [IMMFA MMFs](#) often obtain a triple-A rating and invest exclusively in instruments and issuers with high credit ratings.

23 <https://www.ici.org/research/stats/mmfs>.

24 [BSI.Q.U2.N.F.T00.A.1.Z5.0000.Z01.E | ECB Data Portal](#).

25 https://www.esma.europa.eu/sites/default/files/library/ESMA50-165-2391_MMf_market_2023.pdf.

26 57th ICMA AGM & Conference: Philipp Hildebrand » ICMA and eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52025DC0124.

27 [ICMA Corporate Issuer Forum](#).

in CP directly: having sufficient necessary resource to conduct credit risk assessment, confidence in liquidity to enable divestment at any time, the potential for higher yields than MMFs and *greater transparency* on pricing levels.

MMF Regulation – restrictions in holdings

As long as MMFs continue to grow, the CP market is likely to grow with them, so the MMF Regulation may also play a part in growing that sector and creating more demand. Under the EU MMF Regulation, EU MMFs are restricted to investing in no more than 10% of an issuer's outstanding CP, requiring 90% of that issuer's paper to be placed elsewhere (and if to other MMFs, subject to the same restriction).

As a result, MMFs tend to concentrate on larger, higher-rated issuers whose ticket sizes justify the credit work. Once the 10% threshold is met, finding comparable issuers can be difficult. While this measure attempts to increase resilience of MMFs by promoting portfolio diversity and reducing risk, it may lead MMF managers to avoid smaller or lower-rated issuers, where the 10% ticket size doesn't justify the effort. This can also then make it difficult for issuers as they need to place their CP with, potentially, 10 MMFs (and can make it challenging for MMFs to monitor their 10% thresholds as outstanding amounts fluctuate).

Raising this limit or capping participation by fund size, particularly alongside growth in the pool of eligible issuers to lower-rated issuers, could help support broader demand and enable more flexible investment strategies.

MMF Regulation – increase in liquidity requirements

In December 2023, the UK's Financial Conduct Authority (FCA) proposed measures to enhance the resilience of MMFs. One key proposal was to raise the minimum weekly liquid asset (WLA) requirements for LVNAV funds²⁸ from 30% to 50%. This aligns with the US SEC's rule for institutional MMFs. But while the 50% WLA threshold would be achievable in the significantly larger US market where finding enough eligible short-term liquid assets would be easier, the same may not be true elsewhere.

For example, in the UK, assuming a UK LVNAV fund manages approximately EUR 200 billion, the proposed increase in WLA from 30% to 50% would require an additional 20% - or EUR 40 billion - in eligible short-term liquid assets. Without significantly more issuance, or regulatory changes allowing banks to issue more short-term paper without LCR penalties, supply may fall short. This could strain the market, depress yields and incentivise MMF managers to restructure portfolios to create more yield and possibly undermine the intended stability benefits.

UCITS and Money Market Instruments liquidity and eligibility

In response to a review of the Eligible Asset Directive (EAD²⁹) by way of a Call for Evidence³⁰, on 26 June 2025, ESMA published its Final Report³¹ setting out its technical advice, according to which, ESMA is of the view that *'the liquidity and negotiability of all transferable securities (including money market instruments) should be assessed ex-ante and on an ongoing basis'*.

To support this, ESMA has proposed changes to Article 4 *'Liquid instruments with a value which can be accurately determined at any time'* that would require new factors for assessment:

- (a) frequency of trades and quotes for the instrument in question;
- (b) number of dealers willing to purchase and sell the instrument, willingness of the dealers to make a market in the instrument in question, nature of marketplace trades (times needed to sell the instrument, method for soliciting offers and mechanics of transfer);
- (c) size of issuance/program; and
- (d) possibility to repurchase, redeem or sell the instrument in a short period, at limited cost, in terms of low fees and bid/offer prices and with very short settlement delay.

²⁸ Being funds comprised of short-term, highly liquid assets such as CP.

²⁹ eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32007L0016.

³⁰ ESMA34-1270380148-1032 Call for Evidence on the review of the UCITS Eligible Assets Directive.

³¹ ESMA34-2087785638-1548 Final Report on the Technical advice to the European Commission on the review of the UCITS Eligible Assets Directive.

Due to the characteristics of CP, there is a risk that these proposals could severely limit the ability of MMFs to invest in CP. Regulation must continue to recognise the characteristics (over-the-counter, unlisted, primarily buy-to-hold) of the CP market, and its critical importance to issuers for funding and to MMFs for investment.

MMF Regulation – MMF units as collateral

Elsewhere, using MMF units directly as collateral for non-centrally cleared derivatives would help to reduce the volatility of flows through MMFs driven by margin calls. This could alleviate selling pressure and even forced sales on MMFs in times of stress, which would smooth cash flows into and out of the MMF, making them more stable and resilient, with a positive stabilising knock-on effect on the CP market. It has been suggested that this could be easily achieved by tokenisation³².

