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**COVER NOTE**

From:	General Secretariat of the Council
To:	Delegations
Subject:	DLT Pilot Regime - Three-column table to commence trilogues

Delegations will find attached the three-column table on the above-mentioned draft Regulation.

Encl.

**Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on a pilot regime for market infrastructures based on distributed ledger technology (Text with EEA relevance)**

**2020/0267(COD)**

**[Version for Trilogue on 29 September, 2021]**

	Commission Proposal	EP Mandate	Council Mandate
Formula			
1	2020/0267 (COD)	2020/0267 (COD)	2020/0267 (COD)
Proposal Title			
2	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on a pilot regime for market infrastructures based on distributed ledger technology (Text with EEA relevance)	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on a pilot regime for market infrastructures based on distributed ledger technology (Text with EEA relevance)	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on a pilot regime for market infrastructures based on distributed ledger technology (Text with EEA relevance)
Formula			
3			

	Commission Proposal	EP Mandate	Council Mandate
	THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,	THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,	THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,
Citation 1			
4	Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,	Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,	Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,
Citation 2			
5	Having regard to the proposal from the European Commission,	Having regard to the proposal from the European Commission,	Having regard to the proposal from the European Commission,
Citation 3			
6	After transmission of the draft legislative act to the national parliaments,	After transmission of the draft legislative act to the national parliaments,	After transmission of the draft legislative act to the national parliaments,
Citation 4			

	Commission Proposal	EP Mandate	Council Mandate
7	<p>Having regard to the opinion of the European Economic and Social Committee<sup>1</sup>,</p> <p>_____</p> <p>1. OJ C , , p. .</p>	<p>Having regard to the opinion of the European Economic and Social Committee<sup>1</sup>,</p> <p>_____</p> <p>1. OJ C , , p. .</p>	<p>Having regard to the opinion of the European Economic and Social Committee<sup>1</sup>,</p> <p>_____</p> <p>1. OJ C , , p. .</p>
Citation 5			
8	<p>Having regard to the opinion of the European Central Bank<sup>1</sup></p> <p>_____</p> <p>1. OJ C [...], [...], p. [...].</p>	<p>Having regard to the opinion of the European Central Bank <u>of 28 April 2021<sup>1</sup></u> <sup>+</sup></p> <p>_____</p> <p>1. OJ C [...], [...], p. [...].</p>	<p>Having regard to the opinion of the European Central Bank<sup>1</sup>,</p> <p>_____</p> <p>1. OJ C [...], [...], p. [...].</p>
Citation 6			
9	<p>Acting in accordance with the ordinary legislative procedure,</p>	<p>Acting in accordance with the ordinary legislative procedure,</p>	<p>Acting in accordance with the ordinary legislative procedure,</p>
Formula			
10	<p>Whereas:</p>	<p>Whereas:</p>	<p>Whereas:</p>

	Commission Proposal	EP Mandate	Council Mandate
Recital 1			
11	<p>(1) The European Commission's communication on a Digital Finance Strategy<sup>1</sup> aims to ensure that the Union financial services legislation is fit for the digital age and contributes to a future-ready economy that works for the people, including by enabling the use of innovative technologies. The Union has a policy interest in developing and promoting the uptake of transformative technologies in the financial sector, such as blockchain and distributed ledger technology ('DLT'). Crypto-assets are one of the main DLT applications for finance.</p> <p>_____</p> <p>1. Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee and the committee of the Regions on a Digital Finance Strategy for EU COM(2020)591</p>	<p>(1) The European Commission's communication on a Digital Finance Strategy<sup>1</sup> aims to ensure that the Union financial services legislation is fit for the digital age and contributes to a future-ready economy that works for the people, including by enabling the use of innovative technologies. The Union has a policy interest in <u>exploring</u>, developing and promoting the uptake of transformative technologies in the financial sector, such as blockchain and distributed ledger technology ('DLT'). <u>DLT comprises a diverse set of solutions that combine database technology and cryptography in order to tackle malicious behaviour and address the risk that different users rely on inconsistent versions of the data due to network latency or the validation of conflicting forks, by allowing ultimate cryptographic auditing of users' activity and</u></p>	<p>(1) <del>The European Commission's communication on a Digital Finance Strategy<sup>1</sup> aims</del><b>It is important</b> to ensure that the Union financial services legislation is fit for the digital age and contributes to a future-ready economy that works for the people, including by enabling the use of innovative technologies. The Union has a policy interest in developing and promoting the uptake of transformative technologies in the financial sector, <del>such as blockchain and</del><b>including</b> distributed ledger technology ('DLT'). Crypto-assets are one of the main DLT applications for finance.</p> <p>_____</p> <p><del>1. Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee and the committee of the Regions on a Digital Finance Strategy for EU COM(2020)591</del></p>

	Commission Proposal	EP Mandate	Council Mandate
		<p><u>by providing mechanisms, both traditional and new, to achieve consensus among users on the status of the database over time.</u> Crypto-assets are one of the main DLT applications for finance.</p> <p>_____</p> <p>1. Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee and the committee of the Regions on a Digital Finance Strategy for EU COM(2020)591</p>	
Recital 1a			
11a		<p><u>(1a) Principles of technology neutrality, proportionality, a level playing field, and ‘same activity, same risks, same rules’ should apply to ensure that market participants have the regulatory space to innovate and to uphold the values of transparency, fairness, stability, consumer and investor protection, accountability, market integrity, and the protection of privacy and personal data, as</u></p>	

	Commission Proposal	EP Mandate	Council Mandate
		<a href="#"><u>guaranteed by Articles 7 and 8 of the Charter of Fundamental Rights of the European Union.</u></a>	
Recital 2			
12	(2) The majority of crypto-assets fall outside of the scope of EU legislation and raise, among others, challenges in terms of investor protection, market integrity and financial stability. They therefore require a dedicated regime at Union level. By contrast, other crypto-assets qualify as financial instruments within the meaning of Directive 2014/65/EU of the European Parliament and of the Council (Markets in Financial Instruments Directive, MiFID II) <sup>1</sup> . In so far as a crypto-asset qualifies as a financial instrument under that Directive, a full set of Union financial rules, including Regulation (EU) 2017/1129 of the European Parliament and of the Council (the Prospectus Regulation) <sup>2</sup> , Directive 2013/50/EU of the	(2) The majority of crypto-assets fall outside of the scope of EU legislation and raise, among others, challenges in terms of investor protection, market integrity, <a href="#"><u>energy consumption</u></a> -and financial stability. They therefore require a dedicated regime at Union level. By contrast, other crypto-assets qualify as financial instruments within the meaning of Directive 2014/65/EU of the European Parliament and of the Council (Markets in Financial Instruments Directive, MiFID II) <sup>1</sup> . In so far as a crypto-asset qualifies as a financial instrument under that Directive, a full set of Union financial rules, including Regulation (EU) 2017/1129 of the European Parliament and of the Council (the Prospectus Regulation) <sup>2</sup> ,	(2) The majority of crypto-assets fall outside of the scope of EU legislation and raise, among others, challenges in terms of investor protection, market integrity and financial stability. They therefore require a dedicated regime at Union level. By contrast, other crypto-assets qualify as financial instruments within the meaning of Directive 2014/65/EU of the European Parliament and of the Council (Markets in Financial Instruments Directive, MiFID II) <sup>1</sup> . In so far as a crypto-asset qualifies as a financial instrument under that Directive, a full set of Union financial rules, including Regulation (EU) 2017/1129 of the European Parliament and of the Council (the Prospectus Regulation) <sup>2</sup> , Directive 2013/50/EU of the

	Commission Proposal	EP Mandate	Council Mandate
	<p>European Parliament and of the Council (the Transparency Directive)<sup>3</sup>, Regulation (EU) No 596/2014 of the European Parliament and of the Council (the Market Abuse Regulation)<sup>4</sup>, Regulation (EU) No 236/2012 of the European Parliament and of the Council (the Short Selling Regulation)<sup>5</sup>, Regulation (EU) No 909/2014 of the European Parliament and of the Council (the Central Securities Depositories Regulation)<sup>6</sup> and Directive 98/26/EC of the European Parliament and of the Council (the Settlement Finality Directive)<sup>7</sup> may apply to its issuer and firms conducting activities related to it. The so-called tokenisation of financial instruments, that is to say their transformation into crypto-assets to enable them to be issued, stored and transferred on a distributed ledger, is expected to open up opportunities for efficiency improvements in the entire trading and post-trading area.</p> <p>_____</p> <p>1. Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and</p>	<p>Directive 2013/50/EU of the European Parliament and of the Council (the Transparency Directive)<sup>3</sup>, Regulation (EU) No 596/2014 of the European Parliament and of the Council (the Market Abuse Regulation)<sup>4</sup>, Regulation (EU) No 236/2012 of the European Parliament and of the Council (the Short Selling Regulation)<sup>5</sup>, Regulation (EU) No 909/2014 of the European Parliament and of the Council (the Central Securities Depositories Regulation)<sup>6</sup> and Directive 98/26/EC of the European Parliament and of the Council (the Settlement Finality Directive)<sup>7</sup> may apply to its issuer and firms conducting activities related to it. The so-called tokenisation of financial instruments, that is to say their <del>transformation into crypto-assets</del> <u>digital representation on distributed ledgers or the issuance of traditional asset classes in tokenised form</u> to enable them to be issued, stored and transferred on a distributed ledger, is expected to open up opportunities for efficiency improvements in the <del>entire</del> trading and post-trading area. <u>However, as the</u></p>	<p>European Parliament and of the Council (the Transparency Directive)<sup>3</sup>, Regulation (EU) No 596/2014 of the European Parliament and of the Council (the Market Abuse Regulation)<sup>4</sup>, Regulation (EU) No 236/2012 of the European Parliament and of the Council (the Short Selling Regulation)<sup>5</sup>, Regulation (EU) No 909/2014 of the European Parliament and of the Council (the Central Securities Depositories Regulation)<sup>6</sup> and Directive 98/26/EC of the European Parliament and of the Council (the Settlement Finality Directive)<sup>7</sup> may apply to its issuer and firms conducting activities related to it. The so-called tokenisation of financial instruments, that is to say their transformation into crypto-assets to enable them to be issued, stored and transferred on a distributed ledger, is expected to open up opportunities for efficiency improvements in the entire trading and post-trading area.</p> <p>_____</p> <p>1. Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and</p>

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	<p>Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349).</p> <p>2. Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (OJ L 168, 30.6.2017, p. 12)</p> <p>3. Directive 2013/50/EU of the European Parliament and of the Council of 22 October 2013 amending Directive 2004/109/EC of the European Parliament and of the Council on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading and Commission Directive 2007/14/EC laying down detailed rules for the implementation of certain provisions of Directive 2004/109/EC (OJ L 294, 6.11.2013, p. 13)</p> <p>4. Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (OJ L 173, 12.6.2014, p. 1)</p> <p>5. Regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps (OJ L 86, 24.3.2012, p. 1).</p>	<p><u><i>fundamental trade-offs involving credit risk and liquidity remain in a tokenised world, the success of token-based systems will depend on how well they interact with traditional account-based systems, at least in the interim.</i></u></p> <hr/> <p>1. Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349).</p> <p>2. Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (OJ L 168, 30.6.2017, p. 12)</p> <p>3. Directive 2013/50/EU of the European Parliament and of the Council of 22 October 2013 amending Directive 2004/109/EC of the European Parliament and of the Council on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading and Commission Directive 2007/14/EC laying down detailed rules for the implementation of certain provisions of Directive 2004/109/EC (OJ L 294, 6.11.2013, p. 13)</p>	<p>Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349).</p> <p>2. Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (OJ L 168, 30.6.2017, p. 12).</p> <p>3. Directive 2013/50/EU of the European Parliament and of the Council of 22 October 2013 amending Directive 2004/109/EC of the European Parliament and of the Council on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading and Commission Directive 2007/14/EC laying down detailed rules for the implementation of certain provisions of Directive 2004/109/EC (OJ L 294, 6.11.2013, p. 13).</p> <p>4. Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (OJ L 173, 12.6.2014, p. 1).</p> <p>5. Regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps (OJ L 86, 24.3.2012, p. 1).</p>

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	<p>6. Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (OJ L 257, 28.8.2014, p. 1)</p> <p>7. Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems (OJ L 166, 11.6.1998, p. 45)</p>	<p>4. Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (OJ L 173, 12.6.2014, p. 1)</p> <p>5. Regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps (OJ L 86, 24.3.2012, p. 1).</p> <p>6. Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (OJ L 257, 28.8.2014, p. 1)</p> <p>7. Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems (OJ L 166, 11.6.1998, p. 45)</p>	<p>6. Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (OJ L 257, 28.8.2014, p. 1).</p> <p>7. Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems (OJ L 166, 11.6.1998, p. 45).</p>
Recital 3			
13	(3) The Union financial services legislation was not designed with DLT and crypto-assets in mind <sup>1</sup> , and there are provisions in existing EU	(3) The Union financial services legislation was not designed with DLT and crypto-assets in mind <sup>1</sup> , and there are provisions in existing	(3) The Union financial services legislation was not designed with DLT and crypto-assets in mind <sup>1</sup> , and there are provisions in existing EU

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	<p>financial services legislation that may preclude or limit the use of DLT in the issuance, trading and settlement of crypto-assets which qualify as financial instruments. There is also currently a lack of market infrastructures using DLT and providing trading and settlement services for crypto-assets that qualify as financial instruments. Without a secondary market able to provide liquidity and to enable investors to buy and sell such assets, the primary market for crypto-assets that qualify as financial instruments will never expand in a sustainable way.</p> <p>1. European Securities and Markets Authority's, Report with advice on Initial Coin Offerings and Crypto-Assets (ESMA50-157-1391)</p>	<p><del>EU</del><u>Union</u> financial services legislation that may preclude or limit the use of DLT in the issuance, trading and settlement of crypto-assets which qualify as financial instruments. <u>Currently</u>, there is also <del>currently</del> a lack of <u>authorised financial</u> market infrastructures using DLT <del>and providing to provide</del> trading <del>and or</del> settlement services, <u>or a combination thereof</u>, for crypto-assets that qualify as financial instruments.</p> <p><del>Without</del><u>The development of</u> a secondary market <del>able to provide liquidity and to enable investors to buy and sell such assets, the primary market for crypto-assets that qualify as financial instruments will never expand in a sustainable way</del> <u>and of tokenised securities could bring multiple benefits in terms of enhanced efficiency, transparency and competition in relation to trading and settlement activities.</u></p> <p>1. European Securities and Markets Authority's, Report with advice on Initial Coin Offerings and Crypto-Assets (ESMA50-157-1391)</p>	<p>financial services legislation that may preclude or limit the use of DLT in the issuance, trading and settlement of crypto-assets which qualify as financial instruments. There is also currently a lack of market infrastructures using DLT and providing trading and settlement services for crypto-assets that qualify as financial instruments. Without a secondary market able to provide liquidity and to enable investors to buy and sell such assets, the primary market for crypto-assets that qualify as financial instruments <del>will</del><u>may</u> never expand in a sustainable way.</p> <p>1. European Securities and Markets Authority's, Report with advice on Initial Coin Offerings and Crypto-Assets (ESMA50-157-1391)</p>

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Recital 4			
14	<p>(4) At the same time, regulatory gaps exist due to legal, technological and operational specificities related to the use of DLT and crypto-assets that qualify as financial instruments. For instance, there are no transparency, reliability and safety requirements imposed on the protocols and smart contracts underpinning crypto-assets that qualify as financial instruments. The underlying technology could also pose some novel forms of cyber risks that are not appropriately addressed by existing rules. Several projects for the trading and post-trading of crypto-assets qualifying as financial instruments have been developed in the Union, but few are already in operation or they have limited scale. Given this limited experience as regards the trading and post-trading of transactions in crypto-assets that qualify as financial instruments, it would currently be premature to bring significant modifications to the Union financial services</p>	<p>(4) At the same time, regulatory gaps exist due to legal, technological and operational specificities related to the use of DLT and crypto-assets that qualify as financial instruments. For instance, there are no transparency, reliability and safety requirements imposed on the protocols and smart contracts underpinning crypto-assets that qualify as financial instruments. The underlying technology could also pose some novel forms of cyber risks that are not appropriately addressed by existing rules <u>and practices</u>. Several projects for the trading and post-trading of crypto-assets qualifying as financial instruments have been developed in the Union, but few are already in operation or <del>they</del> have limited scale.</p> <p><u>Furthermore, as highlighted by the European Central Bank's (ECB) Advisory Groups on Market Infrastructures for Securities and Collateral and for Payments, the use of DLT would entail similar challenges to those faced</u></p>	<p>(4) At the same time, regulatory gaps exist due to legal, technological and operational specificities related to the use of DLT and crypto-assets that qualify as financial instruments. For instance, there are no transparency, reliability and safety requirements imposed on the protocols and smart contracts underpinning crypto-assets that qualify as financial instruments. The underlying technology could also pose some novel forms of cyber risks that are not appropriately addressed by existing rules. Several projects for the trading and post-trading of crypto-assets qualifying as financial instruments have been developed in the Union, but few are already in operation or they have limited scale. Given this limited experience as regards the trading and post-trading of transactions in crypto-assets that qualify as financial instruments, it would currently be premature to bring significant modifications to the Union financial services</p>

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	<p>legislation to enable the full deployment of such crypto-assets and their underlying technology. At the same time, the creation of financial market infrastructures for crypto-assets that qualify as financial instruments is currently constrained by some requirements embedded in the Union's financial services legislation that would not be fully adapted to crypto-assets qualifying as financial instruments and to the use of DLT. For instance, trading platforms for crypto-assets usually give direct access to retail investors, while traditional trading venues usually give access through financial intermediaries.</p>	<p><u>by solutions relying on conventional technology, such as fragmentation and interoperability issues, and would potentially also create new ones, for instance relating to the legal validity of tokens.</u> Given this limited experience as regards the trading and post-trading of transactions in crypto-assets that qualify as financial instruments <u>as well as the risks highlighted by the ECB, a cautious approach is needed and</u> <del>it would currently be</del> premature to bring significant modifications to the Union financial services legislation to enable the full deployment of such crypto-assets and their underlying technology. At the same time, the creation of financial market infrastructures for crypto-assets that qualify as financial instruments is currently constrained by some requirements embedded in the Union's financial services legislation that <del>would not be</del> <u>is not</u> fully adapted to crypto-assets qualifying as financial instruments and to the use of DLT. For instance, trading platforms for crypto-assets usually give direct access to retail investors,</p>	<p>legislation to enable the full deployment of such crypto-assets and their underlying technology. At the same time, the creation of financial market infrastructures for crypto-assets that qualify as financial instruments is currently constrained by some requirements embedded in the Union's financial services legislation that would not be fully adapted to crypto-assets qualifying as financial instruments and to the use of DLT. For instance, trading platforms for crypto-assets usually give direct access to retail investors, while traditional trading venues usually give access through financial intermediaries.</p>

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		while traditional trading venues usually give access through financial intermediaries.	
Recital 5			
15	<p>(5) In order to allow for the development of crypto-assets that qualify as financial instruments and DLT, while preserving a high level of financial stability, market integrity, transparency and investor protection, it would be useful to create a pilot regime for DLT market infrastructures. A pilot regime for DLT market infrastructures should allow such DLT market infrastructures to be temporarily exempted from some specific requirements under the Union financial services legislation that could otherwise prevent them from developing solutions for the trading and settlement of transactions in crypto-assets that qualify as financial instruments. The pilot regime should also enable the European Securities and Markets Authorities (ESMA) and</p>	<p>(5) In order to allow for the development of crypto-assets that qualify as financial instruments <del>and</del><u>based on</u> DLT, while preserving a high level of financial stability, market integrity, transparency and investor protection <u>and avoiding regulatory arbitrage and loopholes</u>, it would be useful to create a pilot regime <del>for</del><u>to test</u> DLT market infrastructures. A pilot regime for DLT market infrastructures should allow such DLT market infrastructures to be temporarily exempted from some specific requirements under the Union financial services legislation that could otherwise prevent them from developing solutions for the trading and settlement of transactions in crypto-assets that qualify as financial instruments, <u>without weakening any</u></p>	<p>(5) In order to allow for the development of crypto-assets that qualify as financial instruments and DLT, while preserving a high level of financial stability, market integrity, transparency and investor protection, it would be useful to create a pilot regime for DLT market infrastructures. A pilot regime for DLT market infrastructures should allow such DLT market infrastructures to be temporarily exempted from some specific requirements under the Union financial services legislation that could otherwise prevent them from developing solutions for the trading and settlement of transactions in crypto-assets that qualify as financial instruments. The <b>creation of the pilot regime should be without prejudice to the tasks and responsibilities of</b></p>

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	<p>competent authorities to gain experience on the opportunities and specific risks created by crypto-assets that qualify as financial instruments, and by their underlying technology.</p>	<p><u><i>existing requirements and safeguards applied to traditional market infrastructures. In addition, DLT market infrastructures and their operators should have in place adequate safeguards to ensure effective protection of investors related to the use of DLT, including clearly defined lines of liability to clients for any losses due to operational failures. The creation of the pilot regime should be without prejudice to the tasks and responsibilities of the ECB and the national central banks in the European System of Central Banks (ESCB), set out in the Treaty on the Functioning of the European Union and in the statutes of the ESCB and of the ECB, to promote the smooth operation of payment systems and to ensure efficient and sound clearing and payment systems within the Union and with third countries.</i></u> The pilot regime should also enable the European Securities and Markets Authorities (ESMA) and <del>national</del> competent authorities to <u><i>draw lessons from the regime</i></u> <u><i>and</i></u> gain experience on the opportunities and</p>	<p><b>the European Central Bank (ECB) and the national central banks in the European System of Central Banks (ESCB), as provided for in the Treaty on the Functioning of the European Union and the Statute of the ESCB and of the ECB, to promote the smooth operation of payment systems and to ensure efficient and sound clearing and payment systems within the Union and with third countries. The pilot regime should also enable the European Securities and Markets Authorities (ESMA) and competent authorities to gain experience on the opportunities and specific risks created by crypto-assets that qualify as financial instruments, and by their underlying technology.</b></p>

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		specific risks <del>created by</del> <u>related to</u> crypto-assets that qualify as financial instruments, and <del>by</del> <u>to</u> their underlying technology. <u>The experience gained with the pilot regime should therefore help to identify possible practical proposals for a suitable regulatory framework in order to make targeted adjustments to existing Union law involving the issuance, safekeeping and asset servicing, trading and settlement of financial instruments based on DLT.</u>	
Recital 6			
16	(6) To meet this objective, a new Union status of DLT market infrastructures should be created. This status of DLT market infrastructure should be optional and should not prevent financial market infrastructures, such as trading venues, central securities depositories and central counterparties, from developing trading and post-trading services and activities for crypto-assets which qualify as financial	(6) To meet this objective, a new Union status of DLT market infrastructures should be created <u>in order to ensure that the Union is able to play a leading role regarding tokenized financial instruments and to contribute to the development of a secondary market for those assets</u> . This status of DLT market infrastructure should be optional and should not prevent financial market infrastructures, such as trading	(6) To meet this objective, a new Union status of DLT market infrastructures should be created. This status of DLT market infrastructure should be optional and should not prevent financial market infrastructures, such as trading venues, central securities depositories and central counterparties, from developing trading and post-trading services and activities for crypto-assets which qualify as financial

	Commission Proposal	EP Mandate	Council Mandate
	instruments or are based on DLT, under the existing Union financial services legislation.	venues, central securities depositories and central counterparties, from developing trading and post-trading services and activities for crypto-assets which qualify as financial instruments or are based on DLT, under the existing Union financial services legislation.	instruments or are based on DLT, under the existing Union financial services legislation.
Recital 6a			
16a			<b>(6a) Union legislation on financial services should be neutral as regards the use of one particular technology over another and therefore the reference to a specific type of DLT is avoided. Operators of DLT market infrastructures should ensure that they are able to comply with all applicable requirements irrespective of the technology used.</b>
Recital 6b			
16b			<b>(6b) Where members of the ESCB, other</b>

	Commission Proposal	EP Mandate	Council Mandate
			Member States' national bodies performing similar functions, or other public bodies charged with or intervening in the management of public debt in the Union, operate a DLT settlement system, they should not be required to seek permissions from a competent authority to benefit from the exemptions of this Regulation, since such entities are not required to report to competent authorities or to comply with their orders, and are subject to a limited set of requirements under Regulation (EU) No 909/2014.
Recital 7			
17	(7) A DLT market infrastructure should be defined either as a DLT multilateral trading facility (DLT MTF) or a DLT securities settlement system.	(7) A DLT market infrastructure should be defined <del>either</del> as a DLT multilateral trading facility (DLT MTF), <u>a DLT securities settlement system (DLT SSS)</u> , or a DLT <del>securities</del> <u>trade and</u> settlement system <u>(DLT TSS). Those DLT market infrastructures</u>	(7) A DLT market infrastructure should be defined either as a DLT multilateral trading facility (DLT MTF) or a DLT <del>securities</del> settlement system.

	Commission Proposal	EP Mandate	Council Mandate
		<u><i>should be able to cooperate with other market participants in order to test innovative solutions based on DLT, on each segment of the value chain of the financial services.</i></u>	
Recital 8			
18	(8) A DLT MTF should be a multilateral trading facility that is operated by an investment firm or a market operator that operate the business or a regulated market and maybe the regulated market itself, authorised under Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II), and that has received a specific permission under this Regulation. Such a DLT MTF should be subject to all the requirements applicable to a multilateral trading facility under the framework of Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II), Regulation EU No 600/2014 of the European Parliament and of the Council (the Markets in	(8) A DLT MTF should be a multilateral trading facility that is operated by an investment firm or a market operator that operate the business <del>or</del> <u>of</u> a regulated market and maybe the regulated market itself, authorised under Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II), <del>and</del> that has received a specific permission under this Regulation. <del>Such</del> A DLT MTF <u>and its operator</u> should be subject to all the requirements applicable to a multilateral trading facility <u>and its operator</u> under the framework of Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II), Regulation EU No 600/2014 of the European Parliament and of the	(8) A DLT MTF should be a multilateral trading facility that is operated by an investment firm or a market operator that operate the business or a regulated market and maybe the regulated market itself, authorised under Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II), and that has received a specific permission under this Regulation. Such a DLT MTF should be subject to all the requirements applicable to a multilateral trading facility under the framework of Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II), Regulation EU No 600/2014 of the European Parliament and of the Council (the Markets in

	Commission Proposal	EP Mandate	Council Mandate
	<p>Financial Instruments Regulation, MiFIR)<sup>1</sup>, or any other EU financial services legislation, except if it has been granted one or several exemptions by its national competent authority, in accordance with this Regulation and Directive (EU) .../... of the European Parliament and of the Council<sup>2</sup>.</p> <p>_____</p> <p>1. Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (OJ L 173, 12.6.2014, p. 84)</p> <p>2. Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2009/65/EC, 2009/138/EU, 2011/61/EU, EU/2013/36, 2014/65/EU, (EU) 2015/2366 and EU/2016/2341 - COM(2020)596</p>	<p>Council (the Markets in Financial Instruments Regulation, MiFIR)<sup>1</sup>, or any other <del>EU</del><u>applicable Union</u> financial services legislation, except <del>if</del> <u>#for requirements in respect of which an exemption</u> has been granted <del>one or several exemptions by its national competent authority, in accordance with this Regulation and by</del> <u>ESMA, in accordance with this Regulation. In order to allow for competition, while at the same time preserving a level playing field and high standards in terms of investor protection, market integrity and financial stability, new entrants should also be able to access the pilot regime, provided that they ensure compliance with the same requirements as those applicable to authorised investment firms or market operators under</u> Directive <u>2014/65/EU</u> (<del>EU</del><u>MiFID</u>), <u>in a manner proportionate to the nature, scale and risks of their business, and with any other applicable Union financial services legislation, except for requirements in respect of which exemptions are granted in accordance with this Regulation</u> <del>.../... of the</del></p>	<p>Financial Instruments Regulation, MiFIR)<sup>1</sup>, or any other EU financial services legislation, except if it has been granted one or several exemptions by its national competent authority, in accordance with this Regulation and Directive (EU) .../... of the European Parliament and of the Council<sup>2</sup>.</p> <p>_____</p> <p>1. Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (OJ L 173, 12.6.2014, p. 84).</p> <p>2. Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2009/65/EC, 2009/138/EU, 2011/61/EU, EU/2013/36, 2014/65/EU, (EU) 2015/2366 and EU/2016/2341 - COM(2020)596</p>

	Commission Proposal	EP Mandate	Council Mandate
		<p><del>European Parliament and of the Council<sup>2</sup>.</del></p> <hr/> <p>1. Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (OJ L 173, 12.6.2014, p. 84)</p> <p><del>2. Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2009/65/EC, 2009/138/EU, 2011/61/EU, EU/2013/36, 2014/65/EU, (EU) 2015/2366 and EU/2016/2341 – COM(2020)596</del></p>	
Recital 8a			
18a			<p><b>(8a) The access to the pilot regime should not be limited to incumbents but should be open to new entrants. Any legal person may operate a DLT MTF or DLT settlement system, provided that it applies for authorisation as an investment firm under Directive 2014/65/EU (the Market in Financial Instruments Directive, MiFID II) or as CSD under Regulation (EU) No 909/2014 (the Central Securities Depository</b></p>

	Commission Proposal	EP Mandate	Council Mandate
			<p>Regulation) and, at the same time, applies for a specific permission under this Regulation with the sole purpose of operating a DLT MTF or DLT settlement system. The applicant will need to comply with all the authorisation requirements and obligations under Directive 2014/65/EU or Regulation (EU) 909/2014 for which an exemption is not granted by the competent authority under this Regulation. The applicant should submit in its application all the information required in Chapter I of Title II of Directive 2014/65/EU or Chapter I of Title III of Regulation (EU) No 909/2014, except for those for which the applicant has requested an exemption pursuant to Article 4 or 5 of this Regulation. Those entities will only be able to operate DLT market infrastructures under this Regulation and their authorisation will be revoked once their permission has expired, provided that they do not submit a complete authorisation request.</p>

	Commission Proposal	EP Mandate	Council Mandate
Recital 8b			
18b			<p><b>(8b) In order to allow CSDs operating a DLT settlement system to reap the full benefits of DLT technology and enable them to experiment with, develop and offer integrated trading and post-trading services, they should have a possibility to operate DLT MTF. A CSD operating a DLT settlement system should therefore be allowed to operate a DLT MTF if it has been granted a specific permission to operate such infrastructure. The DLT MTF operated by a CSD should be subject to the requirements applicable to a multilateral trading facility under the framework of Directive 2014/65/EU and Regulation EU No 600/2014, as specified in Article 73 of the CSDR, except if it has been granted an exemption by its national competent authority, in accordance with Article 19(2b) of Directive 2014/65/EU.</b></p>

	Commission Proposal	EP Mandate	Council Mandate
			However, such a CSD operating DLT settlement system should not be subject to an authorisation under Directive 2014/65/EU, as that authorisation is not required under Article 73 of Regulation (EU) No 909/2014 where CSDs provide investment services and perform investment activities in addition to providing the services explicitly listed in Sections A and B of the Annex to Regulation (EU) No 909/2014.
Recital 9			
19	(9) The use of distributed ledger technology, with all transactions recorded in a decentralised ledger, can expedite and condense trading and settlement to nearly real-time and could enable the merger of trading and post-trading activities. However, the current rules envisage the performance of trading and settlement activities by separate market infrastructures. Regulation (EU) No 909/2014 of the European Parliament	(9) The use of distributed ledger technology, with all transactions recorded in a <del>decentralised</del> <u>distributed</u> ledger, can expedite and condense trading and settlement to nearly real-time and could enable the merger of trading and post-trading activities. <u>The combination of trading and post-trading within one single legal entity is currently not permitted, irrespective of the technology used, due to</u>	(9) The use of distributed ledger technology, with all transactions recorded in a decentralised ledger, can expedite and condense trading and settlement to nearly real-time and could enable the merger of trading and post-trading activities. However, the current rules envisage the performance of trading and settlement activities by separate market infrastructures- as Regulation (EU) No 909/2014 of the European

	Commission Proposal	EP Mandate	Council Mandate
	<p>and of the Council (the Central Securities Depositories Regulation) requires that financial instruments admitted to trading on a trading venue within the meaning of Directive 2014/65/EU (Market in Financial Instruments Directive, MiFID II) be recorded with a central securities depository ('CSD'), while a distributed ledger could be potentially used as a decentralised version of such a depository. Therefore, it would be justified to allow a DLT MTF to perform some activities normally performed by a CSD. Therefore, when granted the relevant exemption(s), a DLT MTF should be allowed to ensure the initial recording of DLT transferable securities, the settlement of transactions in DLT transferable securities and the safekeeping of DLT transferable securities.</p>	<p><u><i>policy choices related to risk specialisation and unbundling for the purposes of encouraging competition. The pilot regime should not be a precedent for a fundamental overhaul of the separation of trading and post-trading functions nor of the landscape of financial market infrastructures.</i></u> However, the current rules envisage the performance of trading and settlement activities by separate market infrastructures. Regulation (EU) No 909/2014 of the European Parliament and of the Council (the Central Securities Depositories Regulation, <u><i>CSDR</i></u>) requires that financial instruments admitted to trading on a trading venue within the meaning of Directive 2014/65/EU (Market in Financial Instruments Directive, MiFID II) be recorded with a central securities <del>depository</del> <u>depository</u> ('CSD'), <del>while a distributed ledger could be potentially used as a decentralised version of such a depository.</del> Therefore, it would be justified to allow a DLT <del>MTF to perform some</del> <u>market infrastructure to combine the</u> activities normally performed by a</p>	<p>Parliament and of the Council (the Central Securities Depositories Regulation) requires that financial instruments admitted to trading on a trading venue within the meaning of Directive 2014/65/EU (Market in Financial Instruments Directive, MiFID II) be recorded with a central securities depository ('CSD'), <del>while a distributed ledger could be potentially used as a decentralised version of such a depository.</del> Therefore, it would be justified to allow a DLT MTF to perform some activities normally performed by a CSD. Therefore, when granted the relevant exemption(s), a DLT MTF should be allowed to ensure the initial recording of DLT <del>transferable securities</del> <b>financial instruments</b>, the settlement of transactions in DLT <del>transferable securities</del> <b>financial instruments</b> and the safekeeping of DLT <del>transferable securities</del> <b>financial instruments</b>.</p>

	Commission Proposal	EP Mandate	Council Mandate
		<p><del>CSD</del> <u>both multilateral trading facilities (MTFs) and securities settlement systems</u>. Therefore, when granted the relevant <del>exemption(s)</del> <u>permissions</u>, a DLT <del>MTF</del> <u>market infrastructure</u> should be allowed to ensure, <u>inter alia, the trading of DLT financial instruments</u>, the initial recording of DLT <del>transferable securities</del> <u>financial instruments</u>, the settlement of transactions in DLT <del>transferable securities</del> <u>financial instruments</u> and the safekeeping of DLT <del>transferable securities</del> <u>financial instruments</u>.</p>	
Recital 9a			
19a		<p><u>(9a) Where CSDs operated by members of the ESCB, or by other national bodies performing similar functions, or by other public bodies charged with or intervening in the management of public debt in the Union, operate a DLT SSS, they should not be required to seek specific exemptions or</u></p>	

	Commission Proposal	EP Mandate	Council Mandate
		<u>permissions from a competent authority, since such CSDs are not required to report to competent authorities nor to comply with their orders, and are subject to a limited set of requirements under Regulation (EU) No 909/2014, in accordance with Article 1(4) thereof.</u>	
Recital 10			
20	(10) A DLT securities settlement system should be a securities settlement system operated by a CSD authorised under Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation) that has received a specific permission under this Regulation. A DLT securities settlement system, and the CSD operating it, should be subject to the relevant requirements of Regulation (EU) No 909/2014 (the Central Securities Depository Regulation), except where the national competent authority has granted the CSD operating the DLT	(10) A DLT <del>securities settlement system</del> <u>SSS</u> should be a securities settlement system operated by a CSD authorised under Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation) that has received a specific permission under this Regulation. A DLT <del>securities settlement system</del> <u>SSS</u> , and the CSD operating it, should be subject to <del>the relevant</del> <u>all the</u> requirements of Regulation (EU) No 909/2014 (the Central Securities Depository Regulation, <u>CSDR</u> ), <del>except where the national competent authority has</del> <u>Directive 98/26/EC (the</u>	(10) A DLT <del>securities</del> settlement system should be a <del>securities</del> settlement system <b>of financial instruments</b> operated by a CSD authorised under Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation) that has received a specific permission under this Regulation. A DLT <del>securities</del> settlement system, and the CSD operating it, should be subject to the relevant requirements of Regulation (EU) No 909/2014 (the Central Securities Depository Regulation), except where the national competent authority has

	Commission Proposal	EP Mandate	Council Mandate
	securities settlement system with one or several exemptions, in accordance with this Regulation.	<u>Settlement Finality Directive, SFD), and any other applicable Union financial services legislation, except for requirements in respect of which an exemption has been granted by ESMA to the CSD operating the DLT <del>securities settlement system with one or several exemptions,</del> SSS, in accordance with this Regulation. In order to allow for competition, while at the same time preserving a level playing field and high standards in terms of investor protection, market integrity and financial stability, new entrants should also be able to access the pilot regime, provided that they ensure compliance with the same requirements as those applicable to an authorised CSD under Regulation (EU) No 909/2014, in a manner proportionate to the nature, scale and risks of their business, and with any other applicable Union financial services legislation, except for requirements in respect of which exemptions are granted</u> in accordance with this Regulation. <u>In order to ensure business continuity, while also</u>	granted the CSD operating the DLT securities settlement system with one or several exemptions, in accordance with this Regulation.

