



Tokenisation in practice: the NEU CP market

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Introduction

EUR 310 billion: that's the size of the Negotiable European Commercial Paper (NEU CP) market, the biggest euro-denominated short-term debt market in the European Union. Created 40 years ago, it is set to undergo a gradual but radical transformation by the end of 2026: tokenisation.

This real-world experiment is being led by the Banque de France and Euroclear France and could position the NEU CP market as a world leader in tokenised finance.

What does tokenisation look like in practice? To explore this question through the example of the NEU CP market, we talk to Benoît Usciati and Alice Algot-Samé.

Welcome to you both. You are respectively Head and Deputy Head of the Negotiable Debt Securities Division at the Banque de France, and responsible for monitoring the NEU CP market. Thank you for joining us and welcome to Dialogue & co.

Part 1: The NEU CP market – a low-profile market that is essential for short-term funding

Lucile Rives

EUR 310 billion: it is the largest euro-denominated short-term debt market in the European Union. Yet it remains largely unknown to the general public. Alice, what exactly is the NEU CP market?

Alice Algot-Samé

The NEU CP market is extremely important. NEU CP stands for Negotiable European Commercial Paper. These are short-term financing instruments that allow issuers to borrow directly from the market for periods ranging from a few days up to one year. There is also a segment for medium-term negotiable debt securities, known as Negotiable European Medium-Term Notes, or NEU MTN. These have an average maturity of around four years.

Put simply, when issuers need cash, they issue NEU CPs. The buyers are institutional investors, such as money market funds, and the issuer repays them at maturity, with interest. NEU CPs are very simple instruments, but they are vital to the smooth functioning of the economy. They remain relatively unknown to the general public, as the market is reserved for professionals – it is very institutional, with transactions carried out over the counter.

Lucile Rives

As an individual investor, can I buy securities in the NEU CP market? How would I go about it?

Alice Algot-Samé

The vast majority of investors are money market funds, but the securities are also purchased by banks and insurers. Retail investors cannot access the market directly; you have to go through your bank, which acts as an intermediary and allows indirect access to the market, provided, of course, you have sufficient funds.

Lucile Rives

Because the minimum investment is quite high.

Alice Algot-Samé

The minimum issuance amount is currently EUR 150,000. That is set to be reduced soon, as a regulatory reform is under way to harmonise minimum issuance thresholds. At the moment, if the information memorandum is written in French, the minimum amount is EUR 150,000; if it is written in English, the minimum is EUR 200,000. The aim with the reform is to harmonise the rules and set a single minimum threshold of EUR 100,000.

Lucile Rives

Benoît, who exactly invests in this market, and what are the advantages of issuing NEU CPs?

Benoît Usciati

Banks are by far the largest borrowers, accounting for around 70% of outstanding securities. For them, NEU CPs provide an alternative to other forms of short-term financing, such as deposits, secured loans or unsecured interbank funding.

Banks regularly issue NEU CPs and NEU MTNs, notably for regulatory reasons. The securities help them comply with regulatory ratios, in particular the Net Stable Funding Ratio (NSFR), which requires them to borrow over a horizon of more than six months. This explains why the average maturity for outstanding bank-issued NEU CPs is around 150 days.

The next largest category of issuers is corporates. The NEU CP market is the European Union's largest market for short-term corporate debt.

Companies also borrow in the EURO CP market, but it is slightly smaller than the NEU CP market. To give you an idea, outstanding amounts in the NEU CP market currently stand at around EUR 60 billion, which is very significant. For French companies in particular, just under 10% of their total market borrowing comes from the NEU CP market, which is substantial.

Companies use NEU CPs for slightly different reasons to banks. Their main purpose is short-term cash flow management. They basically use them to cover what we call their working capital requirements.

The key word here is diversification. NEU CPs allow companies to diversify their funding sources. They are an alternative to traditional bank lending.

One of their main advantages is their flexibility. An NEU CP programme has an overall ceiling, but within that limit, firms are free to adjust how much they borrow.

Maturities are also very flexible. A company can issue a 7-day security one day, then a 14-day security the next, provided there is investor demand.

The final category of issuers – accounting for around 10% of outstanding securities – is public entities. The main issuers are large public bodies such as ACOSS and UNEDIC, as well as local authorities – for example municipalities, cities, departments and regions.