In response to a consultation on *Updating the Regime for Money Market Funds*³³, in October 2025, the FCA acknowledged³⁴ strong support for posting MMF units as collateral, stating: *'We recognise that the use of MMF units as collateral could mitigate procyclical effects in market stress scenarios, and that MMFs offer a means of delivering a diversified pool of exposures. We agree that tokenisation has some specific utility in facilitating use of MMF units as collateral. This includes reducing frictions associated with transfers of units in conventional MMFs and potentially reducing some reconciliations. We also acknowledge the possibility that the tokenisation of MMFs has the potential to exacerbate runs during times of stress, as noted by respondents'*. (See further Do blockchain/DLT and tokenisation have a role?).

Dealers as investors and secondary market makers

In addition to intermediating between issuers and investors, dealers purchase CP onto their own books in the primary markets, before selling it on. They also have a role as market makers, providing secondary market liquidity by buying paper back if required by investors. But their capacity to hold CP is increasingly constrained by Basel III capital requirements, which limit the available balance sheet capacity for short-term instruments.

One dealer has suggested that this growth of regulation and capital requirements has resulted in a reduction in dealer participation and a shift towards smaller banks, smaller teams and smaller balance sheets, and brokers with lower costs and no capital needs. But brokers do not operate balance sheets and so cannot provide secondary market warehousing capacity. To address this and to encourage greater dealer participation, capital requirements for banks holding CP could be reduced, particularly for paper above a certain maturity threshold.

Conclusion and recommendations

Scaling the European CP market is a worthwhile ambition that relies on a virtuous cycle in a number of areas: transparency, standardisation, diversity and innovation.

Given the limited visibility in the overall European CP market for both issuers and investors, a fully consolidated, standardised and publicly accessible data source upon which to develop generic curves could enhance market understanding, support fair valuation and encourage more primary and secondary market activity. In this respect, there is potentially a role for a European regulatory or oversight body, which could leverage the expertise of, or be based on existing models similar to that of, the *Banque de France* for NEU CP or the ECB for STEP-compliant CP or the Federal Reserve Board.

Standardisation in areas such as issuance denominations, note formats, interest conventions, settlement systems, ISIN generation, governing laws and documentation could streamline issuance and enable easier comparisons for investors. It could also facilitate innovation and adoption of new instruments while lowering legal and compliance costs. Resistance by domestic markets may hinder standardisation efforts, but growing recognition of its benefits cannot be denied.

³² <https://www.immfa.org/assets/files/publications/IMMFA%20Whitepaper%20Tokenisation.pdf>.

³³ CP23/28: *Updating the regime for Money Market Funds*.

³⁴ CP25/28: *Progressing fund tokenisation*.

Measures to ensure broader diversity in the European CP market include recalibrating current regulation (e.g. MMF Regulation and Basel III) which exclude smaller or lower-rated issuers, the inclusion of which could support market growth, particularly in the MMF sector and consequentially, the CP market. In addition to other structural changes in MMF Regulation, directing retail savings towards MMFs rather than bank deposits could be a significant growth catalyst, as to which increasing awareness and utilisation of MMFs in Europe would be helpful.

Additional measures to scale up the European CP market

The CPC White Paper proposed other measures to help develop a functional, liquid secondary market, including capital and liquidity relief under the Basel rules to enable dealers to hold inventory, particularly in times of market stress, which has been considered elsewhere in this paper, and the development of a repo market and broader central bank eligibility of CP in money market operations.

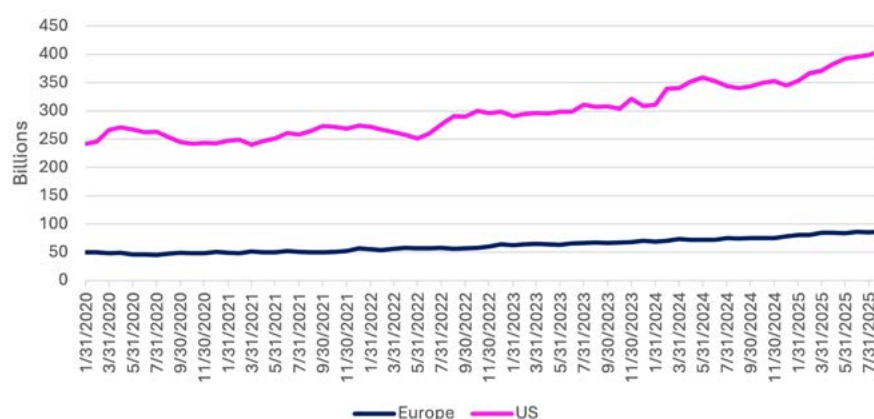
As well as examining these measures in more detail, and before moving on to sustainable CP, this section starts with consideration of the potential for ABCP to play a more substantive part in the growth of the European CP market.

Increasing ABCP in the European CP market

ABCP is generally issued by a bank or other financial institution, and is backed by physical assets such as trade receivables, automobile loans/leases, credit cards, equipment leases and other assets. It is particularly useful for medium sized firms that cannot access capital markets directly or large corporations looking to enhance their liquidity and improve their balance sheet structure.

Figure 5 below highlights a significant disparity in ABCP issuance between the European CP market and the USCP market, with European ABCP reaching only 21% of the US market's total.

