

ICSDs launch new dematerialised securities issuance option

Euroclear and Clearstream (the International Central Securities Depositories, or ICSDs) have introduced the option for issuers to issue their debt securities in dematerialised form from 16 March 2026. These dematerialised debt securities are traditional bonds, but they are not issued in physical form (so there are no physical certificates kept in physical vaults), and they are distinct from digital bonds that are tokenised assets that use DLT or blockchain technology for their register of ownership. ICMA staff have worked with the ICSDs to help communicate information about this initiative clearly to relevant ICMA community members.

In terms of the benefits of dematerialisation, the ICSDs expect the dematerialised issuance of Eurobonds to increase efficiency and compress the issuance timeline; reduce operational, market and business resilience risks; and pave the way for further automation and digitalisation. Although issuance of securities in dematerialised form is optional, the ICSDs hope that issuers will see the benefits in dematerialisation (for all issuers but especially for those that are frequent issuers) – as removing the need to print and store paper helps to streamline processes and remove risk (as well as being more aligned with ESG related goals) while also providing a basis for the Eurobond market to modernise and innovate for the future.

Scope of new Dematerialised Notes Structure

Under this new initiative, the ICSDs are able to support the clearing and settlement of a new structure of English law debt security which they refer to as the Dematerialised Notes Structure. The Dematerialised Notes Structure is available for issuances of dematerialised debt securities that are both:

- Governed by English law.
- Issued by:
 - an entity incorporated under the laws of England & Wales, Scotland or Northern Ireland; or
 - a supranational issuer (where that supranational issuer does not have a jurisdiction of incorporation).

In-scope debt securities include medium-term notes, commercial paper, certificates of deposit (CDs), convertible bonds and equity-linked notes, although initially commercial paper and CDs will not be supported until the European pre-issuance messaging system (EPIM) has adopted the necessary changes. The timeline for this adoption will be announced by the ICSDs in due course.

As 70% of debt securities issued in the Eurobond market are governed by English law, the ICSDs estimate that 30% of all Eurobond issues will now be in-scope to issue under the Dematerialised Notes Structure.

Other key points to note

- **ECB Collateral Eligibility:** The ECB has announced that, as of 30 March 2026, international debt instruments issued with the ICSDs in fully dematerialised form will be eligible as Eurosystem collateral, provided they meet all other eligibility criteria. (See [ECB amends monetary policy implementation guidelines](#).)

- **US TEFRA restrictions would not apply:** The ICSDs have been advised that the dematerialised securities should be considered to be in registered form for US federal income tax purposes and therefore should not be subject to the US TEFRA restrictions that apply to bearer instruments.
- **Electronic global notes will be decommissioned:** Since June 2024, the ICSDs have permitted certain issuers to issue certain global notes in electronic form (e-GNs). See [ICSDs' new electronic signature and electronic global note initiatives](#) on page 23 of the [ICMA Quarterly Report](#) for the Third Quarter 2024. The expectation is that dematerialised issuance will supersede e-GNs as the technical potential of the dematerialised form is broader.

Resources to support issuance of dematerialised securities

The ICSDs have published a legal pack and an FAQ document to support issuers and legal advisors if issuers wish to use this new optionality. These resources are available on each of [Euroclear](#) and [Clearstream's](#) websites (which also contain more information on the dematerialised securities initiative).

For illustrative purposes, the legal pack includes sample forms of documents for MTN programmes and standalone issues (each governed by English law), with anticipated additions and deletions that would be required to reflect the Dematerialised Notes Structure highlighted in the documents. The execution of a new Issuer-ICSD agreement which permits the issuance of dematerialised securities would also be required if issuers were to issue securities in dematerialised form.

However, issuers and legal advisors will need to review their own forms of documents to determine whether and to what extent changes are necessary to allow for the use of the Dematerialised Notes Structure in stand-alone or programme transactions, and to decide whether they are satisfied with the legal analysis that underpins the Dematerialised Notes Structure.

What next?

The ICSDs have indicated that the measures announced to date represent only the first phase of their dematerialised securities initiative. The next phase is expected to broaden the scope of the dematerialised offering, either by extending it to additional issuer jurisdictions under English governing law or by incorporating further governing laws beyond English law. The uptake of dematerialised issuance by issuers within the initial phase would help to reinforce the case for this wider expansion.



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