Lucile Rives

So the market is very open, but there are still rules. It is what we call a regulated market. Alice, what rules do issuers have to follow to access the market?

Alice Algot-Samé

That's a very important point. The NEU CP market is highly regulated, which guarantees its quality and ensures it functions smoothly.

Issuers cannot simply issue NEU CPs at will: they first have to set up a formal issuance programme, described in an official document that is made public before the first issue and updated throughout the life of the programme.

The programme includes a description of the issuer and the main characteristics of the issuance, including the amount, the planned maturities and the repayment procedures. These details have to be set out in a standard document – known as the information memorandum – which is submitted to the Banque de France.

The Banque de France plays a key role by reviewing the terms of the issuance. Together with a clear legal and regulatory framework, this ensures the quality of the information and helps reduce issuance costs. The publication of information memoranda also helps reassure investors.

Lucile Rives

You mentioned transparency, Alice, which is another feature that distinguishes the NEU CP market from its main competitor, the EURO CP. What does transparency mean in financial markets, and in the case of the NEU CP in particular?

Alice Algot-Samé

Transparency in finance may sound abstract, but has very concrete implications. In a financial market, it means knowing who is issuing the securities, in what context and on what terms.

It means having clear, reliable and easily accessible information. In the NEU CP and NEU MTN market, it is underpinned by several key factors. First, all programme information – the information memorandum – is published regularly on the Banque de France website. The data is centralised, easily accessible and completely free of charge, which is a major competitive advantage and unique in Europe if not the world.

Thanks to these detailed statistics – updated daily, weekly or monthly – investors know exactly who is carrying out the issuance and under what conditions. The information is updated regularly, and shows volumes, outstanding amounts, maturities and so on. Investors can then track whatever interests them on each issuer. The statistics provide a clear overview of what is happening in the negotiable debt market.

The NEU CP therefore offers greater visibility than more opaque markets, such as the EURO CP, which is greatly appreciated by participants and especially investors. During periods of stress, this transparency is a major advantage.

Part 2: The expected benefits of tokenisation: transparency, faster transactions and robustness

Lucile Rives

You have both described a very efficient and well-established market. It is 40 years old, regulated and transparent – and it is on the cusp of a digital transformation. In 2026, the NEU CP market will be tokenised under the Pythagore project, spearheaded by the Banque de France and Euroclear France. We hear a lot about tokenisation, distributed ledgers, blockchain and so on. Benoît, can you help us unpick some of this technical jargon? What does “market tokenisation” actually mean?

Benoît Usciati

Tokenisation means issuing or representing assets – financial securities or settlement assets – in the form of digital tokens. Simply put, it is a shift from recording assets as accounting entries to the ownership of actual objects. Take the example of a security: the token contains all relevant information, including its maturity, issuer, the parties involved in its issuance, who owns it and who owned it in the past.

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The tokens are created and registered on a platform, or more specifically on a new type of infrastructure called a distributed ledger. This is a digital system for recording transactions that relies on blockchain technology. Think of it as a huge database containing details of all securities circulating in the market.

In the case of the NEU CP market and the Pythagore project, the DLT securities platform will be developed and managed by Euroclear.

Lucile Rives

Why Euroclear?

Benoît Usciati

Euroclear is a very important player in the NEU CP market, which is fairly logical as it is the central securities depository. It is a bit like the market notary. The vast majority of securities are issued and recorded on infrastructure run by Euroclear.

When it came to modernising the market, Euroclear was the most obvious partner for the project.

Lucile Rives

To get a clearer idea, when I picture a token, I think of it as something round. So in the case of an NEU CP debt security, what does a token look like?

Benoît Usciati

On the new Euroclear platform, NEU CP investors will be given something called a wallet. The wallet will contain objects, or tokens, representing the securities they have purchased.

Alice Algot-Samé

It is a major step forward because, at the moment, you often hear that issuers are unaware of who the final purchasers of their securities are. With blockchain, they will be able to identify who really owns their debt.

At the Banque de France, we currently have difficulty getting hold of that information in all the documents submitted by issuers. Tokenisation and blockchain will be a real step forward as they will increase transparency.

Lucile Rives

When you say Euroclear will manage the platform and blockchain, does that mean it is developing its own blockchain or that it is using existing technology?