Figure 5: ABCP: European vs US (to 31/08/2025)



Source: CMD Portal

The US regime for ABCP is quite stable, with no indication of new or impending regulations specifically targeting ABCP beyond existing frameworks. In the EU, ABCP falls under the remit of the EU Securitisation Framework.

In response to recommendations in reports by Christian Noyer, Enrico Letta and Mario Draghi³⁵, the European Commission launched a *Targeted consultation on the functioning of the EU Securitisation Framework*³⁶, as a means of strengthening the lending capacity of European banks, creating deeper capital markets, increasing the EU's competitiveness and building the European Commission's SIU plan, according to which, "further simplification of the [Securitisation] Framework could help in fully exploiting the benefits that securitisation can offer".

³⁵ [Rapport Noyer](#), [Enrico Letta's Report](#) and [The Draghi Report](#).

³⁶ [Consultation on the functioning of the EU securitisation framework](#).

Proposals to amend the Securitisation Framework

In June 2025, the European Commission released draft legislative proposals³⁷ to amend the Securitisation Framework, the effect of which may help to revitalise the EU ABCP market in line with these ambitions.

A detailed review of the proposals is outside the scope of this paper, but in brief, they aim to:

- reduce capital requirements for senior tranches of STS (simple, transparent and standardised) securitisation, including ABCP, from 10% to 5%, meaning that holding ABCP would be less capital intensive for banks and other investors,
- make due diligence requirements for EU securitisations simpler and more proportionate, with more principles-based rules, allowing due diligence to be tailored to the risk of the securitisation. For instance, loan level disclosure for highly granular pools of very short-term exposures (i.e. credit cards and other consumer loans) would be dropped. These measures could cut excessive burden and compliance costs, making it easier and cheaper to issue and invest in ABCP under the STS framework, and
- allow for a wider range of asset types to be included in ABCP programmes without losing their STS status (which formerly required 100% homogeneity, i.e. similar types and risk profiles of assets in the pool), so that more diverse pools of assets can back ABCP, thereby increasing flexibility for issuers.

Next steps

The European Council and the European Parliament may propose amendments to these draft legislative proposals. If no agreement is reached, a trilogue process may result. It is unlikely that the final agreed text will enter into force before early 2027. Meanwhile, the FCA and PRA are expected to launch a consultation on reforms to the UK securitisation framework in 2025.

The ABCP market is likely to remain subdued while finalisation of reforms to the EU and UK Securitisation Framework are ongoing.

Developing a repo market for CP, and recognising highly-rated CP as HQLA

A repo market for CP (that is, the ability to use CP as collateral in repo transactions) would give dealers greater flexibility in funding their inventory and would allow investors to raise funding against their CP holdings without having to liquidate them, avoiding forced sales. Until then, CP is seen by some as a ‘trapped’ security, held on balance sheets (which can be costly) but not easily mobilised for liquidity.

But there are several structural challenges to developing a repo market for CP: fundamentally, in the repo market, liquidity, price transparency and subjective valuation of collateral are key. This is difficult as CP lacks transparent, public market pricing, making it harder to agree on collateral value (and associated haircuts and margins), and relatively small issue sizes of CP and fractional holdings make standardisation and pooling of collateral more difficult. And if the CP used as collateral is sold or defaults, replacing it can be challenging unlike in larger, more liquid public bond markets where equivalent collateral is available.

So developing a repo market requires bigger building blocks, including better post-trade transparency and reliable pricing data upon which to base CP repo curves.

HQLA eligibility

A fundamental requirement for CP to be accepted as repo collateral is its recognition as HQLA. Expanding HQLA to include more highly-rated CP (including ABCP) would significantly improve its repo eligibility. Some investors place significant emphasis on the HQLA status of CP in their investment decisions; US Dollar and sterling-denominated HQLA are particularly attractive at times when alternatives such as US Treasuries and UK Treasury Bills are lower-yielding.

³⁷ [Commission proposes measures to revive the EU Securitisation Framework](#).

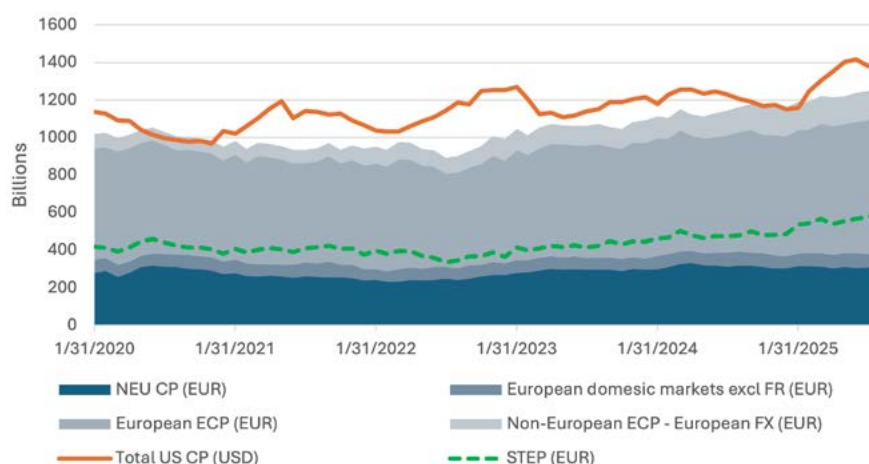
In the US however, CP is accepted as eligible collateral in bilateral repo transactions, where a well-functioning but modest sized repo market for CP and certificates of deposit already exists³⁸. Although according to the FSB, “overall activity in the US remains low in comparison to other collateral types, with current activity generally limited to dealers financing some of their CP and CD inventory”, it nonetheless remains a useful tool, aided by the publication of repo curves by the Federal Reserve Bank.

