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**Annex to KfW's Press Release from December 9th, 2025 on Capital Markets Activities
2025/26**

**Information on KfW's Approach to the Development of a
European DLT-based Capital Market**

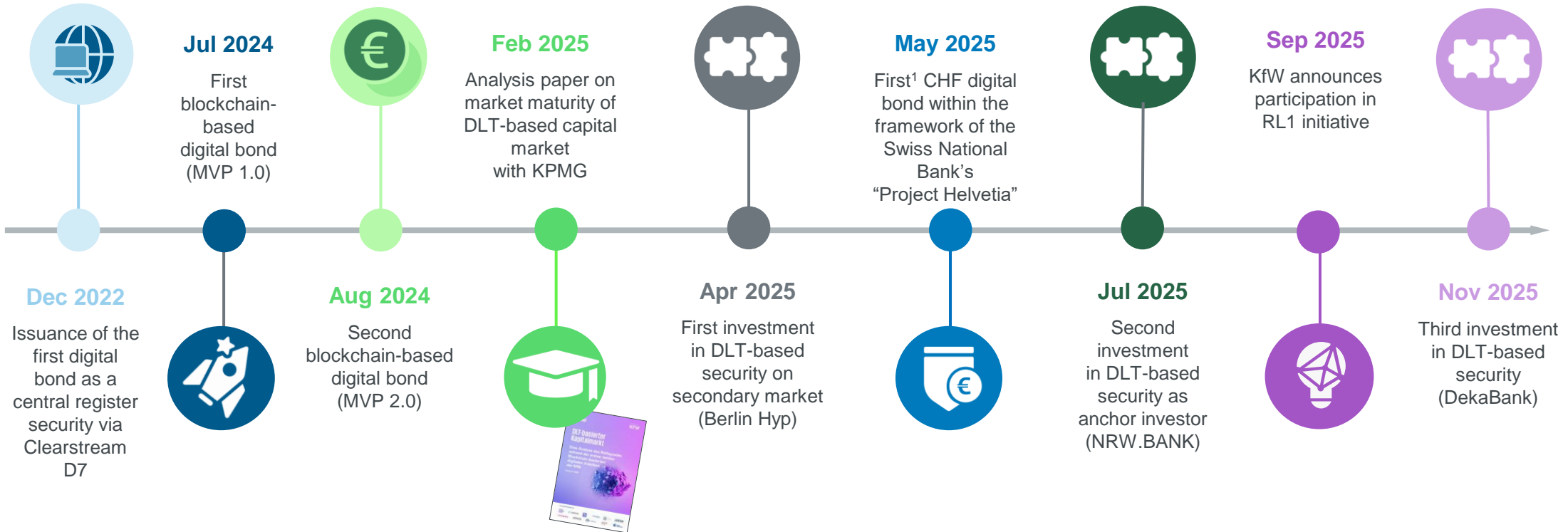
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The Digital Learning Journey of KfW

German Electronic Securities Act (eWpG) from 2021 as a catalyst for KfW's learning journey



¹ The second CHF digital bond was issued in September 2025, also within the framework of Project Helvetia.

Regulated Layer One (RL1)

RL1 is a market-neutral and interoperable platform that is open to other market participants



Market maturity paper with KPMG → current fragmentation and lack of interoperability at platform level (ASAP model)



Lesson learned: Interoperability at the platform level is an important success condition for a scalable DLT-based capital market



Enabling competition through interoperable infrastructure at the higher levels (access, service, and asset)



As a European initiative, RL1 makes an important contribution to strengthening Europe's digital sovereignty



Role of KfW: Enabler and catalyst



The success conditions for the DLT-based capital market are clearly identified



DLT-able
payment solutions



DLT „robustness
tests“



Secondary market
liquidity



„Level playing
field“



Harmonization on
European level



Education &
„learning journey“

The Success Conditions for the DLT-based Capital Market Are Clearly Identified

1

DLT-enabled payment solutions as enablers for Delivery-versus-Payment (DvP)

- ECB continues its activities: “Pontes” as a short-term solution (Q3/2026) and “Appia” as a long-term solution
- Continuation of close dialogue with the market via contact groups essential



2

Further testing of the German Electronic Securities Act (eWpG; DLT robustness tests)

- eWpG provides a functional framework for the issuance of crypto securities
- Further robustness testing important for building trust and broader use



3

Secondary market liquidity for DLT-based securities

- First licenses under the EU DLT Pilot Regime have been distributed, e.g., TSS and MTF licenses for German providers.



The Success Conditions for the DLT-based Capital Market Are Clearly Identified

4

Anrechnungsfähigkeit von Kryptowertpapieren (u. a. EZB, LCR & HQLA)

- Essential building block for a level playing field with traditional securities
- Ideally: “Same risk, same regulation” approach



5

Harmonization at the European level

- Currently high fragmentation and low interoperability at platform level
- Target vision: Enabling competition on scalable infrastructure



6

Continuous education on DLT-based securities and the potential of DLT in the financial market (“learning journey”)

- Further use cases needed
→ Learning in practice & sharing insights gained
- No strengthening of digital sovereignty without scalability
→ “ecosystem”



Learning Objectives for 2026: Standardisation towards Scalability

KfW's role as an enabler and thought leader – both on the issuance and investment side



New issuance: KfW plans to issue its third DLT-based bond – this time with a focus on:

- Payments: leveraging the ECB's DLT payment solution (first step: Pontes)
- Interoperability: proving the robustness of DLT
- Secondary market liquidity: strengthening liquidity by making use of the EU DLT Pilot Regime



Strengthening Germany's and Europe's financial centre & advancing Europe's digital sovereignty



“Standardisation” & front-to-end digitalisation,
e.g., making use of smart contracts throughout the entire lifecycle of a security



Further testing of the German Electronic Securities Act (eWpG) and subsequently sharing insights with the market, e.g., via whitepapers and lessons learned documents