

► **Project Agorá**

Call for participation

Private Sector

May 2024

Table of Contents

Background	2
Eligibility criteria	4
Completeness and language	4
Regulated financial institutions	4
Account with central bank	4
Eurosystem / Banque de France	4
Bank of Japan	5
Bank of Korea	5
Banco de México	5
Swiss National Bank	5
Bank of England	5
Federal Reserve Bank of New York	5
Selection criteria	5
Application process	6
Provisional timetable	6
Application Form	7
Annex – Frequently Asked Questions	8

Background

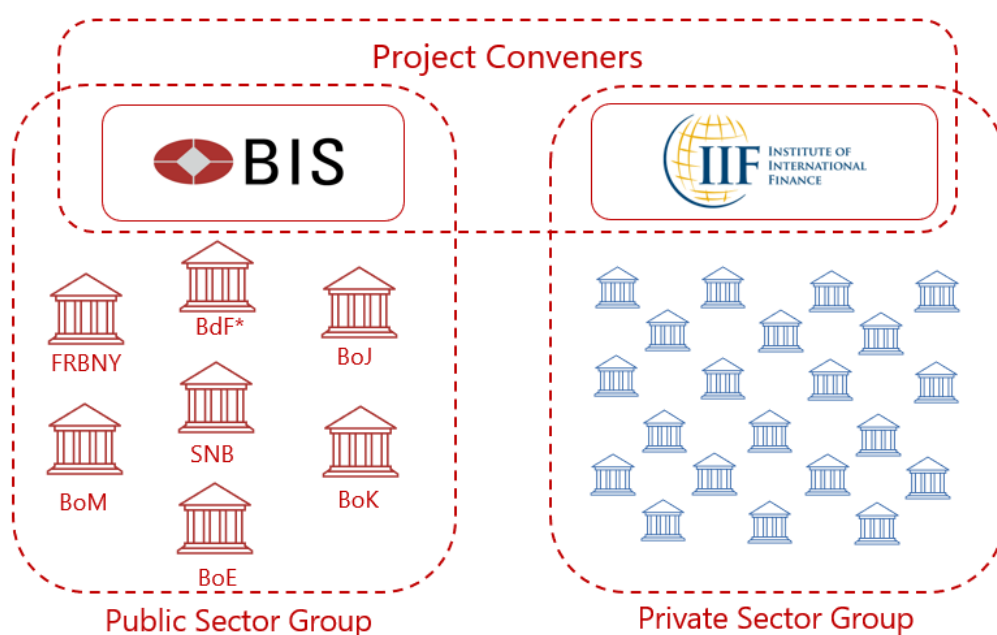
The Bank for International Settlements (BIS) together with seven central banks plans to join forces with the private sector to explore how tokenisation can enhance the functioning of the monetary system through Project Agorá (Greek for "marketplace").

The project builds on the unified ledger concept proposed by the BIS. It will investigate how tokenised commercial bank deposits can be seamlessly integrated with tokenised wholesale central bank money on a public-private programmable core financial platform with the goal of enhancing the functioning of cross-border payments. The aim is to provide new solutions using smart contracts and programmability, while maintaining the two-tier structure of the monetary system.

Project Agorá is structured as a **public-private collaboration** facilitated by the **Bank for International Settlements (BIS)** and the **Institute of International Finance (IIF)**.

Project overview

Graph 1



*Representing the Eurosystem, Banque de France (BdF), Bank of Japan (BoJ), Bank of Korea (BoK), Bank of Mexico (BoM), Swiss National Bank (SNB), Bank of England (BoE), Federal Reserve Board of New York (FRBNY)

The BIS has brought together seven central banks: Bank of France (representing the Eurosystem), Bank of Japan, Bank of Korea, Bank of Mexico, Swiss National Bank, Bank of England and the Federal Reserve Bank of New York (the "**Agorá Public Sector Group**"). They will seek to work in partnership with a large group of private financial

institutions convened by the IIF (the “**Agorá Private Sector Group**”). Members of the private sector group will be selected based on a public call for participation and members must be regulated financial institutions including (but not limited to) commercial banks, financial market infrastructures¹ (FMIs) and critical payment services providers of significance to the cross-border payments ecosystem. The Agorá Private Sector Group will fund Project Agorá via participation fees and the project is expected to run through 2025.