ECB eligibility

ECB eligibility is important for many issuers, which is why the STEP label is very highly valued. The STEP label, which is widely recognised as a reliable standard, serves as a signal of quality and robustness, thereby enabling the CP to qualify as an eligible asset for Eurosystem credit operations and purchase programmes, provided that a number of other criteria are met. ECB eligibility is also a feature of NEU CP, provided other criteria are met.

The green line in figure 6 below indicates the proportion of STEP-compliant CP in the European CP market. But further expanding central bank eligibility to allow a broader range of non-STEP compliant CP to qualify as eligible collateral would be beneficial and would also improve the repo-ability of CP.

Figure 6: Outstanding: USCP vs European CP (to 31/08/2025)



Source: CMD Portal

Elsewhere, as was reported in the CPC White Paper, the broad eligibility criteria for the ECB’s Pandemic Emergency Purchase Programme (PEPP) in March 2020 was limited to a relatively small universe of issuers; this excluded banks and ABCP, prescribed minimum credit ratings, and prescribed minimum sizes and maturities of CP outstanding. The CPC White Paper recommended that a ‘back-stop’ central bank purchase programme for a broad range of CP (including bank-issued CP and ABCP) would allow dealers to continue to support the European CP market.

The role of sustainable CP

There has been a growing recognition of the potential role that sustainable CP can play in issuers’ overall sustainable finance strategies and the transition towards a sustainable economy, while providing flexible funding options. For issuers, sustainable CP can demonstrate a clear commitment towards environmental, social and governance (ESG) objectives, often as part of a wider ESG strategy, and support their sustainability goals, as well as opening access to a growing investor base, including dedicated sustainability-orientated MMFs.

While conventional CP does not intuitively align with sustainability (principally, given the mismatch between the short-term nature of CP and longer-term nature of sustainability), the market has developed pragmatic ways to integrate CP to support and/or contribute to an issuer’s sustainability strategy (so-called sustainable CP).

³⁸ <https://www.fsb.org/uploads/P220524.pdf>.

Reflecting this, in October 2024 ICMA released a paper on *The role of commercial paper in the sustainable finance market*³⁹. The paper sets out best practice initial and preliminary recommendations for Use of Proceeds CP⁴⁰, and observations relating to Sustainability-Linked CP⁴¹, in each case informed by current market practice and inputs of a dedicated taskforce. A further enabling measure is that a NEU CP working group⁴² has helpfully published an information memorandum template and has recently released an accompanying set of Frequently Asked Questions⁴³ relating to NEU CP in sustainable format.

Issuer perspectives

There is a continued good level of awareness and curiosity around sustainable CP among the issuer community, in particular given recent shifts in sentiment towards ESG considerations. While many issuers view sustainability as aligning more to the longer tenor instruments such as bonds and loans, there is increasing interest in its role as an emerging opportunity in their overall sustainability strategy.

For some issuers with already well-established sustainable finance programmes, the addition of sustainable CP is viewed as a next step but one which must be introduced without adding complexity. Concerns around greenwashing persist, which should in time become assuaged with further issuance.

Issuers who are already active in sustainable CP have not yet observed discernible advantages in pricing relative to conventional CP. But more familiarity and issuance could lead to greater depth and accessibility, also possibly supporting pricing in the future.

Coupled with this, in the case of Sustainability-Linked CP, for issuers, the potential reputational damage and its effect on future access to funding and pricing on losing the sustainability label are important, but so too is the potential for them to signal ESG commitment across all funding tools. Some dealers are noting fewer conversations around sustainability-linked bonds generally, which may have a ripple effect on the Sustainability-Linked CP market.

Investor perspectives

The broader investor community remains largely agnostic about sustainable CP, but many investors are increasingly recognising the value of integrating ESG into MMFs, demonstrating potential demand for sustainable CP as a compelling anchor holding. Its short-dated nature also allows investors to manage ESG risks dynamically and recalibrate allocations frequently, reinforcing its appeal in actively managed portfolios.

But at present, demand from investors for sustainable CP is modest, which may explain why some issuers are taking a more measured approach to adoption. This may also be due to a lack of understanding of how sustainable CP works, and the prioritisation of other, more established sustainable finance instruments which are more easily understood in terms of broader familiarity, transparency and standardisation.

Increasing demand from managers of ESG MMFs, coupled with more understanding and transparency around the product, could all be powerful catalysts on both the supply and demand side.