Benoît Usciati

To give you a bit of background, Euroclear has already developed this type of infrastructure

– the Digital Market Infrastructure platform or D-FMI. So it will upgrade and adapt this for the NEU CP market, using technologies that are already available. The new platform will be called DFMI+.

Lucile Rives

Can you tell us how NEU CPs are issued and purchased today, and how things will change?

Benoît Usciati

Today, the vast majority of securities – around 95% – are issued and delivered to investors using a settlement-delivery infrastructure – that’s the technical term – operated by Euroclear France.

Euroclear France is the central securities depository or, to use the image from earlier, the market notary. For euro-denominated transactions, settlement – or the cash part – is already in central bank money. This is possible because the Euroclear infrastructure is connected to a platform operated by the Eurosystem, known as TARGET2.

This is extremely important, because behind TARGET2 is central bank money, which is the safest form of payment: the ultimate form of liquidity.

How will this work in the future? What will change with the Pythagore project? Euroclear will build a new DLT infrastructure. This will provide three main things to the market.

First, it will speed up transactions considerably. Issuers will get their cash faster and investors will get their securities faster too.

Lucile Rives

On the matter of speed, can I ask a question? How long does it take to complete a transaction at the moment, and how long will it take in the future?

Benoît Usciati

It depends on the transaction and the type of participants. It is important to stress that we already have very efficient infrastructure compared to other markets. We can already carry out same-day issuance, where the securities are created and issued in the morning and the issuer receives their cash by the end of the day. Banks do this a lot, although most issuances still aren’t same-day.

We still have issuances that are settled at T+1 or T+2, for example. The aim of the project is to speed things up for all issuers, so that same-day issuance – T+0 – becomes the norm.

How will we do it? By automating more processes on the new infrastructure - the creation, verification and distribution of the securities to investors. That is what will speed things up. The new infrastructure will also enable what experts call atomicity. Atomicity is a slightly complicated term for something that is really quite simple.

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It basically means that the delivery of the security and its settlement in cash will take place simultaneously. In other words, one will not be able to occur without the other.

This is the main advantage of the project: the increase in speed. And as it will be achieved through greater automation, Pythagore will make the transaction chain more robust and therefore more operationally secure.

The third benefit is linked to transparency. As we mentioned earlier, one feature of tokens is that they contain all related information, especially regarding ownership. So simply by issuing tokens, we will be making the market more transparent.

That's the first point. The second is that blockchain, or DLT infrastructure in general, is like a huge database. All participants in the Pythagore project will be able to access it, although to differing extents. It will be a "permissioned" DLT infrastructure. In other words, it will not be open to everyone, but participants will have access rights allowing them to view information on outstandings and issuances, as well as more granular data.

Lucile Rives

When you say transactions will be more robust, does that mean that, today, some transactions are not completed? Will blockchain solve that problem?

Benoît Usciati

It is difficult to quantify it exactly, but we know that the market still operates manually to some extent. Not all transactions are fully automated, which means errors can occur and the transaction has to be started again. That means there is an operational risk.

One of Pythagore's priorities is to make back-office operations more robust. That means automating the reconciliation process, which is when checks are made to ensure that the information held by the issuer matches that held by the investor purchasing the security. Automating this process will reduce the risk of error and so speed up transactions, as it takes time to correct them when they go wrong.

A two-pronged project: NEU CP securities and a central bank digital currency

Lucile Rives

You mentioned earlier, Benoît, that for the transformation to work, there are two main aspects that need to be addressed. The market part, with securities, tokens and the distributed ledger operated by Euroclear. And the settlement part, in other words money, which also needs to be tokenised so investors can pay for the tokens.

This is where central bank digital currency comes in, which is another project – European this time – called Pontes. Alice, can you tell us briefly how the French and European projects will complement each other?

Alice Algot-Samé

The Pythagore project, launched in October 2025, aims to modernise the NEU CP market by tokenising short-term debt instruments.

In parallel, the Eurosystem and European Central Bank are leading an EU-wide project to develop a wholesale central bank digital currency or CBDC. It is this that will provide the “cash” part, to complement the “securities” part spearheaded by Euroclear.

The respective timelines are well aligned: Pontes and the launch of the CBDC are expected as of September 2026. In our case, for the Pythagore project, we are aiming to issue the first securities by the end of 2026.

The challenge will be combining the securities part with the cash part, in other words linking the Pythagore project up to the Eurosystem project.