	Commission Proposal	EP Mandate	Council Mandate
		<u>ensuring fair competition, new entrants should include specific arrangements with authorised CSDs as part of their transition strategy, and those CSDs should offer to conclude such arrangements in a non-discriminatory manner against a reasonable commercial fee based on actual costs.</u>	
Recital 10a			
20a		<u>(10a) A DLT TSS should be a DLT market infrastructure operated by an investment firm, a market operator or a central securities depository that receives a specific permission under this Regulation to combine the activities of both a DLT MTF and a DLT SSS. A DLT TSS and its operator should be subject to the same requirements as those applicable to both a DLT MTF and a DLT SSS, as well as to their operators, under this Regulation, and should where relevant also have the possibility of being granted the same exemptions provided</u>	

	Commission Proposal	EP Mandate	Council Mandate
		<u>under this Regulation.</u>	
Recital 11			
21	<p>(11) A DLT MTF or a CSD operating a DLT securities settlement system should only admit to trading or record DLT transferable securities on their distributed ledger. DLT transferable securities should be crypto-assets that qualify as ‘transferable securities’ within the meaning of Directive 2014/65/EU (the Market in Financial Instruments Directive, MiFID II) and that are issued, transferred and stored on a distributed ledger.</p>	<p>(11) <del>A DLT MTF or a CSD operating a DLT securities settlement system</del> <u>DLT market infrastructures</u> should only admit to trading or record DLT <del>transferable securities on their</del> <u>financial instruments on a</u> distributed ledger. DLT <del>transferable securities</del> <u>financial instruments</u> should be crypto-assets that qualify as <del>‘transferable securities’</del> <u>financial instruments</u> within the meaning of Directive 2014/65/EU (the Market in Financial Instruments Directive, MiFID II) <u>with the exception of depository receipts,</u> and that are issued, transferred and stored on a distributed ledger. <u>DLT market infrastructures should bear the liability for risks related to the functioning of the DLT they operate, notably ledger transparency risks, cyber risks and operational risks.</u></p>	<p>(11) A DLT MTF or a CSD operating a DLT securities settlement system should only admit to trading or record DLT <del>transferable securities on their</del> <b>financial instruments on the</b> distributed ledger <b>they use. DLT financial instruments.</b> <del>DLT transferable securities</del> should be crypto-assets that qualify as <del>‘transferable securities’</del> <b>financial instruments’</b> within the meaning of Directive 2014/65/EU (the Market in Financial Instruments Directive, MiFID II) and that are issued, transferred and stored on a distributed ledger.</p>

	Commission Proposal	EP Mandate	Council Mandate
Recital 12			
22	<p>(12) In order to allow innovation and experimentation in a sound regulatory environment while preserving financial stability, the type of transferable securities admitted to trading on a DLT MTF or recorded in a CSD operating a DLT securities settlement system should be limited to securities, such as shares and bonds that are not liquid. In order to determine whether a share or bond is liquid or not, this Regulation should set some value thresholds. To avoid the creation of any risk to financial stability, the total market value of DLT transferable securities recorded by a CSD operating a DLT securities settlement system, or admitted to trading by a DLT MTF, should also be limited. DLT market infrastructures should also be prevented from admitting to trading or recording on the distributed ledger sovereign bonds. To verify that the DLT</p>	<p>(12) In order to allow innovation and experimentation in a sound regulatory environment while preserving financial stability, the type of <del>transferable securities</del> <u>admitted to trading on financial instruments serviced by</u> a DLT <del>MTF or recorded in a CSD operating a DLT securities settlement system</del> <u>market infrastructure</u> should be limited to securities, such as shares <del>and</del> <u>bonds, including sovereign bonds, exchange-traded funds (ETFs), and units of collective investment undertakings (UCITS) subject to value thresholds set out in this Regulation</u> <del>that are not liquid. In order to determine whether a share or bond is liquid or not, this Regulation should set some value thresholds.</del> To avoid the creation of any risk to financial stability, the total market value of DLT <del>transferable securities</del> <u>financial instruments</u> recorded by a</p>	<p>(12) In order to allow innovation and experimentation in a sound regulatory environment while preserving financial stability <b>and investor protection</b>, the type of <del>transferable securities</del> <b>financial instruments</b> admitted to trading <del>on a DLT MTF or recorded in a CSD operating a DLT securities settlement system</del> <b>DLT market infrastructure</b> should be limited to <del>securities, such as shares and bonds</del> <b>shares, bonds and units in collective investment undertakings</b> that are <del>not</del> <b>less</b> liquid <b>and that are subject to the execution-only exemption under Article 25(4)(a) of Directive 2014/65/EU (the Market in Financial Instruments Directive, MiFID II).</b> In order to determine whether a share, <b>a bond or a unit in collective investment undertakings</b> <del>or bond</del> is liquid or not, this Regulation should set some value thresholds</p>

	Commission Proposal	EP Mandate	Council Mandate
	transferable securities traded on or recorded by a DLT market infrastructure meets the conditions imposed under this Regulation, national competent authorities should be allowed to require such DLT market infrastructures to submit reports.	<del>CSD operating a DLT securities settlement system, or admitted to trading</del> <u>DLT SSS or</u> by a DLT <del>MTF</del> <u>TSS</u> , should also be limited. <del>DLT market infrastructures should also be prevented from admitting to trading or recording on the distributed ledger sovereign bonds.</del> To verify that the DLT <del>transferable securities</del> <u>financial instruments</u> traded on or recorded by a DLT market infrastructure <del>meets</del> <u>meet</u> the conditions imposed under this Regulation, <del>national competent authorities</del> <u>ESMA</u> should <del>be allowed to</del> require such DLT market infrastructures to submit reports.	<b>that can be further reduced by competent authorities.</b> To avoid the creation of any risk to financial stability, the total market value of DLT <del>transferable securities</del> <b>financial instruments</b> recorded by a CSD operating in a DLT securities settlement system, or admitted to trading by a DLT MTF <b>market infrastructure</b> , should also be limited. <del>DLT market infrastructures should also be prevented from admitting to trading or recording on the distributed ledger sovereign bonds.</del> To verify that the DLT <del>transferable securities</del> <b>financial instruments</b> traded on or recorded by a DLT market infrastructure meets the conditions imposed under this Regulation, national competent authorities should be allowed to require such DLT market infrastructures to submit reports.
Recital 13			
23	(13) In order to ensure a level playing field	(13) In order to <del>ensure a</del> <u>minimise distortions</u>	(13) In order to ensure a level playing field

	Commission Proposal	EP Mandate	Council Mandate
	with transferable securities admitted to trading on a traditional trading venue within the meaning of Directive 2014/65/EU (the Market in Financial Instruments Directive, MiFID II) and a high level of market integrity, the DLT transferable securities admitted to trading on a DLT MTF should always be subject to the provisions prohibiting market abuse in Regulation (EU) No 596/2014 (the Market Abuse Regulation).	<del>of the</del> level playing field with <del>transferable securities</del> <u>financial instruments</u> admitted to trading on a traditional trading venue within the meaning of Directive 2014/65/EU (the Market in Financial Instruments Directive, MiFID II) and <del>a high level</del> <u>to ensure high levels</u> of market integrity, <u>investor protection and financial stability</u> , the DLT <del>transferable securities</del> <u>financial instruments</u> admitted to trading on a DLT MTF <u>or on a DLT TSS</u> should always be subject to the provisions prohibiting market abuse in Regulation (EU) No 596/2014 (the Market Abuse Regulation).	with <del>transferable securities</del> <b>financial instruments</b> admitted to trading on a traditional trading venue within the meaning of Directive 2014/65/EU (the Market in Financial Instruments Directive, MiFID II) and a high level of market integrity, the DLT <del>transferable securities</del> <b>financial instruments</b> admitted to trading on a DLT MTF should always be subject to the provisions prohibiting market abuse in Regulation (EU) No 596/2014 (the Market Abuse Regulation).
Recital 14			
24	(14) A DLT MTF should be able to request one or several exemptions on a temporary basis, as listed under this Regulation, to be granted by the competent authority, if it complies with the conditions attached to such exemptions as well as additional requirements set under this	(14) A DLT MTF should be able to request one or several exemptions on a temporary basis, as listed under this Regulation, to be granted by <del>the competent authority</del> <u>ESMA</u> , if it complies with the conditions attached to such exemptions as well as additional requirements set under this	(14) A DLT MTF should be able to request one or several exemptions on a temporary basis, as listed under this Regulation, to be granted by the competent authority, if it complies with the conditions attached to such exemptions as well as additional requirements set under this

	Commission Proposal	EP Mandate	Council Mandate
	Regulation to address novel forms of risks raised by the use of DLT. The DLT MTF should also comply with any compensatory measure imposed by the competent authority in order to meet the objectives pursued by the provision for which an exemption has been requested.	Regulation to address novel forms of risks raised by the use of DLT. The DLT MTF should also comply with any compensatory <u>or corrective</u> measure imposed by the competent authority in order to meet the objectives pursued by the provision for which an exemption has been requested. <u>ESMA should grant exemptions and require compensatory or corrective measures in a way that ensures the uniform application of this Regulation across the Union, notably with respect to investor protection, market integrity, financial stability and the non-intermediated access of retail investors to DLT MTFs.</u>	Regulation to address novel forms of risks raised by the use of DLT. The DLT MTF should also comply with any compensatory measure imposed by the competent authority in order to meet the objectives pursued by the provision for which an exemption has been requested.
Recital 15			
25	(15) Where a financial instrument is admitted to trading on an MTF, it is to be recorded with an authorised Central Securities Depository in accordance with Regulation (EU) No 909/2014 (the Central Securities Depository Regulation).	(15) <del>Where a financial instrument is admitted to trading on an MTF, it is to be recorded with an authorised Central Securities Depository in accordance with Regulation (EU) No 909/2014 (the Central Securities Depository Regulation).</del>	(15) Where a financial instrument is admitted to trading on an MTF, it is to be recorded with an authorised Central Securities Depository in accordance with Regulation (EU) No 909/2014 (the Central Securities Depository Regulation).

	Commission Proposal	EP Mandate	Council Mandate
	<p>While the recording of a transferable security and the settlement of related transactions could potentially take place on a distributed ledger, Regulation (EU) No 909/2014 imposes an intermediation by a CSD and would oblige to replicate the recording on the distributed ledger at the CSD level, potentially imposing a functionally redundant overlay to the trade lifecycle of a financial instrument handled by DLT market infrastructures subject to this Regulation. Therefore, a DLT MTF should be able to request an exemption of the book-entry requirement and the recording with a CSD set by Regulation (EU) No 909/2014, where the DLT MTF complies with equivalent requirements to those applying to a CSD. The DLT MTF should record the transferable securities on its distributed ledger, ensure the integrity of the issues on the distributed ledger, establish and maintain procedures to ensure the safekeeping of the DLT transferable securities, complete the settlement of transactions, and prevent settlement fails.</p>	<p><del>While the recording of a transferable security and the settlement of related transactions could potentially take place</del> <u>An investment firm or a market operator operating a DLT MTF should be able to be permitted to record and settle DLT financial instruments</u> on a distributed ledger, <del>Regulation (EU) No 909/2014 imposes an intermediation by a CSD and would oblige to replicate the recording on the distributed ledger at the CSD level, potentially imposing a functionally redundant overlay to the trade lifecycle of a financial instrument handled by DLT market infrastructures subject to this Regulation. Therefore, a DLT MTF should be able to request an exemption of the book-entry requirement and the recording with a CSD set by</del> <u>In such a case, the DLT MTF should be considered to be a DLT TSS and should comply with the same requirements as those applying to a DLT SSS and should, among other requirements set out under</u> Regulation (EU) No 909/2014, <del>where the DLT MTF complies with equivalent requirements to those</del></p>	<p>While the recording of a <del>transferable security</del> <b>financial instrument</b> and the settlement of related transactions could potentially take place on a distributed ledger <b>used by the DLT MTF</b>, Regulation (EU) No 909/2014 imposes an intermediation by a CSD and would oblige to replicate the recording on the distributed ledger at the CSD level, potentially imposing a functionally redundant overlay to the trade lifecycle of a financial instrument handled by DLT market infrastructures subject to this Regulation. Therefore, a DLT MTF should be able to request an exemption of the book-entry requirement and the recording with a CSD set by Regulation (EU) No 909/2014, where the DLT MTF complies with equivalent requirements to those applying to a CSD. The DLT MTF should record the <del>transferable securities</del> <b>financial instruments</b> on its distributed ledger, ensure the integrity of the issues on the distributed ledger, establish and maintain procedures to ensure the safekeeping of the DLT <del>transferable securities</del> <b>financial</b></p>

	Commission Proposal	EP Mandate	Council Mandate
		<p><del>applying to a CSD. The DLT MTF should</del>  record the <del>transferable securities on</del>  <del>its</del> <u>financial instruments on a</u> distributed ledger,  ensure the integrity of the issues on the  distributed ledger, establish and maintain  procedures to ensure the safekeeping of the  DLT <del>transferable securities</del> <u>financial</u>  <u>instruments</u>, complete the settlement of  transactions, and prevent settlement fails. <u>The</u>  <u>exemptions from those requirements allowed</u>  <u>in this Regulation for DLT MTFs and DLT</u>  <u>SSSs should also be available to DLT TSSs.</u></p>	<p><b>instruments</b>, complete the settlement of  transactions, and prevent settlement fails.</p>
Recital 16			
26	<p>(16) Where performing the settlement of transactions in DLT transferable securities, the DLT MTF should ensure that the payment for DLT transferable securities from the buyer occurs at the same time as DLT transferable securities are delivered from the seller (delivery versus payment). Where practicable and</p>	<p>(16) <del>Where performing the settlement of transactions in DLT transferable securities, the DLT MTF</del> <u>A DLT TSS</u> should ensure that the payment for DLT <del>transferable securities</del> <u>financial instruments</u> from the buyer occurs at the same time as DLT <del>transferable securities are</del> <u>financial instruments</u> delivered</p>	<p>(16) Where performing the settlement of transactions in DLT <del>transferable securities</del> <b>financial instruments</b>, the DLT MTF should ensure that the payment <b>or delivery</b> for DLT <del>transferable securities</del> <b>financial instruments</b> from the buyer occurs at the same time as DLT <del>transferable securities</del> <b>financial</b></p>

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	<p>available, the cash payments should be settled through central bank money and, where not practicable or available, through commercial bank money. In order to test innovative solutions and to allow for the cash payments to occur on a distributed ledger, the DLT MTFs should also be allowed to use so-called settlement coins, that is to say commercial bank money in a tokenised form, or e-money tokens as defined in the Regulation No 2021/XX on Markets in Crypto-Assets<sup>1</sup>. Where using commercial bank money for cash payments, the DLT MTF should limit counterparty risk by establishing and monitoring adherence by the credit institutions used for the settlement of cash payments to strict criteria, such as their regulation and supervision, creditworthiness, capitalisation, access to liquidity and operational reliability.</p> <p><sup>1</sup>. Proposal for a Regulation of the European Parliament and of the Council on Markets in Crypto-assets, and amending Directive (EU) 2019/1937– COM(2020)593</p>	<p>from the seller (delivery versus payment, <u>DvP</u>). Where practicable and available, the <del>cash payments</del> <u>payment leg</u> should be settled through central bank money <del>and/or</del>, where not practicable or available, through commercial bank money. In order to test innovative solutions and to allow for the <del>cash payments</del> <u>payment leg</u> to occur on a distributed ledger, <del>the DLT MTFs</del> <u>a DLT TSS</u> should also be allowed to use so-called settlement coins, that is to say commercial bank money in a tokenised form, or e-money tokens (<u>EMTs</u>) as defined in <del>the</del> Regulation No 2021/XX on Markets in Crypto-Assets<sup>1</sup>. Where using commercial bank money for <del>cash payments</del> <u>the payment leg</u>, the DLT <del>MTF</del> <u>TSS</u> should limit counterparty risk by establishing and monitoring adherence by the credit institutions used for the settlement of <del>cash payments</del> <u>the payment leg</u> to strict criteria, such as their regulation and supervision, creditworthiness, capitalisation, access to liquidity and operational reliability.</p>	<p><b>instruments</b> are delivered from the seller (delivery versus payment <b>and delivery versus delivery</b>). Where practicable and available, the cash payments should be settled through central bank money, <b>including in a tokenised form</b>, and, where not practicable or available, through <del>commercial bank money</del> <b>accounts open with a CSD authorised to provide banking services or a credit institution</b>. In order to test innovative solutions and to allow for the cash payments to occur on a distributed ledger, the DLT MTFs should also be allowed to use so-called settlement coins, that is to say commercial bank money in a tokenised form <b>from credit institutions</b>, or e-money tokens as defined in the Regulation No 2021/XX on Markets in Crypto-Assets<sup>1</sup>. <del>Where</del> <b>When</b> using commercial bank money for cash payments, the DLT MTF should limit <del>counterparty risk</del> <b>risks</b> by establishing and monitoring adherence by the credit institutions <b>or the CSD authorised to provide banking services</b> used for the settlement of cash payments to strict criteria,</p>

	Commission Proposal	EP Mandate	Council Mandate
		<hr/> <p>1. Proposal for a Regulation of the European Parliament and of the Council on Markets in Crypto-assets, and amending Directive (EU) 2019/1937– COM(2020)593</p>	<p>such as their regulation and supervision, creditworthiness, capitalisation, access to liquidity and operational reliability.</p> <hr/> <p>1. Proposal for a Regulation of the European Parliament and of the Council on Markets in Crypto-assets, and amending Directive (EU) 2019/1937– COM(2020)593</p>
Recital 16a			
26a			<p><b>(16a) When settlement of payments is carried out in e-money tokens the relevant requirements from Directive 2009/110/EC and Regulation No 2021/XX on Markets in Crypto-Assets<sup>1</sup> shall be complied with when the operator of the DLT market infrastructure issues the e-money tokens or when it provides custody services for e-money tokens.</b></p> <hr/> <p><b>1. Proposal for a Regulation of the European Parliament and of the Council on Markets in Crypto-assets, and amending Directive (EU) 2019/1937– COM(2020)593</b></p>

	Commission Proposal	EP Mandate	Council Mandate
Recital 17			
27	<p>(17) Under Directive (EU) .../...<sup>1</sup>, which amends Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II), a DLT MTF is able to request an exemption from the obligation of intermediation. Traditional MTFs may admit as members or participants only investment firms, credit institutions and other persons who have sufficient level of trading ability, competence and with adequate organisational arrangements and resources. By contrast, many trading platforms for crypto-assets offer a disintermediated access and provide direct access to retail clients. One potential regulatory hurdle to the development of MTFs for DLT transferable securities could be the obligation of intermediation embedded in Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II). A DLT MTF is allowed to request a temporary derogation to</p>	<p>(17) Under Directive (EU) .../...<sup>1</sup>, which amends Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II), a DLT MTF is able to request an exemption from the obligation of intermediation. Traditional MTFs may admit as members or participants only investment firms, credit institutions and other persons who have sufficient level of trading ability, competence and with adequate organisational arrangements and resources. By contrast, many trading platforms for crypto-assets offer a disintermediated access and provide direct access to retail clients. One potential regulatory hurdle to the development of MTFs for DLT <del>transferable securities</del> <b>financial instruments</b> could be the obligation of intermediation embedded in Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II). A DLT MTF</p>	<p>(17) Under Directive (EU) .../...<sup>1</sup>, <del>which amends Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II), as</del> <b>amended by Directive (EU) .../...<sup>1</sup></b>, a DLT MTF is able to request an exemption from the obligation of intermediation. Traditional MTFs may admit as members or participants only investment firms, credit institutions and other persons who have sufficient level of trading ability, competence and with adequate organisational arrangements and resources. By contrast, many trading platforms for crypto-assets offer a disintermediated access and provide direct access to retail clients. One potential regulatory hurdle to the development of MTFs for DLT <del>transferable securities</del> <b>financial instruments</b> could be the obligation of intermediation embedded in Directive 2014/65/EU (Markets in Financial</p>

	Commission Proposal	EP Mandate	Council Mandate
	<p>such an obligation of intermediation and to provide access to retail investors, provided that adequate safeguards in terms of investor protection would be in place and that such retail investors are fit and proper for anti-money laundering and combatting the financing of terrorism purpose.</p> <hr/> <p>1. Proposal for a Directive of the European Parliament and of the Council amending Directive EU/2013/36, Directive 2014/65/EU, Directive (EU) 2015/2366, Directive 2009/138/EC, Directive EU/2016/2341, Directive 2009/65/EC, Directive 2011/61/EC and Directive 2006/43/EC, - COM(2020)596</p>	<p>is allowed to request a temporary derogation to such an obligation of intermediation and to provide access to retail investors, provided that adequate safeguards in terms of investor protection would be in place and that such retail investors are fit and proper for anti-money laundering and combatting the financing of terrorism purpose.</p> <hr/> <p>1. Proposal for a Directive of the European Parliament and of the Council amending Directive EU/2013/36, Directive 2014/65/EU, Directive (EU) 2015/2366, Directive 2009/138/EC, Directive EU/2016/2341, Directive 2009/65/EC, Directive 2011/61/EC and Directive 2006/43/EC, - COM(2020)596</p>	<p>Instruments Directive, MiFID II). A DLT MTF is allowed to request a temporary derogation to such an obligation of intermediation<del>and</del>, to provide access to retail investors <b>and to enable them to deal on their own account</b>, provided that adequate safeguards in terms of investor protection would be in place and that such retail investors are fit and proper for anti-money laundering and combatting the financing of terrorism purpose.</p> <hr/> <p>1. Proposal for a Directive of the European Parliament and of the Council amending Directive EU/2013/36, Directive 2014/65/EU, Directive (EU) 2015/2366, Directive 2009/138/EC, Directive EU/2016/2341, Directive 2009/65/EC, Directive 2011/61/EC and Directive 2006/43/EC, - COM(2020)596</p>
Recital 18			
28	<p>(18) To be granted an exemption under this Regulation, the DLT MTF should demonstrate that the exemption is proportionate and limited</p>	<p>(18) To be granted an exemption under this Regulation, the DLT MTF should demonstrate that the <u>requested</u> exemption is proportionate</p>	<p>(18) To be granted an exemption under this Regulation, the DLT MTF should demonstrate that the exemption is proportionate and limited</p>

	Commission Proposal	EP Mandate	Council Mandate
	to the use of DLT as described in its business plan and that the exemption requested is limited to the DLT MTF and not extended to any other MTF operated by the same investment firm or market operator.	and limited to the use of DLT as described in its business plan and that the <u>requested</u> exemption <del>requested</del> is limited to the DLT MTF and not extended to any other MTF operated by the same investment firm or market operator.	to the use of DLT as described in its business plan and that the exemption requested is limited to the DLT MTF and not extended to any other MTF operated by the same investment firm or market operator.
Recital 18a			
28a			<b>(18a) The operation of a DLT market infrastructure should not undermine Member-States climate policies. Thus, it is important to further encourage the development of and investments in low or zero emission DLTs, including by integrating this technology in the sustainable finance taxonomy.</b>
Recital 19			
29	(19) A CSD operating a DLT securities settlement system should be able to request one or several exemptions on a temporary basis, as	(19) A CSD operating a DLT <del>securities settlement system</del> <u>SSS</u> should be able to request one or several exemptions on a temporary basis,	(19) A CSD operating a DLT <del>securities</del> settlement system should be able to request one or several exemptions on a temporary basis, as

	Commission Proposal	EP Mandate	Council Mandate
	<p>listed under this Regulation, to be granted by the relevant competent authority, if it complied with the conditions to such exemptions as well as additional requirements to address novel forms of risks raised by the use of DLT. The CSD operating the DLT securities settlement system should comply with any compensatory measure imposed by the competent authority in order to meet the objectives pursued by the provision for which an exemption has been requested.</p>	<p>as listed under this Regulation, to be granted by <del>the relevant competent authority</del> <u>ESMA</u>, if it <del>complied</del> <u>complies</u> with the conditions <u>attached</u> to such exemptions as well as additional requirements <u>set out in this Regulation</u> to address novel forms of risks raised by the use of DLT. The <del>CSD operating the DLT securities settlement system</del> <u>SSS</u> should comply with any compensatory <u>or corrective</u> measure imposed by <u>ESMA after consulting the national</u> <del>the</del> competent authority, in order to meet the objectives pursued by the provision for which an exemption has been requested. <u>ESMA should grant exemptions and require compensatory or corrective measures in a way that ensures the uniform application of this Regulation across the Union, notably with respect to investor protection, market integrity, financial stability and the non-intermediated access of retail investors to DLT SSSs.</u></p>	<p>listed under this Regulation, to be granted by the relevant competent authority, if it complied with the conditions to such exemptions as well as additional requirements to address novel forms of risks raised by the use of DLT. The CSD operating the DLT <del>securities</del> settlement system should comply with any compensatory measure imposed by the competent authority in order to meet the objectives pursued by the provision for which an exemption has been requested.</p>
Recital 20			

	Commission Proposal	EP Mandate	Council Mandate
30	<p>(20) A CSD operating a securities settlement system should be allowed to request exemptions from different provisions that are likely to create regulatory obstacles for the development of settlement securities systems for transferable securities. For instance, a CSD should be able to request an exemption from some definitions of Regulation (EU) 909/2014 (the Central Securities Depositories Regulation), such as the notion of ‘dematerialised form’, ‘security account’, ‘transfer orders’ as well as exemptions from provisions which refers to the notion of ‘security account’, such as the rules on the recording of securities, integrity of issue or segregation of accounts. CSDs operate securities settlement system by crediting and debiting the securities accounts of its participants. However, double-entry (or multiple-entry) book keepings securities accounts may not always exist in a DLT system. Therefore, a CSD operating a DLT securities settlements system should be able to request an</p>	<p>(20) A CSD operating a securities settlement system should be allowed to request exemptions from <del>different</del><u>certain</u> provisions that are likely to create regulatory obstacles for the development of <del>settlement securities systems for transferable securities</del><u>DLT SSSs</u>. For instance, a CSD should be able to request <del>an exemption from that</del> some definitions of Regulation (EU) 909/2014 (the Central Securities Depositories Regulation, <u>CSDR</u>) <u>do not apply</u>, such as the notion of ‘dematerialised form’, ‘security account’, ‘transfer orders’ as well as exemptions from provisions which refers to the notion of ‘security account’, such as the rules on the recording of securities, integrity of issue or segregation of accounts. CSDs operate securities settlement system by crediting and debiting the securities accounts of its participants. However, double-entry (or multiple-entry) book keepings securities accounts may not always exist in a DLT system. Therefore, a CSD operating a DLT <del>securities</del></p>	<p>(20) A CSD operating a <del>securities</del>-settlement system should be allowed to request exemptions from different provisions that are likely to create regulatory obstacles for the development of settlement securities systems for transferable securities. For instance, a CSD should be able to request an exemption from some definitions of Regulation (EU) 909/2014 (the Central Securities Depositories Regulation), such as the notion of ‘dematerialised form’, ‘security account’, ‘transfer orders’ as well as exemptions from provisions which refers to the notion of ‘security account’, such as the rules on the recording of securities, integrity of issue or segregation of accounts. CSDs operate securities settlement system by crediting and debiting the securities accounts of its participants. However, double-entry (or multiple-entry) book keepings securities accounts may not always exist in a DLT system. Therefore, a CSD operating a DLT <del>securities</del> settlements system should be able to request an</p>

	Commission Proposal	EP Mandate	Council Mandate
	<p>exemption from the rules referring to the notion of ‘securities account’ or ‘book-entry form’ should it be necessary to allow the recording of DLT transferable securities on a distributed ledger, to ensure the integrity of the DLT transferable security issue on the distributed ledger and the segregation of the DLT transferable securities belonging to various participants.</p>	<p><del>settlements system</del> <b>SSS</b> should be able to request an exemption from the rules referring to the notion of ‘securities account’ or ‘book-entry form’ should it be necessary to allow the recording of DLT <del>transferable securities</del> <b>financial instruments</b> on a distributed ledger. <u>However, any CSD operating a DLT SSS would still need</u> –to ensure the integrity of the DLT <del>transferable security</del> <b>financial instruments</b> issue on the distributed ledger and the segregation of the DLT <del>transferable securities</del> <b>financial instruments</b> belonging to various participants.</p>	<p>exemption from the rules referring to the notion of ‘securities account’ or ‘book-entry form’ should it be necessary to allow the recording of DLT <del>transferable securities</del> <b>financial instruments</b> on a distributed ledger, to ensure the integrity of the DLT <del>transferable security</del> <b>financial instrument</b> issue on the distributed ledger and the segregation of the DLT <del>transferable securities</del> <b>financial instruments</b> belonging to various participants.</p>
Recital 20a			
30a		<p><u>(20a) A DLT SSS should be able to be permitted, at its request, to admit to trading DLT financial instruments and perform similar roles as the ones performed by a DLT MTF. In such a case, a DLT SSS should be considered to be a DLT TSS and should, in</u></p>	

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		<u>addition to the requirements applicable to a DLT SSS, comply with the same requirements as those applying to a DLT MTF. The exemptions from those requirements provided for in this Regulation in respect of DLT MTFs and DLT SSSs should also be available to DLT TSSs.</u>	
Recital 21			
31	(21) Under Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation), a CSD can only outsource one of its core activities, after receiving an authorisation from the competent authority. The CSD is also required to respect several conditions, so that the outsourcing does not result in a delegation of its responsibility or in a modification of the obligations of the CSD towards its participants or issuers. Depending on its business plan, a CSD operating a DLT securities settlement system could be willing to share the	(21) <del>Under</del> <u>A CSD operating a DLT SSS should remain subject to</u> Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation, <u>CSDR</u> ), <u>pursuant to which</u> a CSD <del>can only outsource one of its core activities, after receiving an authorisation from the competent authority. The CSD is also required to respect several conditions, so that the</del> <u>that outsources services or activities to a third party remains fully responsible for discharging all of its obligations under that Regulation and is required to ensure that any</u> outsourcing does	(21) Under Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation), a CSD can only outsource one of its core activities, after receiving an authorisation from the competent authority. The CSD is also required to respect several conditions, so that the outsourcing does not result in a delegation of its responsibility or in a modification of the obligations of the CSD towards its participants or issuers. Depending on its business plan, a CSD <del>operating</del> <b>using</b> a DLT <del>securities</del> settlement system could be willing to share the

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	<p>responsibility of running its distributed ledger on which the transferable securities are recorded with other entities, including with its participants. The DLT securities settlement system should be able to request an exemption from the outsourcing requirements to develop such innovative business models. In such a case, they should demonstrate that the provisions on outsourcing are incompatible with the use of DLT as envisaged in their business plan and they should also demonstrate that some minimum requirements on outsourcing are met.</p>	<p>not result in <del>at the</del> delegation of <del>its responsibility</del> <del>or in a modification of the obligations of the</del> CSD <u>'s responsibility. Pursuant to the CSDR towards its participants or issuers. Depending on its business plan</u>, a CSD operating a DLT securities settlement system <del>could be willing to share the responsibility of running its distributed ledger on which the transferable securities are recorded with other entities, including with its participants. The DLT securities settlement system</del> <u>SSS is only permitted to outsource a core service or activity after receiving an authorisation from the competent authority. The CSD operating a DLT SSS</u> should be able to request an exemption from <del>the outsourcing requirements to develop such innovative business models. In such a case, they should</del> <u>that authorisation requirement [in cases where it is able to demonstrate that the provisions on outsourcing are</u> <u>requirement is</u> incompatible with the use of DLT as envisaged in <del>their</del> <u>its</u> business plan <del>and they should also demonstrate that some</del></p>	<p>responsibility of running <del>its</del> <u>the</u> distributed ledger on which the transferable securities are recorded with other entities, including with its participants. The DLT <del>securities</del> settlement system should be able to request an exemption from the outsourcing requirements to develop such innovative business models. In such a case, they should demonstrate that the provisions on outsourcing are incompatible with the use of DLT as envisaged in their business plan and they should also demonstrate that some minimum requirements on outsourcing are met.</p>

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		<del>minimum requirements on outsourcing are met</del> .	
Recital 22			
32	<p>(22) The obligation of intermediation through a credit institution or an investment firm so that retail investors are not able to obtain direct access to the settlement and delivery systems operated by a CSD could potentially create a regulatory obstacle to the development of alternative models of settlement based on a DLT that allow direct access by retail clients.</p> <p>Therefore, the CSD operating a DLT securities settlement system should be allowed to request an exemption from the notion of participant, as set out by Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation). Where seeking an exemption from the obligation of intermediation under Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation), the CSD operating a securities settlement system should ensure that</p>	<p>(22) The obligation of intermediation through a credit institution or an investment firm so that retail investors are not able to obtain direct access to the settlement and delivery systems operated by a CSD could potentially create a regulatory obstacle to the development of alternative models of settlement based on a DLT that allow direct access by retail clients.</p> <p>Therefore, the CSD operating a DLT <del>securities settlement system</del> <u>SSS</u> should be allowed to request an exemption from the notion of participant, as set out by Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation, <u>CSDR</u>). Where seeking an exemption from the obligation of intermediation under Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation, <u>CSDR</u>), the CSD operating a securities</p>	<p>(22) The obligation of intermediation through a credit institution or an investment firm so that retail investors are not able to obtain direct access to the settlement and delivery systems operated by a CSD could potentially create a regulatory obstacle to the development of alternative models of settlement based on a DLT that allow direct access by retail clients.</p> <p>Therefore, the CSD operating a DLT <del>securities</del> settlement system should be allowed to request an exemption from the notion of participant, as set out by Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation). Where seeking an exemption from the obligation of intermediation under Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation), the CSD operating a <del>securities</del> <b>DLT</b> settlement system should ensure</p>

	Commission Proposal	EP Mandate	Council Mandate
	these persons are of sufficient good repute and fit and proper for the purpose of anti-money laundering and combatting the financing of terrorism. The CSD operating the securities settlement system should also ensure that these participants have sufficient level of ability, competence, experience and knowledge of post-trading and the functioning of DLTs.	settlement system should ensure that these persons are of sufficient good repute and fit and proper for the purpose of anti-money laundering and combatting the financing of terrorism. The CSD operating the securities settlement system should also ensure that these participants have sufficient level of ability, competence, experience and knowledge of post-trading and the functioning of DLTs.	that these persons are of sufficient good repute and fit and proper for the purpose of anti-money laundering and combatting the financing of terrorism. The CSD operating the securities <del>DLT</del> settlement system should <del>also</del> ensure that these participants have sufficient level of ability, competence, experience and knowledge of post-trading and the functioning of DLTs.
Recital 23			
33	(23) The entities that are eligible to participate in a CSD covered by Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation) are based on the entities that are eligible to participate in a securities settlement system that is designated and notified in accordance with Directive 98/26/EC (the Settlement Finality Directive) because Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation) requires	(23) The entities that are eligible to participate in a CSD covered by Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation, <a href="#">CSDR</a> ) are based on the entities that are eligible to participate in a securities settlement system that is designated and notified in accordance with Directive 98/26/EC (the Settlement Finality Directive, <a href="#">SFD</a> ) because Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation, <a href="#">CSDR</a> )	(23) The entities that are eligible to participate in a CSD covered by Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation) are based on the entities that are eligible to participate in a securities settlement system that is designated and notified in accordance with Directive 98/26/EC (the Settlement Finality Directive) because Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation) requires