Transparency and visibility

As at the end of September 2025, there were approximately 26 Use of Proceeds CP programmes and 13 Sustainability-Linked CP programmes⁴⁴. Sustainable CP can either be issued under a dedicated sustainable CP programme, or a programme that allows issuance of both sustainable and conventional CP. In terms of amount of sustainable CP outstanding, it is challenging to be precise due to the difficulties in differentiating between sustainable CP and

39 [The-role-of-commercial-paper-in-the-sustainable-finance-market-October-2024.pdf](#).

40 Where the net proceeds (or an equivalent amount) are exclusively applied towards financing or refinancing eligible green, social or sustainable projects or activities, as defined in, and in alignment with, an issuer's sustainable financing framework.

41 Linked to an issuer's performance based on sustainability Key Performance Indicators or ESG ratings/scores which are consistent with the issuer's sustainability-linked financing framework or sustainability strategy.

42 Set up by ACI France AFTB, the Association of French Treasurers and the French Financial Management Association, with the participation of the *Banque de France*.

43 [NEU CP FAQ](#).

44 Source: NatWest Markets.

conventional CP which is issued under the same programme. It is therefore generally better for transparency purposes to have two separate CP programmes, one for conventional CP and the other for sustainable CP.

Current market data processes are not supportive for sustainable CP. For instance, the ability to clearly identify sustainable CP over conventional CP, to distinguish between Use of Proceeds and Sustainability-Linked CP and assess alignment with sustainability goals and projects is not well developed. Data on sustainable CP is hard to find in the first place, often requiring time-consuming manual analysis and is not standardised, reflective of the situation across the European CP market more generally.

However, for NEU CP, the *Banque de France* has helpfully added an ESG field in their list of NEU CP-compliant programmes, which will enable sustainable CP programmes to be better identified by market participants⁴⁵, and weekly and monthly statistics have been enhanced to make it easier to monitor sustainable issues and outstandings. The NEU CP portal has also been adapted to allow issuers to create programmes with distinct “compartments” (i.e., one for conventional issuance, one for sustainable issuance). Each compartment and its associated issuances are clearly identified by a dedicated ID, ensuring full transparency for investors.

Elsewhere, the European Money Markets Institute (EMMI) has recently launched an ESG Transparency Monitor⁴⁶, which aims to support the transparency in the ESG CP market. The intention is that EMMI will collect up-to-date information from applicants about the main ESG features included in their sustainable CP programmes and publish it in a standardised and harmonised way. The published information will be accessible for consultation by all interested parties.

Conclusion and recommendations

The ABCP market in Europe is significantly underdeveloped compared to the US. Proposed EU reforms could materially improve issuance conditions, though they may not be finalised until at least 2027 (and cross-border compatibility between the EU and UK securitisation regimes would also be helpful). Until then, ABCP activity is likely to remain subdued but meanwhile there may be a role for awareness raising by way of outreach on the benefits of ABCP.

Developing a repo market for CP would improve liquidity and reduce balance sheet constraints, but structural barriers remain, as to which, improving post-trade transparency and developing reliable CP pricing benchmarks could help. Recognition of CP (including ABCP) as HQLA would significantly enhance repo eligibility. STEP-labelling is helpful, but so too would be expanding central bank acceptance to a broader range of CP. A permanent central bank backstop for CP, including bank-issued CP and ABCP, could strengthen confidence, encourage dealer intermediation and deepen liquidity.

Sustainable CP is gaining interest and although there is some caution, early adoption signals a growing role. Market processes for sustainable CP remain underdeveloped, with poor data availability and limited transparency slowing adoption. Improving infrastructure to clearly identify and track sustainable CP building on NEU CP reforms, *Banque de France*’s ESG field and the EMMI Transparency Monitor would be a helpful development, as would supporting ICMA’s guidance for sustainable CP issuance and reporting.

⁴⁵ [Liste des émetteurs](#)

⁴⁶ <https://www.emmi-benchmarks.eu/market-catalyst/esg-cp-transparency-monitor/>.

The role of innovation

The CPC White Paper suggested the importance of encouraging initiatives that help to promote standardisation of data representation and processes as well as market interoperability; possibly through trading platforms and embracing new technologies such as digitalisation and tokenisation.

This section explores the operational challenges in the European CP market in more detail, the feasibility of issuance and trading platforms, and the role of potential future innovation such as DLT and tokenisation.

Are operational challenges in the European CP market stifling scalability?

The European CP market is often described by participants as simple, stable and intentionally “vanilla,” with little appetite for radical change in such a low-margin environment (or to fund any such change). Its strength lies in its predictability and low risk. Still, there is broad recognition that some innovation is necessary, particularly to make the market easier to use; CP is a straightforward product, and the technology and processes around it should reflect that.

The introduction of the euro has led to a concentration of European CP market currencies, primarily euro, US Dollar and sterling and other peripheral currencies such as Swiss francs and Nordic currencies. In theory, this should have streamlined operational processes. In practice, however, the systems and conventions supporting the European CP market remain outdated, manual and fragmented. Much of the infrastructure is still rooted in the 1990s, leaving it ill-equipped to accommodate modern requirements such as efficient ISIN generation, adoption of new market conventions (including those related to risk-free rates), and cross-border payment efficiencies around bank holidays. Again, the role of a single, standardised form of CP with uniform terms and structures in these key areas would be helpful.