Pythagore, and the tokenisation of the NEU CP market in general, will be a major milestone for the Banque de France as well as for France. It will be a concrete use case for the CBDC being developed by the Eurosystem through the Pontes project, as it will be applied in a real-world context: the tokenisation of the NEU CP market.

Lucile Rives

Will this be the first time that the CBDC has been used in practice?

Benoît Usciati

The Eurosystem carried out exploratory work in 2024, and a number of experiments before that. The real difference with the Pontes project is that the CBDC will be made permanently available in the market, in tokenised form. It won't be an experiment or test any more, but something more lasting.

That is really important for the NEU CP market, as it will allow the entire settlement chain to be tokenised. With Pythagore, issuers will issue securities in tokenised form on the Euroclear infrastructure, and they will then be settled in CBDC, also in tokenised form.

Part 3: Technology and people in the transition towards a tokenised market

Lucile Rives

How exactly do we shift from the current infrastructure to a tokenised market?

Benoît Usciati

There are two phases. First we get organised, then we move forward very gradually. In terms of organisation, everything is very structured and there are two of us involved: the Banque de France and Euroclear. The project was launched jointly at the end of 2025 and we are steering it together, both strategically and operationally.

You could see it as a sort of public-private partnership. Very quickly, with Euroclear, we set up what we call the Pythagore technical team. It is an industry-wide, voluntary working group, combining issuers and investors, alongside financial intermediaries such as placing agents and issuing and paying agents. The idea is to make the project as inclusive as possible.

The working group's role is to implement Pythagore on an operational level and to prepare the first issuances for the end of 2026.

We decided that a working group would be the best way to move forward and to deliver a solution aligned with market needs and ready for large-scale adoption.

To give you an idea of its size, the group now includes issuers representing around 50% of outstanding market volumes, alongside intermediaries – such as placing agents and issuing and paying agents – and major investors. We are very pleased with how representative it is.

Lucile Rives

Do all market participants support this tokenisation project? Is the human aspect just as important as the technical aspect of linking Pontes and Pythagore?

Alice Algot-Samé

Like any project – and especially one of this scale – innovation can sometimes cause people to worry. The NEU CP market is a mature market, with well-established practices. So shifting to tokenisation is not just a matter of switching to a different technical platform. It also means changing processes and procedures, the way things are organised – which is primarily a human challenge, as you just said. It is a collective challenge, and one that will be gradual.

We need to guide people towards a new way of functioning, and unite ecosystem participants around the project. Naturally, this will take time.

Which is why we are already planning to provide guidance through the Pythagore technical working group, as well as through joint efforts by Euroclear and the Banque de France.

The question is how to guide participants – and the ecosystem in general – through a gradual transformation of a mature market, without undermining existing confidence and stability.

Lucile Rives

Does that mean the current infrastructure will continue to exist alongside the tokenised one?

Alice Algot-Samé

Exactly. There won't be a "big bang" at the end of 2026: the market won't suddenly change overnight.

Issuers will have to adapt their systems. Information systems will need to be able to connect to the new Euroclear blockchain platform while also remaining connected to the Eurosystem platform.

So the roll-out will be gradual, and we will interact regularly with issuers and transaction chain stakeholders. The aim is to have a gradual transition, to ensure the market migrates progressively.

That will mean both infrastructures operating in parallel. The migration will take place in stages – we mentioned earlier a target of 50%, with a gradual progression towards 100% of the market. It certainly won't be an abrupt changeover; rather a guided process designed to bring all participants on board and prepare them for the new framework.

Lucile Rives

I imagine there is also the matter of cost – the cost of developing the database, or DLT, and blockchain. And then there is the issue of skills. Everyone has to learn how to read these new objects, how to connect to the new infrastructure. It really is a paradigm shift.

Benoît Usciati

Absolutely. We are changing the infrastructure and we are also overhauling the operational processes, alongside all market participants. That is really the phase we are in now – working together to design new processes.

In the next step, participants will of course have to adapt to connect to the new infrastructure – first for the securities part, and then for the cash part with Pontes. That adaptation will entail costs.

Which is exactly why the watchword for Pythagore is "gradually". We will provide all stakeholders with a clear timeline, to give them time to prepare, build new operational processes jointly with Euroclear, ensure they generate value added and adapt their systems as needed.