	Commission Proposal	EP Mandate	Council Mandate
	<p>securities settlement systems operated by CSDs to be designated and notified under Directive 98/26/EC. A DLT securities settlement system that applies to be exempted from the participation requirements of Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation) would not be compliant with the participation requirements of Directive 98/26/EC. Consequently, such a DLT securities settlement system could not be designated and notified under that Directive. However, this would not preclude a DLT securities settlement system that complies with all of the requirements of Directive 98/26/EC from being so designated and notified.</p>	<p>requires securities settlement systems operated by CSDs to be designated and notified under Directive 98/26/EC. A DLT <del>securities settlement system</del> <u>SSS or a DLT TSS</u> that applies to be exempted from the participation requirements of Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation, <u>CSDR</u>) would not be compliant with the participation requirements of Directive 98/26/EC. Consequently, such a DLT <del>securities settlement system</del> <u>SSS or TSS</u> could not be designated and notified under that Directive. However, this would not preclude a <del>DLT securities settlement system</del> <u>DLTSSS</u> that complies with all of the requirements of Directive 98/26/EC from being so designated and notified.</p>	<p>securities settlement systems operated by CSDs to be designated and notified under Directive 98/26/EC. A <del>DLT</del> securities settlement system <b>based on DLT</b> that applies to be exempted from the participation requirements of Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation) would not be compliant with the participation requirements of Directive 98/26/EC. Consequently, such a <del>DLT</del> securities settlement system could not be designated and notified under that Directive <b>and for that reason is not referred to as DLT securities settlement system in this Regulation but rather DLT settlement system.– Therefore, the DLT pilot regime allows CSDs to operate a DLT securities system which is not a securities settlement system designated pursuant the SFD.</b> However, this would not preclude a DLT <del>securities</del> settlement system that complies with all of the requirements of Directive 98/26/EC from being so designated and notified.</p>

	Commission Proposal	EP Mandate	Council Mandate
Recital 24			
34	<p>(24) Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation) encourages the settlement of transactions in central bank money. Where the settlement of cash payments in central bank money is not available and practicable, this settlement can take place in commercial bank money. That provision can be difficult to apply for a CSD operating a DLT securities settlement system, as such a CSD would have to effect movements in cash accounts at the same time as the delivery of securities on the DLT. A CSD operating a DLT securities settlement system should be allowed to request an exemption from the rules of Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation) on cash settlement in order to develop innovative solutions, such as the use of settlement coins or ‘e-money tokens’ as defined in the Regulation No 2021/XX on Markets in Crypto-Assets<sup>1</sup>.</p> <p>_____</p>	<p>(24) Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation, <u>CSDR</u>) encourages the settlement of transactions in central bank money. Where the settlement of <del>cash payments</del> <u>the payment leg</u> in central bank money is not available and practicable, this settlement can take place in commercial bank money. That provision can be difficult to apply for a CSD operating a DLT <del>securities settlement system</del> <u>SSS</u>, as such a CSD would have to effect movements in cash accounts at the same time as the delivery of securities on the <del>DLT</del> <u>distributed ledger</u>. A CSD operating a DLT <del>securities settlement system</del> <u>SSS</u> should be allowed to request an exemption from the rules of Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation, <u>CSDR</u>) on cash settlement in order to develop innovative solutions, such as the use of settlement coins or ‘e-money tokens’ (<u>EMTs</u>) as defined in the Regulation No 2021/XX on Markets in Crypto-</p>	<p>(24) Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation) encourages the settlement of transactions in central bank money. Where the settlement of cash payments in central bank money, <b>including in a tokenised form</b>, is not available and practicable, this settlement can take place <del>in commercial bank money</del> <b>through accounts opened with a credit institution or through its own accounts</b>. That provision can be difficult to apply for a CSD operating a DLT <del>securities settlement system</del> as such a CSD would have to effect movements in cash accounts at the same time as the delivery of securities on the DLT. A CSD operating a DLT <del>securities settlement system</del> should be allowed to request an exemption from the rules of Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation) on cash settlement in order to develop innovative solutions, such as the use of <del>settlement coins or</del></p>

	Commission Proposal	EP Mandate	Council Mandate
	1. Proposal for a Regulation of the European Parliament and of the Council on markets in crypto-assets, and amending Directive (EU) 2019/1937 – COM(2020)593	Assets <sup>1</sup> .  1. Proposal for a Regulation of the European Parliament and of the Council on markets in crypto-assets, and amending Directive (EU) 2019/1937 – COM(2020)593	‘e-money tokens’ as defined– in the Regulation No 2021/XX on Markets in Crypto-Assets <sup>1</sup> .  1. Proposal for a Regulation of the European Parliament and of the Council on markets in crypto-assets, and amending Directive (EU) 2019/1937 – COM(2020)593
Recital 25			
35	(25) Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation) requires that a CSD gives access to another CSD or to other market infrastructures. The access to a CSD operating a DLT securities settlement system can be burdensome or difficult to achieve, as the interoperability of legacy systems with DLT has not been tested yet. A DLT securities settlement system should also be able to request an exemption from such rules, if it can demonstrate that the application of such rules are disproportionate to the size of the DLT securities settlement system.	(25) Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation, <u>CSDR</u> ) requires that a CSD gives access to another CSD or to other market infrastructures <u>on a non-discriminatory and transparent basis</u> . The access to a CSD operating a DLT <del>securities settlement system</del> <u>SSS</u> can be <u>technically more challenging</u> , burdensome or difficult to achieve, as the interoperability of legacy systems with DLT has not been tested yet. A DLT <del>securities settlement system</del> <u>SSS</u> should also be able to request an exemption from such rules, if it can demonstrate that the application of such rules are disproportionate to the size of	(25) Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation) requires that a CSD gives access to another CSD or to other market infrastructures. The access to a CSD operating a DLT <del>securities</del> -settlement system can be burdensome or difficult to achieve, as the interoperability of legacy systems with DLT has not been tested yet. A DLT <del>securities</del> -settlement system should also be able to request an exemption from such rules, if it can demonstrate that the application of such rules are disproportionate to the size of the DLT <del>securities</del> settlement system.

	Commission Proposal	EP Mandate	Council Mandate
		the DLT <del>securities settlement system</del> <u>SSS or DLT TSS</u> .	
Recital 26			
36	(26) Irrespective of the rule for which an exemption is requested, a CSD operating a DLT securities settlement system should demonstrate that the exemption requested is proportionate and justified by the use of DLT. The exemption should also be limited to the DLT securities settlement system and not cover other securities settlement systems operated by the same CSD.	(26) Irrespective of the rule for which an exemption is requested, a CSD operating a DLT <del>securities settlement system</del> <u>SSS</u> should demonstrate that the exemption requested is proportionate and justified by the use of DLT. The exemption should also be limited to the DLT <del>securities settlement system</del> <u>SSS</u> and not cover other securities settlement systems operated by the same CSD.	(26) Irrespective of the rule for which an exemption is requested, a CSD operating a DLT <del>securities</del> settlement system should demonstrate that the exemption requested is proportionate and justified by the use of DLT. The exemption should also be limited to the DLT <del>securities</del> settlement system and not cover other <del>securities</del> settlement systems operated by the same CSD.
Recital 27			
37	(27) DLT market infrastructures should also be subject to additional requirements, compared to traditional market infrastructures. These requirements are necessary to avoid risks raised by the use of DLT or by the new way the DLT	(27) DLT market infrastructures <u>and their operators</u> should also be subject to additional requirements, compared to traditional market infrastructures. These requirements are necessary to avoid risks <del>raised by</del> <u>related to</u> the	(27) DLT market infrastructures should also be subject to additional requirements, compared to traditional market infrastructures. These requirements are necessary to avoid risks raised by the use of DLT or by the new way the DLT

	Commission Proposal	EP Mandate	Council Mandate
	market infrastructure would carry out its activities. Therefore, DLT market infrastructure should establish a clear business plan that details how the DLT would be used and the legal arrangements put in place.	use of DLT or by the new way the DLT market infrastructure would carry out its activities. Therefore, <u>a</u> DLT market infrastructure <u>and its operator</u> should establish a clear business plan that details how the DLT would be used and the legal arrangements put in place.	market infrastructure would carry out its activities. Therefore, DLT market infrastructure should establish a clear business plan that details how the DLT would be used and the legal arrangements put in place.
Recital 28			
38	(28) A CSD operating a DLT securities settlement system, or DLT MTF where they are permitted to settle the transactions in DLT transferable securities themselves, should establish the rules on the functioning of the proprietary DLT they operate, including the rules to access and admission on the DLT, the rules for the participating nodes and the rules to address potential conflicts of interest, as well as risk management measures.	(28) <del>A CSD operating a DLT securities settlement system, or DLT MTF where they are permitted to settle the transactions in DLT transferable securities themselves, should</del> <u>establish DLT SSS and DLT TSS operators should establish or document, as appropriate,</u> the rules on the functioning of the <del>proprietary DLT they operate</del> <u>distributed ledger they use</u> , including the rules to access and admission on the <del>DLT</del> <u>distributed ledger</u> , the rules for the participating nodes and the rules to address potential conflicts of interest, as well as risk management measures.	(28) A CSD operating a DLT <del>securities</del> settlement system, or DLT MTF where they are permitted to settle the transactions in DLT <del>transferable securities</del> <b>financial instruments</b> themselves, should establish the rules on the functioning of the <del>proprietary</del> DLT they <del>operate</del> <b>use</b> , including the rules to access, <b>admission and authentication and admission</b> on the DLT, the rules for the participating nodes and the rules to address potential conflicts of interest, as well as risk management measures.

	Commission Proposal	EP Mandate	Council Mandate
Recital 29			
39	(29) A DLT market infrastructure should be required to inform members, participants, issuers and clients on how they intend to perform their activities and how the use of DLT will create deviations compared to the way the service is normally provided by a traditional MTF or a CSD operating a securities settlement system.	(29) A DLT market infrastructure should be required to inform members, participants, issuers and clients on how <del>they intend</del> <u>it intends</u> to perform <del>their</del> <u>its</u> activities and how the use of DLT will create deviations compared to the way the service is normally provided by a traditional MTF or a CSD operating a securities settlement system.	(29) A DLT market infrastructure should be required to inform members, participants, issuers and clients on how they intend to perform their activities and how the use of DLT will create deviations compared to the way the service is normally provided by a traditional MTF or a CSD operating a securities settlement system.
Recital 30			
40	(30) A DLT market infrastructure should have specific and robust IT and cyber arrangements related to the use of DLT. These arrangements should be proportionate to the nature, scale and complexity of the DLT market infrastructure's business plan. These arrangements should also ensure the continued reliability, continuity and security of the services provided, including the	(30) A DLT market infrastructure should have specific and robust IT and cyber arrangements related to the use of DLT. These arrangements should be proportionate to the nature, scale and complexity of the DLT market infrastructure's business plan. These arrangements should also ensure the continued reliability, continuity and security of the services provided, including the	(30) A DLT market infrastructure should have specific and robust IT and cyber arrangements related to the use of DLT. These arrangements should be proportionate to the nature, scale and complexity of the DLT market infrastructure's business plan. These arrangements should also ensure the continued reliability, continuity and security of the services provided, including the

	Commission Proposal	EP Mandate	Council Mandate
	reliability of smart contracts that are potentially used. DLT market infrastructures should also ensure the integrity, security, confidentiality, availability and accessibility of data stored on the DLT. The competent authority of a DLT market infrastructure should be allowed to request an audit to ensure that the overall IT and cyber arrangements are fit for purpose. The costs of such an audit should be borne by the DLT market infrastructure.	reliability of smart contracts that are potentially used, <u>either created by the DLT market infrastructure itself or by a third party following contractual outsourcing procedures</u> . DLT market infrastructures should also ensure the integrity, security, confidentiality, availability and accessibility of data stored on the DLT. The competent authority of a DLT market infrastructure should be allowed to request an audit to ensure that the overall IT and cyber arrangements are fit for purpose. The costs of such an audit should be borne by the DLT market infrastructure.	reliability of smart contracts that are potentially used. DLT market infrastructures should also ensure the integrity, security, confidentiality, availability and accessibility of data stored on the DLT. The competent authority of a DLT market infrastructure should be allowed to request an audit to ensure that the overall IT and cyber arrangements are fit for purpose. The costs of such an audit should be borne by the DLT market infrastructure.
Recital 31			
41	(31) Where the business plan of a DLT market infrastructure would involve the safekeeping of clients' funds, such as cash or cash equivalent, or DLT transferable securities, or the means of access to such DLT transferable securities, including in the form of cryptographic keys, the	(31) Where the business plan of a DLT market infrastructure would involve the safekeeping of clients' funds, such as cash or cash equivalent, or DLT <del>transferable securities</del> <u>financial instruments</u> , or the means of access to such DLT <del>transferable securities</del> <u>financial</u>	(31) Where the business plan of a DLT market infrastructure would involve the safekeeping of clients' funds, such as cash or cash equivalent, or DLT <del>transferable securities</del> <b>financial instruments</b> , or the means of access to such DLT <del>transferable securities</del> <b>financial</b>

	Commission Proposal	EP Mandate	Council Mandate
	<p>DLT market infrastructure should have adequate arrangements in place to safeguard their clients' assets. They should not use clients' assets on own account, except with prior express consent from their clients. The DLT market infrastructure should segregate clients' funds or DLT transferable securities, or the means of access to such assets, from its own assets or other clients' assets. The overall IT and cyber arrangements of DLT market infrastructures should ensure that clients' assets are protected against fraud, cyber threats or other malfunctions.</p>	<p><u>instruments</u>, including in the form of cryptographic keys, the DLT market infrastructure should have adequate arrangements in place to safeguard their clients' assets. <del>They</del> <u>DLT market infrastructures</u> should not use clients' assets on own account, except with prior express consent from their clients. The DLT market infrastructure should segregate clients' funds or DLT <del>transferable securities</del> <u>financial instruments</u>, or the means of access to such assets, from its own assets or other clients' assets. The overall IT and cyber arrangements of DLT market infrastructures should ensure that clients' assets are protected against fraud, cyber threats or other malfunctions.</p>	<p><b>instruments</b>, including in the form of cryptographic keys, the DLT market infrastructure should have adequate arrangements in place to safeguard their clients' assets. They should not use clients' assets on own account, except with prior express consent from their clients. The DLT market infrastructure should segregate clients' funds or DLT <del>transferable securities</del> <b>financial instruments</b>, or the means of access to such assets, from its own assets or other clients' assets. The overall IT and cyber arrangements of DLT market infrastructures should ensure that clients' assets are protected against fraud, cyber threats or other malfunctions.</p>
Recital 32			
42	<p>(32) At the time where the specific permission is granted, DLT market infrastructures should also have a credible exit strategy in place in</p>	<p>(32) At the time where <del>the</del> specific permission is granted, DLT market infrastructures should also have <u>in place</u> a credible exit strategy.</p>	<p>(32) At the time where the specific permission is granted, DLT market infrastructures should also have a credible exit strategy in place in</p>

	Commission Proposal	EP Mandate	Council Mandate
	case the regime on DLT market infrastructures should be discontinued or the specific permission or some of the exemptions granted should be withdrawn.	<u>including the transition or reversion of their DLT operations to traditional infrastructures</u> <del>in place</del> in case the regime on DLT market infrastructures should be discontinued or the specific permission or some of the exemptions granted should be withdrawn <u>or the thresholds envisaged in this Regulation have been reached.</u>	case the regime on DLT market infrastructures should be discontinued or the specific permission or some of the exemptions granted should be withdrawn.
Recital 33			
43	(33) The specific permission granted to a DLT market infrastructure should follow the same procedures as the authorisation of a traditional MTF, or a CSD where such a CSD is seeking to operate a new securities settlement system. However, when applying for a permission, the applicant DLT infrastructure should indicate the exemptions it would be seeking. Before granting a permission to a DLT market infrastructure, the competent authority should consult ESMA. ESMA should issue a non-	(33) The specific <del>permission</del> <u>permissions</u> granted to a DLT market infrastructure should follow the <del>same</del> <u>respective</u> procedures <del>as for</del> the authorisation of a traditional MTF, <del>or a CSD where such</del> <u>with respect to securities trading, or</u> a CSD <del>is seeking to operate a new</del> <u>with respect to</u> securities settlement <del>system.</del> <del>Before granting a permission to a DLT market</del>	(33) The specific permission granted to a DLT market infrastructure should <b>broadly</b> follow the same procedures as the authorisation <del>of a traditional MTF, or a CSD where such a CSD is seeking to operate a new</del> <b>under Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II) or Regulation (EU) No 909/2014 (the Central Securities settlement system Depositories Regulation).</b> However, when applying for a permission, the applicant DLT infrastructure

	Commission Proposal	EP Mandate	Council Mandate
	<p>binding opinion and make any recommendations on the application or the exemptions requested. ESMA should also consult the competent authorities of the other Member States. Where issuing its non-binding opinion, ESMA should aim at ensuring financial stability, market integrity and investor protection. In order to ensure the level-playing field and fair competition across the single market, ESMA's non-binding opinion should also aim at ensuring the consistency and proportionality of the exemptions granted by different competent authorities across the Union.</p>	<p><del>infrastructure, the competent authority should consult ESMA.</del> <u>In line with the Union objective to progress towards a true Capital Markets Union and in order to ensure a consistent and uniform application of the pilot regime, while preventing supervisory fragmentation,</u> ESMA should <del>issue a non-binding opinion and make any recommendations on the application or the</del> <u>have a direct supervisory mandate for granting a permission to a DLT market infrastructure and any</u> exemptions <del>requested.</del> <del>ESMA should also consult the competent authorities of the other Member States. Where issuing its non-binding opinion</del> <u>across the Union, under this Regulation. In order to ensure effective cooperation and exchange of relevant information,</u> ESMA should <del>aim at ensuring financial stability, market integrity and investor protection. In order to ensure the level-playing field and fair competition across the single market, ESMA's non-binding opinion</del> <u>consult the national competent authorities and other relevant authorities,</u></p>	<p>should indicate the exemptions it would be seeking. Before granting a permission to a DLT market infrastructure, the competent authority should <del>consult ESMA</del> <b>seek ESMA opinion.</b> ESMA should issue a non-binding opinion and make any recommendations on the application or the exemptions requested. ESMA should also consult the competent authorities of the other Member States. Where issuing its non-binding opinion, ESMA should aim at ensuring financial stability, market integrity and investor protection. In order to ensure the level-playing field and fair competition across the single market, ESMA's non-binding opinion <b>and guidelines</b> should <del>also</del> aim at ensuring the consistency and proportionality of the exemptions granted by different competent authorities across the Union, <b>including when evaluating the adequacy of different types of DLT used by operators in terms of compliance with this Regulation.</b></p>

	Commission Proposal	EP Mandate	Council Mandate
		<p><u>where appropriate, on the operators of DLT market infrastructures authorised in their Member States. Where assessing the application and the exemptions requested, ESMA</u> should <del>also</del> aim at ensuring <del>the consistency and proportionality of the exemptions granted by different competent authorities</del> <u>financial stability, market integrity, investor protection, the level-playing field, and fair competition</u> across the <del>Union</del> <u>single market</u></p> <p>.</p>	
Recital 33a			
43a			<p><b>(33a) The recording of securities, maintenance of securities accounts and management of settlement systems are activities interconnected with large parts of non-harmonized national law, such as corporate and securities law, which is also reflected in Regulation (EU) No 909/2014. It is therefore important that the operator of a</b></p>

	Commission Proposal	EP Mandate	Council Mandate
			DLT market infrastructures also ensures compliance, and allows its users to comply, with all the related applicable rules.
Recital 34			
44	(34) The competent authority which would examine the application submitted by a prospective DLT market infrastructure should have the possibility to refuse a permission if there were reasons to believe that the DLT market infrastructure would pose a threat to financial stability, investor protection or market integrity or if the application were an attempt to circumvent existing requirements.	(34) The competent authority <del>which would examine</del> <u>that examines</u> the application submitted by a prospective DLT market infrastructure should <del>have the possibility to</del> refuse a permission if there <del>were</del> <u>are</u> reasons to believe that the DLT market infrastructure would pose a threat to financial stability, investor protection or market integrity or if the application <del>were</del> <u>is merely</u> an attempt to circumvent existing requirements.	(34) The competent authority which would examine the application submitted by a prospective DLT market infrastructure should have the possibility to refuse a permission if there were reasons to believe that the DLT market infrastructure would <b>not be able to comply with applicable rules laid down by Union Law or national laws covering matters outside of the scope of Union Law, would</b> pose a threat to financial stability, investor protection or market integrity or if the application <del>were</del> <u>was</u> an attempt to circumvent existing requirements.
Recital 35			
45			

	Commission Proposal	EP Mandate	Council Mandate
	(35) The specific permission given by a competent authority to a given DLT market infrastructure should indicate the exemptions granted to that DLT market infrastructure. Such a permission should be valid for the Union. ESMA should publish on its website the list of DLT market infrastructures and the list of exemptions granted to each of them.	(35) The specific <del>permission</del> <u>permissions</u> given by a competent authority to a given DLT market infrastructure should indicate the exemptions granted to that DLT market infrastructure. Such a permission should be valid for the Union <u>and only for the duration of the operation of the DLT pilot regime</u> . ESMA should publish on its website the list of DLT market infrastructures and the list of exemptions granted to each of them.	(35) The specific permission given by a competent authority to a given DLT market infrastructure should indicate the exemptions granted to that DLT market infrastructure. Such a permission should be valid for the Union. ESMA should publish on its website the list of DLT market infrastructures and the list of exemptions granted to each of them.
Recital 36			
46	(36) The specific permission and the exemptions granted by national competent authorities should be granted on a temporary basis, for a period of up to six years from the date of the specific permission. After a five-year period from the entry into application of the Regulation, ESMA and the Commission would be required to make an assessment of this pilot regime for market infrastructures based on	(36) The specific permission and <del>the</del> exemptions <del>granted by national competent authorities</del> should be granted on a temporary basis, for a period of up to six years from the date of the specific permission <u>and should be valid only for the duration of the operation of the DLT pilot regime</u> . After a five-year period from the entry into application of the Regulation, ESMA and the Commission would	(36) The specific permission and the exemptions granted by national competent authorities should be granted on a temporary basis, for a period of up to six years from the date of the specific permission. After a five-year period from the entry into application of the Regulation, ESMA and the Commission would be required to make an assessment of this pilot regime for market infrastructures based on

	Commission Proposal	EP Mandate	Council Mandate
	digital ledger technology. The aforementioned six-year period provides DLT market infrastructures sufficient time to adapt their business models to any modifications of this regime and operate under the pilot in a commercially viable manner. It would allow ESMA and the Commission to gather a useful data set encompassing around three calendar years of the operation of the pilot regime following the grant of a critical mass of specific permissions and related exemptions and to report thereon. It would also allow time for DLT market infrastructures to take the necessary steps either to wind down their operations or to transition to a new regulatory framework following ESMA's and the Commission's reports.	be required to make an assessment of <del>this</del> <u>the</u> <u>DLT</u> pilot regime <del>for market infrastructures based on digital ledger technology</del> . The aforementioned six-year period provides DLT market infrastructures sufficient time to adapt their business models to any modifications of this regime and operate under the pilot in a commercially viable manner. It would allow ESMA and the Commission to gather a useful data set <del>encompassing around three calendar years of</del> <u>on</u> the operation of the pilot regime following the grant of a critical mass of specific permissions and related exemptions and to report thereon. It would also allow time for DLT market infrastructures to take the necessary steps either to wind down their operations or to transition to a new regulatory framework following ESMA's and the Commission's reports.	digital ledger technology. The aforementioned six-year period provides DLT market infrastructures sufficient time to adapt their business models to any modifications of this regime and operate under the pilot in a commercially viable manner. It would allow ESMA and the Commission to gather a useful data set encompassing around three calendar years of the operation of the pilot regime following the grant of a critical mass of specific permissions and related exemptions and to report thereon. It would also allow time for DLT market infrastructures to take the necessary steps either to wind down their operations or to transition to a new regulatory framework following ESMA's and the Commission's reports.
Recital 37			
47			

	Commission Proposal	EP Mandate	Council Mandate
	<p>(37) Without prejudice to the relevant provisions of Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II) or Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation), the competent authorities should have the power to withdraw the specific permission or any exemptions granted to the DLT market infrastructure, where a flaw has been discovered in the underlying technology or the services or activities provided by the DLT market infrastructure, and provided that this flaw outweighs the benefits provided by the service at stake, or where the DLT market infrastructure has breached any conditions attached to the exemptions imposed by the competent authority at the time of the granting of the specific permission, or where the DLT market infrastructure has recorded financial instruments that do not meet the conditions of DLT transferrable securities under this Regulation. In the course of its activity, a DLT market infrastructure should have the possibility to ask</p>	<p>(37) Without prejudice to the relevant provisions of Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II) or Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation, <u>CSDR</u>), the competent authorities should have the power to withdraw the specific permission or any exemptions granted to the DLT market infrastructure, where a flaw has been discovered in the underlying technology or the services or activities provided by the DLT market infrastructure, and provided that this flaw outweighs the benefits provided by the service at stake, or where the DLT market infrastructure has breached any conditions attached to the <u>permissions or</u> exemptions imposed by <del>the competent authority</del> <u>ESMA</u> at the time of the granting of the specific permission, or where the DLT market infrastructure has recorded financial instruments that <u>exceed the thresholds</u> <u>or</u> do not meet <del>the other</del> conditions of DLT <del>transferrable securities</del> <u>financial instruments</u> under this Regulation. In the course of its</p>	<p>(37) Without prejudice to the relevant provisions of Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II) or Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation), the competent authorities should have the power to withdraw the specific permission or any exemptions granted to the DLT market infrastructure, where a flaw has been discovered in the underlying technology or the services or activities provided by the DLT market infrastructure, and provided that this flaw outweighs the benefits provided by the service at stake, or where the DLT market infrastructure has breached any conditions attached to the exemptions imposed by the competent authority at the time of the granting of the specific permission, or where the DLT market infrastructure has recorded financial instruments that do not meet the conditions of DLT <del>transferrable securities</del> <b>financial instruments</b> under this Regulation. In the course of its activity, a DLT market infrastructure should</p>

	Commission Proposal	EP Mandate	Council Mandate
	for additional exemptions to those requested at the time of the permission. In such a case, these additional exemptions requested by the DLT market infrastructures should be subject to a specific permission by the competent authorities, in the same way as those requested at the time of the initial permission of the DLT market infrastructure.	activity, a DLT market infrastructure should have the possibility to ask for additional exemptions to those requested at the time of the permission. In such a case, these additional exemptions <del>requested by the DLT market infrastructures</del> should be <del>subject to a specific permission by the competent authorities</del> <u>requested from ESMA</u> , in the same way as those requested at the time of the initial permission of the DLT market infrastructure.	have the possibility to ask for additional exemptions to those requested at the time of the permission. In such a case, these additional exemptions requested by the DLT market infrastructures should be subject to a specific permission by the competent authorities, in the same way as those requested at the time of the initial permission of the DLT market infrastructure.
Recital 38			
48	(38) Since DLT market infrastructures could receive temporary exemptions from existing Union legislation, they should closely cooperate with competent authorities and the European Securities and Markets Authority (ESMA) during the time of their specific permission. DLT market infrastructures should inform the competent authorities and ESMA about any material change to its business plan and its	(38) Since DLT market infrastructures could receive temporary exemptions from existing Union legislation, they should closely cooperate with <del>competent authorities and</del> the European Securities and Markets Authority (ESMA) <u>and their national competent authorities</u> during the time <del>of</del> their specific <del>permission</del> <u>permissions are valid</u> . DLT market infrastructures should inform <del>the competent authorities and ESMA</del> <u>ESMA and</u>	(38) Since DLT market infrastructures could receive temporary exemptions from existing Union legislation, they should closely cooperate with competent authorities and the European Securities and Markets Authority (ESMA) during the time of their specific permission. DLT market infrastructures should inform the competent authorities <del>and ESMA</del> about any material change to its business plan and its

	Commission Proposal	EP Mandate	Council Mandate
	<p>critical staff, any evidence of cyber threats or attacks, fraud or serious malpractice, of any change in the information provided at the time of the initial application for permission, of any technical difficulties, and in particular those linked to the use of DLT, and of any new risks to investor protection, market integrity and financial stability that was not envisaged at the time where the specific permission was granted. Where notified of such a material change, the competent authority should request the DLT market infrastructure to apply for a new permission or exemption or it should take any corrective measures it deems appropriate. DLT market infrastructures should also provide any relevant data to competent authorities and ESMA, whenever such data is requested. To ensure investor protection, market integrity and financial stability, the competent authority which granted the specific permission to the DLT market infrastructure should be able to recommend any corrective measures, after consultation with ESMA.</p>	<p><u>their national competent authorities</u> about any material change to <del>its</del><u>their</u> business plan and <del>its</del><u>their</u> critical staff, any evidence of cyber threats or attacks, fraud or serious malpractice, of any change in the information provided at the time of the initial application for permission, of any technical difficulties, and in particular those linked to the use of DLT, and of any new risks to investor protection, market integrity and financial stability that <del>was</del><u>were</u> not envisaged at the time <del>where</del><u>when</u> the specific <del>permission</del><u>was permissions were</u> granted. <u>To ensure investor protection, market integrity and financial stability,</u> where notified of such a material change, <del>the competent authority</del><u>ESMA</u> should request the DLT market infrastructure to apply for a new permission or exemption or it should take any corrective measures it deems appropriate. DLT market infrastructures should also provide any relevant data to <del>competent authorities and ESMA</del><u>ESMA and their national competent authorities</u>, whenever such data is requested. To ensure investor protection, market</p>	<p>critical staff, any evidence of cyber threats or attacks, fraud or serious malpractice, of any change in the information provided at the time of the initial application for permission, of any technical difficulties, and in particular those linked to the use of DLT, and of any new risks to investor protection, market integrity and financial stability that was not envisaged at the time where the specific permission was granted. Where notified of such a material change, the competent authority should request the DLT market infrastructure to apply for a new permission or exemption or it should take any corrective measures it deems appropriate. DLT market infrastructures should also provide any relevant data to competent authorities<del>and</del> ESMA, whenever such data is requested. To ensure investor protection, market integrity and financial stability, the competent authority which granted the specific permission to the DLT market infrastructure should be able to recommend any corrective measures, after consultation with ESMA.</p>

	Commission Proposal	EP Mandate	Council Mandate
		integrity and financial stability, <del>the competent authority which granted the specific permission to the DLT market infrastructure</del> <u>ESMA</u> should be able to <del>recommend</del> <u>require</u> any corrective measures, <del>after consultation with ESMA</del> .	
Recital 39			
49	(39) DLT market infrastructures should also make regular reports to their competent authorities and ESMA. ESMA should organise discussions on these reports to enable all competent authorities across the Union to gain experience on the impact of the use of DLT and on any adaptations to the Union financial services legislation that could be necessary to allow for the use of DLT on a greater scale.	(39) DLT market infrastructures should also make regular reports to <u>ESMA and</u> their <u>national</u> competent authorities <del>and ESMA</del> . ESMA should organise discussions on these reports to enable all competent authorities across the Union to gain experience on the impact of the use of DLT <u>in financial markets</u> and on any <u>possible future</u> adaptations to the <u>applicable</u> Union financial services legislation that could be necessary to allow for the use of DLT on a greater scale.	(39) DLT market infrastructures should also make regular reports to their competent authorities. <b>Competent authorities should make regular reports to ESMA, which and ESMA.</b> <del>ESMA</del> ESMA should organise discussions on these reports to enable all competent authorities across the Union to gain experience on the impact of the use of DLT and on any adaptations to the Union financial services legislation that could be necessary to allow for the use of DLT on a greater scale.
Recital 39a			
49a			

	Commission Proposal	EP Mandate	Council Mandate
		<p><u>(39a) During the lifecycle of the DLT pilot regime, it is important that it be subject to frequent monitoring and evaluation, in order to maximise information for operators of DLT market infrastructures. ESMA should publish annual interim reports in order to provide market participants with a better understanding of the functioning and development of the markets and to provide clarification on the application of the pilot regime. The interim reports should include an update on the progress of the pilot regime regarding the most important trends, risks, and vulnerabilities. The interim reports should be submitted to the European Parliament, the Council, the Commission, and the national competent authorities.</u></p>	
Recital 40			
50	(40) Five years after the entry into application of this Regulation, ESMA should report to the	(40) Five years after the entry into application of this Regulation, ESMA, <u>after consulting the</u>	(40) Five years after the entry into application of this Regulation, ESMA should report to the

	Commission Proposal	EP Mandate	Council Mandate
	Commission on this pilot regime for DLT market infrastructures, including on the potential benefits linked to the use of DLT, the risks raised and the technical difficulties. Based on ESMA's report, the Commission should report to the Council and European Parliament. This report should assess the costs and benefits of extending this regime on DLT market infrastructures for another period of time, extending this regime to new type of financial instruments, making this regime permanent with or without modifications, bringing modifications to the Union financial services legislation or terminating this regime.	<u>national competent authorities</u> , should <u>submit its final</u> report to the Commission on <del>this</del> <u>the</u> pilot regime for DLT market infrastructures, including on the potential benefits linked to the use of DLT, the risks raised and the technical difficulties. Based on ESMA's report, the Commission should <u>present a</u> report to the Council and European Parliament. <del>This</del> <u>The Commission's</u> report should assess the costs and benefits of extending <del>this</del> <u>the pilot</u> regime on DLT market infrastructures for <del>another a</del> <u>further</u> period of time, extending <del>this</del> <u>the</u> regime to new <del>type</del> <u>types</u> of financial instruments, making <del>this</del> <u>the</u> regime permanent <del>with or without modifications, bringing</del> <u>by</u> modifications to the Union financial services legislation or terminating <del>this</del> <u>the pilot</u> regime.	Commission on this pilot regime for DLT market infrastructures, including on the potential benefits linked to the use of DLT, the risks raised and the technical difficulties. Based on ESMA's report, the Commission should report to the Council and European Parliament. This report should assess the costs and benefits of extending this regime on DLT market infrastructures for another period of time, extending this regime to new type of financial instruments, making this regime permanent with or without modifications, bringing modifications to the Union financial services legislation or terminating this regime.
Recital 40a			
50a		<u>(40a) It would be undesirable to have two parallel regimes for DLT-based and non-DLT-</u>	

	Commission Proposal	EP Mandate	Council Mandate
		<u><i>based market infrastructures. If the pilot regime provided for in this Regulation is successful, it could be made permanent by amending the relevant Union financial services legislation in such a way that establishes a single, coherent framework.</i></u>	
Recital 41			
51	(41) Some potential gaps have been identified in the existing EU financial services rules as regards their application to crypto-assets that qualify as financial instruments <sup>1</sup> . In particular, some regulatory technical standards under the Regulation EU No 600/2014 (the Markets in financial instruments Regulative) relative to certain data reporting requirements and pre- and post-trade transparency requirements are not well adapted to financial instruments issued on a distributed ledger technology. Secondary markets in financial instruments issued on distributed ledger technology or similar	(41) Some potential gaps have been identified in the existing <del>EU</del> <u>Union</u> financial services rules as regards their application to crypto-assets that qualify as financial instruments <sup>1</sup> . In particular, some regulatory technical standards under the Regulation <del>(EU)</del> <u>EU</u> No 600/2014 (the Markets in financial instruments <del>Regulative</del> <u>Regulation, MiFIR</u> ) relative to certain data reporting requirements and pre- and post-trade transparency requirements are not well adapted to financial instruments issued on a distributed ledger technology. Secondary markets in financial instruments issued on distributed	(41) Some potential gaps have been identified in the existing EU financial services rules as regards their application to crypto-assets that qualify as financial instruments <sup>1</sup> . In particular, some regulatory technical standards under the Regulation EU No 600/2014 (the Markets in financial instruments Regulative) relative to certain data reporting requirements and pre- and post-trade transparency requirements are not well adapted to financial instruments issued on a distributed ledger technology. Secondary markets in financial instruments issued on distributed ledger technology or similar