ISIN generation

One particularly acute operational issue in the ECP market and some domestic markets is the delay in ISIN generation. In some cases, ISINs are not assigned for 24 to 48 hours, forcing dealers to spend valuable time chasing them. These delays may be due to local requirements (for instance, in Italy, a tax declaration from the issuer is required before the ISIN can be released) but in many other cases, there is no ostensible reason for them.

Improved standardisation of the process across the market, covering standard documentation, submission conventions and agent coordination could significantly speed up ISIN generation. A central database of ISINs, accessible to all market participants, would help prevent mismatches and enable counterparties to verify trade terms more efficiently. Though seemingly minor, automation such as this could significantly reduce operational issues, freeing up time and resources that could otherwise be dedicated to deals, and to the markets.

T+0 settlement

In Europe, same day settlement offering same day liquidity could significantly benefit MMFs that currently face T+2 settlement cycles, which require large cash buffers to manage unexpected withdrawals. But while it may appeal to some issuers needing immediate funding, such as for unexpected margin calls, for others the operational risks associated with same-day settlement are to be avoided when not strictly necessary. T+0 settlement is standard in the USCP market⁴⁷, and is currently feasible in ECP and NEU CP markets. Some innovators are even working toward T+30-minute settlement, though it is not yet widely adopted.

The cumulative impact of these operational inefficiencies is considered to be holding the European CP market back, especially when compared to the more streamlined USCP market, which is widely regarded as faster and

⁴⁷ Specific data on overnight CP issuance is not publicly available, but overnight paper is a significant component of the short-term CP market. For instance, the Federal Reserve publishes [daily rates for overnight CP across various issuer types](#), indicating active trading in this segment.

more efficient, benefiting from a more standardised infrastructure, consistent processes and conventions, one central securities depository (the DTCC) and greater transparency in pricing and post-trade data. Targeted, practical innovations alongside standardisation could significantly modernise the European CP market infrastructure. Digitalisation could also play a role here, including innovations such as machine-readable documents based on standardised parameters.

Do issuance or trading platforms have a part to play?

Value of the dealer function

The European CP market remains largely voice-brokered, so most issuers and investors rely heavily on the dealer community. While larger issuers, often from the SSA community, tend to set firm pricing and terms, most engage in trade-by-trade negotiation, estimated by one dealer to occur in about 75% of transactions. Both issuers and investors value this flexibility, which aligns the market more closely with private placements.

Dealers play a critical role in this ecosystem, providing market colour, including real-time insights into investor appetite and preferences, intraday pricing dynamics and flexible structuring but also acting as intermediaries and as effective market makers. Many view dealers as indispensable, unlikely to be easily replaced by automation - unless the entire market infrastructure were to become automated simultaneously.

Use of platforms

It is a reality that the debt capital markets are innovating in many different ways, and there is broad recognition that CP in particular is ripe for modernisation. But historically, because of the aforementioned value of the dealer function, platforms have been perceived as non-essential for CP, which has reduced the motivation for market participants to be early adopters, and opinions on the use of issuance platforms in the European CP market are mixed:

- For newer entrants or infrequent issuers, platforms offer clear benefits which could help to scale activity, increase efficiency and improve accessibility at the smaller end of the market.
- However, generally, more established participants with more sophisticated funding models see less value in platforms. For them, dealers are the platform, providing access, essential market intelligence and secondary market liquidity when required. And because platforms cannot offer secondary market liquidity, especially in times of stress, many view that dealer role as irreplaceable.
- There are also concerns around visibility. Public platforms could help to create the desired pre-trade and post-trade transparency. But they would also reveal when a particular issuer is active or inactive in the market, which is an issue for more opportunistic issuers whose presence could lead to negative signalling, as well as for very frequent issuers whose absence would be conspicuous, with the same result.
- On the investor side, there is unease that automating the dealer function could impair price discovery. Flexible pricing currently allows parties to “slice and dice” tickets by tenor and size to manage and optimise liquidity. A more automated model could reduce their ability to engage in price formation, effectively turning them into price takers.

Market adoption

Many market participants are becoming more open to platform adoption, and the entire market shifting collectively onto a single, widely accepted platform might accelerate this. Platform consolidation is beginning to make this a reality, but broader participation, especially from dealers and the agency community, remains critical.

And recognising the importance of the dealer function, issuance platforms are now building their systems with dealers’ input, including execution-only platforms which preserve the dealer role⁴⁸. This helps to ensure that modernisation efforts support, rather than replace, the existing dealer function.

⁴⁸ Such as [Onbrange](#).

Platforms that offer a range of features and enhance efficiency, including sustainable CP and ABCP, provide cross-jurisdictional functionality across the European CP and USCP markets, and are DLT-ready, are increasingly considered valuable. As these features mature, platforms are expected to gain traction, which is likely to facilitate their broader adoption while complementing the critical role of dealers.