The **Project Agorá Committee** will guide and direct all project activities and will be co-chaired by the BIS and the IIF and will be otherwise comprised of a senior official from each public and private sector member with the necessary expertise and ability to authorise appropriate resources from within their respective institutions. The necessary design and development work is organised into three workstreams: business requirements, technology and legal matters. In addition, a communications workstream will lead and coordinate all public facing communications. The workstreams will be comprised of representatives of all participating institutions (BIS, IIF and the Agorá public and private sector groups). Further workstreams may be established by the Project Agorá Committee as needed.

Working structure

Graph 2



¹ Financial market infrastructure (FMI): A multilateral system among participating institutions, including the operator of the system, used for the purposes of clearing, settling or recording payments, securities, derivatives or other financial transactions. Glossary of the Committee on Payments and Market Infrastructures, updated 17 October 2016.

Eligibility criteria

Applications that meet all the following criteria shall be eligible:

Completeness and language

1. Applications must be completed and submitted in English.
2. Applicant must consent to the terms and conditions of participation provided in the form.
3. Applications must be completed by an authorised representative of the applying institution.

Regulated financial institutions

4. Applicants must be (i) financial institutions, including but not limited to commercial banks, deposit taking institutions and FMIs, or (ii) critical service providers in the payment ecosystem (e.g. international payment network). Institutions in both categories (i) and (ii) must be subject to appropriate and effective regulation, regulatory oversight mechanisms and/or supervision in the jurisdiction of at least one of the participating central banks.

Account with central bank

5. Applying financial institutions that are commercial banks, deposit taking institutions or FMIs must have an account relationship with one of the participating central banks.
6. Having an account relationship with one of the participating central banks is not a requirement if the applicant is a critical service provider (e.g. international payment network).

Eurosystem / Banque de France

7. Be eligible to participate in TARGET within the meaning of Annex I Part I, Article 4(1)(a), 4(1)(b) or 4(2)(d) of the Guideline (EU) 2022/912 of [The European Central Bank of 24 February 2022 on a new-generation Trans-European Automated Realtime Gross Settlement Express Transfer system \(TARGET\) and repealing Guideline 2013/47/EU \(ECB/2012/27\) \(ECB/2022/8\)](#).
8. Have an account opened with a Eurosystem Central Bank, within the meaning of Section 1, Article 1, of the Guideline (EU) 2022/912 of [The European Central Bank of 24 February 2022 on a new-generation Trans-European Automated Realtime Gross Settlement Express Transfer system \(TARGET\) and repealing Guideline 2013/47/EU \(ECB/2012/27\) \(ECB/2022/8\)](#).

Bank of Japan

9. Have a current account with the Bank of Japan (see [Operation of BOJ-NET : 日本銀行 Bank of Japan](#))

Bank of Korea

10. Have a current account with the Bank of Korea (see [Payment and Settlement Systems in Korea | Payment and Settlement Systems | Financial Stability | Bank of Korea \(bok.or.kr\)](#))

Banco de México

11. Have direct access to the Electronic Interbank Payment System (SPEI) (see [Circular 14/2017 Electronic Interbank Payment System Rules](#))

Swiss National Bank

12. Have access to the Swiss Interbank Clearing System (SIC) and have a sight deposit account with the Swiss National Bank (see [Instruction sheet on admission to the SIC system and sight deposit accounts](#))

Bank of England

13. Have direct access to the RTGS system (see [Payment and settlement | Bank of England](#))

Federal Reserve Bank of New York

14. Have a master account at a Federal Reserve Bank (see [Operating Circular 1 Account Relationships \(frbervices.org\)](#))

Selection criteria

The IIF will select private sector participants in mutual agreement with the BIS.

The selection will be based on:

1. The applicant's importance and involvement in terms of cross-border payments both from the perspective of the applicant's home jurisdiction and globally.
2. The applicant's expertise with innovation projects in general and familiarity with experimentations focused on tokenisation and distributed ledger technologies in particular.
3. The expertise and experience of the people the applicant proposes as its representatives to the Project Agorá Committee and the workstreams on business requirements, technology, legal and communications.

In addition to the institution-specific criteria, the IIF and the BIS will, to the degree possible, seek to ensure diversity of the private sector participants in terms of business models, institution size, relevant expertise, and geography. IIF membership is not a requirement for participation in the project and there will be no differential treatment for IIF members who apply.