	Commission Proposal	EP Mandate	Council Mandate
	<p>technology are still nascent and therefore their features may differ from markets in financial instruments using traditional technology. The rules set out in these regulatory technical standards should be capable of being effectively applied to all financial instruments, regardless of the technology used. Therefore, ESMA should be mandated to carry out a comprehensive assessment of these regulatory technical standards adopted in application of Regulation EU No 600/2014 and propose any needed amendments aimed at ensuring that the rules set out therein can be effectively applied to financial instruments issued on distributed ledger technology. In carrying out this assessment, ESMA should take into account the specificities of those financial instruments issued on a distributed ledger technology and whether they require adapted standards which would allow for their development without undermining the objectives of the rules laid down in the regulatory technical standards adopted in application of Regulation EU No</p>	<p>ledger technology or similar technology are still nascent and therefore their features may differ from markets in financial instruments using traditional technology. The rules set out in these regulatory technical standards should be capable of being effectively applied to all financial instruments, regardless of the technology used. <del>Therefore, ESMA should be mandated to carry out a comprehensive assessment of these regulatory technical standards adopted in application of Regulation EU No 600/2014 and propose any needed amendments aimed at ensuring that the rules set out therein can be effectively applied to financial instruments issued on distributed ledger technology. In carrying out this assessment, ESMA should take into account the specificities of those financial instruments issued on a distributed ledger technology and whether they require adapted standards which would allow for their development without undermining the objectives of the rules laid down in the regulatory technical standards</del></p>	<p>technology are still nascent and therefore their features may differ from markets in financial instruments using traditional technology. The rules set out in these regulatory technical standards should be capable of being effectively applied to all financial instruments, regardless of the technology used. Therefore, ESMA should be mandated to carry out a comprehensive assessment of these regulatory technical standards adopted in application of Regulation EU No 600/2014 and propose any needed amendments aimed at ensuring that the rules set out therein can be effectively applied to financial instruments issued on distributed ledger technology. In carrying out this assessment, ESMA should take into account the specificities of those financial instruments issued on a distributed ledger technology and whether they require adapted standards which would allow for their development without undermining the objectives of the rules laid down in the regulatory technical standards adopted in application of Regulation EU No</p>

	Commission Proposal	EP Mandate	Council Mandate
	<p>600/2014.</p> <hr/> <p>1. European Securities and Markets Authority's, Report with advice on Initial Coin Offerings and Crypto-Assets (ESMA50-157-1391)</p>	<p><del>adopted in application of Regulation EU No 600/2014.</del></p> <hr/> <p>1. European Securities and Markets Authority's, Report with advice on Initial Coin Offerings and Crypto-Assets (ESMA50-157-1391)</p>	<p>600/2014.</p> <hr/> <p>1. European Securities and Markets Authority's, Report with advice on Initial Coin Offerings and Crypto-Assets (ESMA50-157-1391)</p>
Recital 42			
52	<p>(42) Where the objectives of this Regulation cannot be sufficiently achieved by the Member States, because any regulatory obstacles to the development of DLT market infrastructures for crypto-assets that qualify as financial instruments under Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II) are embedded in Union financial services legislation such objectives can rather be better achieved at Union level. Therefore, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality</p>	<p>(42) Where the objectives of this Regulation cannot be sufficiently achieved by the Member States, because any regulatory obstacles to the development of DLT market infrastructures for crypto-assets that qualify as financial instruments under Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II) are embedded in Union financial services legislation such objectives can rather be better achieved at Union level. Therefore, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality</p>	<p>(42) Where the objectives of this Regulation cannot be sufficiently achieved by the Member States, because any regulatory obstacles to the development of DLT market infrastructures for crypto-assets that qualify as financial instruments under Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II) are embedded in Union financial services legislation such objectives can rather be better achieved at Union level. Therefore, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality</p>

	Commission Proposal	EP Mandate	Council Mandate
	as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives.	as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives.	as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives.
Recital 43			
53	<p>(43) In order for the Union to keep pace with innovation, it is important that the regime of DLT market infrastructures enters into application, as soon as possible, after the transposition by Member States of the Directive (EU) .../... of the European Parliament and of the Council<sup>1</sup>.</p> <p>_____</p> <p>1. Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2009/65/EC, 2009/138/EU, 2011/61/EU, EU/2013/36, 2014/65/EU, (EU) 2015/2366 and EU/2016/2341 - COM(2020)596</p>	<p>(43) In order for the Union to keep pace with innovation, it is important that the regime of DLT market infrastructures enters into application, as soon as possible, after the transposition by Member States of the Directive (EU) .../... of the European Parliament and of the Council<sup>1</sup>.</p> <p>_____</p> <p>1. Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2009/65/EC, 2009/138/EU, 2011/61/EU, EU/2013/36, 2014/65/EU, (EU) 2015/2366 and EU/2016/2341 - COM(2020)596</p>	<p>(43) In order for the Union to keep pace with innovation, it is important that the regime of DLT market infrastructures enters into application, as soon as possible, <del>after the transposition by Member States of the Directive (EU) .../... of the European Parliament and of the Council<sup>1</sup>.</del></p> <p>_____</p> <p><del>1. Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2009/65/EC, 2009/138/EU, 2011/61/EU, EU/2013/36, 2014/65/EU, (EU) 2015/2366 and EU/2016/2341 - COM(2020)596</del></p>
Recital 44			
54	(44) The European Data Protection Supervisor	(44) The European Data Protection Supervisor	(44) The European Data Protection Supervisor

	Commission Proposal	EP Mandate	Council Mandate
	<p>and the European Data Protection Board were consulted in accordance with Article 42(1) of Regulation (EU) 2018/1725(EC) of the European Parliament and of the Council<sup>1</sup>, and delivered their opinion on...[date of the opinion(s)],</p> <p>_____</p> <p>1. Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC (OJ L 295, 21.11.2018, p. 39).</p>	<p><del>and the European Data Protection Board</del> <del>were</del><u>was</u> consulted in accordance with Article 42(1) of Regulation (EU) 2018/1725(EC) of the European Parliament and of the Council<sup>1</sup>, and delivered <del>their</del><u>its</u> opinion on...<del>[date of the opinion(s)]</del>, <u>23 April 2021.</u></p> <p>_____</p> <p>1. Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC (OJ L 295, 21.11.2018, p. 39).</p>	<p>and the European Data Protection Board were consulted in accordance with Article 42(1) of Regulation (EU) 2018/1725(EC) of the European Parliament and of the Council<sup>1</sup>, and delivered their opinion on...[date of the opinion(s)]<sup>5</sup>,</p> <p>_____</p> <p>1. Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC (OJ L 295, 21.11.2018, p. 39).</p>
Recital 44a			
54a		<p><u>(44a) The operation of DLT market infrastructures could involve the processing of personal data. Where it is necessary for the purposes of this Regulation to process personal data, that processing should be carried out in accordance with applicable Union law on the protection of personal data.</u></p>	

	Commission Proposal	EP Mandate	Council Mandate
		<p><u><i>This Regulation is without prejudice to the rights and obligations under Regulations (EU) 2016/679<sup>1</sup> and (EU) 2018/1725.</i></u></p> <hr/> <p><u><i>1. Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ L 119, 4.5.2016, p. 1).</i></u></p>	
Recital 45			
54b			<p><b>(45) The operation of DLT market infrastructures could involve the processing of personal data. Any processing of personal data under this Regulation should be carried out in accordance with applicable Union law on the protection of personal data. This Regulation is without prejudice to the rights and obligations under Regulations (EU) 2016/679<sup>1</sup> and (EU) 2018/1725<sup>2</sup>.</b></p> <hr/> <p><b>1. Regulation (EU) 2016/679 of the European</b></p>

	Commission Proposal	EP Mandate	Council Mandate
			<p>Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ L 119, 4.5.2016, p. 1).</p> <p>2. Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC (OJ L 295, 21.11.2018, p. 39).</p>
Recital 46			
54c			<p>(46) Article 54(2) of Regulation (EU) No 600/2014 provides for a transitional period during which Article 35 or 36 of that Regulation would not apply to those CCPs or trading venues which applied to their competent authority to benefit from the transitional arrangements, in respect of exchange-traded derivatives. The transitional</p>

	Commission Proposal	EP Mandate	Council Mandate
			<p>period during which a trading venue or a CCP can be exempted by its national competent authority, in respect of exchange-traded derivatives from the application of Articles 35 and 36 of that Regulation expired on 3 July 2020.</p> <p>The market environment at that time, with a high degree of uncertainty and volatility driven by the COVID-19 pandemic, negatively impacted CCPs and trading venues' operations by increasing their operational risks. Those increased risks, combined with limited capacity for assessing access requests and for managing the migration of transactions flows, might have impacted the orderly functioning of markets or financial stability. In addition, that Regulation provides for a novel exchange-traded derivatives regime on access to critical market infrastructures which aims to balance more competition amongst those infrastructures with the need to preserve</p>

	Commission Proposal	EP Mandate	Council Mandate
			<p>their operational integrity. Therefore, while that Regulation seeks to create a competitive market for financial infrastructures, economic operators should not have expected that existing rules and priorities are maintained when economic circumstances change as a consequence, in particular, of a major economic crisis. This is particularly the case in an area where the interaction between critical market infrastructures, such as trading and clearing infrastructures, requires an exceptional level of operational resilience, as any failures in such critical infrastructures would pose a high risk to financial stability. As a consequence of the COVID-19 pandemic, the application date of the new open access regime for trading venues and CCPs offering trading and clearing services in relation to exchange-traded derivatives was postponed by Article 95 of Regulation (EU) 2021/23 by one year, until 3 July 2021.</p>

	Commission Proposal	EP Mandate	Council Mandate
			<b>The COVID-19 pandemic is ongoing and the above-mentioned reasons for postponing the application date of the new open access regime persist. In addition, the UK's withdrawal from the Union has a significant economic impact on financial markets in the Union and expected changes to the regulatory framework in the UK, including on open access for exchange-traded derivatives, will further impact financial markets in the Union. As a consequence, the date of application of the new open access regime should be postponed by two more years, until 3 July 2023.</b>
Formula			
55	HAVE ADOPTED THIS REGULATION:	HAVE ADOPTED THIS REGULATION:	
Article 1			
56	Article 1	Article 1	Article 1

	Commission Proposal	EP Mandate	Council Mandate
	Subject matter and scope	Subject matter and scope	Subject matter and scope
Article 1(1)			
57	(1) This Regulation lays down requirements on multilateral trading facilities and securities settlement systems using distributed ledger technology ‘DLT market infrastructures’, which are granted with a specific permissions to operate in accordance with Article 7 and Article 8.	(1) This Regulation lays down requirements <del>on</del> <del>multilateral trading facilities and securities settlement systems using distributed ledger technology ‘DLT market infrastructures’</del> <u>for DLT market infrastructures and their operators</u> , which are granted <del>with a</del> specific permissions to operate in accordance with Article 7 and Article 8.	(1) This Regulation lays down requirements on <del>multilateral trading facilities and securities settlement systems using distributed ledger technology ‘DLT market infrastructures’</del> , which are granted <del>with a</del> specific permissions to operate in accordance with Article 7 and Article 8.
Article 1(2), introductory part			
58	(2) This Regulation establishes the requirements for:	(2) This Regulation establishes the requirements for:	(2) This Regulation establishes the requirements for:
Article 1(2), point (a)			
59	(a) granting and withdrawing such specific	(a) granting and withdrawing such specific	(a) granting and withdrawing such specific

	Commission Proposal	EP Mandate	Council Mandate
	permissions;	permissions;	permissions;
Article 1(2), point (b)			
60	(b) granting, modifying and withdrawing related exemptions;	(b) granting, modifying and withdrawing related exemptions;	(b) granting, modifying and withdrawing related exemptions;
Article 1(2), point (c)			
61	(c) mandating, modifying and withdrawing attached conditions, compensatory or corrective measures;	(c) mandating, modifying and withdrawing attached conditions, compensatory or corrective measures;	(c) mandating, modifying and withdrawing attached conditions, compensatory or corrective measures;
Article 1(2), point (d)			
62	(d) operating such DLT market infrastructures;	(d) operating <del>such</del> DLT market infrastructures;	(d) operating <del>such</del> DLT market infrastructures;
Article 1(2), point (e)			
63	(e) supervising such DLT market	(e) supervising <del>such</del> DLT market	(e) supervising <del>such</del> DLT market

	Commission Proposal	EP Mandate	Council Mandate
	infrastructures; and	infrastructures; and	infrastructures; and
Article 1(2), point (f)			
64	(f) cooperation between operators of DLT market infrastructures, competent authorities and ESMA.	(f) cooperation between operators of DLT market infrastructures, <u><a href="#">national</a></u> competent authorities and ESMA.	(f) cooperation between operators of DLT market infrastructures, competent authorities and ESMA.
Article 2			
65	Article 2 Definitions	Article 2 Definitions	Article 2 Definitions
Article 2, first paragraph, introductory part			
66	For the purposes of this Regulation, the following definitions apply:	For the purposes of this Regulation, the following definitions apply:	For the purposes of this Regulation, the following definitions apply:
Article 2, first paragraph, point (1)			
67			

	Commission Proposal	EP Mandate	Council Mandate
	(1) ‘distributed ledger technology’ or ‘DLT’ means a class of technologies which support the distributed recording of encrypted data;	(1) ‘distributed ledger technology’ or ‘DLT’ means <del>a class of technologies which support the distributed recording of encrypted data</del> <u>DLT as defined in Article 3(1)(1) of Regulation [MiCA]</u> ;	(1) ‘distributed ledger technology’ or ‘DLT’ means <del>a class of technologies which support the distributed recording of encrypted data</del> <b>DLT as defined in Article 3(1)(1) of Regulation [MiCA]</b> ;
Article 2, first paragraph, point (2)			
68	(2) ‘DLT market infrastructure’ means either a ‘DLT multilateral trading facility’ or a ‘DLT securities settlement system’;	(2) ‘DLT market infrastructure’ means <del>either a</del> ‘DLT multilateral trading facility’, <u>a ‘DLT securities settlement system’</u> or a ‘DLT <del>securities</del> <u>trading and</u> settlement system’;	(2) ‘DLT market infrastructure’ means either a ‘DLT multilateral trading facility’ or a ‘DLT <del>securities</del> settlement system’;
Article 2, first paragraph, point (3), introductory part			
69	(3) ‘DLT multilateral trading facility’ or ‘DLT MTF’ means a ‘multilateral trading facility’, operated by an investment firm or a market operator, that only admits to trading DLT transferable securities and that may be permitted, on the basis of transparent, non-discretionary, uniform rules and procedures, to:	(3) ‘DLT <del>multilateral trading facility</del> ’ or ‘DLT MTF’ means a ‘multilateral trading facility’, <del>operated by an investment firm or a market operator, that only admits to trading DLT transferable securities and that may be permitted, on the basis of transparent, non-discretionary, uniform rules and procedures, to:</del>	(3) ‘DLT <del>multilateral trading facility</del> ’ or ‘DLT MTF’ means a ‘multilateral trading facility’, operated by an investment firm <del>or</del> , a market operator <b>or CSD</b> , that only admits to trading DLT <del>transferable securities</del> <b>financial instruments</b> and that may be permitted, on the basis of transparent, non-discretionary, uniform

	Commission Proposal	EP Mandate	Council Mandate
		<u><a href="#">authorised under this Regulation;</a></u>	rules and procedures, to:
Article 2, first paragraph, point (3)(a)			
70	(a) ensure the initial recording of DLT transferable securities;	<i>deleted</i>	(a) ensure the initial recording of DLT <del>transferable securities</del> <b>financial instruments</b> ;
Article 2, first paragraph, point (3)(b)			
71	(b) settle transactions in DLT transferable securities against payment; and	<i>deleted</i>	(b) settle transactions in DLT <del>transferable securities</del> <b>financial instruments</b> against payment; and
Article 2, first paragraph, point (3)(c)			
72	(c) provide safekeeping services in relation to DLT transferable securities, or where applicable, to related payments and collateral, provided using the DLT MTF;	<i>deleted</i>	(c) provide safekeeping services in relation to DLT <del>transferable securities</del> <b>financial instruments</b> , or where applicable, to related payments and collateral, provided using the DLT MTF;

	Commission Proposal	EP Mandate	Council Mandate
Article 2, first paragraph, point (4)			
73	(4) 'DLT securities settlement system' means a securities settlement system, operated by a 'central securities depository', that settles transactions in DLT transferable securities against payment;	(4) 'DLT securities settlement system' <del>means a securities settlement system, operated by a 'central securities depository', that settles transactions in DLT transferable securities against payment.</del> <u>'DLT SSS' means a securities settlement system authorised under this Regulation;</u>	(4) 'DLT <del>securities</del> -settlement system' means a <del>securities</del> -settlement system, operated by a 'central securities depository'; <b>and</b> that settles transactions in DLT <del>transferable securities</del> <b>financial instruments</b> against payment, <b>irrespective of its designation and notification in accordance with Directive 98/26/EC;</b>
Article 2, first paragraph, point (4a)			
73a		<u>(4a) 'DLT trading and settlement system' or 'DLT TSS' means a DLT market infrastructure that combines the services performed by both a DLT MTF and a DLT SSS;</u>	
Article 2, first paragraph, point (5)			
74	(5) 'DLT transferable securities' means	(5) 'DLT <del>transferable securities</del> <u>financial</u>	(5) 'DLT <del>transferable securities</del> <b>financial</b>

	Commission Proposal	EP Mandate	Council Mandate
	‘transferable securities’ within the meaning of Article 4(1)(44) (a) and (b) of Directive 2014/65/EU that are issued, recorded, transferred and stored using a DLT;	<u>instruments</u> ’ means ‘ <del>transferable securities</del> <u>financial instruments</u> ’ within the meaning of Article 4(1)( <del>44</del> <u>15</u> ) <del>(a) and (b) of Directive 2014/65/EU</del> <u>of Directive 2014/65/EU, with the exception of depositary receipts</u> , that are issued, recorded, transferred and stored using a DLT;	<b>instruments</b> ’ means ‘ <del>transferable securities</del> <b>financial instruments</b> ’ within the meaning of Article 4(1)( <del>44</del> <b>15</b> ) <del>(a) and (b) of Directive 2014/65/EU that are issued, recorded, transferred and stored using a DLT</del> <b>by means of distributed ledger technology</b> ;
Article 2, first paragraph, point (6)			
75	(6) ‘multilateral trading facility’ means a ‘multilateral trading facility’ as defined in Article 4(1)(22) of Directive 2014/65/EU;	(6) ‘multilateral trading facility’ means a ‘multilateral trading facility’ as defined in Article 4(1)(22) of Directive 2014/65/EU;	(6) ‘multilateral trading facility’ means a ‘multilateral trading facility’ as defined in Article 4(1)(22) of Directive 2014/65/EU;
Article 2, first paragraph, point (6a)			
75a		<u>(6a) ‘DLT exchange-traded fund units’ or ‘DLT ETF units’ means units or shares of an exchange-traded fund within the meaning of Article 4(1)(46) of Directive 2014/65/EU that are issued, recorded, transferred and stored using DLT;</u>	

	Commission Proposal	EP Mandate	Council Mandate
Article 2, first paragraph, point (6b)			
75b		<u>(6b) ‘DLT units of collective investment undertakings’ means units of collective investment undertakings referred to in Annex I, section C, item 3 of Directive 2014/65/EU that are issued, recorded, transferred and stored using DLT;</u>	
Article 2, first paragraph, point (7)			
76	(7) ‘central securities depository’ or ‘CSD’ means a ‘central securities depository’ as defined in Article 2(1) of Regulation (EU) No 909/2014;	(7) ‘central securities depository’ or ‘CSD’ means a ‘central securities depository’ as defined in Article 2(1) of Regulation (EU) No 909/2014;	(7) ‘central securities depository’ or ‘CSD’ means a ‘central securities depository’ as defined in Article 2(1) of Regulation (EU) No 909/2014 <b>and which may also operate a DLT settlement system;</b>
Article 2, first paragraph, point (8)			
77	(8) ‘financial instrument’ means a ‘financial	(8) ‘financial instrument’ means a ‘financial	(8) ‘financial instrument’ means a ‘financial

	Commission Proposal	EP Mandate	Council Mandate
	instrument’ as defined in Article 4(1)(15) of Directive 2014/65/EU;	instrument’ as defined in Article 4(1)(15) of Directive 2014/65/EU;	instrument’ as defined in Article 4(1)(15) of Directive 2014/65/EU;
Article 2, first paragraph, point (9)			
78	(9) ‘settlement’ means ‘settlement’ as defined in Article 2(7) of Regulation (EU) No 909/2014;	(9) ‘settlement’ means ‘settlement’ as defined in Article 2(7) of Regulation (EU) No 909/2014;	(9) ‘settlement’ means ‘settlement’ as defined in Article 2(7) of Regulation (EU) No 909/2014;
Article 2, first paragraph, point (10)			
79	(10) ‘business day’ means ‘business day’ as defined in Article 2(14) of Regulation (EU) No 909/2014;	(10) ‘business day’ means ‘business day’ as defined in Article 2(14) of Regulation (EU) No 909/2014;	(10) ‘business day’ means ‘business day’ as defined in Article 2(14) of Regulation (EU) No 909/2014;
Article 2, first paragraph, point (11)			
80	(11) ‘delivery versus payment mean’ or ‘DVP’ means ‘delivery versus payment’ as defined in Article 2(27) of Regulation (EU) No 909/2014;	(11) ‘delivery versus payment mean’ or ‘DVP’ means ‘delivery versus payment’ as defined in Article 2(27) of Regulation (EU) No 909/2014;	(11) ‘delivery versus payment-mean’ or ‘DVP’ means ‘delivery versus payment’ as defined in Article 2(27) of Regulation (EU) No 909/2014;

	Commission Proposal	EP Mandate	Council Mandate
Article 2, first paragraph, point (12)			
81	(12) ‘settlement fail’ means a ‘settlement fail’ as defined in Article 2(1)(15) of Regulation (EU) No 909/2014;	(12) ‘settlement fail’ means a ‘settlement fail’ as defined in Article 2(1)(15) of Regulation (EU) No 909/2014;	(12) ‘settlement fail’ means a ‘settlement fail’ as defined in Article 2(1)(15) of Regulation (EU) No 909/2014;
Article 2, first paragraph, point (12a)			
81a		<u>(12a) ‘settlement coin’ means commercial bank money in a tokenised form;</u>	
Article 2, first paragraph, point (13), introductory part			
82	(13) ‘sovereign bond’ means a bond issued by a sovereign issuer which is either:	(13) ‘sovereign bond’ means a bond issued by a sovereign issuer <del>which is either:</del> <u>as defined in Article 4(1) (60) of Directive 2014/65/EU;</u>	(13) <del>‘sovereign bond’ means a bond issued by a sovereign issuer which is either:</del>
Article 2, first paragraph, point (13)(a)			
83	(a) the Union;	<i>deleted</i>	(a) <del>the Union;</del>

	Commission Proposal	EP Mandate	Council Mandate
Article 2, first paragraph, point (13)(b)			
84	(b) a Member State including a government department, an agency or a special purpose vehicle of a Member State or another sovereign entity;	<i>deleted</i>	(b) <del>a Member State including a government department, an agency or a special purpose vehicle of a Member State or another sovereign entity;</del>
Article 2, first paragraph, point (13)(c)			
85	(c) a sovereign entity which is not listed under points (a) and (b);	<i>deleted</i>	(c) <del>a sovereign entity which is not listed under points (a) and (b);</del>
Article 2, first paragraph, point (14), introductory part			
86	(14) ‘other public bond’ means a bond issued by any of the following public issuers:	<i>deleted</i>	(14) <del>‘other public bond’ means a bond issued by any of the following public issuers:</del>
Article 2, first paragraph, point (14)(a)			
87			

	Commission Proposal	EP Mandate	Council Mandate
	(a) in the case of a federal Member State, a member of that federation;	<i>deleted</i>	(a) <del>in the case of a federal Member State, a member of that federation;</del>
Article 2, first paragraph, point (14)(b)			
88	(b) a special purpose vehicle for several Member States;	<i>deleted</i>	(b) <del>a special purpose vehicle for several Member States;</del>
Article 2, first paragraph, point (14)(c)			
89	(c) an international financial institution established by two or more Member States which has the purpose of mobilising funding and providing financial assistance to the benefit of its members to safeguard the stability of the euro area as a whole.;	<i>deleted</i>	(c) <del>an international financial institution established by two or more Member States which has the purpose of mobilising funding and providing financial assistance to the benefit of its members to safeguard the stability of the euro area as a whole.;</del>
Article 2, first paragraph, point (14)(d)			
90	(d) the European Investment Bank;	<i>deleted</i>	(d) <del>the European Investment Bank;</del>

	Commission Proposal	EP Mandate	Council Mandate
Article 2, first paragraph, point (14)(e)			
91	(e) a public entity which is not an issuer of a sovereign bond as specified in point (13).	<i>deleted</i>	(e) <del>a public entity which is not an issuer of a sovereign bond as specified in point (13).</del>
Article 2, first paragraph, point (15)			
92	(15) ‘convertible bond’ means an instrument consisting of a bond or a securitised debt instrument with an embedded derivative, such as an option to buy the underlying equity;	(15) ‘convertible bond’ means an instrument consisting of a bond or a securitised debt instrument with an embedded derivative, such as an option to buy the underlying equity;	(15) <del>‘convertible bond’ means an instrument consisting of a bond or a securitised debt instrument with an embedded derivative, such as an option to buy the underlying equity;</del>
Article 2, first paragraph, point (16)			
93	<p>(16) ‘covered bond’ means bonds as referred to in Article 52(4) of Directive 2009/65/EC of the European Parliament and of the Council<sup>1</sup>;</p> <hr/> <p>1. Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to</p>	<p>(16) ‘covered bond’ means bonds as referred to in Article 52(4) of Directive 2009/65/EC of the European Parliament and of the Council<sup>1</sup>;</p> <hr/> <p>1. Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to</p>	<p>(16) <del>‘covered bond’ means bonds as referred to in Article 52(4) of Directive 2009/65/EC of the European Parliament and of the Council<sup>1</sup>;</del></p> <hr/> <p><del>1. Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to</del></p>

	Commission Proposal	EP Mandate	Council Mandate
	undertakings for collective investment in transferable securities (UCITS) (OJ L 302 17.11.2009, p. 32).	undertakings for collective investment in transferable securities (UCITS) (OJ L 302 17.11.2009, p. 32).	<del>undertakings for collective investment in transferable securities (UCITS) (OJ L 302 17.11.2009, p. 32).</del>
Article 2, first paragraph, point (17)			
94	<p>(17) ‘corporate bond’ means a bond that is issued by a Societas Europaea established in accordance with Council Regulation (EC) No 2157/2001<sup>1</sup> or a type of company listed in Annex I of Directive 2017/1132/EC<sup>2</sup> of the European Parliament and of the Council or equivalent in third countries;</p> <p>_____</p> <p>1. Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European company (SE) OJ L 294, 10.11.2001, p. 1–21</p> <p>2. Directive (EU) 2017/1132 of the European Parliament and of the Council of 14 June 2017 relating to certain aspects of company law (OJ L 169, 30.6.2017, p. 46)</p>	<p>(17) ‘corporate bond’ means a bond that is issued by a Societas Europaea established in accordance with Council Regulation (EC) No 2157/2001<sup>1</sup> or a type of company listed in Annex I of Directive 2017/1132/EC<sup>2</sup> of the European Parliament and of the Council or equivalent in third countries;</p> <p>_____</p> <p>1. Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European company (SE) OJ L 294, 10.11.2001, p. 1–21</p> <p>2. Directive (EU) 2017/1132 of the European Parliament and of the Council of 14 June 2017 relating to certain aspects of company law (OJ L 169, 30.6.2017, p. 46)</p>	<p><del>(17) ‘corporate bond’ means a bond that is issued by a Societas Europaea established in accordance with Council Regulation (EC) No 2157/2001<sup>1</sup> or a type of company listed in Annex I of Directive 2017/1132/EC<sup>2</sup> of the European Parliament and of the Council or equivalent in third countries;</del></p> <p>_____</p> <p><del>1. Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European company (SE) OJ L 294, 10.11.2001, p. 1–21</del></p> <p><del>2. Directive (EU) 2017/1132 of the European Parliament and of the Council of 14 June 2017 relating to certain aspects of company law (OJ L 169, 30.6.2017, p. 46)</del></p>
Article 2, first paragraph, point (18)			
95	(18) ‘other bond’ means a bond that does not	(18) ‘other bond’ means a bond that does not	<del>(18) ‘other bond’ means a bond that does not</del>

	Commission Proposal	EP Mandate	Council Mandate
	belong to any of the types of bonds specified in points (13) to (17);	belong to any of the types of bonds specified in points (13) to (17);	<del>belong to any of the types of bonds specified in points (13) to (17);</del>
Article 2, first paragraph, point (19)			
96	(19) ‘investment firm’ means an ‘investment firm’ as defined in Article 4(1)(1) of Directive 2014/65/EU;	(19) ‘investment firm’ means an ‘investment firm’ as defined in Article 4(1)(1) of Directive 2014/65/EU;	(19) ‘investment firm’ means an ‘investment firm’ as defined in Article 4(1)(1) of Directive 2014/65/EU;
Article 2, first paragraph, point (20)			
97	(20) ‘market operator’ means a ‘market operator’ as defined in Article 4(1)(18) of Directive 2014/65/EU;	(20) ‘market operator’ means a ‘market operator’ as defined in Article 4(1)(18) of Directive 2014/65/EU;	(20) ‘market operator’ means— a ‘market operator’ as defined in Article 4(1)(18) of Directive 2014/65/EU;
Article 2, first paragraph, point (21), introductory part			
98	(21) ‘competent authority’ means one or more competent authorities designated either in accordance with:	(21) ‘competent authority’ means one or more competent authorities designated either in accordance with:	(21) ‘competent authority’ means one or more competent authorities designated either in accordance with:

	Commission Proposal	EP Mandate	Council Mandate
Article 2, first paragraph, point (21)(a)			
99	(a) Article 67 of Directive 2014/65/EU for investment firms and market operators operating a DLT MTF;	(a) Article 67 of Directive 2014/65/EU for investment firms and market operators operating a DLT MTF;	(a) Article 67 of Directive 2014/65/EU for investment firms <del>and</del> , market operators <del>operating</del> <b>or CSD which operate or apply for a permission to operate a DLT MTF according to this Regulation;</b>
Article 2, first paragraph, point (21)(b)			
100	(b) Article 11 of Regulation (EU) No 909/2014 for a CSD operating a DLT securities settlement system; or	(b) Article 11 of Regulation (EU) No 909/2014 for a CSD operating a DLT <del>securities settlement system; or</del> <u>SSS; or</u>	(b) Article 11 of Regulation (EU) No 909/2014 for a CSD <del>operating</del> <b>which operate or apply for a permission to operate a DLT-securities settlement system; or according to this Regulation</b>
Article 2, first paragraph, point (21)(c)			
101	(c) otherwise designated by the Member States for the purposes of overseeing the application of this Regulation.	(c) <del>otherwise designated by the Member States</del> <u>ESMA</u> for the purposes of overseeing the application of this Regulation.	(c) <del>otherwise designated by the Member States for the purposes of overseeing the application of</del> <b>this Regulation.</b>

	Commission Proposal	EP Mandate	Council Mandate
Article 2, first paragraph, point (22), introductory part			
102	(22) ‘home Member State’ means in the case of:	(22) ‘home Member State’ means in the case of:	(22) ‘home Member State’ means in the case of:
Article 2, first paragraph, point (22)(a)			
103	(a) an investment firm operating a DLT MTF, the Member State determined in accordance with Article 4(55)(a) (ii) and (iii) of Directive 2014/65/EU;	(a) an investment firm operating a DLT MTF <u>or a DLT TSS</u> , the Member State determined in accordance with Article 4(55)(a) (ii) and (iii) of Directive 2014/65/EU;	(a) an investment firm operating a DLT MTF, the Member State determined in accordance with Article 4(55)(a) (ii) and (iii) of Directive 2014/65/EU;
Article 2, first paragraph, point (22)(b)			
104	(b) a market operator operating a DLT MTF, the Member State in which the market operator of the DLT MTF is registered or, if under the law of that Member State it has no registered office, the Member State in which the head office of the marker operator of the DLT MTF is situated;	(b) a market operator operating a DLT MTF <u>or a DLT TSS</u> , the Member State in which the market operator of the DLT MTF <u>or the DLT TSS</u> is registered or, if under the law of that Member State it has no registered office, the Member State in which the head office of the marker operator of the DLT MTF <u>or of the DLT TSS</u> is situated;	(b) a market operator operating a DLT MTF, the Member State in which the market operator of the DLT MTF is registered or, if under the law of that Member State it has no registered office, the Member State in which the head office of the marker operator of the DLT MTF is situated;

	Commission Proposal	EP Mandate	Council Mandate
Article 2, first paragraph, point (22)(ba)			
104a		<u>(ba) an entity operating a DLT MTF or a DLT TSS that is neither an investment firm nor a market operator, the Member State in which the entity is registered or, if under the law of that Member State it has no registered office, the Member State in which the head office of the operator is situated;</u>	
Article 2, first paragraph, point (22)(c)			
105	(c) a CSD operating a DLT securities settlement system, the Member State determined in accordance with Article 2(23) of Regulation (EU) No 909/2014/EU.	(c) a CSD operating a DLT <del>securities settlement system</del> <u>SSS or a DLT TSS</u> , the Member State determined in accordance with Article 2(23) of Regulation (EU) No 909/2014/EU.	(c) a CSD operating a DLT <del>securities</del> settlement system, the Member State determined in accordance with Article 2(23) of Regulation (EU) <del>No 909/2014/EU</del> <b>No 909/2014</b> .
Article 2, first paragraph, point (22)(ca)			
105a			

	Commission Proposal	EP Mandate	Council Mandate
		<u>(ca) an entity operating a DLT SSS or a DLT TSS that is not a CSD, the Member State in which the operator is registered or, if under the law of that Member State it has no registered office, the Member State in which the head office of the operator is situated.</u>	
Article 2, first paragraph, point (23)			
106	<p>(23) ‘e-money tokens’ means ‘e-money tokens’ as defined in Article XX of Regulation No 2021/XX on Markets in Crypto-Assets<sup>1</sup>.</p> <p>_____</p> <p>1. Proposal for a Regulation of the European parliament and of the Council on Markets in Crypto-assets and amending Directive (EU) 2019/1937 – COM(2020)593</p>	<p>(23) ‘e-money tokens’ means ‘e-money tokens’ as defined in Article XX of Regulation No 2021/XX on Markets in Crypto-Assets<sup>1</sup>.</p> <p>_____</p> <p>1. Proposal for a Regulation of the European parliament and of the Council on Markets in Crypto-assets and amending Directive (EU) 2019/1937 – COM(2020)593</p>	<p>(23) ‘e-money tokens’ means ‘e-money tokens’ as defined in Article <del>XX</del><b>3(1)(4)</b> of Regulation No 2021/XX on Markets in Crypto-Assets<sup>1</sup>.</p> <p>_____</p> <p>1. Proposal for a Regulation of the European parliament and of the Council on Markets in– Crypto-assets and amending Directive (EU) 2019/1937 – COM(2020)593</p>
Article 3			
107	<p>Article 3</p> <p>Limitations on the transferable securities admitted to trading on or settled by a DLT</p>	<p>Article 3</p> <p>Limitations on the <del>transferable securities</del><u>financial instruments</u> admitted to</p>	<p>Article 3</p> <p><b>Article 3</b></p> <p>Limitations on the <del>transferable</del></p>