Efforts by platforms which achieve the ambition of modernising the market should maybe be encouraged and seen as a tool to strengthen the market, not as a threat to the existing ecosystem. Their development and use should be supported, rather than hampered by a desire to maintain the status quo, as they can offer benefits that ultimately enhance efficiency, accessibility and resilience in the European CP market, and drive market growth.

Trading on regulated trading venues

There has been some suggestion that moving CP trading to formal trading venues would be a helpful innovation, which would ease primary issuance and facilitate a more liquid secondary market. But this circles back to the interlinkage between transparency, standardisation and market growth: the market would need to scale up significantly in order to develop meaningful generic curves, yet such curves are unlikely to emerge while pricing remains negotiated bilaterally for each trade (including on a continual basis for rollovers, potentially on differing nominal amounts, tenors and denominations).

Aside from these foundational elements, in a relatively illiquid market like CP, participants value the flexibility and efficiency of over-the-counter trading, along with the ability to negotiate and transact bilaterally without signalling intentions to the wider market. So, moving to designated trading venues is not widely seen as necessary.

On the contrary, such a move would be unlikely to improve accessibility for new entrants or boost secondary market liquidity. Instead, it could even undermine the market's current diversity and increase costs due to the need for operational, security, IT and regulatory compliance upgrades. This could potentially discourage participation, including from dealers, and ultimately reduce accessibility.

Issuers might then turn to other types of funding sources, such as private placements, or bank borrowing, placing additional pressure on banks' balance sheets.

Do blockchain/DLT and tokenisation have a role?

Given the quasi-private placement nature of the CP market, where transactions are often nearly bilateral, it is an ideal environment for experimenting with digital innovations. Because the market is relatively contained and transactions are executed with a limited set of counterparties, digitisation initiatives such as using DLT, tokenisation, smart contracts or automated settlement can be trialled without generating excessive market noise. Each transaction can serve as a practical test case, which would offer valuable learnings that can inform broader adoption of innovations across other markets. The CP market should actively leverage this flexibility, positioning itself as a testing ground for new technologies that could eventually scale to larger, more complex segments of the financial system.

Blockchain/DLT

According to a joint report⁴⁹ developed by the Guardian Fixed Income Industry Group⁵⁰, “Asset classes have highly heterogeneous issuance workflows, and thus have differing likelihoods of adopting DLT [distributed ledger technology]-native issuance. The greatest opportunity exists in transitioning recurring, frequent issuance fixed income securities (commercial paper, medium-term-note programs)”.

There have been a few DLT pilot cases in CP, including an Intesa San Paolo issuance executed in 2024 on a proprietary DLT operated by Clearstream⁵¹, and an OCBC issue in 2022 - the first transaction on Marketnode's “direct-to-depository”

49 [guardian-fixed-income-framework.pdf](#).

50 Led by UBS AG, in collaboration with Global Financial Markets Association and ICMA.

51 [First Digital Euro Commercial Paper Issuance | IMI Intesa Sanpaolo](#).

platform⁵². OCBC has since established a US\$1 billion digital USCP programme⁵³, facilitated on J.P. Morgan's tokenisation platform Kinexys⁵⁴, with which near-instant settlement is made possible by tokenised securities and funds being on-chain.

And notwithstanding the slow approach to adoption of platforms, some issuers and platform providers are already investing in upgraded systems in anticipation of emerging technologies like blockchain, using DLT and non-DLT platforms. Blockchain-based solutions could revolutionise the European CP market (as it likely will others), improving transparency and efficiency by streamlining process, reducing settlement times and costs and enabling real-time visibility of pricing and credit risk.

Tokenisation

Elsewhere, EU MMFs are beginning to explore the possibilities of tokenisation. Broadly speaking, tokenisation in the context of MMFs involves issuing digital tokens that represent a share in the underlying MMF, which can then be bought, sold and traded on DLT and non-DLT platforms, offering a new level of accessibility and efficiency. Tokenisation also facilitates fractional ownership, broadening market access for smaller investors.

A particularly promising development is the potential use of the tokenised MMFs as collateral, and the creation of a secondary market where tokens can be traded without the need for redemptions (of MMF units into cash) on each trade.

Currently, using MMFs for collateral purposes is challenging due to the need for quick transfers between counterparties, registrations with various transfer agents and advance redemptions of MMF units. But due to DLT's inherent features such as near-real-time processing and smart contracts, tokenised MMF units on a DLT network could enable swift and flexible transfers. Work is underway to explore the potential for tokenised MMFs to serve as eligible collateral, for instance for derivatives margin requirements^{55, 56}.

The EU is at the forefront of tokenisation innovation, with the EU's DLT Pilot Regime (2023)⁵⁷ providing a framework for tokenised financial instruments including CP (so long as issuance size remains below the threshold and participants operate under an authorised DLT platform). Although the slow uptake of active pilots might suggest that the market has yet to fully embrace this technology, the DLT Pilot Regime remains in effect, and future developments may lead to the launch of pilots as the market evolves. For instance, the *Banque de France* and Euroclear have announced the launch of a joint initiative, "Pythagore," to tokenise NEU CP. This project represents a potential milestone in modernising short-term debt markets using DLT, promising significant operational and administrative efficiencies while enhancing transparency and security for market participants.