This phase should begin in 2027, with the aim of gradually migrating the entire market by 2028. As Alice said earlier, there will be a period when both infrastructures – the old one and the new DLT one – operate in parallel.

With Euroclear, our aim is clearly to avoid market fragmentation. We do not want to end up with two systems working in isolation, or two separate NEU CP markets.

The main thing is to ensure the market remains unified. The two infrastructures will have to be able to communicate with each other. In technical terms, we call this interoperability. Securities will be able to circulate from one infrastructure to the other.

Conclusion: a French project with a European ambition

Lucile Rives

Why do we need this to work? If the Pythagore project succeeds, what will it change, aside from the NEU CP market – for the European financial market and even beyond?

Benoît Usciati

It will be the first large-scale deployment of distributed ledger technology in a debt securities market. It represents a move away from experiments or isolated use cases towards something far more ambitious.

Why have we chosen the NEU CP market? As Alice said, the NEU CP is a mature market and a particularly good candidate for modernisation.

Participants are highly concentrated, so there are not that many to coordinate. The products are also technically simple, with short maturities, and, in the case of some issuers, issuances are carried out very frequently. So there are considerable gains to be made in terms of operational efficiency.

It is also a large market, making it a key lever for modernising European financial infrastructure.

If Pythagore succeeds, it will pave the way for similar developments in other markets, asset classes and jurisdictions.

You can already see echoes of it in the Paris financial centre: the Financial Markets Authority, the Banque de France and the French Treasury recently set up a strategic working group focused on innovation and tokenisation, and they will be watching closely to see what happens with Pythagore.

Last year, to mark the 40th anniversary of the NEU CP market, Denis Beau gave a speech entitled “The negotiable debt securities market – a French success, a European ambition”. The same can be said of Pythagore: it is a French initiative, but open to European and even non-European participants, in line with the NEU CP market’s regulatory framework, which is itself very open.

It is also a partnership with a very European infrastructure – Euroclear. And, as we said before, Pythagore is also aligned with the Pontes project, which has a strong European dimension.

That said, Pythagore cannot do everything. It is essential that it succeeds, but it is just a building block – a contribution – in the construction of the Savings and Investments Union.

Pythagore will help to meet the SIU's objectives by increasing operational efficiency and transparency and lowering costs. But it just one building block.

I recommend reading the recent speech given by Piero Cipollone, a member of the ECB's Executive Board, at the House of the Euro in Brussels.

In it, he reiterated the conditions needed to build tomorrow's market infrastructures and foster innovation within an integrated European framework.

He identified three main conditions: first, a monetary anchor – in other words a wholesale CBDC, or the Pontes project; second, public-private partnerships – a condition that has been met with Pythagore; and last, at European level, an additional legal building block, without which innovations will be unable to flourish.

Lucile Rives

To conclude, and to come back to the Savings and Investments Union – a recurrent theme in this programme – one of the goals of the SIU is to limit European market fragmentation. We can see the potential gains that tokenisation can deliver in terms of speed, robustness and transparency, both for the NEU CP market and, maybe in the future, other markets. But there is still the challenge of fragmentation: if each market develops its own DLT or blockchain, is there a risk this could undermine the SIU's goal of improving market fluidity?

Benoît Usciati

That is an important point, and one of the focuses of the Appia project. Pontes, for example, places strong emphasis on interoperability: the different DLT infrastructures will need to communicate with each other, notably thanks to the “cash” building block in central bank money.

Appia will go even further. The aim is to move beyond interoperability and towards integration: to develop a unified framework in which DLTs, tokenised assets and settlement assets – such as the CBDC – exist alongside each other, allowing tokens to flow smoothly from one infrastructure to another.

Lucile Rives

We shall continue exploring the fascinating subject of tokenisation in the next episode. We shall also provide links to the speeches you mentioned. Thanks to both of you for joining us at Dialogue &co.

Find out more

[The Negotiable Debt Securities Market: A French Success, A European Ambition | Banque de France](#)

[Pythagore project, NEU CP-NEU MTN market modernization | Banque de France](#)

[Banque de France and Euroclear to tokenise short term debt in Paris | Banque de France](#)

[Piero Cipollone: Building the rails for Europe's tokenised financial markets](#)

[Eurosystem Unveils Appia Roadmap for Europe's Tokenised Finance](#)

[Tokenisation and DLT](#)

[The NEU CP and NEU MTN market | Banque de France](#)