	Commission Proposal	EP Mandate	Council Mandate
	market infrastructure	trading on or settled by a DLT market infrastructure	<del>securities</del> <b>financial instruments</b> admitted to trading on or settled by a DLT market infrastructure
Article 3(1), introductory part			
108	1. Only DLT transferable securities that meet the following conditions may be admitted to trading on a DLT MTF and recorded on a distributed ledger by a CSD operating a DLT securities settlement system	1. Only DLT <del>transferable securities</del> <b>financial instruments</b> that meet the following conditions may be admitted to trading <del>on a DLT MTF</del> <del>and</del> <b>or</b> recorded <del>on a distributed ledger by a CSD operating, or both on</del> a DLT <del>securities settlement system</del> <b>market infrastructure:</b>	1. Only DLT <del>transferable securities</del> <b>financial instruments</b> that meet the following conditions may be admitted to trading <del>on a DLT MTF</del> <del>and</del> <b>and be</b> recorded on a distributed ledger by a <del>CSD operating a DLT securities settlement system</del> <b>DLT market infrastructure:</b>
Article 3(1), point (a)			
109	(a) shares, the issuer of which has a market capitalisation or a tentative market capitalisation of less than EUR 200 million; or	(a) shares, the issuer of which has a market capitalisation or a tentative market capitalisation of less than EUR 200 million; or	(a) shares, the issuer of which has a market capitalisation or a tentative market capitalisation of less than EUR <del>200</del> <b>500</b> million; or
Article 3(1), point (b)			

	Commission Proposal	EP Mandate	Council Mandate
110	(b) convertible bonds, covered bonds, corporate bonds, other public bonds and other bonds, with an issuance size of less than EUR 500 million.	(b) convertible bonds, covered bonds, corporate bonds, <del>other public</del> <u>sovereign</u> bonds and other bonds, with an issuance size of less than EUR 500 million.	<del>(b) convertible bonds, covered bonds, corporate bonds, other public bonds and other bonds</del> <b>bonds, other forms of securitised debt, including depositary receipt in respect of such securities, and money market instruments, excluding those that embed a derivative or incorporate a structure which makes it difficult for the client to understand the risk involved</b> , with an issuance size of less than EUR 500 million <del>or</del> <b>1 billion; or</b>
Article 3(1), point (ba)			
110a		<u>(ba) DLT ETF units, investing in instruments under points (a) and (b), with an issuance size of less than EUR 500 million;</u>	
Article 3(1), point (c)			
110b			<b>(c) Units in collective investment undertakings which are covered by Article</b>

	Commission Proposal	EP Mandate	Council Mandate
			25(4)(a) of Directive 2014/65/EU and with market value of assets under management of less than EUR 500 million.
Article 3(1), point (bb)			
110c		<u>(bb) DLT units of collective investment undertakings (UCITS), investing in instruments under points (a) and (b), with an issuance size of less than EUR 500 million.</u>	
Article 3(1), first subparagraph			
110d		<u>Corporate bonds issued by issuers whose market capitalisation did not exceed EUR 200 million at the time of their issuance shall be excluded from the calculation of the threshold set out in paragraph (1)(b).</u>	
Article 3(1), first subparagraph			
110e			

	Commission Proposal	EP Mandate	Council Mandate
			The thresholds specified in the first subparagraph are applicable at the moment of admission to trading or recording on a distributed ledger.
Article 3(2)			
111	2. An investment firm or market operator operating a DLT MTF shall not admit to trading sovereign bonds under this Regulation. A CSD operating a DLT securities settlement system, or an investment firm or market operator that is permitted to record DLT transferable securities on a DLT MTF, in accordance with paragraphs 2 and 3 of Article 4, shall not record sovereign bonds under this Regulation.	<i>deleted</i>	<del>2. An investment firm or market operator operating a DLT MTF shall not admit to trading sovereign bonds under this Regulation. A CSD operating a DLT securities settlement system, or an investment firm or market operator that is permitted to record DLT transferable securities on a DLT MTF, in accordance with paragraphs 2 and 3 of Article 4, shall not record sovereign bonds under this Regulation.</del>
Article 3(3), first subparagraph			
112	3. The total market value of DLT transferable securities recorded in a CSD operating a DLT securities settlement system shall not exceed	3. <del>The total market value of DLT transferable securities recorded in a CSD operating</del> <u>Operators of</u> a DLT <del>securities settlement system</del>	3. The total market value of DLT <del>transferable securities</del> <b>financial instruments</b> recorded in a CSD operating a DLT <del>securities settlement</del>

	Commission Proposal	EP Mandate	Council Mandate
	EUR 2.5 billion. Where a DLT MTF records the DLT transferable securities instead of a CSD, in accordance with paragraphs 2 and 3 of Article 4, the total market value of the DLT transferable securities recorded by the investment firm or market operator operating the DLT MTF shall not exceed EUR 2.5 billion.	<del>shall not exceed EUR 2.5 billion. Where</del> <u>SSS or of a DLT MTF records the DLT transferable securities instead of a CSD, in accordance with paragraphs 2 and 3 of Article 4, TSS may admit new financial instruments until</u> the total market value of <del>the DLT transferable securities</del> <u>DLT financial instruments</u> recorded by the investment firm or market operator operating the DLT MTF shall not exceed EUR <del>2.5</del> <u>in a DLT SSS or in a DLT TSS reaches EUR 5</u> billion.	system <del>shall not exceed EUR 2.5 billion. Where</del> or by a DLT MTF records the DLT transferable securities <b>where it records such instruments</b> instead of a CSD, in accordance with paragraphs 2 and 3 of Article 4, <b>at the time of recording a new DLT financial instrument</b> , the total market value of the DLT transferable securities recorded by the investment firm or market operator operating the DLT MTF shall not exceed EUR <del>2.5</del> <b>6</b> billion.
Article 3(3), second subparagraph			
112a			<b>Where the recording of a new DLT financial instrument would result in the total market value referred to in the first subparagraph reaching EUR 6 billion, the DLT market infrastructures shall not admit to trading or record such new DLT financial instrument.</b>

	Commission Proposal	EP Mandate	Council Mandate
Article 3(4), introductory part			
113	4. For the purposes of determining and monitoring the total market value of DLT transferable securities under paragraph 1, the total market value of the DLT transferable securities shall be:	4. For the purposes of determining and monitoring the total market value of DLT <del>transferable securities</del> <u>financial instruments</u> under paragraph 1, the total market value of the DLT <del>transferable securities</del> <u>financial instruments</u> shall be:	4. For the purposes of determining and <del>monitoring the total market value of DLT transferable securities under paragraph 1, the total market value of the DLT transferable securities shall be:</del>
Article 3(4), point (a)			
114	(a) determined daily, either by the CSD or the investment firm or market operator concerned; and	(a) determined daily, either by the CSD or the investment firm or market operator concerned; and	(a) <del>determined daily, either by the CSD or the investment firm or market operator concerned; and</del>
Article 3(4), point (b)			
115	(b) equal to the sum of: the daily closing price of each DLT transferable security admitted for trading on a DLT MTF, multiplied by the number of DLT transferable securities with the same ISIN that are settled on the DLT securities	(b) equal to the sum of: the daily closing price of each DLT transferable security admitted for trading on a DLT MTF, multiplied by the number of DLT <del>transferable securities</del> <u>financial instruments</u> with the same ISIN that are settled	(b) <del>equal to the sum of: the daily closing price of each DLT transferable security admitted for trading on a DLT MTF, multiplied by the number of DLT transferable securities with the same ISIN that are settled on the DLT securities</del>

	Commission Proposal	EP Mandate	Council Mandate
	settlement system or DLT MTF concerned on that day, whether in full or in part.	on the DLT <del>securities settlement system</del> <u>SSS</u> or DLT <del>MTF concerned</del> <u>TSS</u> on that day, whether in full or in part.	<del>settlement system or DLT MTF concerned on that day, whether in full or in part.</del>
Article 3(5), first subparagraph			
116	5. The operator of a DLT market infrastructure shall submit to the competent authority that granted the specific permission, in accordance with Article 7 or Article 8, monthly reports, demonstrating that all the DLT transferable securities that are recorded and settled on a DLT MTF permitted to do so, in accordance with paragraphs 2 and 3 of Article 4, or by a CSD on a DLT securities settlement system, fulfil the conditions under paragraphs 1 to 3.	5. <del>The operator of a DLT market infrastructure shall submit to the competent authority that granted the specific permission, in accordance with Article 7 or Article 8, monthly reports, demonstrating that all the DLT transferable securities</del> <u>financial instruments</u> that are recorded and settled on a DLT <del>MTF permitted to do so, in accordance with paragraphs 2 and 3 of Article 4, or by a CSD</del> <u>SSS or</u> on a DLT <del>securities settlement system</del> <u>TSS</u> fulfil the conditions under paragraphs 1 to 3.	5. <del>The operator of a DLT market infrastructure shall submit to the competent authority that granted the specific permission, in accordance with Article 7 or Article 8, monthly reports, demonstrating that all the DLT transferable securities that are recorded and settled on a DLT MTF permitted to do so, in accordance with paragraphs 2 and 3 of Article 4, or by a CSD on a DLT securities settlement system, fulfil the conditions under paragraphs 1 to 3.</del>
Article 3(5), second subparagraph			
117	Where the total market value of the DLT transferable securities reported under paragraph	Where the total market value of the DLT <del>transferable securities</del> <u>financial instruments</u>	Where the total market value of the DLT <del>transferable securities reported under paragraph</del>

	Commission Proposal	EP Mandate	Council Mandate
	1, has reached EUR 2.25 billion, the investment firm or market operator operating the DLT MTF concerned, or the CSD operating the DLT securities settlement system concerned shall activate the transition strategy, referred to in Article 6(6). They shall notify the competent authority of the activation of their transition strategy, in their monthly report and of the time-horizon for such transition.	reported under paragraph 1, has reached EUR <del>2.25</del> <sup>7</sup> billion, the <del>investment firm or market operator operating of</del> the DLT <del>MTF concerned, SSS</del> or the <del>CSD operating the DLT securities settlement system concerned</del> <u>DLT TSS</u> shall activate the transition strategy, referred to in Article 6(6). <sup>7</sup> They shall notify the competent authority of the activation of their transition strategy, in their monthly report and of the time-horizon for such transition.	<del>1, financial instruments recorded on a DLT market infrastructure</del> has reached EUR <del>2.25 billion</del> <sup>10</sup> billion, the investment firm or <del>the</del> market operator operating the DLT MTF concerned, or the CSD operating the DLT securities settlement system concerned shall activate the transition strategy, referred to in Article 6(6). <sup>7</sup> They shall notify the competent authority of the activation of their transition strategy, in their monthly report and of the time-horizon for such transition.
Article 3(5), third subparagraph			
118	The competent authority concerned may permit the DLT market infrastructure concerned to continue to operate until the total market value of the DLT transferable securities reported under paragraph 1 reaches EUR 2.75 billion provided that such leeway is requested by the operator of the DLT market infrastructure concerned and that it is objectively necessary	<i>deleted</i>	The competent authority concerned may permit <del>the DLT market infrastructure concerned to continue to operate until the total market value of the DLT transferable securities reported under paragraph 1 reaches EUR 2.75 billion</del> provided that such leeway is requested by the operator of the DLT market infrastructure concerned and that it is objectively necessary

	Commission Proposal	EP Mandate	Council Mandate
	for the orderly implementation of the transition strategy.		<del>for the orderly implementation of the transition strategy.</del>
Article 3(5a)			
118a			<b>5a. The CSD, or the investment firm or market operator when there is no CSD, shall calculate the average total market value of DLT financial instruments of each month.</b>
Article 3(5a), first subparagraph			
118b			<b>They shall use such monthly average:</b>
Article 3(5a), point (a)			
118c			<b>(a) when assessing the impact of the recording of new financial instruments in the following month as laid down in paragraph 3;</b>

	Commission Proposal	EP Mandate	Council Mandate
Article 3(5a), point (b)			
118d			<b>(b) to activate the transition strategy as laid down in paragraph 5.</b>
Article 3(5a), second subparagraph			
118e			<b>The monthly average shall be equal to the average of the sum of the daily closing prices of each DLT financial instrument, multiplied by the number of DLT financial instruments with the same ISIN that are recorded on the DLT market infrastructure.</b>
Article 3(5b)			
118f			<b>5b. The operator of a DLT market infrastructure shall submit to its competent authority monthly reports, demonstrating that all the DLT financial instruments that are recorded on a DLT market infrastructure, fulfil the conditions under</b>

	Commission Proposal	EP Mandate	Council Mandate
			paragraphs 3 and 5.
Article 3(5c)			
118g			<b>5c. The competent authorities may set lower thresholds than those referred to in paragraphs 1 and 3. In the case of the modification of the total market value referred to in paragraph 3, the values in paragraph 5 shall be adapted accordingly.</b>
Article 3(5c), first subparagraph			
118h			<b>When deciding about the thresholds, the competent authority shall consider the market size and the average capitalization of financial instruments of a given type admitted to trading platforms in the Member States where the services and activities will be carried out and the risks related to the issuers, to the DLT used and to the services and activities of the DLT infrastructure.</b>

	Commission Proposal	EP Mandate	Council Mandate
Article 3(6)			
119	6. Regulation (EU) No 596/2014 shall apply to DLT transferable securities admitted to trading on a DLT MTF.	6. Regulation (EU) No 596/2014 shall apply to DLT <del>transferable securities</del> <u>financial instruments</u> admitted to trading on a DLT MTF <u>or on a DLT TSS</u> .	6. Regulation (EU) No 596/2014 shall apply to DLT <del>transferable securities</del> <b>financial instruments</b> admitted to trading on a DLT MTF.
Article 4			
120	Article 4 Requirements and exemptions regarding DLT multilateral trading facilities	Article 4 Requirements and exemptions regarding DLT multilateral trading facilities	Article 4 Requirements and exemptions regarding DLT multilateral trading facilities
Article 4(1), introductory part			
121	1. A DLT MTF shall be subject to all the requirements applicable to an MTF under Directive 2014/65/EU and Regulation (EU) No 2014/600, except if the investment firm or the market operator operating the DLT MTF:	1. A DLT MTF <u>and its operator</u> shall be subject to all the requirements applicable to <del>an</del> <u>a</u> MTF under Directive <del>2014/65/EU</del> , <u>except in relation to an exemption granted in accordance with paragraph 1a,</u> <del>and</del> Regulation	1. A DLT MTF <b>operated by an investment firm or a market operator</b> shall be subject to all the requirements applicable to an MTF under Directive <del>2014/65/EU</del> and Regulation (EU) <del>No 2014/600</del> <b>No 600/2014</b> , except if the

	Commission Proposal	EP Mandate	Council Mandate
		(EU) No 2014/600 <u>and any other applicable Union financial services legislation, and in addition, <del>except if</del></u> the investment firm or the market operator operating the DLT MTF:	investment firm or the market operator operating the DLT MTF:
Article 4(1), point (a)			
122	<p>(a) has requested an exemption as specified in paragraph 2 or under Directive (EU) .../...<sup>1</sup> and has been granted such an exemption by the competent authority that granted the specific permission in accordance with Article 7; and</p> <p>_____</p> <p>1. Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2009/65/EC, 2009/138/EU, 2011/61/EU, EU/2013/36, 2014/65/EU, (EU) 2015/2366 and EU/2016/2341 - COM(2020)596 - - COM(2020)596</p>	deleted	<p>(a) has requested an exemption as specified in paragraph 2 or under <del>Directive Article 19(EU2b)</del> .../...<sup>1</sup> of Directive 2014/65/EU and has been granted such an exemption by the competent authority that granted the specific permission in accordance with Article 7; and</p> <p>_____</p> <p><del>1. Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2009/65/EC, 2009/138/EU, 2011/61/EU, EU/2013/36, 2014/65/EU, (EU) 2015/2366 and EU/2016/2341 - COM(2020)596 - - COM(2020)596</del></p>
Article 4(1), point (b)			
123	(b) complies with the obligations set out in	(b) complies with the obligations set out in	(b) complies with the obligations set out in

	Commission Proposal	EP Mandate	Council Mandate
	Article 6; and	Article 6; and	Article 6; and
Article 4(1), point (c)			
124	(c) complies with the conditions set out in paragraphs 2 to 4 and with any additional compensatory measures that the competent authority which granted the specific permission may deem appropriate in order to meet the objectives pursued by the provisions from which an exemption is requested or to ensure investor protection, market integrity and/or financial stability.	(c) complies with the conditions set out in <del>paragraphs 2 to</del> <u>paragraph 4</u> and with any additional compensatory <u>or corrective</u> measures that the competent authority which granted the specific permission may deem appropriate in order to meet the objectives pursued by the provisions from which an exemption is requested or to ensure investor protection, market integrity and/or financial stability.	(c) complies with the <del>conditions</del> <b>obligations</b> set out in paragraphs 2 to 4 and with any additional compensatory measures that the competent authority which granted the specific permission may deem appropriate in order to meet the objectives pursued by the provisions from which an exemption is requested or to ensure investor protection, market integrity and/or financial stability <b>paragraph 4.</b>
Article 4(1a), introductory part			
124a		<u><i>1a. At its request, an investment firm or market operator operating a DLT MTF may be exempted by ESMA from the application of Article 19 of Directive 2014/65/EU (MiFID) and may be permitted, under the rules governing access referred to in Article 18(3) of</i></u>	

	Commission Proposal	EP Mandate	Council Mandate
		<u><i>Directive 2014/65/EU (MiFID) and for a maximum period of four years, to admit natural persons to the DLT MTF as members or participants, provided that those persons fulfil the following requirements:</i></u>	
Article 4(1a), introductory part, point (a)			
124b		<u><i>(a) they are of sufficiently good repute and are fit and proper;</i></u>	
Article 4(1a), introductory part, point (b)			
124c		<u><i>(b) they have sufficient level of trading ability, competence and experience, including knowledge of the trading and the functioning of DLT; and</i></u>	
Article 4(1a), introductory part, point (c)			
124d		<u><i>(c) they have given informed consent to be</i></u>	

	Commission Proposal	EP Mandate	Council Mandate
		<u><i>included in the pilot regime and are adequately informed of its experimental nature and the potential risks associated with it.</i></u>	
Article 4(1a)			
124e			<p><b>1a. A CSD operating a DLT MTF in accordance with Article 5(9) shall be subject to the requirements applicable to an MTF under Directive 2014/65/EU and Regulation (EU) No 600/2014 as specified in Article 73 of Regulation (EU) No 909/2014, except if it has requested an exemption set out in Article 19(2b) of Directive 2014/65/EU, demonstrating the exemption is proportionate and justified by the use of a DLT, and has been granted such an exemption by the competent authority that granted the specific permission in accordance with Article 7.</b></p>
Article 4(1a), first subparagraph			

	Commission Proposal	EP Mandate	Council Mandate
124f		<u><i>At its request, an investment firm or market operator operating a DLT MTF and its members or participants may be exempted by ESMA from the application of Article 26 of Regulation (EU) No 600/2014 (MiFIR).</i></u>	
Article 4(1a), second subparagraph			
124g		<u><i>Where ESMA grants the exemption referred to in the first subparagraph, it may impose additional investor protection measures for the protection of natural persons admitted as members of, or participants in, the DLT MTF. Such measures shall be proportionate to the risk profile of the members of participants.</i></u>	
Article 4(1a), third subparagraph			
124h		<u><i>Where ESMA grants the exemption referred to in the second subparagraph, the DLT MTF shall keep at the disposal of ESMA the</i></u>	

	Commission Proposal	EP Mandate	Council Mandate
		<u><i>relevant details of all transactions executed through its systems. The records shall contain all the details specified in Article 26(3) of Regulation (EU) No 600/2014 that are relevant having regard to the system used by the DLT MTF and the member or participant executing the transaction. The DLT MTF shall also ensure that ESMA has direct and immediate access to those details. In order to access the records, ESMA shall be admitted to the DLT MTF as a regulatory observer participant.</i></u>	
Article 4(1a), fourth subparagraph			
124i		<u><i>ESMA shall ensure that all competent authorities referred to in Article 4(1)(26) of Directive 2014/65/EU have access to all of the details of transactions they need to fulfil their respective responsibilities and mandates.</i></u>	
Article 4(2), first subparagraph			
125			

	Commission Proposal	EP Mandate	Council Mandate
	2. At its request, an investment firm or a market operator operating a DLT MTF may be permitted to admit to trading DLT transferable securities that are not recorded in a CSD in accordance with Article 3(2) of Regulation (EU) 909/2014 but instead recorded on the DLT MTF's distributed ledger.	2. -At its request, an investment firm or a market operator operating a DLT MTF may be permitted to <del>admit to trading DLT transferable securities that are not recorded in a CSD in accordance with Article 3(2) of Regulation (EU) 909/2014 but instead recorded on the DLT MTF's distributed ledger</del> <u>record and settle DLT financial instruments on the distributed ledger used by the DLT MTF. In such a case, the DLT MTF shall be considered to be a DLT TSS.</u>	2. -At its request, an investment firm or a market operator operating a DLT MTF may be permitted to admit to trading DLT <del>transferable securities</del> <b>financial instruments</b> that are not recorded in a CSD in accordance with Article 3(2) of Regulation (EU) 909/2014 but instead recorded on the <b>distributed ledger used by the</b> DLT MTF's <del>distributed ledger</del> .
Article 4(2), second subparagraph, introductory part			
126	An investment firm or market operator requesting an exemption pursuant to paragraph 1 shall propose compensatory measures to meet the objectives pursued by the provisions from which an exemption is requested, and ensure at a minimum:	<i>deleted</i>	-An investment firm or a market operator requesting <del>an exemption</del> <b>a permission</b> pursuant to <del>paragraph 1</del> <b>the previous subparagraph</b> shall propose compensatory measures to meet the objectives pursued by the provisions from which an exemption is requested, and ensure at a minimum:

	Commission Proposal	EP Mandate	Council Mandate
Article 4(2), second subparagraph, point (a)			
127	(a) the recording of the DLT transferable securities on the digital ledger technology;	<i>deleted</i>	(a) the recording of the DLT <del>transferable securities</del> <b>financial instruments</b> on the digital ledger technology <b>DLT MTF's distributed ledger</b> ;
Article 4(2), second subparagraph, point (b)			
128	(b) that the number of DLT transferable securities recorded on the DLT MTF equals the total number of such DLT transferable securities in circulation on the digital ledger technology at any given time;	<i>deleted</i>	(b) that the number of DLT <del>transferable securities</del> <b>financial instruments</b> recorded on the DLT MTF equals the total number of such DLT <del>transferable securities</del> <b>financial instruments</b> in circulation on the digital ledger technology <b>DLT MTF's distributed ledger</b> at any given time;
Article 4(2), second subparagraph, point (c)			
129	(c) that the DLT MTF keeps records which enable the investment firm or market operator operating the DLT MTF, without delay at any given time, to segregate the DLT transferable	<i>deleted</i>	(c) that the DLT MTF keeps records which enable the investment firm or <b>the</b> market operator operating the DLT MTF, without delay at any given time, to segregate the DLT

	Commission Proposal	EP Mandate	Council Mandate
	securities of a member, participant, issuer or client from those of any other member, participant, issuer or client.		<del>transferable securities</del> <b>financial instruments</b> of a member, participant, issuer or client from those of any other member, participant, issuer or client-;
Article 4(2), second subparagraph, point (d)			
129a			<b>(d) that the securities overdrafts, debit balances or undue securities creation or deletion are not allowed.</b>
Article 4(2), third subparagraph			
130	Where no request for an exemption has been made by the DLT MTF in accordance with the first subparagraph, the DLT transferable securities shall either be recorded in book-entry form in a CSD or on the distributed ledger technology of a CSD operating a DLT securities settlement system.	Where no request for <del>an exemption</del> <u>a permission</u> has been made by the DLT MTF <u>operator</u> in accordance with the first subparagraph, the DLT <del>transferable securities</del> <u>financial instruments</u> shall either be recorded in <del>book-entry form in a CSD</del> <u>a CSD operating a securities settlement system</u> or on <del>the</del> <u>a</u> distributed ledger <del>technology of</del> <u>used by</u> a CSD operating a DLT <del>securities settlement</del>	Where no request for <del>an exemption</del> <b>permission</b> has been made by <b>the operator of</b> the DLT MTF in accordance with the first subparagraph, the DLT <del>transferable securities</del> <b>financial instruments</b> shall <del>either</del> be recorded in book-entry form in a CSD or on the distributed ledger <del>technology</del> of a CSD operating a DLT <del>securities</del> settlement system.

	Commission Proposal	EP Mandate	Council Mandate
		<del>system</del> <u>SSS or a DLT TSS</u> .	
Article 4(3), introductory part			
131	3. Where an investment firm or a market operator operating a DLT MTF has requested an exemption under paragraph 2, it shall ensure, by means of robust procedures and arrangements that, the DLT MTF:	3. Where an investment firm or a market operator operating a DLT MTF has requested <del>an exemption</del> <u>a permission</u> under paragraph 2, it shall ensure <u>compliance with all the requirements applicable to a CSD operating a securities settlement system under Regulation (EU) No 909/214 in a manner proportionate to the nature, scale and risks of its business and shall ensure</u> , by means of robust procedures and arrangements that <u>it complies with the same requirements and exemptions applicable to a DLT SSS and its operating CSD, and therefore that</u> the DLT <del>MTF</del> <u>TSS, inter alia</u> :	3. Where an investment firm or a market operator operating a DLT MTF has requested <del>an exemption</del> <b>a permission</b> under paragraph 2, it shall <b>propose compensatory measures to meet the objectives pursued by Articles 7, 37(2) and 39 of Regulation (EU) No 909/2014</b> and ensure <b>at minimum</b> , by means of robust procedures and arrangements, that, the DLT MTF:
Article 4(3), point (a)			
132	(a) guarantees that the number of DLT transferable securities in an issue or in part of	(a) guarantees that the number of DLT <del>transferable securities</del> <u>financial instruments</u> in	(a) guarantees that the number of DLT <del>transferable securities</del> <b>financial instruments</b> in

	Commission Proposal	EP Mandate	Council Mandate
	an issue admitted by the investment firm or market operator operating the DLT MTF, is equal to the sum of DLT transferable securities making up such an issue or part of an issue, recorded on the DLT, at any given time;	an issue or in part of an issue admitted by the investment firm or market operator operating the DLT <del>MTF</del> <u>TSS</u> , is equal to the sum of DLT <del>transferable securities</del> <u>financial instruments</u> making up such an issue or part of an issue, recorded on the DLT, at any given time;	an issue or in part of an issue admitted by <del>the</del> investment firm or market operator operating the DLT MTF, is equal to the sum of DLT <del>transferable securities</del> <b>financial instruments</b> making up such an issue or part of an issue, recorded on the DLT <b>MTF's distributed ledger</b> , at any given time;
Article 4(3), point (b)			
133	(b) guarantees the safekeeping of any DLT transferable securities, as well as any funds to effect payments for such securities or any collateral provided in respect of such transactions using the DLT MTF;	(b) guarantees the safekeeping of any DLT <del>transferable securities</del> <u>financial instruments</u> , as well as any funds to effect payments for such securities or any collateral provided in respect of such transactions using the DLT <del>MTF</del> <u>TSS</u> ;	(b) guarantees the safekeeping of any DLT <del>transferable securities</del> <b>financial instruments</b> , as well as any funds to effect payments for such securities or any collateral provided in respect of such transactions using the DLT MTF;
Article 4(3), point (c)			
134	(c) enables clear, accurate and timely confirmation of the details of transactions in DLT transferable securities including any payments made in respect thereof as well as the	(c) enables clear, accurate and timely confirmation of the details of transactions in DLT <del>transferable securities</del> <u>financial instruments</u> including any payments made in	(c) enables clear, accurate and timely confirmation of the details of transactions in DLT <del>transferable securities</del> <b>financial instruments</b> including any payments made in

	Commission Proposal	EP Mandate	Council Mandate
	discharge of or calling for any collateral in respect of the same;	respect thereof as well as the discharge of or calling for any collateral in respect of the same;	respect thereof as well as the discharge of or calling for any collateral in respect of the same;
Article 4(3), point (d)			
135	(d) provides clear, accurate and timely information in relation to the settlement of transactions, including settlement finality, by defining the moment from which transfer orders or other pre-identified instructions may not be revoked by a member, participant, issuer or client;	(d) provides, <u>in accordance with Article 39(5) of Regulation (EU) No 909/2014</u> , -clear, accurate and timely information in relation to the settlement of transactions, including settlement finality, by defining the moment from which transfer orders or other pre-identified instructions may not be revoked by a member, participant, issuer or client;	(d) provides clear, accurate and timely information in relation to the settlement of transactions, including settlement finality, by defining the moment from which transfer orders or other pre-identified instructions may not be revoked by a member, participant, issuer or client;
Article 4(3), point (e)			
136	(e) settles transactions in DLT transferable securities close to real time or intraday, and in any case, no later than on the second business day after the conclusion of the trade;	(e) settles transactions in DLT <del>transferable securities</del> <u>financial instruments</u> close to real time or intraday, and in any case, no later than on the second business day after the conclusion of the trade;	(e) settles transactions in DLT <del>transferable securities</del> <b>financial instruments</b> close to real time or intraday, and in any case, no later than on the second business day after the conclusion of the trade;

	Commission Proposal	EP Mandate	Council Mandate
Article 4(3), point (f)			
137	<p>(f) ensures delivery versus payment.</p> <p>The settlement of payments may be carried out through central bank money where practicable and available, or where not practicable and available, through commercial bank money, including commercial bank money in a token-based form, or in e-money tokens.</p> <p>Where settlement occurs through commercial bank money or e-money tokens, the investment firm or market operator operating the DLT MTF shall identify, measure, monitor, manage, and minimise any counterparty risk arising from the use of such money; and</p>	<p>(f) <del>ensures</del> delivery versus payment.</p> <p><del>_____</del></p> <p><del>_____</del></p> <p>The settlement of <del>payments</del><u>the payment leg</u> may be carried out through central bank money where practicable and available, or where not practicable and available, through commercial bank money, including commercial bank money in a token-based form, or in e-money tokens.</p> <p><del>_____</del></p> <p><del>_____</del></p> <p>Where settlement occurs through commercial bank money or e-money tokens, the investment firm or market operator operating the DLT <del>MTF</del><u>TSS</u> shall identify, measure, monitor, manage, and minimise any counterparty risk arising from the use of such money; and</p>	<p>(f) <del>ensures</del> delivery versus payment- <del>_____</del></p> <p><del>_____</del> <b>or delivery versus delivery for all transactions against cash or financial instruments, respectively, between direct participants in a distributed ledger used by the DLT MTF's and settled therein;</b></p> <p>The settlement of payments <del>may</del><b>shall</b> be carried out through central bank money, <b>including in tokenised form</b>, where practicable and available, or where not practicable and available, through <del>commercial bank money, including commercial bank money in a token-based form, or in</del> <b>accounts opened with a CSD in accordance with the provisions of Title IV of Regulation (EU) No 909/2014 or with a credit institution, including in a tokenised form, or through</b> e-money tokens.</p> <p><del>_____</del></p> <p><del>_____</del></p>

	Commission Proposal	EP Mandate	Council Mandate
			Where settlement occurs through <del>commercial bank money or</del> <b>accounts opened with a CSD or credit institutions or through</b> e-money tokens, the investment firm or <del>the</del> market operator operating the DLT MTF shall identify, measure, monitor, manage, and minimise any <del>counterparty</del> risk arising from the use of such <del>money</del> means; and
Article 4(3), point (f), second subparagraph			
137a			<b>Banking-type ancillary services of Section C of the Annex of Regulation (EU) No 909/2014 can only be performed by a CSD in accordance with the provisions of Title IV of Regulation (EU) No 909/2014 or credit institutions. Services associated to e-money tokens equivalent to the services listed in letters b) and c) of Annex III of Regulation (EU) No 909/2014 can only be performed by a CSD in accordance with the provisions of Title IV of Regulation (EU) No 909/2014 or</b>

	Commission Proposal	EP Mandate	Council Mandate
			credit institutions.
Article 4(3), point (g)			
138	(g) either prevents or, if not possible, addresses settlement fails.	<p>(g) either prevents or, if not possible, addresses settlement fails; <u><a href="#">in accordance with Articles 6 and 7 of Regulation (EU) No 909/2014 and Commission Delegated Regulation (EU) 2018/1229<sup>1</sup>, as applicable;</a></u></p> <p><u><a href="#">1. Commission Delegated Regulation (EU) 2018/1229 of 25 May 2018 supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on settlement discipline (OJL 230, 13.9.2018, p.1)</a></u></p>	(g) either prevents or, if not possible, addresses settlement fails-;
Article 4(3), point (ga)			
138a		<u><a href="#">(ga) keeps records which enable the investment firm or market operator operating the DLT TSS, without delay at any given time, to segregate the DLT financial instruments of a member, participant, issuer or client from</a></u>	

	Commission Proposal	EP Mandate	Council Mandate
		<u><i>those of any other member, participant, issuer or client.</i></u>	
Article 4(3), point (h)			
138b			<b>(h) mitigate risk arising from the non-designation of the DLT securities system as a system for the purposes of Directive 98/26/EC, in particular with regard to insolvency proceedings.</b>
Article 4(3a)			
138c			<b>3a. Where an operator of a DLT MTF has been granted a permission in accordance with paragraphs 1 or 2 it shall comply with any additional compensatory measures that the competent authority which granted the specific permission may deem appropriate in order to meet the objectives pursued by the provisions from which an exemption is requested or to ensure investor protection,</b>

	Commission Proposal	EP Mandate	Council Mandate
			market integrity or financial stability.
Article 4(4), introductory part			
139	<p>4. Where an investment firm or a market operator operating a DLT MTF requests an exemption in accordance with paragraph 2 or with Directive (EU) .../...<sup>1</sup>, it shall in any case demonstrate that the exemption requested is:</p> <p>_____</p> <p>1. Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2009/65/EC, 2009/138/EU, 2011/61/EU, EU/2013/36, 2014/65/EU, (EU) 2015/2366 and EU/2016/2341 - - COM(2020)596</p>	<p>4. Where an investment firm or a market operator operating a DLT MTF requests <del>an exemption</del> <u>a permission</u> in accordance with paragraph 2 or <u>an exemption in accordance</u> with Directive (EU) .../...<sup>1</sup>, it shall in any case demonstrate that the exemption requested is:</p> <p>_____</p> <p>1. Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2009/65/EC, 2009/138/EU, 2011/61/EU, EU/2013/36, 2014/65/EU, (EU) 2015/2366 and EU/2016/2341 - - COM(2020)596</p>	<p>4. Where an <del>investment firm or a market operator operating</del> of a DLT MTF requests an exemption in accordance with paragraph 2 or with <del>Directive Article 19(EU2b)</del> .../...<sup>1</sup> of <b>Directive 2014/65/EU</b>, it shall in any case demonstrate that the exemption requested is:</p> <p>_____</p> <p><del>1. Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2009/65/EC, 2009/138/EU, 2011/61/EU, EU/2013/36, 2014/65/EU, (EU) 2015/2366 and EU/2016/2341 - - COM(2020)596</del></p>
Article 4(4), point (a)			
140	<p>(a) proportionate to and justified by the use of a DLT; and</p>	<p>(a) proportionate to and justified by the use of a DLT; and</p>	<p>(a) proportionate to and justified by the use of a DLT; and</p>

	Commission Proposal	EP Mandate	Council Mandate
Article 4(4), point (b)			
141	(b) limited to the DLT MTF and does not extended to any other MTF operated by the said investment firm or market operator.	(b) limited to the DLT MTF and does not <del>extended</del> <u>extend</u> to any other MTF operated by the said investment firm or market operator.	(b) limited to the DLT MTF and does not extended to any other MTF operated by the said investment firm or market operator.
Article 4(4a), introductory part			
141a		<u>4a. An entity that is not subject to all the requirements applicable to an MTF under Directive 2014/65/EU and Regulation (EU) No 2014/600 shall benefit only from exemptions from Directive 2014/65/EU and Regulation (EU) No 909/2014 granted in accordance with this Regulation and shall be allowed to request exemptions and permissions in accordance with paragraphs 1 to 4 of this Article.</u>	
Article 4(4a) first subparagraph			
141b		<u>Competent authorities shall put in place specific procedures for the entities referred to</u>	