Application process

1. Applicants may send their applications electronically until 31 May 2024 at 7 p.m. (CET) to the following address: agoraapplication@bisi.org
2. Only the provided PDF form will be reviewed as the submission.
3. Electronically submitted applications in which the BIS detects malware will be eliminated.
4. Any application that is submitted after the submission deadline will be rejected automatically.
5. The BIS, the IIF or Agorá Public Sector Group members will communicate the results of the selection process to all applicants by September 2024.
6. Applicants that meet the eligibility criteria will be required to accept a term sheet to be extended bilaterally to the selected applicants after the close of the application period, along with the details of the staff members they will nominate for the Project Agorá workstreams. The term sheet contains provisions that will be included in a bilateral agreement with the IIF.
7. For the purposes of participating in Project Agorá, successful applicants will be required to enter into a bilateral agreement with the IIF.

Provisional timetable

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Table 1

1.	Call for application opens	14 May 2024
2.	Call for application closes	31 May 2024
3.	Public announcement of participants	September 2024

Application form

The application form that follows is designed as a fillable PDF and only applications submitted in this format will be considered.

The requirement is for the form to be signed and submitted electronically and a printed copy with a wet ink signature submitted to the BIS subsequently.

Annex – frequently asked questions

What is Project Agorá and what are its main objectives?

- Project Agorá is a groundbreaking new initiative led by the BIS, seven central banks (including the five top global reserve currencies) and a large group of private sector companies, convened by the Institute of International Finance.
- The aim of the project is to test the feasibility of a multi-currency ledger for cross-border payments, based on the vision laid out in [Chapter 3 of the 2023 BIS Annual Economic report](#). The project seeks to explore ways to improve the existing financial market infrastructures, which rely on many messaging systems and external ledgers for the settlement process. This will be done from the ground up by working directly with commercial banks and other private players currently operating in the cross-border payment ecosystem.
- It will investigate solutions and proposals that bring together tokenised commercial bank money and tokenised wholesale central bank money on a programmable shared platform.

Who will participate in Project Agorá?

- The project will be a public-private partnership with commercial banks, other relevant regulated financial institutions in the cross-border payment ecosystem, and central banks.
- Seven central banks will participate in the project: Bank of France (representing the Eurosystem), Bank of Japan, Bank of Korea, Bank of Mexico, Swiss National Bank, the Federal Reserve Bank of New York, through its New York Innovation Center, and the Bank of England.
- Several regulated financial institutions will participate in each of the jurisdictions or currency areas that are part of the project, convened by the Institute of International Finance (IIF).

Why is the project focusing on tokenisation?

- Tokenisation has the potential to be the next frontier in a long trend of digitalisation of money. Tokens could combine digital representation of commercial or central bank money with instructions and could be programmed with smart contracts to streamline processes and simplify complex tasks. We believe that this can unlock types of contracts and transactions that are not viable today.

Will Project Agorá ever be implemented in real life or is it yet another proof-of-concept?

- Project Agorá aims to go beyond proof-of-concept. It is not just demonstrating the art of the possible. It seeks to prepare a groundwork prototype that will be key for the development of a future financial market infrastructure.
- The specific project objective is to test the feasibility of a multi-currency ledger for cross-border payments and to build a prototype, based on use cases.
- It's important to emphasise that BIS Innovation Hub projects are experimental. As with any research project, the results cannot be anticipated at the beginning.

What is the real net benefit from Project Agorá? If it aims to maintain all the existing structures, what really changes?

- This is about improving via technology what central banks and commercial banks already do today and enabling new possibilities in terms of cross border payments.
- The benefit would be a more efficient, future-proofed payment system that increases speed and efficiency, and potentially brings down the cost of cross-border payments.
- There is space to improve services without overhauling all the existing structures. Cross-border payments can be expensive, slow and opaque. Users are rightly frustrated.
- Within the current arrangements, providers find the process costly, time-consuming and uncertain, to the extent that intermediaries often withdraw from some markets altogether, thereby reducing competition and increasing the risk of friction.

Are CBDCs being used in Project Agorá?

- Agorá will experiment with integrating tokenised wholesale central bank money and tokenised commercial bank money. Tokenised wholesale central bank money is a version of the reserves that commercial banks currently hold in accounts with the central bank. The general public does not hold or use this money for transactions.
- This project should not be confused with individual efforts by central banks to provide a digital version of cash aimed at the general public.

