

Luxembourg, 21 June 2021

Successful transactions of securities with Central Bank Digital Currency

- **Banque Internationale à Luxembourg, LuxCSD and Seba Bank tested use of Central Bank Digital Currency (CBDC) for securities transactions**
- **Conducted by Banque de France, the delivery of securities in the European platform, TARGET2-Securities (T2S) against a payment in CBDC was successfully tested**

Banque de France successfully used Central Bank Digital Currency (CBDC) in a test environment, in connection with TARGET2-Securities (T2S), the European Central Bank settlement platform.

SEBA Bank purchased securities from Banque Internationale à Luxembourg, while post-trade settlement was handled by LuxCSD, the Luxembourg central securities depository. The transaction was carried out through the Conditional Securities Delivery functionality (CoSD) already existing in T2S, which makes the booking of securities dependent on the success of an event external to T2S. Banque de France simulated CBDC tokens on a public blockchain, while preserving confidentiality of the transactions. As soon as the tokens were successfully transferred from SEBA Bank to Banque Internationale à Luxembourg, LuxCSD delivered the securities in T2S.

Central Bank Digital Currency describes a concept of digital currency issued by a central bank. Currently, central banks around the world are examining the potential of CBDC for the respective jurisdictions. The test demonstrated that distributed ledger technology (DLT) could be used to issue CBDC in connection with existing infrastructures such as T2S, where listed securities are delivered.

Serge Munten, Head of Operations at Banque Internationale à Luxembourg, commented: “The world of payments is evolving fast with digitalisation. At BIL, we strive to bring our clients the latest innovation in terms of payments services. It was only natural for us to participate in this experiment, which might determine the future of Central Bank Digital Currency in the eurosystem.”

Marco Caligaris, Chief Executive Officer at LuxCSD, added: “Connecting new technology, such as DLT, with existing infrastructure is crucial to offer optimal services for the market. By joining forces, the industry can develop sustainable solutions that not only work today but lay a strong foundation for the future. Being a trusted central securities depository at the heart



of one of Europe's financial centres, LuxCSD is perfectly positioned to support the industry on its way towards a true digital finance ecosystem.”

This test is one of many conducted by Banque de France to explore design options for the technical implementation of a digital euro at the level of the back-end infrastructure and end-user access solutions. It is part of a larger initiative launched in the eurosystem in 2020 to advance work on the possible issuance of a digital euro – an electronic form of central bank money accessible to all citizens and firms, alongside cash.

About Banque Internationale à Luxembourg (BIL):

Founded in 1856, Banque Internationale à Luxembourg (BIL) is the oldest multi-business bank in the Grand Duchy. It has always played an active role in the main stages of development of the Luxembourg economy. It currently operates in retail, private and corporate banking, as well as on financial markets. Employing more than 2,000 people, BIL is present in the financial centres of Luxembourg, Switzerland, Denmark, and China.

www.bil.com

About LuxCSD

LuxCSD is jointly owned by the Central Bank of Luxembourg (Banque centrale du Luxembourg) and Clearstream, Deutsche Börse Group's post-trading services provider. As central securities depository (CSD), it serves as a national access point to TARGET2-Securities (T2S), allowing seamless interoperability across T2S markets. LuxCSD provides custodians and distributors across Europe with issuance, central bank money (CeBM) settlement and asset servicing for debt, money market and equity instruments, as well as investment funds. LuxCSD also provides Legal Entity Identifier (LEI) services in 37 jurisdictions around the world as a Local Operating Unit (LOU) accredited by the Global Legal Entity Identifier Foundation (GLEIF).

www.luxcsd.com

About SEBA Bank - The Future of Digital Banking, Investing & Financing

Founded in April 2018 and headquartered in Zug, SEBA Bank is a pioneer in the financial industry and is the only global smart bank providing a fully universal suite of regulated banking services in the emerging digital economy. In August 2019, SEBA Bank received a Swiss banking and securities dealer licence – the first time a reputed, regulatory authority such as FINMA has granted a licence to a financial services provider with a core capability in digital assets. The broad, vertically integrated spectrum of services combined with the highest security standards, make SEBA Bank's value proposition unique. CVVC Global Report and CB Insights names SEBA Bank as Top 50 Companies within the blockchain ecosystem. Aite Group awarded SEBA Bank with their 2021 Digital Wealth Management Impact Innovation Award in the category “Digital Startup of the Year”.

For more information about SEBA Bank, please visit our [website](#).

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