	Commission Proposal	EP Mandate	Council Mandate
		<u><a href="#">in the first subparagraph.</a></u>	
Article 4(5)			
141c			<b>5. ESMA shall prepare guidelines on the additional compensatory measures, referred to in paragraph 3a, that the competent authority may require in order to meet the objectives pursued by the provisions from which an exemption is requested or to ensure investor protection, market integrity or financial stability.</b>
Article 5			
142	Article 5 Requirements and exemptions regarding DLT securities settlement system	Article 5 Requirements and exemptions regarding DLT securities settlement <del>system</del> <u>systems</u>	Article 5 Requirements and exemptions regarding DLT <del>securities-settlement system</del> <b>systems</b>
Article 5(1), introductory part			
143			

	Commission Proposal	EP Mandate	Council Mandate
	1. A CSD operating a DLT securities settlement system shall be subject to the requirements applicable to a CSD under Regulation (EU) No 909/2014, except if such a CSD:	1. A <del>CSD operating a DLT securities settlement system</del> <u>DLT SSS and its operating CSD</u> shall be subject to the requirements applicable to a <u>securities settlement system and its operating</u> CSD under Regulation (EU) No 909/2014, <del>except if such a CSD</del> <u>and any other applicable Union financial services legislation except if it:</u>	1. A CSD operating a DLT <del>securities</del> settlement system shall be subject to the requirements applicable to a CSD <b>operating a securities settlement system</b> under Regulation (EU) No 909/2014, except if such a CSD:
Article 5(1), point (a)			
144	(a) has requested exemptions as specified in paragraphs 2 to 6 and has been granted such exemptions by the competent authority that granted the specific permission in accordance with Article 8;	(a) has requested exemptions as specified in paragraphs 2 to 6 and has been granted such exemptions by the competent authority that granted the specific permission in accordance with Article 8;	(a) has requested exemptions as specified in paragraphs 2 to 6 and has been– granted such exemptions by the competent authority that granted the specific permission in accordance with Article 8;
Article 5(1), point (b)			
145	(b) complies with the obligations set out in Article 6; and	(b) complies with the obligations set out in Article 6; and	(b) complies with the obligations set out in Article 6; and

	Commission Proposal	EP Mandate	Council Mandate
Article 5(1), point (c)			
146	(c) complies with the conditions set out in paragraphs 2 to 7 and with any additional compensatory measures that the competent authority which granted the specific permission may deem appropriate in order to meet the objectives pursued by the provisions from which an exemption is requested or to ensure investor protection, market integrity and/or financial stability.	(c) complies with the conditions set out in paragraphs 2 to 7 and with any additional compensatory <u>or corrective</u> measures that the competent authority <u>or ESMA after consulting the national competent authority</u> , which granted the specific permission may deem appropriate in order to meet the objectives pursued by the provisions from which an exemption is requested or to ensure investor protection, market integrity and/or financial stability.	(c) complies with the conditions set out in paragraphs 2 to <del>7</del> <b>8</b> and with any additional compensatory measures that the competent authority which granted the specific permission may deem appropriate in order to meet the objectives pursued by the provisions from which an exemption is requested or to ensure investor protection, market integrity and/or financial stability.
Article 5(2), introductory part			
147	2. At its request, a CSD operating a DLT securities settlement system may be exempted by the competent authority from the application of Article 2(4) on dematerialised form, Article 2(9) on transfer of orders, Article 2(28) on securities accounts, Article 3 on the recording	2. At its request, a CSD operating a DLT <del>securities settlement system</del> <u>SSS</u> may be exempted by the competent authority from the application of Article 2(4) on dematerialised form, Article 2(9) on transfer of orders, Article 2(28) on securities accounts, Article 3 on the	2. At its request, a CSD operating a DLT <del>securities</del> settlement system may be exempted by the competent authority from the application of Article 2(4) on dematerialised form, Article 2(9) on transfer of orders, Article 2(28) on securities accounts, Article 3 on the recording

	Commission Proposal	EP Mandate	Council Mandate
	of securities, Article 37 on the integrity of issue, Article 38 on the segregation of assets of Regulation (EU) No 909/2014, provided that the CSD operating the DLT securities settlement system:	recording of securities, Article 37 on the integrity of issue, Article 38 on the segregation of assets of Regulation (EU) No 909/2014, provided that the CSD operating the DLT <del>securities settlement system</del> <u>SSS</u> :	of securities, Article 37 on the integrity of issue, Article 38 on the segregation of assets of Regulation (EU) No 909/2014, provided that the CSD operating the DLT securities settlement system:
Article 5(2), point (a)			
148	(a) demonstrates that the use of a ‘securities account’ as defined under Article 2(28) of Regulation (EU) No 909/2014 or the use of book-entry form are incompatible with the use of its particular DLT;	(a) demonstrates that the use of a ‘securities account’ as defined under Article 2(28) of Regulation (EU) No 909/2014 or the use of book-entry form are incompatible with the use of <del>its</del> <u>the</u> particular DLT <u>deployed</u> ;	(a) demonstrates that the use of a ‘securities account’ as defined under Article 2(28) of Regulation (EU) No 909/2014 or the use of book-entry form are incompatible with the use of its particular DLT;
Article 5(2), point (b)			
149	(b) proposes compensatory measures to meet the objectives pursued by the provisions from which an exemption is requested, and ensures at minimum that:	(b) proposes compensatory <u>or corrective</u> measures to meet the objectives pursued by the provisions from which an exemption is requested, and ensures at minimum that:	(b) proposes compensatory measures to meet the objectives pursued by the provisions from which an exemption is requested, and ensures at minimum that:
Article 5(2), point (b), (i)			

	Commission Proposal	EP Mandate	Council Mandate
150	(c) the recording of the DLT transferable securities on the distributed ledger;	(c) the recording of the DLT <del>transferable securities</del> <u>financial instruments</u> on the distributed ledger;	<del>(e)(i)</del> the recording of the DLT <del>transferable securities</del> <b>financial instruments is done</b> on the distributed ledger; <b>and</b>
Article 5(2), point (b), (ii)			
151	(d) the number of DLT transferable securities in an issue or in part of an issue admitted by the CSD operating the DLT settlement securities system, is equal to the sum of DLT transferable securities making up such issue or part of an issue, recorded on the distributed ledger at any given time; and	(d) the number of DLT <del>transferable securities</del> <u>financial instruments</u> in an issue or in part of an issue admitted by the CSD operating the DLT settlement securities system, is equal to the sum of DLT <del>transferable securities</del> <u>financial instruments</u> making up such issue or part of an issue, recorded on the distributed ledger at any given time; and	<del>(d)(i)</del> the number of DLT <del>transferable securities</del> <b>financial instruments</b> in an issue or in part of an issue admitted by the CSD operating the DLT settlement <del>securities</del> system, is equal to the sum of DLT <del>transferable securities</del> <b>financial instruments</b> making up such issue or part of an issue, recorded on the distributed ledger at any given time; and
Article 5(2), point (b). (iii)			
152	(e) it keeps records which enable the CSD, without delay at any given time, to segregate the DLT transferable securities of a member, participant, issuer or client from those of any	(e) it keeps records which enable the CSD, without delay at any given time, to <del>segregate</del> the DLT <del>transferable securities</del> <u>financial instruments</u> of a member, participant, issuer or	<del>(e)(iii)</del> it keeps records which enable the CSD, without delay at any given time, to <del>segregate</del> the DLT <del>transferable securities</del> <b>financial instruments</b> of a member, participant, issuer or

	Commission Proposal	EP Mandate	Council Mandate
	other member, participant, issuer or client.	client from those of any other member, participant, issuer or client.	client from those of any other member, participant, issuer or client-; <b>and</b>
Article 5(2), point (b), (iv)			
152a			<b>(iv) securities overdrafts, debit balances or undue securities creation or deletion are not allowed.</b>
Article 5(2a)			
152b			<b>2a. At its request, a CSD operating a DLT settlement system may be exempted by the competent authority from the application of Article 7 of Regulation (EU) No 909/2014 provided that it demonstrates that it implements mechanisms to prevent or, if not possible, to address settlement fails.</b>
Article 5(3), introductory part			
153			

	Commission Proposal	EP Mandate	Council Mandate
	3. At its request, a CSD operating a DLT securities settlement system may be exempted by the competent authority from the application of Article 19 and Article 30 of Regulation (EU) No 909/2014, provided that:	3. At its request, a CSD operating a DLT <del>securities settlement system</del> <u>SSS</u> may be exempted by the competent authority from the application of Article 19 <del>and Article 30</del> of Regulation (EU) No 909/2014, <u>in relation only to the outsourcing of a core service to a third party</u> , provided that:	3. At its request, a CSD operating a DLT <del>securities</del> -settlement system may be exempted by the competent authority from the application of Article 19 <del>and Article 30</del> of Regulation (EU) No 909/2014 <b>when outsourcing a core service to a third party and Article 30 of that Regulation</b> , provided that:
Article 5(3), point (a)			
154	(a) such provisions are incompatible with the use of a DLT as envisaged by the particular DLT operated by the CSD concerned; and	(a) <del>such provisions are</del> <u>the application of that Article is</u> incompatible with the use of a DLT as envisaged by the particular DLT operated by the CSD concerned; <del>and</del>	(a) such provisions are incompatible with the use of a DLT as envisaged by the particular DLT operated by the CSD concerned; and
Article 5(3), point (b)			
155	(b) the CSD operating the DLT securities settlement system ensures that the conditions set out in points (c) to (i) of Article 30(1) and in Article 30(2) of Regulation (EU) No 909/2014 are complied with.	<i>deleted</i>	(b) the CSD operating the DLT <del>securities</del> settlement system ensures that the conditions set out in points (c) to (i) of Article 30(1) and in Article 30(2) of Regulation (EU) No 909/2014 are complied with.

	Commission Proposal	EP Mandate	Council Mandate
Article 5(4), introductory part			
156	4. At its request, a CSD operating a DLT securities settlement system may be exempted by the competent authority from the application of Article 2(19) of Regulation (EU) No 909/2014 on participants and may be permitted to admit as participants natural and legal persons other than those referred to in Article 2(19), provided that such persons:	4. At its request, a CSD operating a DLT <del>securities settlement system</del> <b>SSS</b> may be exempted by the competent authority from the application of Article 2(19) of Regulation (EU) No 909/2014 on participants and may be permitted to admit as participants natural and legal persons other than those referred to in Article 2(19), provided that such persons:	4. At its request, a CSD operating a DLT securities settlement system may be <del>exempted</del> <b>permitted</b> by the competent authority <del>from the application of Article 2(19) of Regulation (EU) No 909/2014 on participants</del> and may be permitted to admit as participants natural and legal persons other than those referred to in Article 2(19), provided that such persons:
Article 5(4), point (a)			
157	(a) are of sufficient good repute and are fit and proper; and	(a) are of sufficient good repute and are fit and proper; and	(a) are of sufficient good repute and are fit and proper; and
Article 5(4), point (b)			
158	(b) have sufficient level of ability, competence,	(b) have sufficient level of ability, competence,	(b) have sufficient level of ability, competence,

	Commission Proposal	EP Mandate	Council Mandate
	experience and knowledge of the post-trading and the functioning of DLT.	experience and knowledge of the post-trading and the functioning of DLT, <u>and of the assessment of risks;</u>	experience and knowledge of the post-trading and the functioning of DLT.
Article 5(4), point (ba)			
158a		<u>(ba) have given informed consent to be included in the pilot regime and are adequately informed of its experimental nature and potential risks associated with it.</u>	
Article 5(5), first subparagraph			
159	5. At its request, a CSD operating a DLT securities settlement system may be exempted by the competent authority from the application of Article 40 of Regulation (EU) No 909/2014 on cash settlement, provided that the CSD ensures delivery versus payment.	5. -At its request, a CSD operating a DLT <del>securities settlement system</del> <u>SSS</u> may be exempted by the competent authority from the application of Article 40 of Regulation (EU) No 909/2014 on cash settlement, provided that the CSD ensures delivery versus payment.	5. -At its request, a CSD operating a DLT <del>securities</del> settlement system may be exempted by the competent authority from the application of Article 40 of Regulation (EU) No 909/2014 on cash settlement, provided that the CSD ensures delivery versus payment <b>or delivery versus delivery.</b>
Article 5(5), second subparagraph			

	Commission Proposal	EP Mandate	Council Mandate
160	The settlement of payments may be carried out through central bank money, where practicable and available, or where not practicable and available, through commercial bank money, including commercial bank money in a token-based form, or in e-money tokens.	The settlement of <del>payments may</del> <u>the payment leg shall</u> be carried out through central bank money, where practicable and available, or where not practicable and available, through commercial bank money, including commercial bank money in a token-based form, or in e-money tokens.	The settlement of payments <del>may</del> <b>shall</b> be carried out through central bank money, <b>including in tokenised form</b> , where practicable and available, or where not practicable and available, through <del>commercial bank money</del> , <del>including commercial bank money in a token-based form, or in</del> <b>accounts opened with the CSD in accordance with the provisions of Title IV of Regulation (EU) No 909/2014 or with a credit institution including in a tokenised form, or through</b> e-money tokens.
Article 5(5), third subparagraph			
161	Where settlement occurs through commercial bank money or e-money tokens, the investment firm or market operator operating the DLT MTF shall identify, measure, monitor, manage, and minimise any counterparty risk arising from the use of such money.	Where settlement occurs through commercial bank money or e-money tokens, the <del>investment firm or market operator</del> <u>CSD</u> operating <del>the DLT MTF</del> <u>a DLT TSS</u> shall identify, measure, monitor, manage, and minimise any counterparty risk arising from the use of such money, <u>also taking into account any risk</u>	Where settlement occurs through <del>commercial bank money or</del> <b>accounts opened with a credit institution or through</b> e-money tokens, the <del>investment firm or market operator</del> <b>CSD</b> operating the DLT <del>MTF</del> <b>settlement system</b> shall identify, measure, monitor, manage, and minimise any <del>counterparty</del> risk arising from the

	Commission Proposal	EP Mandate	Council Mandate
		<u>arising from the designation or non-designation of the DLT SSS as a system for the purposes of Directive 98/26/EC and paragraph 8 of this Article.</u>	use of such <del>money</del> means, also taking into account any risk arising from designation or non-designation of the DLT securities system as a system for the purposes of Directive 98/26/EC in accordance with paragraph 8.
Article 5(5), fourth subparagraph			
161a			<b>Banking type-ancillary services of Section C of the Annex to Regulation (EU) No 909/2014 shall only be provided by the CSD in accordance with the provisions of Title IV of Regulation (EU) No 909/2014 or by a credit institution.</b>
Article 5(5), fifth subparagraph			
161b			<b>Services associated to e-money tokens equivalent to the services listed in letters b) and c) of Section C of the Annex to Regulation (EU) No 909/2014 shall only be provided by the CSD in accordance with the</b>

	Commission Proposal	EP Mandate	Council Mandate
			provisions of Title IV Regulation (EU) No 909/2014 or by a credit institution.
Article 5(6), first subparagraph			
162	<p>6. At its request, a CSD operating a DLT securities settlement system may be exempted by the competent authority from the application of Articles 50 and/or Article 53 on standard link access and access between a CSD and another market infrastructure of Regulation (EU) No 909/2014, provided that it demonstrates that the use of a DLT is incompatible with legacy systems of other CSDs or other market infrastructures or that granting such access to another CSD or another market infrastructure using legacy systems would trigger disproportionate costs, given the size of the DLT securities settlement system.</p>	<p>6. At its request, a CSD operating a DLT <del>securities settlement system</del> <u>SSS</u> may be exempted by the competent authority from the application of Articles 50 and/or Article 53 on standard link access and access between a CSD and another market infrastructure of Regulation (EU) No 909/2014, provided that it demonstrates that the use of a DLT is incompatible with legacy systems of other CSDs or other market infrastructures or that granting such access to another CSD or another market infrastructure using legacy systems would trigger disproportionate costs, given the size of the DLT <del>securities settlement</del> <u>system SSS</u>.</p>	<p>6. At its request, a CSD operating a DLT <del>securities</del>-settlement system may be exempted by the competent authority from the application of Articles 50 <del>and/or Article</del> <u>or</u> 53 on standard link access and access between a CSD and another market infrastructure of Regulation (EU) No 909/2014, provided that it demonstrates that the use of a DLT is incompatible with legacy systems of other CSDs or other market infrastructures or that granting such access to another CSD or another market infrastructure using legacy systems would trigger disproportionate costs, given the size of the DLT <del>securities</del> settlement system.</p>
Article 5(6a)			

	Commission Proposal	EP Mandate	Council Mandate
162a		<p><u>6a. At its request, a CSD operating a DLT SSS may be permitted to admit to trading DLT financial instruments, in which case it shall be considered to operate a DLT TSS. Where a CSD operating a DLT SSS has requested such permission, it shall ensure, by means of robust procedures and arrangements that it complies with the same requirements and exemptions as those applicable to a DLT MTF and its operating investment firm or market operator under this Regulation in a manner proportionate to the nature, scale and risks of its business. The DLT SSS shall in such a case be considered to be a DLT TSS.</u></p>	
Article 5(6a), second subparagraph			
162b			<p><b>Where a CSD operating a DLT settlement system has requested an exemption in accordance with the first sub-paragraph, it shall give access to other CSDs operating a</b></p>

	Commission Proposal	EP Mandate	Council Mandate
			DLT settlement system or to DLT MTFs.
Article 5(7), first subparagraph			
163	<p>7. Where a CSD operating a DLT securities settlement system has requested an exemption in accordance with the first sub-paragraph, it shall give access to other CSDs operating a DLT securities settlement system or to DLT MTFs.</p>	<p>7. <del>Where a CSD operating a DLT securities settlement system</del> <u>SSS</u> has requested an exemption in accordance with the first sub-paragraph, it shall give access to other CSDs operating a DLT <del>securities settlement system</del> <u>SSS</u> or to DLT MTFs. <u>The CSD operating a DLT SSS shall inform the competent authority of its intention to establish any such access. After consulting ESMA, the competent authority may prohibit such access insofar as it would be detrimental to the stability of the Union financial system.</u></p>	<p>7. <del>Where a CSD operating a DLT securities settlement system has requested an exemption in accordance with the first sub-paragraph, it shall give access to other CSDs operating a DLT securities settlement system or to DLT MTFs.</del></p>
Article 5(7), second subparagraph, introductory part			
164	<p>Where a CSD operating a DLT securities settlement system requests an exemption in accordance with paragraphs 2 to 6, it shall in</p>	<p><del>Where a CSD operating a DLT securities settlement system</del> <u>SSS</u> requests an exemption in accordance with paragraphs 2 to 6 <u>or a</u></p>	<p><del>Where a CSD operating a DLT securities settlement system requests an exemption in accordance with paragraphs 2 to 6, it shall in</del></p>

	Commission Proposal	EP Mandate	Council Mandate
	any case demonstrate that:	<u>permission in accordance with paragraph 6a</u> , it shall in any case demonstrate that:	any case demonstrate that:
Article 5(7), second subparagraph, point (a)			
165	(a) the exemption requested is proportionate to and justified by the use of its DLT, and;	(a) the exemption <u>or permission</u> requested is proportionate to and justified by the use of <del>its</del> <u>the particular</u> DLT, and;	(a) the exemption requested is proportionate to and justified by the use of its DLT, and;
Article 5(7), second subparagraph, point (b)			
166	(b) the exemption requested is limited to the DLT securities settlement system and does not extend to any other securities settlement system as defined in Article 2(10) of Regulation (EU) No 909/2014 operated by the same CSD.	(b) the exemption <u>or permission</u> requested is limited to the DLT <del>securities settlement system</del> <u>SSS</u> and does not extend to any other securities settlement system as defined in Article 2(10) of Regulation (EU) No 909/2014 operated by the same CSD.	(b) the exemption requested is limited to the DLT <del>securities</del> settlement system and does not extend to any <del>other</del> securities settlement system as defined in Article 2(10) of Regulation (EU) No 909/2014 operated by the same CSD.
Article 5(8), first subparagraph			
167	8. Where a CSD has requested and been	8. Where a CSD has requested and been	8. Where a CSD has requested and been

	Commission Proposal	EP Mandate	Council Mandate
	<p>granted an exemption under paragraph 3, the requirement in Article 39(1) of Regulation (EU) No 909/2014/EU for Member States to designate and notify the securities settlement system operated by the CSD in accordance with Directive 98/26/EC shall not apply to the DLT securities settlement system. The foregoing shall not preclude Member States from designating and notifying a DLT securities settlement system in accordance with Directive 98/26/EC where the DLT securities settlement system fulfils all of the requirements of that Directive.</p>	<p>granted an exemption under paragraph 3, the requirement in Article 39(1) of Regulation (EU) No 909/2014/EU for Member States to designate and notify the securities settlement system operated by the CSD in accordance with Directive 98/26/EC shall not apply to the DLT <del>securities settlement system</del> <u>SSS or the DLT TSS</u>. The foregoing shall not preclude Member States from designating and notifying a DLT <del>securities settlement system</del> <u>SSS or a DLT TSS</u> in accordance with Directive 98/26/EC where the DLT <del>securities settlement system</del> <u>SSS or TSS</u> fulfils all of the requirements of that Directive.</p>	<p>granted an exemption under paragraph <del>34</del>, the requirement in Article 39(1) of Regulation (EU) No 909/2014/EU for Member States to designate and notify the securities settlement system operated by the CSD in accordance with Directive 98/26/EC shall not apply to the DLT <b>settlement system. For the purpose of operating a DLT settlement system, the requirement in Article 2(1) of Regulation (EU) No 909/2014 for CSDs to operate a securities settlement system shall not require Member States to designate and notify a securities settlement system under Directive 98/26/EC.</b> The foregoing shall not preclude Member States from designating and notifying a DLT <del>securities</del> settlement system in accordance with Directive 98/26/EC where the DLT <del>securities</del> settlement system fulfils all of the requirements of that Directive.</p>
Article 5(8a), first subparagraph			
167a			

	Commission Proposal	EP Mandate	Council Mandate
		<u><i>8a. An entity that is not subject to the requirements applicable to a CSD under Regulation (EU) No 909/2014, shall benefit only from exemptions from Directive 2014/65/EU and Regulation (EU) No 909/2014 and shall be allowed to request exemptions and permissions in accordance with paragraphs 1 to 8 of this Article.</i></u>	
Article 5(8a), second subparagraph			
167b		<u><i>Competent authorities shall put in place specific procedures for the entities referred to in the first subparagraph.</i></u>	
Article 5(8a), second subparagraph			
167c			<b>Where the DLT settlement system is not designated and notified in accordance with Directive 98/26/EC the CSD shall propose compensatory measures to mitigate risks arising from insolvency where insolvency</b>

	Commission Proposal	EP Mandate	Council Mandate
			protections under Directive 1998/26 EC do not apply.
Article 5(9)			
167d			9. A CSD operating a DLT settlement system may also operate a DLT MTF where it complies with Article 73 of Regulation (EU) No 909/2014, provided it is permitted to do so in accordance with Article 7.
Article 5(10)			
167e			10. ESMA shall prepare guidelines on the additional compensatory measures, referred to in paragraph 1, that the competent authority may require in order to meet the objectives pursued by the provisions from which an exemption is requested or to ensure investor protection, market integrity and/or financial stability.

	Commission Proposal	EP Mandate	Council Mandate
Article 6			
168	Article 6 Additional requirements on DLT market infrastructures	Article 6 Additional requirements <del>on</del> <u>for</u> DLT market infrastructures	Article 6 -Additional requirements on DLT market infrastructures
Article 6(1), first subparagraph			
169	1. The operators of DLT market infrastructures shall establish a clear and detailed business plan describing how they intend to carry out their services and activities, including a description of critical staff, technical aspects, the use of the DLT and the information required in paragraph 3.	1. The operators of DLT market infrastructures shall establish a clear and detailed business plan describing how they intend to carry out their services and activities, including a description of critical staff, technical aspects, the use of the DLT and the information required in paragraph 3.	1. -The operators of DLT market infrastructures shall establish a clear and detailed business plan describing how they intend to carry out their services and activities, including a description of critical staff, technical aspects, the use of the DLT and the information required in paragraph 3.
Article 6(1), second subparagraph			
170	They shall also have up-to-date, clear and detailed publically available written documentation, which may be made available by electronic means, defining the rules under	They shall also have up-to-date, clear and detailed <del>publically</del> <u>publicly</u> available written documentation, which may be made available by electronic means, defining the rules under	They shall also have up-to-date, clear and detailed <del>publically</del> <b>publicly</b> available written documentation, which may be made available by electronic means, defining the rules under

	Commission Proposal	EP Mandate	Council Mandate
	<p>which the DLT market infrastructure shall operate, including the agreed upon associated legal terms defining the rights, obligations, responsibilities and liabilities of the operator of the DLT market infrastructure, as well as that of the members, participants, issuers and/or clients using the DLT market infrastructure concerned. Such legal arrangements shall specify the governing law, the pre-litigation dispute settlement mechanism and the jurisdiction for bringing legal action.</p>	<p>which the DLT market <del>infrastructure</del><u>infrastructures and their operators</u> shall operate, including the agreed upon associated legal terms defining the rights, obligations, responsibilities and liabilities of the operator of the DLT market infrastructure, as well as that of the members, participants, issuers and/or clients using the DLT market infrastructure concerned. Such legal arrangements shall specify the governing law, the pre-litigation dispute settlement mechanism, <u>any insolvency protection measures under Directive 98/26/EC</u> and the jurisdiction for bringing legal action.</p>	<p>which the DLT market infrastructure shall operate, including the agreed upon associated legal terms defining the rights, obligations, responsibilities and liabilities of the operator of the DLT market infrastructure, as well as that of the members, participants, issuers and/or clients using the DLT market infrastructure concerned. Such legal arrangements shall specify the governing law, the pre-litigation dispute settlement mechanism, <b>any insolvency protection under Directive 98/26/EC, where applicable</b>, and the jurisdiction for bringing legal action.</p>
Article 6(1a)			
170a		<p><u><b>1 The operators of DLT market infrastructures shall at all times remain fully responsible for the services and activities they carry out under this Regulation, including the operation of the distributed ledger deployed.</b></u></p>	

	Commission Proposal	EP Mandate	Council Mandate
		<u>Where the operators of DLT market infrastructures outsource part of their services and activities they shall ensure that the conditions laid down in Article 30 of Regulation (EU) No 909/2014 are complied with in full, as applicable.</u>	
Article 6(2)			
171	2. A CSD operating a DLT securities settlement system, and an investment firm or a market operator operating a DLT MTF requesting an exemption from Article 3(2) of Regulation (EU) No 909/2014, shall establish rules on the functioning of the DLT they operate, including the rules for accessing the distributed ledger technology, the participation of the validating nodes, addressing potential conflicts of interest, and risk management including any mitigation measures.	2. A CSD operating a DLT <del>securities settlement system</del> <u>SSS</u> , and an investment firm or a market operator operating a DLT <del>MTF</del> <u>TSS</u> requesting an exemption from Article 3(2) of Regulation (EU) No 909/2014, shall establish <del>rules on the functioning of the DLT they operate, including the rules for accessing the distributed ledger technology, the participation of the validating nodes, addressing potential conflicts of interest, and risk management including any mitigation measures.</del> <u>or document as appropriate:</u>	2. A CSD operating a DLT <del>securities</del> settlement system, and an investment firm or a market operator operating a DLT MTF requesting an exemption from Article 3(2) of Regulation (EU) No 909/2014, shall establish rules on the functioning of the DLT they <del>operate</del> <u>use</u> , including the rules for accessing the distributed ledger technology, the participation of the validating nodes, addressing potential conflicts of interest, and risk management including any mitigation measures;

	Commission Proposal	EP Mandate	Council Mandate
Article 6(2), point (a)			
171a		<u>(a) rules on the functioning of the distributed ledger they operate, including the rules for accessing the distributed ledger, the participation of the validating nodes, addressing potential conflicts of interest, and risk management including any mitigation measures to ensure investor protection and financial stability; and</u>	
Article 6(2), point (b)			
171b		<u>(b) measures to mitigate the risks arising from insolvency, where insolvency protection measures under Directive 98/26/EC do not apply.</u>	
Article 6(3)			
172	3. The operators of DLT market infrastructures shall provide their members, participants,	3. The operators of DLT market infrastructures shall provide their members, participants,	3. The operators of DLT market infrastructures shall provide their members, participants,

	Commission Proposal	EP Mandate	Council Mandate
	issuers and clients with clear and unambiguous information on their website on how they carry out their functions, services and activities and how this performance of functions, services and activities deviates from an MTF or a securities settlement system. This information shall include the type of DLT used.	issuers and clients with clear and unambiguous information on their website on how they carry out their functions, services and activities and how this performance of functions, services and activities deviates from an MTF or a securities settlement system. This information shall include the type of DLT used.	issuers and clients with clear and unambiguous information on their website on how they carry out their functions, services and activities and how this performance of functions, services and activities deviates from <del>an</del> MTF or a securities settlement system <b>which is not based on DLT</b> . This information shall include the type of DLT used.
Article 6(4), first subparagraph			
173	4. The operators of DLT market infrastructures shall ensure that the overall IT and cyber arrangements related to the use of their DLT are proportionate to the nature, scale and complexity of their business. These arrangements shall ensure the continued transparency, availability, reliability and security of their services and activities, including the reliability of smart contracts used on the DLT. These arrangements shall also ensure the integrity, security and confidentiality	4. The operators of DLT market infrastructures shall ensure that the overall IT and cyber arrangements related to the use of their DLT are proportionate to the nature, scale and complexity of their business. These arrangements shall ensure the continued transparency, availability, reliability and security of their services and activities, including the reliability of smart contracts used on the DLT. These arrangements shall also ensure the integrity, security and confidentiality	4. -The operators of DLT market infrastructures shall ensure that the overall IT and cyber arrangements related to the use of their DLT are proportionate to the nature, scale and complexity of their business. These arrangements shall ensure the continued transparency, availability, reliability and security of their services and activities, including the reliability of smart contracts used on the DLT. These arrangements shall also ensure the integrity, security and confidentiality

	Commission Proposal	EP Mandate	Council Mandate
	of any data stored, and the availability and accessibility of such data.	of any data stored, and the availability and accessibility of such data.	of any data stored, and the availability and accessibility of such data.
Article 6(4), second subparagraph			
174	The operators of DLT market infrastructures shall have a specific operational risk procedure for the risks posed by the use of a DLT and crypto-assets and on how these risks would be addressed if they materialised.	The operators of DLT market infrastructures shall have a specific operational risk <u>management</u> procedure for the risks posed by the use of a DLT and crypto-assets and on how these risks would be addressed if they materialised.	The operators of DLT market infrastructures shall have a specific operational risk procedure for the risks posed by the use of a DLT and crypto-assets and on how these risks would be addressed if they materialised.
Article 6(4), third subparagraph			
175	To assess the reliability of the overall IT and cyber arrangements of a DLT market infrastructure, the competent authority may require an audit. The competent authority shall appoint an independent auditor to carry out the audit. The DLT market infrastructure shall bear the costs of such an audit.	To assess the reliability of the overall IT and cyber arrangements of a DLT market infrastructure, the competent authority may require an audit. The competent authority shall appoint an independent auditor to carry out the audit. The DLT market infrastructure shall bear the costs of such an audit.	To assess the reliability of the overall IT and cyber arrangements of a DLT market infrastructure, the competent authority may require an audit. The competent authority shall appoint an independent auditor to carry out the audit. The DLT market infrastructure shall bear the costs of such an audit.