The pilot phase is scheduled to begin at the end of 2026 and aims to deploy an interconnected wholesale central bank digital currency (CBDC) integrated with TARGET services. Euroclear's DLT-based platform will be designed for interoperability, so that seamless integration across diverse financial infrastructures can result.

Conclusion and recommendations

The European CP market infrastructure is outdated, manual and fragmented. Harmonised, automated ISIN generation processes with a central, accessible database would reduce delays and mismatches, and availability of T+0 settlement for those who require it could lead to greater efficiencies, as would market-wide standards for documentation, conventions and cross-border settlement.

While issuance and trading platforms can increase accessibility and efficiency for smaller or less frequent issuers, the dealer community continues to provide essential services. But this could change as functionality improves, in particular if the entire market were to shift collectively onto one single, widely accepted platform which supported a range of different

52 SGX CDP makes available Marketnode's DLT-enabled direct-to-depository service for debt issuers - SGX Group.

53 <https://www.ocbc.com/group/media/release/2025/ocbc-adds-us-commercial-paper-blockchain-issuance-capability-to-strengthen-usd-liquidity-resilience.page>.

54 <https://www.jpmorgan.com/kinexys/digital-assets/digital-debt-service>.

55 <https://www.gdf.io/resources/the-case-for-collateral-mobility-in-europe-the-uk-using-money-market-funds/>.

56 And see further: <https://www.immfa.org/assets/files/publications/IMMFA%20Whitepaper%20Tokenisation.pdf>.

57 Regulation (EU) 2022/858.

functionalities. Efforts by platforms which achieve the ambition of modernising the market while preserving the dealer role should maybe be encouraged and seen as a tool to strengthen the market, not as a threat to the existing ecosystem. Moving to regulated trading venues however is broadly seen as unnecessary and potentially harmful, as it could increase costs, reduce flexibility and discourage participation.

Looking to the future, the largely bilateral, quasi-private nature of the CP market makes it an ideal testing ground for digital innovations. Initiatives like DLT and tokenisation can be trialled with minimal disruption, and could result in learnings that could support broader adoption across more complex financial markets. Tokenised MMF units in particular show promise for enhancing collateral mobility, all of which should be encouraged through sandboxes such as the EU DLT Pilot Regime.

Overall conclusion

The European CP market is resilient and growing but remains fragmented, unlike the more standardised and deeper USCP market. Despite structural challenges, the market has significant potential for scalability with the right enabling measures. But scaling the European CP market relies on a virtuous cycle of transparency, standardisation, diversification and innovation in order to achieve growth.

The benefits of standardisation and transparency are already recognised as foundational enablers, as well as important building blocks which would facilitate innovation and adoption of new instruments.

Standardisation of common features, such as issuance denominations, note formats, interest conventions, settlement systems, governing laws and documentation, could streamline issuance and enable investors to make straightforward, like-for-like comparisons across a more uniform and homogeneous product range.

Transparency upon which to develop generic curves could enhance understanding and support valuations in the CP market, thereby encouraging more activity. To accelerate action, there is potentially a role for a European regulatory or oversight body, which could leverage expertise of or take inspiration from existing models, to ensure greater transparency over the entire European CP market and ecosystem.

Given this recognition, focus on scaling the CP market should now fall on other regulatory and market-led measures and innovations.

- Broadening issuer diversity and investor participation is a key ambition, which could be achieved by calibrating MMF Regulation to support growth of the MMF sector and the CP market. And increasing awareness and utilisation of MMFs in Europe could help to divert retail savings towards MMFs (aligning with the European Commission's SIU plan).
- The ABCP market in Europe is significantly underdeveloped. Securitisation regulation (including EU-UK cross-border compatibility) which could materially improve issuance conditions needs to be accommodating towards ABCP frameworks. Again, awareness raising on the benefits of ABCP would be helpful.
- Removing structural barriers by improving post-trade transparency and developing reliable CP pricing benchmarks could help with the development of a repo market for CP, as would recognition of CP (including ABCP) as HQLA to enhance repo eligibility.
- Early adoption of sustainable CP is growing but is constrained by limited awareness, transparency and visibility, all of which is needed to support growth in this area.
- In terms of CP market process, there is already wide recognition that outdated, manual and fragmented processes are ripe for modernisation which could help reduce inefficiencies and support market growth and enhance accessibility. There may be a role here for innovation-led technology platforms which support a range of different functionalities, while preserving the dealer role.
- Given its nature, the CP market is an ideal testing ground for piloting digital solutions, including DLT and tokenised MMF units. The market should actively leverage this flexibility, positioning itself as a testing ground for new technologies that could eventually scale to larger, more complex segments of the financial system.

Through its members and its Commercial Paper Committee (CPC), ICMA hopes this paper offers a comprehensive overview of the current European CP landscape, along with proposals for regulatory and market-driven measures and innovations aimed at developing and expanding the market. ICMA remains committed to engaging further with its members, regulators and policymakers to explore these suggestions and support their practical implementation.

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