	Commission Proposal	EP Mandate	Council Mandate
	Article 6(5), first subparagraph		
176	<p>5. Where the operator of a DLT market infrastructure ensures the safekeeping of participants', members', participants', issuers' or clients' funds, collateral and DLT transferable securities, as well as the means of access to such DLT transferable securities, including in the form of cryptographic keys, the operators of such DLT market infrastructures shall have adequate arrangements in place to prevent the use of the said funds, collateral or DLT transferable securities on their own account other than with the express consent, evidenced in writing, which may be made through electronic means, of the participant, member, issuer, or client concerned.</p>	<p>5. -Where the operator of a DLT market infrastructure ensures the safekeeping of participants', members', participants', issuers' or clients' funds, collateral and DLT <del>transferable securities</del><u>financial instruments</u>, as well as the means of access to such DLT <del>transferable securities</del><u>financial instruments</u>, including in the form of cryptographic keys, the operators of such DLT market infrastructures shall have adequate arrangements in place to prevent the use of the said funds, collateral or DLT <del>transferable securities</del><u>financial instruments</u> on their own account other than with the express consent, evidenced in writing, which may be made through electronic means, of the participant, member, issuer, or client concerned.</p>	<p>5. -Where the operator of a DLT market infrastructure ensures the safekeeping of participants', members', participants', issuers' or clients' funds, collateral and DLT <del>transferable securities</del><b>financial instruments</b>, as well as the means of access to such DLT <del>transferable securities</del><b>financial instruments</b>, including in the form of cryptographic keys, the operators of such DLT market infrastructures shall have adequate arrangements in place to prevent the use of the said funds, collateral or DLT <del>transferable securities</del><b>financial instruments</b> on their own account other than with the express consent, evidenced in writing, which may be made through electronic means, of the participant, member, issuer, or client concerned.</p>
	Article 6(5), second subparagraph		
177			

	Commission Proposal	EP Mandate	Council Mandate
	The operator of a DLT market infrastructure shall maintain safe, accurate, reliable and retrievable records of the funds, collateral and DLT transferable securities held by its DLT market infrastructure for members, participants, issuers or clients as well as of the means of access to such assets.	The operator of a DLT market infrastructure shall maintain safe, accurate, reliable and retrievable records of the funds, collateral and DLT <del>transferable securities</del> <b>financial instruments</b> held by its DLT market infrastructure for members, participants, issuers or clients as well as of the means of access to such assets.	The operator of a DLT market infrastructure shall maintain safe, accurate, reliable and retrievable records of the funds, collateral and DLT <del>transferable securities</del> <b>financial instruments</b> held by its DLT market infrastructure for members, participants, issuers or clients as well as of the means of access to such assets.
Article 6(5), third subparagraph			
178	The operator of a DLT market infrastructure shall segregate the funds, collateral and DLT transferable securities as well as the means of access to such assets, of the members, participants, issuers or clients using its DLT market infrastructure from its own assets as well as from the same assets of other members, participants, issuers or clients.	The operator of a DLT market infrastructure shall segregate the funds, collateral and DLT <del>transferable securities</del> <b>financial instruments</b> as well as the means of access to such assets, of the members, participants, issuers or clients using its DLT market infrastructure from its own assets as well as from the same assets of other members, participants, issuers or clients.	The operator of a DLT market infrastructure shall segregate the funds, collateral and DLT <del>transferable securities</del> <b>financial instruments</b> as well as the means of access to such assets, of the members, participants, issuers or clients using its DLT market infrastructure from its own assets as well as from the same assets of other members, participants, issuers or clients.
Article 6(5), fourth subparagraph			
179			

	Commission Proposal	EP Mandate	Council Mandate
	The overall IT and cyber arrangements, referred to in paragraph 4, shall ensure that the said funds, collateral and DLT transferable securities, as well as the means of access to such assets, are protected from the risks of unauthorised access, hacking, degradation, loss, cyber-attack or theft.	The overall IT and cyber arrangements, referred to in paragraph 4, shall ensure that the said funds, collateral and DLT <del>transferable securities</del> <b>financial instruments</b> , as well as the means of access to such assets, are protected from the risks of unauthorised access, hacking, degradation, loss, cyber-attack, <b><u>theft, fraud, negligence or other serious operational malfunctions</u></b> <del>or theft</del> .	The overall IT and cyber arrangements, referred to in paragraph 4, shall ensure that the said funds, collateral and DLT <del>transferable securities</del> <b>financial instruments</b> , as well as the means of access to such assets, are protected from the risks of unauthorised access, hacking, degradation, loss, cyber-attack or theft.
Article 6(5a), first subparagraph			
179a		<b><u>5a. The operator of a DLT market infrastructure shall be liable to its clients for any loss of funds, collateral and DLT financial instruments, or of means of access to such assets, resulting from unauthorised access, hacking, degradation, loss, fraud, cyber-attack, or from theft or negligence or other serious malfunctions up to an amount not exceeding the market value of the assets lost.</u></b>	

	Commission Proposal	EP Mandate	Council Mandate
Article 6(5a), second subparagraph			
179b		<p><u>The operator of a DLT market infrastructure shall establish transparent and adequate arrangements to ensure investor protection, and provide clients with mechanisms for handling complaints and procedures for compensation or redress in cases of investor detriment as a result of the serious malfunctions referred to in the first subparagraph or of the cessation of the business due to any of the circumstances referred to in Article 7(6), or Article 8(6), as appropriate.</u></p>	
Article 6(5a), third subparagraph			
179c		<p><u>ESMA may decide, on a case by case basis, to require additional prudential safeguards from the operator of a DLT market infrastructure in the form of own funds or insurance policy, if it is assessed that potential liabilities resulting from damages caused to its clients due to any</u></p>	

	Commission Proposal	EP Mandate	Council Mandate
		<u><i>of the serious malfunctions referred to in the first sub-paragraph are not adequately covered by the prudential requirements provided for in Directive 2014/65/EU of the European Parliament and of the Council and Regulation (EU) No 909/2014 of the European Parliament and of the Council, in order to ensure investor protection.</i></u>	
Article 6(6), introductory part			
180	6. The operator of a DLT market infrastructure shall establish a clear, detailed and publically available strategy for transitioning out of or winding down a particular DLT market infrastructure (referred to herein as the ‘transition strategy’), ready to be deployed in a timely manner, in the event that the permission or some of the exemptions granted in accordance with Article 4 or Article 5 have to be withdrawn or otherwise discontinued, or in the event of any voluntary or involuntary	6. The operator of a DLT market infrastructure shall establish a clear, detailed and <del>publically</del> publicly available strategy for transitioning out of or winding down a particular DLT market infrastructure (referred to herein as the ‘transition strategy’), <u>including the transition/reversion of their DLT operations to traditional infrastructures,</u> ready to be deployed in a timely manner, in the event that the permission or some of the exemptions granted in accordance with Article 4 or Article	6. The operator of a DLT market infrastructure shall establish a clear, detailed and <del>publically</del> publicly available strategy for <b>reducing the activity</b> , transitioning out of or winding down a particular DLT market infrastructure (referred to herein as the ‘transition strategy’), ready to be deployed in a timely manner, in the event <del>that the permission or some of the exemptions granted in accordance with Article 4 or Article 5 have to be withdrawn or otherwise discontinued, or in</del>

	Commission Proposal	EP Mandate	Council Mandate
	<p>cessation of the business of the DLT MTF or DLT securities settlement system. The transition strategy shall set out how members, participants, issuers and clients shall be treated, in the event of such withdrawal, discontinuation or cessation. The transition strategy shall be updated on an ongoing basis subject to the prior consent of the competent authority which granted the permission to operate and related exemptions under Article 4 and Article 5.</p>	<p>5 have to be withdrawn or otherwise discontinued, or <u>the thresholds envisaged in this Regulation have been reached, or</u> in the event of any voluntary or involuntary cessation of the business of the DLT <del>MTF or DLT securities settlement system</del> <u>market infrastructure or under any of the events envisaged under Article 10(2)</u>. The transition strategy shall set out how members, participants, issuers and clients shall be treated, in the event of such withdrawal, discontinuation or cessation. The transition strategy shall be updated on an ongoing basis subject to the prior consent of the competent authority which granted the permission to operate and related exemptions under Article 4 and Article 5.</p>	<p><del>the event of any voluntary or involuntary cessation of the business of the DLT MTF or DLT securities settlement system. The transition strategy shall set out how members, participants, issuers and clients shall be treated, in the event of such withdrawal, discontinuation or cessation. The transition strategy shall be updated on an ongoing basis subject to the prior consent of the competent authority which granted the permission to operate and related exemptions under Article 4 and Article 5.:</del></p>
Article 6(6), point (a)			
180a			<p><b>(a) that the threshold referred to in Article 3(5) is exceeded, in the case of CSD or investment firm or the market operator</b></p>

	Commission Proposal	EP Mandate	Council Mandate
			<b>operating a DLT MTF with DLT financial instruments that are not recorded in a CSD, or</b>
Article 6(6), point (b)			
180b			<b>(b) that the permission or some of the exemptions granted in accordance with Article 4 or Article 5 have to be withdrawn or otherwise discontinued, or</b>
Article 6(6), point (c)			
180c			<b>(c) of any voluntary or involuntary cessation of the business of the DLT MTF or DLT settlement system.</b>
Article 6(6a), first subparagraph			
180d		<u><b>6a. Where a DLT market infrastructure is authorised to operate with exemptions, in</b></u>	

	Commission Proposal	EP Mandate	Council Mandate
		<u>accordance with Article 7(1a) and Article 8(1a), and did not apply for full authorisation under Directive 2014/65/EU or under Regulation (EU) No 909/2014, the transition strategy shall include specific arrangements with CSDs authorised under Regulation (EU) No 909/2014 in order to ensure business continuity in the best interests of members, participants, issuers and clients.</u>	
Article 6(6a), second subparagraph			
180e		<u>CSDs authorised under Regulation (EU) No 909/2014 shall offer to conclude the arrangements referred to in the first subparagraph in a non-discriminatory manner against a reasonable commercial fee based on actual costs.</u>	
Article 6(6), first subparagraph			
180f			<b>The transition strategy shall set out how</b>

	Commission Proposal	EP Mandate	Council Mandate
			<p>members, participants, issuers and clients shall be treated, in the event of such withdrawal, discontinuation or cessation. The transition strategy shall set out how clients, in particular retail clients, will be protected from undue impacts. The transition strategy shall be updated on an ongoing basis subject to the prior consent of the competent authority which granted the permission to operate and related exemptions under Article 4 and Article 5.</p>
Article 6(6), second subparagraph			
180g			<p>The transition strategy shall specify how the exceedance of the threshold referred to in Article 3(5) is addressed.</p>
Article 6(7)			
180h			<p><b>7. If the investment firm or the market operator is only authorised to operate a DLT</b></p>

	Commission Proposal	EP Mandate	Council Mandate
			MTF under Article 7(1a), and it does not indicate in its transition strategy the intention to obtain an authorisation to operate a MTF under Directive 2014/65/EU, it shall make arrangements with investment firms or market operators operating a MTF under Directive 2014/65/EU to take over its operations and specify them in its transitions strategy referred to in paragraph 6.
Article 6(8)			
180i			8. If the investment firm or the market operator operating a DLT MTF was permitted to admit to trading DLT financial instruments that are not recorded in a CSD but instead recorded on the DLT MTF's distributed ledger in accordance to article 4, paragraph 2, it shall make arrangements with CSDs operating securities settlement system under Regulation (EU) No 909/2014 to take over its operations and specify them

	Commission Proposal	EP Mandate	Council Mandate
			in its transitions strategy referred to in paragraph 6.
Article 6(9)			
180j			<p><b>9. If the CSD operating DLT settlement system is only authorised to operate a DLT settlement system under Article 8(1a) , and it does not mention in its transition strategy the intention to obtain an authorisation to operate securities settlement system under Regulation (EU) No 909/2014, it shall make arrangements with CSDs operating securities settlement system under Regulation (EU) No 909/2014 to take over its operations and specify them in its transitions strategy referred to in paragraph 6.</b></p>
Article 6(10)			
180k			<b>10.</b>

	Commission Proposal	EP Mandate	Council Mandate
Article 6(11)			
180l			<b>11. The arrangements referred to in paragraphs 7 to 10 shall be in place no later than after five years after the permission or at an earlier date if required by the competent authority to address any risk of early termination of the permission.</b>
Article 7			
181	Article 7 Specific permission to operate a DLT multilateral trading facility	Article 7 Specific permission to operate a DLT multilateral trading facility	Article 7 Specific permission to operate a DLT multilateral trading facility
Article 7(1)			
182	1. A legal person authorised either as an investment firm or to operate a regulated market, under Directive 2014/65/EU, may apply for a specific permission to operate a DLT MTF under this Regulation.	1. A legal person authorised either as an investment firm or to operate a regulated market, under Directive 2014/65/EU, may apply for a specific permission to operate a DLT MTF under this Regulation.	1. <del>A</del> <b>Any</b> legal person authorised either as an investment firm or to operate a regulated market, under Directive 2014/65/EU, <b>or a CSD operating a DLT settlement system</b> , may apply for a specific permission to operate a

	Commission Proposal	EP Mandate	Council Mandate
			DLT MTF under this Regulation.
Article 7(1a)			
182a		<p><u>1a. By way of derogation from paragraph 1, a legal person that is not authorised as an investment firm or to operate a regulated market under Directive 2014/65/EU may apply for a specific permission to operate a DLT MTF in accordance with paragraph 2 of this Article, provided that it complies with all the requirements applicable to an investment firm or market operator operating a MTF under Directive 2014/65/EU, in a manner proportionate to the nature, scale and risks of its business, except for those requirements in respect of which the applicant has been granted an exemption in accordance with Article 4 of this Regulation. If the DLT MTF is to provide core CSD services, the operator of the DLT MTF shall ensure compliance with all the requirements applicable to a CSD</u></p>	

	Commission Proposal	EP Mandate	Council Mandate
		<u><i>operating a securities settlement system under Regulation (EU) No 909/2014, in a manner proportionate to the nature, scale and risks of its business, except for those requirements in respect of which the applicant has been granted an exemption under this Regulation.</i></u>	
Article 7(1a)			
182b			<b>1a. Where a legal person applies for authorisation for an investment firm under Directive 2014/65/EU and, at the same time, applies for a specific permission under this Article, with the sole purpose of operating a DLT MTF, the competent authority shall not assess compliance with those requirements of Directive 2014/65/EU for which the applicant has requested and has been ultimately granted exemptions pursuant to Article 4 of this Regulation.</b>
Article 7(1b)			

	Commission Proposal	EP Mandate	Council Mandate
182c		<u><i>1b. A legal person authorised as a CSD under Regulation (EU) No 909/2014 and as an investment firm or as a market operator under Directive 2014/65/EU may apply for a specific permission to operate a DLT TSS under this Regulation by requesting the specific permissions set out in Articles 7 and 8 of this Regulation.</i></u>	
Article 7(1b)			
182d			<b>1b. Where a legal person simultaneously applies for the authorisation and permission as referred to in paragraph 1a, it shall submit in its application all the information required in Chapter I of Title II of Directive 2014/65/EU, except those for which the applicant has requested exemptions pursuant to Article 4 of this Regulation.</b>
Article 7(2), introductory part			

	Commission Proposal	EP Mandate	Council Mandate
183	2. Applications for a specific permission to operate a DLT MTF under this Regulation shall be accompanied by the following information:	2. Applications for a specific permission to operate a DLT MTF under this Regulation shall be accompanied by the following information:	2. Applications for a specific permission to operate a DLT MTF under this Regulation shall be accompanied by the following information:
Article 7(2), point (a)			
184	(a) the information required under Article 7(4) of Directive 2014/65/EU;	(a) the information required under Article 7(4) of Directive 2014/65/EU;	(a) <del>the information required under Article 7(4) of Directive 2014/65/EU;</del>
Article 7(2), point (b)			
185	(b) the business plan, rules of the DLT MTF and associated legal arrangements as referred to in Article 6(1) as well the information regarding the functioning, services and activities of the DLT MTF as referred to in Article 6(3);	(b) the business plan, rules of the DLT MTF and associated legal arrangements as referred to in Article 6(1) as well the information regarding the functioning, services and activities of the DLT MTF as referred to in Article 6(3);	(b) the business plan, rules of the DLT MTF and associated legal arrangements as referred to in Article 6(1) as well the information regarding the functioning, services and activities of the DLT MTF as referred to in Article 6(3);
Article 7(2), point (c)			
186	(c) where applicable, the functioning of its	(c) <del>where applicable,</del> the functioning of <del>its</del>	(c) where applicable, the functioning of <del>its</del>

	Commission Proposal	EP Mandate	Council Mandate
	proprietary DLT as referred to in Article 6(2);	<del>proprietary DLT</del> <u>the distributed ledger</u> as referred to in Article 6(2);	<del>proprietary DLT</del> <b>the DLT used</b> , as referred to in Article 6(2);
Article 7(2), point (d)			
187	(d) its overall IT and cyber arrangements as referred to in Article 6(4);	(d) its overall IT and cyber arrangements as referred to in Article 6(4);	(d) its overall IT and cyber arrangements as referred to in Article 6(4);
Article 7(2), point (da)			
187a		<u>(da) evidence that the applicant has in place sufficient prudential safeguards to meet its liabilities and compensate its clients in case of malfunctions of the distributed ledger, as referred to in Article 6(5b);</u>	
Article 7(2), point (e)			
188	(e) where applicable, a description of the safekeeping arrangements of clients' DLT transferable securities as referred to in Article	(e) where applicable, a description of the safekeeping arrangements of clients' DLT <del>transferable securities</del> <u>financial instruments</u> as	(e) where applicable, a description of the safekeeping arrangements of clients' DLT transferable securities <b>financial instruments</b> as

	Commission Proposal	EP Mandate	Council Mandate
	6(5);	referred to in Article 6(5);	referred to in Article 6(5);
Article 7(2), point (ea)			
188a		<u>(ea) a description of the arrangements to ensure investor protection and the mechanisms for handling complaints and consumer redress, as referred to in Article 6a;</u>	
Article 7(2), point (f)			
189	(f) its transition strategy, as referred to in Article 6(6); and	(f) its transition strategy, as referred to in Article 6(6); and	(f) its transition strategy, as referred to in Article 6(6);– and
Article 7(2), point (g)			
190	(g) the exemptions it is requesting in accordance with Article 4, the justification for each exemption sought, any compensatory measures proposed as well as the means envisaged to comply with the conditions	(g) the exemptions it is requesting in accordance with Article 4, the justification for each exemption sought, any compensatory measures proposed as well as the means envisaged to comply with the conditions	(g) the exemptions it is requesting in accordance with Article 4, the justification for each exemption sought, any compensatory measures proposed as well as the means envisaged to comply with the conditions

	Commission Proposal	EP Mandate	Council Mandate
	attached to such exemptions under Article 4.	attached to such exemptions under Article 4.	attached to such exemptions under Article 4.
Article 7(2a)			
190a			<p><b>2a. ESMA shall develop guidelines to establish standard forms, formats and templates for the purposes of paragraph 2 by [please insert date 6 months after entry into force].</b></p>
Article 7(2c)			
190b			<p><b>2c. Within 30 working days from the receipt of the application, the competent authority shall assess whether the application is complete. If the application is not complete, the competent authority shall set a time limit by which the applicant has to provide additional information. The competent authority shall inform the applicant when the application is considered to be complete.</b></p>

	Commission Proposal	EP Mandate	Council Mandate
Article 7(3), first subparagraph			
191	<p>3. Before deciding on an application for a specific permission to operate a DLT MTF under this Regulation, the competent authority of the home Member State shall notify and provide all relevant information on the DLT MTF to ESMA, an explanation of the exemptions requested, their justifications and any compensatory measures proposed by the applicant or required by the competent authority.</p>	<p>3. <del>Before</del> deciding on an application for a specific permission to operate a DLT MTF under this Regulation, <u>ESMA shall notify</u> the competent authority of the home Member State <del>shall notify</del> and provide all relevant information on the DLT MTF, <u>in the case of an application by a credit institution, to its prudential supervisor, including the ECB for significant credit institutions, including</u> <del>to ESMA</del>, an explanation of the exemptions requested, their justifications and any compensatory <u>or corrective</u> measures proposed by the applicant or required by the competent authority. <u>In addition, where an applicant intends to provide core services listed in Section A of the Annex to Regulation (EU) No 909/2014, the competent authority of the home Member State shall, before deciding on an application for a specific permission to operate a DLT MTF under this Regulation, transmit all information included in the application to the</u></p>	<p>3. <del>Before deciding on an</del> <b>As soon as the</b> application <del>for a specific permission to operate a DLT MTF under this Regulation</del> <b>is complete</b>, the competent authority of the home Member State shall notify and provide <del>all relevant information on the</del> <b>the application to operate a</b> DLT MTF to ESMA, <del>an explanation of the exemptions requested, their justifications and any compensatory measures proposed by the applicant or required by the competent authority.</del></p>

	Commission Proposal	EP Mandate	Council Mandate
		<u><i>relevant authorities specified in Article 12 of Regulation (EU) No 909/2014 and consult those authorities on the features of the securities settlement system operated by the applicant. A relevant authority may inform the competent authority of its views within three months of receipt of the information from the competent authority.</i></u>	
Article 7(3), first subparagraph, point (a)			
191a			(a) ESMA and
Article 7(3), first subparagraph, point (b)			
191b			(b) to the relevant authorities specified in Article 12 of Regulation (EU) No 909/2014, where the applicant requests permission to record the financial instruments on the DLT MTF distributer ledger.
Article 7(3), second subparagraph			

	Commission Proposal	EP Mandate	Council Mandate
192	<p>Within three months of receipt of the notification, ESMA shall provide the competent authority with a non-binding opinion on the application and shall make any recommendations on the exemptions requested by the applicant, that are necessary to ensure investor protection, market integrity and financial stability. ESMA shall also promote the consistency and proportionality of exemptions granted by competent authorities to investment firms or market operators operating DLT MTFs across the Union. In order to do so, ESMA, shall consult the competent authorities of the other Member States in a timely manner and take the utmost account of their views in its opinion.</p>	<p>Within three months of receipt of the <del>notification</del><u>application</u>, ESMA shall <del>provide the competent authority with a non-binding opinion</del><u>issue a decision</u> on the application and shall <del>make any recommendations</del><u>require any additional compensatory or corrective measures</u> on the exemptions requested by the applicant, that are necessary to ensure investor protection, market integrity and financial stability. ESMA shall <del>also promote</del><u>adopt a risk-based approach and ensure</u> the consistency and proportionality of exemptions granted by <del>competent authorities to investment firms or market</del><u>ESMA to</u> operators <del>operating of</del> DLT MTFs across the Union. In order to do so, ESMA, shall consult the competent authorities of the other Member States in a timely manner and take the utmost account of their views in its opinion.</p>	<p>Within <del>three months</del><u>one month</u> of receipt of the notification, ESMA shall <del>provide the competent authority with a non-binding opinion on the application and shall make any recommendations on the exemptions requested by the applicant, that are necessary to ensure investor protection, market integrity and financial stability. ESMA shall also promote the consistency and proportionality of exemptions granted by competent</del> the authorities to investment firms or market operators operating DLT MTFs across the Union. In order to do so, ESMA, <b>referred to in the first sub paragraph</b> shall <del>consult</del><b>provide</b> the competent authorities of the other Member States in a timely manner <del>and take the utmost account of their views in its opinion</del><b> authority with a non-binding opinion on:</b></p>
Article 7(3), second subparagraph, point (a)			

	Commission Proposal	EP Mandate	Council Mandate
192a			(a) the application and shall make any recommendations on the exemptions requested by the applicant and on the adequacy of the type of DLT used in terms of compliance with this Regulation, in order to ensure investor protection, market integrity and financial stability, in the case of ESMA;
Article 7(3), second subparagraph, point (b)			
192b			(b) the features of the DLT MTF distributed ledger where the financial instruments are recorded, in the case of the relevant authorities specified in Article 12 of Regulation (EU) No 909/2014.
Article 7(3). third subparagraph			
192c			ESMA shall also promote the consistency and proportionality of exemptions granted by competent authorities to investment firms

	Commission Proposal	EP Mandate	Council Mandate
			or market operators operating DLT MTFs across the Union. In order to do so, ESMA, shall consult the competent authorities of the other Member States in a timely manner and take the utmost account of their views in its opinion.
Article 7(3), fourth subparagraph			
192d			ESMA shall develop by [two years after the entry into application of this Regulation], and update periodically, guidelines to promote the consistency and proportionality, while ensuring investor protection and market integrity, of:
Article 7(3), fourth subparagraph, point (a)			
192e			(a) exemptions granted by competent authorities to operators of DLT MTFs, across the Union, including in the context of evaluation of the adequacy of different types

	Commission Proposal	EP Mandate	Council Mandate
			of DLT used by operators in terms of compliance with this Regulation and of
Article 7(3), fourth subparagraph, point (b)			
192f			(b) the exercise of the option from Article 3(5c).
Article 7(3b)			
192g			3b. The competent authorities shall, within 90 working days of the receipt of the complete application, carry out the assessment and decide to grant or not to grant the specific permission. Where the applicant applies simultaneously for the specific permission and authorisation as an investment firm under Directive 2014/65/EU, the assessment period may be extended up to the period specified in Article 7(3) of Directive 2014/65/EU.

	Commission Proposal	EP Mandate	Council Mandate
Article 7(4), introductory part			
193	4. Without prejudice to Article 7 and Article 44 of Directive 2014/65/EU, the competent authority shall refuse to grant the applicant a permission to operate a DLT MTF under this Regulation if there are objective grounds for believing any of the following:	4. Without prejudice to Article 7 and Article 44 of Directive 2014/65/EU, <del>the competent authority</del> <u>ESMA</u> shall refuse to grant the applicant a permission to operate a DLT MTF under this Regulation if there are objective grounds for believing any of the following:	4. Without prejudice to Article 7 and Article 44 of Directive 2014/65/EU, the competent authority shall refuse to grant the applicant a permission to operate a DLT MTF under this Regulation if there are objective grounds for believing any of the following:
Article 7(4), point (a)			
194	(a) significant risks to investor protection, market integrity or financial stability are not properly addressed and mitigated by the applicant; or	(a) significant risks to investor protection, market integrity or financial stability are not properly addressed and mitigated by the applicant; or	(a) significant risks to investor protection, market integrity or financial stability are not properly addressed and mitigated by the applicant; or
Article 7(4), point (b)			
195	(b) the specific permission to operate a DLT MTF under this Regulation and the exemptions requested are sought to circumvent legal and/or regulatory requirements.	(b) the specific permission to operate a DLT MTF under this Regulation and the exemptions requested are sought to circumvent legal and/or regulatory requirements.	(b) the specific permission to operate a DLT MTF under this Regulation and the exemptions requested are sought to circumvent legal and/or regulatory requirements.; <b>or</b>

	Commission Proposal	EP Mandate	Council Mandate
Article 7(4), point (c)			
195a			(c) that the DLT MTF operator will not be able to comply, or will not allow its users to comply, with provisions laid down by Union Law or national law covering matters outside of the scope of Union Law.
Article 7(5), first subparagraph			
196	5. The specific permission granted to either an investment firm or a market operator to operate a DLT MTF shall be valid throughout the Union for up to six years from the date of the specific permission. It shall specify the exemptions that are granted, in accordance with Article 4.	5. -The specific permission granted to <del>either an investment firm or a market operator</del> <u>an applicant</u> to operate a DLT MTF shall be valid throughout the Union for up to six years from the date of the specific permission. It shall specify the exemptions that are granted, in accordance with Article 4.	5. -The specific permission granted to <del>either an investment firm or</del> a market operator <b>or CSD</b> to operate a DLT MTF shall be valid throughout the Union for up to six years from the date of the specific permission. It shall specify the exemptions that are granted, in accordance with Article 4, <b>any compensatory measures and, if applicable, the thresholds established by competent authorities in accordance with Article 3(5c).</b>

	Commission Proposal	EP Mandate	Council Mandate
Article 7(5), second subparagraph			
196a			<b>The home competent authority shall register or deregister a DLT MTF and, as soon as possible, notify ESMA of that registration, including the information under subparagraph 1, deregistration or refusal of permission.</b>
Article 7(5), third subparagraph			
197	ESMA shall publish on its website the list of DLT MTFs, the start and end dates of their specific permissions and the list of exemptions granted to each of them.	ESMA shall publish on its website <del>the list of DLT MTFs, the start and end dates of their specific permissions and the list of exemptions granted to each of them.</del>	ESMA shall publish on its website the list of DLT MTFs, the start and end dates of their specific permissions <del>and</del> , the list of exemptions granted to <b>each of them and the thresholds established by competent authorities for</b> each of them.
Article 7(5), third subparagraph, point (a)			
197a		<u>(a) the list of DLT MTFs, the start and end dates of their specific permissions and the list</u>	

	Commission Proposal	EP Mandate	Council Mandate
		<u>of exemptions granted to each of them; and</u>	
Article 7(5), third subparagraph, point (b)			
197b		<u>(b) the total number of requests for exemptions that have been made under this Regulation, indicating the number and types of exemptions accepted or refused together with the respective justifications, on an anonymous basis.</u>	
Article 7(6), introductory part			
198	6. Without prejudice to Article 8 and Article 44 of Directive 2014/65/EU, the competent authority which granted a specific permission under this Regulation shall withdraw such permission or any of the exemptions granted, after consultation with ESMA, in accordance with paragraph 3, if any of the following has occurred:	6. Without prejudice to Article 8 and Article 44 of Directive 2014/65/EU, <del>the competent authority which</del> <u>ESMA shall withdraw such permission or any of the exemptions</u> granted, <u>and inform the relevant authorities specified in Article 12 of</u> <del>a specific permission under this Regulation shall withdraw such permission or any of the exemptions</del> <u>(EU) No 909/2014 and, in the case of a specific permission</u> granted <u>to a</u>	6. Without prejudice to Article 8 and Article 44 of Directive 2014/65/EU, the competent authority which granted a specific permission under this Regulation shall withdraw such permission or any of the exemptions granted, after consultation with ESMA, <del>in accordance with</del> <b>the authorities referred to in</b> paragraph 3 <b>(b)</b> , if any of the following has occurred:

	Commission Proposal	EP Mandate	Council Mandate
		<u>credit institution, its prudential supervisor, including the ECB for significant credit institutions</u> , <del>after consultation with ESMA</del> , in accordance with paragraph 3, if any of the following has occurred:	
Article 7(6), point (a)			
199	(a) a flaw has been discovered in the functioning of the DLT or in the services and activities provided by the operator of the DLT MTF that poses a risk to investor protection, market integrity or financial stability, which outweighs the benefits of the services and activities under experimentation;	(a) a flaw has been discovered in the functioning of the DLT or in the services and activities provided by the operator of the DLT MTF that poses a risk to investor protection, market integrity or financial stability, which outweighs the benefits of the services and activities under experimentation;	(a) a flaw has been discovered in the functioning of the DLT or in the services and activities provided by the operator of the DLT MTF that poses a risk to investor protection, market integrity or financial stability, which outweighs the benefits of the services and activities under experimentation;
Article 7(6), point (b)			
200	(b) the investment firm or market operator operating the DLT MTF has breached the conditions attached to the exemptions granted by the competent authority;	(b) the <del>investment firm or market operator</del> <u>operating</u> of the DLT MTF has breached the conditions attached to the exemptions granted by <del>the competent authority</del> <u>ESMA</u> ;	(b) the <del>investment firm or market operator</del> <u>operating</u> of the DLT MTF has breached the conditions attached to the exemptions granted by the competent authority;

	Commission Proposal	EP Mandate	Council Mandate
Article 7(6), point (c)			
201	(c) the investment firm or market operator, operating a DLT MTF has admitted to trading financial instruments that do not fulfil the conditions laid down in Article 3(1) and 3(2);	(c) the <del>investment firm or market operator,</del> <del>operating a</del> <u>of the</u> DLT MTF has admitted to trading financial instruments that do not fulfil the conditions laid down in Article 3(1) and 3(2);	(c) the <del>investment firm or market operator,</del> <del>operating of</del> a DLT MTF has admitted to trading financial instruments that do not fulfil the conditions laid down in Article 3(1) and 3(2);
Article 7(6), point (d)			
202	(d) the investment firm or market operator, operating a DLT MTF, that has requested an exemption from Article 3(2) of Regulation (EU) No 909/2014, has recorded DLT transferable securities that do not fulfil the conditions laid down in Article 3(1) and 3(2);	(d) the <del>investment firm or market operator,</del> <del>operating a</del> <u>of the</u> DLT MTF, <del>that</del> has requested <del>an exemption from Article 3(2) of Regulation (EU) No 909/2014, has recorded</del> <del>DLT transferable securities</del> <u>a permission to record and settle DLT financial instruments</u> that do not fulfil the conditions laid down in Article 3(1) and 3(2);	(d) the <del>investment firm or market operator,</del> <del>operating of</del> a DLT MTF, that has requested an exemption from Article 3(2) of Regulation (EU) No 909/2014, has recorded DLT <del>transferable securities</del> <b>financial instruments</b> that do not fulfil the conditions laid down in Article 3(1) and 3(2);
Article 7(6), point (e)			

	Commission Proposal	EP Mandate	Council Mandate
203	(e) the investment firm or market operator, operating a DLT MTF, that has requested specific permission to be exempted from Article 3(2) of Regulation (EU) No 909/2014, has exceeded the thresholds referred to in Article 3(3) or (5), third subparagraph; or	(e) the <del>investment firm or market</del> operator, <del>operating a</del> <u>of the</u> DLT MTF, <del>that</del> has requested <del>specific</del> <u>a</u> permission to <del>be exempted</del> <del>from Article 3(2) of Regulation (EU) No 909/2014,</del> <u>record and settle DLT financial instruments under Article 4(2) and</u> has exceeded the thresholds referred to in Article 3(3) or (5), third subparagraph; or	(e) the investment firm or <b>the</b> market operator, operating a DLT MTF, that has requested specific permission to be exempted from Article 3(2) of Regulation (EU) No 909/2014, has exceeded the thresholds referred to in Article 3(3) <del>or (5), third subparagraph</del> ; or
Article 7(6), point (ea)			
203a			<b>(ea) the investment firm or the market operator, operating a DLT MTF, that has requested specific permission to be exempted from Article 3(2) of Regulation (EU) No 909/2014, has exceeded the thresholds referred to in Article 3(5) and has not activated the transition strategy;</b>
Article 7(6), point (eb)			
203b			

	Commission Proposal	EP Mandate	Council Mandate
			(eb) the competent authority has withdrawn the specific permission to operate a DLT settlement system granted to the CSD pursuant to Article 8, where that CSD operates a DLT MTF;
Article 7(6), point (f)			
204	(f) the competent authority becomes aware that the investment firm or market operator that applied for a specific permission to operate a DLT MTF, obtained such permission or related exemptions on the basis of misleading information including any material omission.	(f) the competent authority becomes aware that the <del>investment firm or market operator that</del> <u>applied applicant</u> for a specific permission to operate a DLT MTF, obtained such permission or related exemptions on the basis of misleading information including any material omission.	(f) the competent authority becomes aware that the investment firm, <del>the</del> or market operator <del>or</del> <b>CSD</b> that applied for a specific permission to operate a DLT MTF, obtained such permission or related exemptions on the basis of misleading information including any material omission.
Article 7(7), first subparagraph			
205	7. Where in the course of its activity, an investment firm or a market operator operating a DLT MTF proposes to introduces a material change to the functioning of the DLT, or to its services or activities, which requires a new	7. <del>-Where in the course of its activity, an investment firm or a market operator</del> <u>operating of</u> a DLT MTF proposes to introduces a material change to the functioning of the DLT, or to its services or activities, which	7. <del>-Where in the course of its activity, an investment firm or a market operator operating of a DLT MTF proposes to introduces</del> <b>intends to introduce</b> a material change to the functioning of the DLT, or to its

	Commission Proposal	EP Mandate	Council Mandate
	permission, a new exemption, or the modification of one or more of its existing exemptions or of any conditions attached to it, it shall request such permission, exemption or modification in accordance with Article 4. Such permission, exemption or modification shall be processed by the competent authority, in accordance with paragraphs 2 to 5.	requires a new permission, a new exemption, or the modification of one or more of its existing exemptions or of any conditions attached to it, it shall request such permission, exemption or modification in accordance with Article 4. Such permission, exemption or modification shall be processed by <del>the competent authority</del> <u>ESMA</u> , in accordance with paragraphs 2 to 5.	services or activities, which requires a new permission, a new exemption, or the modification of one or more of its existing exemptions or of any conditions attached to it, it shall request such permission, exemption or modification in accordance with Article 4. Such permission, exemption or modification shall be processed by the competent authority, in accordance with paragraphs 2 to 5.
Article 7(7), second subparagraph			
206	Where in the course of its activity, an investment firm or a market operator operating a DLT MTF requests a new permission or exemption, it shall do so in accordance with Article 4. Such permission or exemption shall be processed by the competent authority, in accordance with paragraphs 2 to 5.	Where in the course of its activity, an <del>investment firm or a market</del> operator <del>operating</del> <u>of</u> a DLT MTF requests a new permission or exemption, it shall do so in accordance with Article 4. Such permission or exemption shall be processed by <del>the competent authority</del> <u>ESMA</u> , in accordance with paragraphs 2 to 5.	Where in the course of its activity, an <del>investment firm or a market</del> operator <del>operating</del> <u>of</u> a DLT MTF requests a new permission or exemption, it shall do so in accordance with Article 4. Such permission or exemption shall be processed by the competent authority, in accordance with paragraphs 2 to 5.
Article 8			

	Commission Proposal	EP Mandate	Council Mandate
207	Article 8 Specific permission to operate a DLT securities settlement system	Article 8 Specific permission to operate a DLT securities settlement system	Article 8 –Specific permission to operate a DLT securities settlement system
Article 8(1)			
208	1. A legal person authorised as a CSD under Regulation (EU) No 909/2014, may apply for a specific permission to operate a DLT securities settlement system under this Regulation.	1. A legal person authorised as a CSD under Regulation (EU) No 909/2014, may apply for a specific permission to operate a DLT <del>securities settlement system</del> <u>SSS</u> under this Regulation.	1. <del>Any</del> legal person authorised as a CSD under Regulation (EU) No 909/2014, may apply for a specific permission to operate a DLT securities settlement system under this Regulation.
Article 8(1a)			
208a		<u>1a. By way of derogation from paragraph 1, a legal person that is not authorised as a CSD under Regulation (EU) No 909/2014 may apply for a specific permission to operate a DLT SSSs in accordance with paragraph 2 of this Article, provided that it ensures compliance with the authorisation</u>	

	Commission Proposal	EP Mandate	Council Mandate
		<u>requirements and all the obligations laid down under Regulation (EU) No 909/2014, in a manner proportionate to the nature, scale and risks of the business, except for those requirements in respect of which the applicant has been granted an exemption under this Regulation. If the DLT SSS is to admit to trading DLT financial instruments, the DLT SSS shall be considered to be a DLT TSS and its operator shall ensure compliance with all the requirements applicable to a DLT MTF and its operating investment firm or market operator under Directive 2014/65/EU, in a manner proportionate to the nature, scale and risks of the business, except for those requirements from which the applicant has been granted an exemption under this Regulation.</u>	
Article 8(1a)			
208b			<b>1a. Where a legal person applies for an</b>

	Commission Proposal	EP Mandate	Council Mandate
			authorisation for a CSD under Regulation (EU) No 909/2014 and, at the same time, applies for a specific permission under this Article, with the sole purpose of operating a DLT settlement system, or a DLT settlement system and a DLT MTF under Article 4(1a), the competent authority shall not assess compliance with those requirements of Regulation (EU) No 909/2014 for which the applicant has requested and has been ultimately granted exemptions pursuant to Article 5 of this Regulation.
Article 8(1b)			
208c		<u><i>1b. A legal person authorised as a CSD under Regulation (EU) No 909/2014 and as an investment firm or as a market operator under Directive 2014/65/EU, may apply for the specific permission to operate a DLT TSS under this Regulation by requesting the specific permissions set out in Articles 7 and 8</i></u>	

	Commission Proposal	EP Mandate	Council Mandate
		<u>of this Regulation.</u>	
Article 8(1b)			
208d			<p><b>1b. Where a legal person simultaneously applies for the authorisation and permission as referred to in paragraph 1a, it shall submit in its application all the information required in Chapter I of Title III of Regulation (EU) No 909/2014, except for those for which the applicant has requested exemptions pursuant to Article 5 of this Regulation.</b></p>
Article 8(2), introductory part			
209	<p>2. Applications for a specific permission to operate a DLT securities settlement system under this Regulation shall be accompanied by the following information:</p>	<p>2. Applications for a specific permission to operate a DLT <del>securities settlement system</del> <u>SSS</u> under this Regulation shall be accompanied by the following information:</p>	<p>2. Applications for a specific permission to operate a DLT <del>securities</del>-settlement system under this Regulation shall be accompanied by the following information:</p>
Article 8(2), point (a)			

	Commission Proposal	EP Mandate	Council Mandate
210	(a) the information required under Article 7(9) of Regulation (EU) No 909/2014;	(a) the information required under Article 7(9) of Regulation (EU) No 909/2014;	(a) <del>the information required under Article 7(9) of Regulation (EU) No 909/2014;</del>
Article 8(2), point (b)			
211	(b) the business plan, rules of the DLT securities settlement system and associated legal arrangements as referred to in Article 6(1) as well as information regarding the functioning, services and activities of the DLT securities settlement system as referred to in Article 6(3);	(b) the business plan, rules of the DLT <del>securities settlement system</del> <u>SSS</u> and associated legal arrangements as referred to in Article 6(1) as well as information regarding the functioning, services and activities of the DLT <del>securities settlement system</del> <u>SSS</u> as referred to in Article 6(3);	(b) the business plan, rules of the DLT <del>securities</del> settlement system and associated legal arrangements as referred to in Article 6(1) as well as information regarding the functioning, services and activities of the DLT <del>securities</del> settlement system as referred to in Article 6(3);
Article 8(2), point (c)			
212	(c) the functioning of its proprietary DLT as referred to in Article 6(2);	(c) the functioning of <del>its proprietary DLT</del> <u>the distributed ledger</u> as referred to in Article 6(2);	(c) the functioning of <del>its proprietary DLT</del> <u>the DLT used</u> as referred to in Article 6(2);
Article 8(2), point (d)			
213			

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	(d) its overall IT and cyber arrangements as referred to in Article 6(4);	(d) its overall IT and cyber arrangements as referred to in Article 6(4);	(d) its overall IT and cyber arrangements as referred to in Article 6(4);
Article 8(2), point (da)			
213a		<u>(da) evidence that the applicant has in place sufficient prudential safeguards to ensure consumer and investor protection;</u>	
Article 8(2), point (db)			
213b		<u>(db) a description of the arrangements to ensure consumer and investor protection and of the mechanisms for handling complaints and consumer redress, as referred to in Article 6a;</u>	
Article 8(2), point (e)			
214	(e) the safekeeping arrangements as referred to in Article 6(5);	(e) the safekeeping arrangements as referred to in Article 6(5);	(e) the safekeeping arrangements as referred to in Article 6(5);

	Commission Proposal	EP Mandate	Council Mandate
Article 8(2), point (f)			
215	(f) the transition strategy as referred to in Article 6(6);	(f) the transition strategy as referred to in Article 6(6);	(f) the transition strategy as referred to in Article 6(6);
Article 8(2), point (g)			
216	(g) the exemptions it is requesting, in accordance with Article 5, the justifications for each exemption sought, any compensatory measures proposed as well as the measures envisaged to comply with the conditions attached to such exemptions under Article 5.	(g) the exemptions it is requesting, in accordance with Article 5, the justifications for each exemption sought, any compensatory measures proposed as well as the measures envisaged to comply with the conditions attached to such exemptions under Article 5.	(g) the exemptions it is requesting, in accordance with Article 5, the justifications for each exemption sought, any compensatory measures proposed as well as the measures envisaged to comply with the conditions attached to such exemptions under Article 5.
Article 8(2a)			
216a			<b>2a. ESMA shall develop guidelines to establish standard forms, formats and templates for the purposes of paragraph 2.</b>

	Commission Proposal	EP Mandate	Council Mandate
Article 8(2b)			
216b			2c. Within 30 working days from the receipt of the application, the competent authority shall assess whether the application is complete. If the application is not complete, the competent authority shall set a time limit by which the applicant has to provide additional information. The competent authority shall inform the applicant when the application is considered to be complete.
Article 8(3), first subparagraph			
217	3. Before deciding on an application for a specific permission to operate a DLT MTF under this Regulation, the competent authority shall notify and provide all relevant information on the DLT securities settlement system to ESMA and an explanation of the exemptions requested, their justification and any compensatory measures proposed by the	3. <del>Before</del> deciding on an application for a specific permission to operate a DLT <del>MTF</del> <sup>SSS</sup> under this Regulation, <u>ESMA shall notify</u> the competent authority <del>shall notify and provide</del> <u>all of the home Member State and the</u> relevant <del>information on the DLT securities settlement system to ESMA and an explanation of the exemptions requested, their justification and</del>	3. <b>As soon as the</b> <del>Before deciding on an</del> application for a specific permission to operate a DLT MTF under this Regulation, the competent authority <b>is complete and, the competent authority of the home Member State shall notify and provide all relevant information on the DLT securities the application to operate a DLT settlement</b>

	Commission Proposal	EP Mandate	Council Mandate
	applicant or required by the competent authority.	<del>any compensatory measures proposed by the applicant or required</del> <u>authorities specified in Article 12 of Regulation (EU) No 909/2014, and, in the case of an application by a credit institutions, the prudential supervisor, including the ECB for significant credit institutions, and shall consult those authorities on the features of the securities settlement system operated</u> by the <del>competent authority</del> <u>applicant</u> .	system to <del>ESMA</del> and an explanation of the exemptions requested, their justification and any compensatory measures proposed by the applicant or required by the competent authority.:
Article 8(3), first subparagraph, point (a)			
217a			(a) ESMA and
Article 8(3), first subparagraph, point (b)			
217b			(b) to the relevant authorities specified in Article 12 of Regulation (EU) No 909/2014.
Article 8(3), second subparagraph			

	Commission Proposal	EP Mandate	Council Mandate
218	<p>Within three months of receipt of the notification, ESMA shall provide the competent authority with a non-binding opinion on the application and shall make any recommendations on the exemptions requested by the applicant, that are necessary to ensure investor protection, market integrity and financial stability. ESMA shall also promote the consistency and proportionality of exemptions granted by competent authorities to CSDs operating DLT securities settlement systems, across the Union. In order to do so, ESMA, shall consult the competent authorities of the other Member States in a timely manner and take the utmost account of their views in its opinion.</p>	<p>Within three months of receipt of the <del>notification, ESMA shall provide the competent authority with a non-binding opinion</del> <u>application, the relevant authorities specified in Article 12 of Regulation (EU) No 909/2014 may respond to ESMA, and ESMA shall adopt a decision</u> on the application and shall <del>make any recommendations</del> <u>require any additional compensatory or corrective measures</u> on the exemptions requested by the applicant, that are necessary to ensure investor protection, market integrity and financial stability. ESMA shall <del>also promote</del> <u>adopt a risk-based approach and ensure</u> the consistency and proportionality of exemptions granted by <del>competent authorities to CSDs operating DLT securities settlement systems</del> <u>ESMA to operators of DLT SSSs</u>, across the Union. <del>In order to do so, ESMA, shall consult the competent authorities of the other Member States in a timely manner and take the utmost account of their views in its opinion.</del></p>	<p>Within <del>three</del> <b>one</b> months of receipt of the notification, ESMA shall <del>provide the competent authority with a non-binding opinion on the application and shall make any recommendations on the exemptions requested by the applicant, that are necessary to ensure investor protection, market integrity and financial stability. ESMA shall also promote the consistency and proportionality of exemptions granted by competent the authorities to CSDs operating DLT securities settlement systems, across the Union. In order to do so,</del> ESMA, <b>referred in the first sub-paragraph</b> shall <del>consult</del> <b>provide</b> the competent authorities of the other Member States in a timely manner and take the utmost account of their views in its <b>authority with a non-binding opinion.:</b></p>

	Commission Proposal	EP Mandate	Council Mandate
Article 8(3), second subparagraph, point (a)			
218a			<b>(a) on the application, including any recommendations on the exemptions requested by the applicant and on the adequacy of the type of DLT used in terms of compliance with this Regulation, in order to ensure investor protection, market integrity and financial stability, in the case of ESMA;</b>
Article 8(3), second subparagraph, point (b)			
218b			<b>(b) on the features of the DLT settlement system operated by the applicant, in the case of the relevant authorities specified in Article 12 of Regulation (EU) No 909/2014.</b>
Article 8(3), third subparagraph			
218c			<b>ESMA shall promote the consistency and</b>

	Commission Proposal	EP Mandate	Council Mandate
			proportionality of exemptions granted by competent authorities to CSDs operating DLT settlement systems across the Union. In order to do so, ESMA, shall consult the competent authorities of the other Member States in a timely manner and take the utmost account of their views in its opinion.
Article 8(3), fourth subparagraph, introductory part			
218d			ESMA shall develop by [two years after the entry into application of this Regulation], and update periodically, guidelines to promote the consistency and proportionality, while ensuring investor protection and market integrity, of:
Article 8(3), fourth subparagraph, point (a)			
218e			(a) exemptions granted by competent authorities to CSDs operating DLT settlement systems, across the Union,

	Commission Proposal	EP Mandate	Council Mandate
			including in the context of evaluation of the adequacy of different types of DLT used by operators in terms of compliance with this Regulation;
Article 8(3), fourth subparagraph b, point (b)			
218f			(b) the exercise of the option from Article 3(5c).
Article 8(3b)			
218g			3b. The competent authorities shall, within 90 working days of the receipt of the complete application, carry out the assessment and decide to grant or not to grant the specific permission. Where the applicant applies simultaneously for the specific permission and authorisation for a CSD under Regulation 909/2014, the assessment period may be extended up to the period specified in Article 17(8) of

	Commission Proposal	EP Mandate	Council Mandate
			<b>Regulation 909/2014.</b>
Article 8(4), introductory part			
219	4. Without prejudice to Article 17 of Regulation (EU) No 909/2014, a competent authority shall refuse to grant a specific permission under this Regulation, if there are grounds for believing any of the following:	4. Without prejudice to Article 17 of Regulation (EU) No 909/2014, <u>and after having informed the relevant authorities specified in Article 12 of Regulation (EU) No 909/2014 and, in the case of a credit institution, its prudential supervisor, including the ECB for significant credit institutions, ESMA</u> <del>a competent authority</del> shall refuse to grant a specific permission under this Regulation, if there are grounds for believing any of the following:	4. Without prejudice to Article 17 of Regulation (EU) No 909/2014, a competent authority shall refuse to grant a specific permission under this Regulation, if there are grounds for believing any of the following:
Article 8(4), point (a)			
220	(a) significant risks to investor protection, market integrity or financial stability are not properly addressed and mitigated by the applicant; or	(a) significant risks to investor protection, market integrity or financial stability are not properly addressed and mitigated by the applicant; or	(a) significant risks to investor protection, market integrity or financial stability are not properly addressed and mitigated by the applicant; or

	Commission Proposal	EP Mandate	Council Mandate
Article 8(4), point (b)			
221	(b) the specific permission to operate a DLT securities settlement system and the exemptions requested are sought to circumvent legal and/or regulatory requirements.	(b) the specific permission to operate a DLT <del>securities settlement system</del> SSS and the exemptions requested are sought to circumvent legal and/or regulatory requirements.	(b) the specific permission to operate a DLT <del>securities</del> settlement system and the exemptions requested are sought to circumvent legal and/or regulatory requirements.; <b>or</b>
Article 8(4), point (c)			
221a			<b>(c) that the CSD will not be able to comply, or will not allow its users to comply, with provisions laid down by Union Law or national law covering matters outside of the scope of Union Law.</b>
Article 8(5), first subparagraph			
222	5. The specific permission granted to operate a DLT securities settlement system shall be valid throughout the Union for up to six years from	5. -The specific permission granted to operate a DLT <del>securities settlement system</del> SSS shall be valid throughout the Union for up to six years	5. -The specific permission granted to operate a DLT <del>securities</del> settlement system shall be valid throughout the Union for up to six years from

	Commission Proposal	EP Mandate	Council Mandate
	the date of the specific permission. It shall specify the exemptions that are granted, in accordance with Article 5.	from the date of the specific permission. It shall specify the exemptions that are granted, in accordance with Article 5.	the date of the specific permission. It shall specify the exemptions that are granted, in accordance with Article 5, <b>any compensatory measures and, if applicable, the threshold established by the competent authority in accordance with Article 3(5c).</b>
Article 8(5), second subparagraph			
222a			<b>The home competent authority registers or deregisters a DLT settlement system and, as soon as possible, notify the authorities referred in paragraph 3 of that registration, including the information under subparagraph 1, deregistration or refusal of permission.</b>
Article 8(5), third subparagraph			
223	ESMA shall publish on its website the list of DLT securities settlement systems, the start and end dates of their specific permissions and the	ESMA shall publish on its website <del>the list of DLT securities settlement systems, the start and end dates of their specific permissions and the</del>	ESMA shall publish on its website the list of DLT securities settlement systems, the start and end dates of their specific permissions and the

	Commission Proposal	EP Mandate	Council Mandate
	list of exemptions granted to each of them.	<del>list of exemptions granted to each of them.</del>	list of exemptions granted to <b>each of them and the thresholds established by competent authorities for</b> each of them.
Article 8(5), third subparagraph, point (a)			
223a		<u>(a) the list of DLT SSS, the start and end dates of their specific permissions and the list of exemptions granted to each of them; and</u>	
Article 8(5), third subparagraph, point (b)			
223b		<u>(b) the total number of requests for exemptions that have been made under this Regulation, indicating the number and types of exemptions accepted or refused together with the respective justifications, on an anonymous basis.</u>	
Article 8(6), introductory part			
224			

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	6. Without prejudice to the application of Article 20 of Regulation (EU) No 909/2014, the competent authority which granted the specific permission, under this Regulation shall withdraw such permission or any of the exemptions granted, after consultation with ESMA, in accordance with paragraph 3, if any of the following has occurred:	6. Without prejudice to the application of Article 20 of Regulation (EU) No 909/2014, <del>the competent authority which granted the specific permission, under this Regulation shall withdraw such permission or any of the exemptions granted, after consultation with ESMA</del> <u>ESMA shall withdraw such permission or any of the exemptions granted, and inform the relevant authorities specified in Article 12 of Regulation (EU) No 909/2014 and, in the case of a credit institution, its prudential supervisor, including the ECB for significant credit institutions</u> , in accordance with paragraph 3, if any of the following has occurred:	6. Without prejudice to the application of Article 20 of Regulation (EU) No 909/2014, the competent authority which granted the specific permission, under this Regulation shall withdraw such permission or any of the exemptions granted, after consultation with ESMA <b>the relevant authorities referred in paragraph 3(b)</b> , in accordance with paragraph 3, if any of the following has occurred:
Article 8(6), point (a)			
225	(a) a flaw has been discovered in the functioning of the DLT or in the services and activities provided by the CSD operating a DLT securities settlement system that poses a risk to	(a) a flaw has been discovered in the functioning of the DLT or in the services and activities provided by the <del>CSD</del> <u>operating operator of</u> a DLT <del>securities</del>	(a) a flaw has been discovered in the functioning of the DLT or in the services and activities provided by the CSD operating a DLT <del>securities</del> settlement system that poses a risk to

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	market integrity, investor protection or financial stability, which outweighs the benefits of the services and activities under experimentation; or	<del>settlement system</del> <u>SSS</u> that poses a risk to market integrity, investor protection or financial stability, which outweighs the benefits of the services and activities under experimentation; or	market integrity, investor protection or financial stability, which outweighs the benefits of the services and activities under experimentation; or
Article 8(6), point (b)			
226	(b) the CSD operating the DLT securities settlement system has breached the conditions attached to the exemptions granted by the competent authority; or	(b) the <del>CSD operating</del> <u>operator of</u> the DLT <del>securities settlement system</del> <u>SSS</u> has breached the conditions attached to the exemptions granted by the competent authority; or	(b) the CSD operating the DLT <del>securities</del> settlement system has breached the conditions attached to the exemptions granted by the competent authority; or
Article 8(6), point (c)			
227	(c) the CSD operating the DLT securities settlements system has recorded financial instruments that do not fulfil the conditions laid down Article 3(1) and (2); or	(c) the <del>CSD operating</del> <u>operator of</u> the DLT <del>securities settlements system</del> <u>SSS</u> has recorded financial instruments that do not fulfil the conditions laid down Article 3(1) and (2); or	(c) the CSD operating the DLT <del>securities settlements</del> <del>settlement</del> system has recorded financial instruments that do not fulfil the conditions laid down Article 3(1) and (2); or
Article 8(6), point (d)			

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228	(d) the CSD operating the DLT securities settlements system has exceeded the thresholds referred to in Article 3(3) and (5), third subparagraph; or	(d) the <del>CSD operating</del> <u>operator of</u> the DLT <del>securities settlements system</del> <u>SSS</u> has exceeded the thresholds referred to in Article 3(3) and (5), third subparagraph; or	(d) the CSD operating the DLT securities settlements system has exceeded the thresholds referred to in Article 3(3) <del>and (5), third subparagraph; or</del>
Article 8(6), point (da)			
228a			<b>(da) the CSD operating the DLT securities settlements system has exceeded the thresholds referred to in Article 3(5) and has not activated the transition strategy;</b>
Article 8(6), point (e)			
229	(e) the competent authority becomes aware that the CSD operating the DLT securities settlement system that applied for a specific permission to operate a DLT securities settlement system, obtained such permission or related exemptions on the basis of misleading information including any material omission.	(e) the competent authority becomes aware that the <del>CSD operating</del> <u>operator of</u> the DLT <del>securities settlement system</del> <u>SSS</u> that applied for a specific permission to operate a DLT <del>securities settlement system</del> <u>SSS</u> , obtained such permission or related exemptions on the basis of misleading information including any material	(e) the competent authority becomes aware that the CSD operating the DLT <del>securities</del> settlement system that applied for a specific permission to operate a DLT <del>securities</del> settlement system, obtained such permission or related exemptions on the basis of misleading information including any material omission.

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		omission.	
Article 8(7), first subparagraph			
230	<p>7. Where in the course of its activity, a CSD operating a DLT securities settlement system proposes to introduces a material change to the functioning of the DLT, or to its services or activities, which require a new permission, a new exemption or the modification of one or more of its existing exemptions or of any attached conditions, it shall request such permission, exemption or modification, in accordance with Article 5. Such permission, exemption or modification, shall be processed by the competent authority, in accordance with paragraphs 2 to 5.</p>	<p>7. -Where in the course of its activity, <del>a CSD</del> <u>operating an operator of</u> a DLT <del>securities settlement system</del> <u>SSS</u> proposes to introduces a material change to the functioning of the DLT, or to its services or activities, which require a new permission, a new exemption or the modification of one or more of its existing exemptions or of any attached conditions, it shall request such permission, exemption or modification, in accordance with Article 5. Such permission, exemption or modification, shall be processed by <del>the competent authority</del> <u>ESMA</u>, in accordance with paragraphs 2 to 5.</p>	<p>7. -Where in the course of its activity, a CSD operating a DLT <del>securities</del> settlement system <del>proposes to introduces</del> <b>intends to introduce</b> a material change to the functioning of the DLT, or to its services or activities, which require a new permission, a new exemption or the modification of one or more of its existing exemptions or of any attached conditions, it shall request such permission, exemption or modification, in accordance with Article 5. Such permission, exemption or modification, shall be processed by the competent authority, in accordance with paragraphs 2 to 5.</p>
Article 8(7), second subparagraph			
231	<p>Where in the course of its activity, a CSD</p>	<p>Where in the course of its activity, <del>a CSD</del></p>	<p>Where in the course of its activity, a CSD</p>

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	operating a DLT securities settlement system requests a new permission or exemption, it shall request such permission or exemption, in accordance with Article 5. Such permission or exemption or modification shall be processed by the competent authority, in accordance with paragraphs 2 to 5.	<del>operating an operator of</del> a DLT <del>securities settlement system</del> <u>SSS</u> requests a new permission or exemption, it shall request such permission or exemption, in accordance with Article 5. Such permission or exemption or modification shall be processed by <del>the competent authority</del> <u>ESMA</u> , in accordance with paragraphs 2 to 5.	operating a DLT <del>securities</del> -settlement system requests a new permission or exemption, it shall request such permission or exemption, in accordance with Article 5. Such permission or exemption or modification shall be processed by the competent authority, in accordance with paragraphs 2 to 5.
Article 9			
232	Article 9 Cooperation between operators of DLT market infrastructures, competent authorities and ESMA	Article 9 Cooperation between operators of DLT market infrastructures, competent authorities and ESMA	Article 9 -Cooperation between operators of DLT market infrastructures, competent authorities and ESMA
Article 9(1), first subparagraph			
233	1. Without prejudice to the application of any relevant provisions of Directive 2014/65/EU and Regulation (EU) No 909/2014, the operators of DLT market infrastructures shall	1. Without prejudice to the application of any relevant provisions of Directive 2014/65/EU and Regulation (EU) No 909/2014, the operators of DLT market infrastructures shall	1. -Without prejudice to the application of any relevant provisions of Directive 2014/65/EU and Regulation (EU) No 909/2014, the operators of DLT market infrastructures shall

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	cooperate with the competent authorities which are entrusted with granting specific permissions under this Regulation and with ESMA.	cooperate with the competent authorities which are entrusted with granting specific permissions under this Regulation and with ESMA.	cooperate with the competent authorities which are entrusted with granting specific permissions under this Regulation and with ESMA.
Article 9(1), second subparagraph, introductory part			
234	In particular, immediately upon becoming aware of any of the matters listed below, the operators of DLT market infrastructures shall notify, the said competent authorities and ESMA, thereof. Such matters include, without limitation:	<del>In</del> particular, immediately upon becoming aware of any of the matters listed below, the operators of DLT market infrastructures shall notify, the said competent authorities and ESMA, thereof. Such matters include, without limitation:	<del>In</del> particular, immediately upon becoming aware of any of the matters listed below, the operators of DLT market infrastructures shall notify, <del>the said</del> <b>their</b> competent authorities and ESMA, thereof. Such matters include, without limitation:
Article 9(1), second subparagraph, point (a)			
235	(a) any proposed material change to their business plan including critical staff, the rules of the DLT market infrastructure and associated legal arrangements at least four months before the change is planned, notwithstanding whether the proposed material change requires a change in the specific permission or related exemptions	(a) any proposed material change to their business plan including critical staff, the rules of the DLT market infrastructure and associated legal arrangements at least four months before the change is planned, notwithstanding whether the proposed material change requires a change in the specific permission or related exemptions	(a) any proposed material change to their business plan including critical staff, the rules of the DLT market infrastructure and associated legal arrangements at least four months before the change is planned, notwithstanding whether the proposed material change requires a change in the specific permission or related exemptions

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	or conditions attached thereto, in accordance with Article 7 or Article 8;	or conditions attached thereto, in accordance with Article 7 or Article 8;	or conditions attached thereto, in accordance with Article 7 or Article 8;
Article 9(1), second subparagraph, point (b)			
236	(b) any evidence of unauthorised access, material malfunctioning, loss, cyber-attacks or other cyber-threats, fraud, theft or other serious malpractice suffered by the DLT market infrastructure;	(b) any evidence of unauthorised access, material malfunctioning, loss, cyber-attacks or other cyber-threats, fraud, theft or other serious malpractice suffered by the DLT market infrastructure;	(b) any evidence of unauthorised access, material malfunctioning, loss, cyber-attacks or other cyber-threats, fraud, theft or other serious malpractice suffered by the DLT market infrastructure;
Article 9(1), second subparagraph, point (c)			
237	(c) any material change in the information provided to the competent authority which granted the specific permission;	(c) any material change in the information provided to the competent authority which granted the specific permission;	(c) any material change in the information provided to the competent authority which granted the specific permission;
Article 9(1), second subparagraph, point (d)			
238	(d) any technical or operational difficulty in delivering the activities or services subject to	(d) any technical or operational difficulty in delivering the activities or services subject to	(d) any technical or operational difficulty in delivering the activities or services subject to

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	the specific permission, including difficulties related to the development or use of the DLT and DLT transferable securities; or	the specific permission, including difficulties related to the development or use of the DLT and DLT <del>transferable securities</del> <u>financial instruments</u> ; or	the specific permission, including difficulties related to the development or use of the DLT and DLT <del>transferable securities</del> <b>financial instruments</b> ; or
Article 9(1), second subparagraph, point (e)			
239	(e) any risks to investor protection, market integrity or financial stability that have arisen and were not anticipated in the application requesting the specific permission or at the time of granting the specific permission.	(e) any risks to investor protection, market integrity or financial stability that have arisen and were not anticipated in the application requesting the specific permission or at the time of granting the specific permission.	(e) any risks to investor protection, market integrity or financial stability that have arisen and were not anticipated in the application requesting the specific permission or at the time of granting the specific permission.
Article 9(1), third subparagraph			
240	Where notified of such information, the competent authority may require the DLT market infrastructure concerned to make an application under Article 7(7) or Article 8(7) and/or may take any corrective measures required as referred to in paragraph 3.	Where notified of such information, the competent authority may require the DLT market infrastructure concerned to make an application under Article 7(7) or Article 8(7) and/or may take any corrective measures required as referred to in paragraph 3.	Where notified of such information, the competent authority may require the DLT market infrastructure concerned to make an application under Article 7(7) or Article 8(7) and/or may take any corrective measures required as referred to in paragraph 3.

	Commission Proposal	EP Mandate	Council Mandate
Article 9(2)			
241	2. The operators of DLT market infrastructures shall provide the competent authority which granted the specific permission and ESMA with any relevant information they may require.	2. The operators of DLT market infrastructures shall provide the competent authority which granted the specific permission and ESMA with any relevant information they may require.	2. The operators of DLT market infrastructures shall provide the competent authority which granted the specific permission <del>and ESMA</del> with any relevant information they may require.
Article 9(3)			
242	3. The competent authority which granted the specific permission may require any corrective measures to the business plan, the rules of the DLT market infrastructure and associated legal arrangements to ensure investor protection, market integrity or financial stability. Before requiring any corrective measures, the competent authority shall consult ESMA, in accordance with Article 7(3) or Article 8(3). The DLT market infrastructure shall report on the measures taken to implement any corrective measures required by the competent authority, in its reports referred to in paragraph 4.	3. The competent authority which granted the specific permission may require any corrective measures to the business plan, the rules of the DLT market infrastructure and associated legal arrangements to ensure investor protection, market integrity or financial stability. Before requiring any corrective measures, the competent authority shall consult ESMA, in accordance with Article 7(3) or Article 8(3). The DLT market infrastructure shall report on the measures taken to implement any corrective measures required by the competent authority, in its reports referred to in paragraph 4.	3. The competent authority which granted the specific permission may require any corrective measures to the business plan, the rules of the DLT market infrastructure and associated legal arrangements to ensure investor protection, market integrity or financial stability. <del>Before requiring any corrective measures, the competent authority shall consult ESMA, in accordance with Article 7(3) or Article 8(3).</del> The DLT market infrastructure shall report on <del>the measures taken to implement any corrective measures required by the competent authority,</del> in its reports referred to in paragraph 4.

	Commission Proposal	EP Mandate	Council Mandate
Article 9(4), introductory part			
243	<p>4. Every six months from the date of the specific permission, the operator of a DLT market infrastructure shall submit a report to the competent authority and ESMA. Such report shall include, without limitation:</p>	<p>4. Every six months from the date of the specific permission, the operator of a DLT market infrastructure shall submit a report to <u>ESMA and</u> the competent <del>authority and</del> <u>ESMA authorities, including, in the case of a credit institution, its prudential supervisor, and including the ECB in the case of significant credit institutions. In the case of a DLT SSS or a DLT TSS, the competent authority shall transmit that information to the relevant authorities specified in Article 12 of Regulation (EU) No 909/2014 without delay.</u></p> <p>Such report shall include, without limitation:</p>	<p>4. Every six months from the date of the specific permission, the operator of a DLT market infrastructure shall submit a report to the competent authority and ESMA. Such report shall include, without limitation:</p>
Article 9(4), point (a)			
244	<p>(a) a summary of any information listed in the second sub-paragraph of paragraph 1;</p>	<p>(a) a summary of any information listed in the second sub-paragraph of paragraph 1;</p>	<p>(a) a summary of any information listed in the second sub-paragraph of paragraph 1;</p>

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Article 9(4), point (b)			
245	(b) the number and value of DLT transferable securities admitted to trading on the DLT MTF, the number and value of DLT transferable securities recorded by a CSD operating DLT securities settlement systems, and where applicable, the number and value of transferable securities recorded by an investment firm or market operator operating on a DLT MTF;	(b) the number and value of DLT <del>transferable securities</del> <u>financial instruments</u> admitted to trading on the DLT MTF, the number and value of DLT <del>transferable securities</del> <u>financial instruments</u> recorded by a CSD operating DLT <del>securities settlement systems</del> <u>SSSS</u> , and where applicable, the number and value of <del>transferable securities</del> <u>financial instruments</u> recorded <del>by an investment firm or market operator operating on a DLT MTF</del> <u>on a DLT SSS or DLT TSS</u> ;	(b) the number and value of DLT <del>transferable securities</del> <b>financial instruments</b> admitted to trading on the DLT MTF, the number and value of DLT transferable securities recorded by a CSD <b>or</b> operating DLT <del>securities</del> settlement systems, and where applicable, the number and value of <del>transferable securities</del> <b>financial instruments</b> recorded by an investment firm or <b>a</b> market operator operating on a DLT MTF;
Article 9(4), point (c)			
246	(c) the number and value of transactions traded on a DLT MTF and settled either by a CSD operating a DLT securities settlement system, or where applicable, by an investment firm or market operator operating a DLT MTF;	(c) the number and value of transactions traded on a DLT MTF and settled either by a CSD operating a DLT <del>securities settlement system, or where applicable,</del> <u>SSSS, or</u> by an <del>investment firm or market</del> operator operating a DLT <del>MTF</del> <u>TSS</u> ;	(c) the number and value of transactions traded on a DLT MTF and settled either by a CSD <b>or</b> operating a DLT <del>securities</del> settlement system, or where applicable, by an investment firm or <b>a</b> market operator operating a DLT MTF;

	Commission Proposal	EP Mandate	Council Mandate
Article 9(4), point (d)			
247	(d) a reasoned assessment of any difficulties in applying Union financial services legislation or national law; and	(d) a reasoned assessment of any difficulties in applying Union financial services legislation or national law; and	(d) a reasoned assessment of any difficulties in applying Union financial services legislation or national law; and
Article 9(4), point (e)			
248	(e) the measures taken to implement any compensatory or corrective measures required by the competent authority or conditions imposed by the competent authority.	(e) the measures taken to implement any compensatory or corrective measures required by the competent authority or conditions imposed by the competent authority.	(e) the measures taken to implement any compensatory or corrective measures required by the competent authority or conditions imposed by the competent authority.
Article 9(4a)			
248a		<u><a href="#">4a. ESMA shall make the reports referred to in the first subparagraph publicly available on its website, while safeguarding anonymity.</a></u>	
Article 9(5), first subparagraph			
249			

	Commission Proposal	EP Mandate	Council Mandate
	5. ESMA shall fulfil a coordination role between competent authorities, with a view to building a common understanding of distributed ledger technology and DLT market infrastructure as well as a common supervisory culture and convergent supervisory practices, ensuring consistent approaches and convergence in supervisory outcomes.	5. ESMA shall fulfil a coordination role between competent authorities, with a view to building a common understanding of distributed ledger technology and DLT market infrastructure as well as a common supervisory culture and convergent supervisory practices, ensuring consistent approaches and convergence in supervisory outcomes.	5. -ESMA shall fulfil a coordination role between competent authorities, with a view to building a common understanding of distributed ledger technology and DLT market infrastructure as well as a common supervisory culture and convergent supervisory practices, ensuring consistent approaches and convergence in supervisory outcomes.
Article 9(5), second subparagraph, introductory part			
250	ESMA shall inform all competent authorities on a regular basis of:	ESMA shall inform all competent authorities on a regular basis of:	<b>Competent authorities</b> -ESMA shall inform all <del>competent authorities</del> <b>the authorities referred in Article 7(3) and 8(3)</b> on a regular basis of:
Article 9(5), second subparagraph, point (a)			
251	(a) the reports submitted in accordance with paragraph 4;	(a) the reports submitted in accordance with paragraph 4;	(a) the reports submitted in accordance with paragraph 4;
Article 9(5), second subparagraph, point (b)			

	Commission Proposal	EP Mandate	Council Mandate
252	(b) the specific permissions and exemptions granted in accordance with Article 7 and Article 8 as well as the conditions attached thereto;	(b) the specific permissions and exemptions granted in accordance with Article 7 and Article 8 as well as the conditions attached thereto;	(b) the specific permissions and exemptions granted in accordance with Article 7 and Article 8 as well as the conditions attached thereto;
Article 9(5), second subparagraph, point (c)			
253	(c) any refusal by a competent authority to grant a specific permission or any exemption in accordance with Article 7 and Article 8, any withdrawal of such a specific permission or exemptions and any cessations of business by a DLT market infrastructure.	(c) any refusal by a competent authority to grant a specific permission or any exemption in accordance with Article 7 and Article 8, any withdrawal of such a specific permission or exemptions and any cessations of business by a DLT market infrastructure.	(c) any refusal by a competent authority to grant a specific permission or any exemption in accordance with Article 7 and Article 8, any withdrawal of such a specific permission or exemptions and any cessations of business by a DLT market infrastructure.
Article 9(6)			
254	6. ESMA shall monitor the application of the specific permissions, related exemptions and conditions attached thereto, granted in accordance with Article 7 and Article 8, as well as any compensatory or corrective measures required and shall submit an annual report to the	6. ESMA shall monitor the application of the specific permissions, related exemptions and conditions attached thereto, granted in accordance with Article 7 and Article 8, as well as any compensatory or corrective measures required and shall submit an annual report to the	6. ESMA shall monitor the application of the specific permissions, related exemptions and conditions attached thereto, granted in accordance with Article 7 and Article 8, as well as any compensatory or corrective measures required and shall submit an annual report to the

	Commission Proposal	EP Mandate	Council Mandate
	Commission on how they are applied in practice.	Commission on how they are applied in practice.	Commission on how they are applied in practice.
Article 9a			
254a		<u>Article 9a</u> <u>Reporting of breaches and protection of reporting persons</u>	
Article 9a, first paragraph			
254b		<u>Directive (EU) 2019/1937 shall apply to the reporting of breaches of this Regulation and the protection of persons reporting such breaches.</u>	
Article 9a, second paragraph			
254c		<u>ESMA shall provide one or more secure communication channels for reporting breaches of this Regulation and comply with</u>	

	Commission Proposal	EP Mandate	Council Mandate
		<a href="#"><i>the requirements set out in Directive (EU) 2019/1937.</i></a>	
Article 9a (Council) / Article 10b (EP)			
254d		<a href="#"><i>Article 10b</i></a>  <a href="#"><i>Amendments to Regulation (EU) No 600/2014</i></a> <a href="#"><i>[Extension of deferral of MiFIR non-discriminatory access provisions for Exchange-Traded Derivatives (ETDs)]</i></a>	<b>Article 9a</b> <b>Amendment to Regulation (EU) No 600/2014</b>
Article 9a (Council) / Article 10b (EP)(1)			
254e		<a href="#"><i>In Article 54(2) of Regulation (EU) 600/2014, the date "3 July 2021" is replaced by the date "3 July 2023".</i></a>	<b>1. In Article 54(2), the first subparagraph is replaced by the following:</b>
Article 9a (Council) / Article 10b (EP)(1), point (a)			
254f			<b>‘If the Commission assesses that there is no</b>

	Commission Proposal	EP Mandate	Council Mandate
			<p>need to exclude exchange-traded derivatives from the scope of Articles 35 and 36 in accordance with Article 52(12), a CCP or a trading venue may, before [enter date of entry into force of the amending act], apply to its competent authority for permission to avail itself of transitional arrangements. The competent authority, taking into account the risks resulting from the application of the access rights under Article 35 or 36 as regards exchange-traded derivatives to the orderly functioning of the relevant CCP or trading venue, may decide that Article 35 or 36 would not apply to the relevant CCP or trading venue, respectively, in respect of exchange-traded derivatives, for a transitional period until 3 July 2023. Where such a transitional period is approved, the CCP or trading venue shall not benefit from the access rights under Article 35 or 36, as regards exchange-traded derivatives for the duration of that period. The competent authority shall notify ESMA and, in the case</p>

	Commission Proposal	EP Mandate	Council Mandate
			of a CCP, the college of competent authorities for that CCP, when a transitional period is approved.’.
Article 10			
255	Article 10 Report and review	Article 10 Report and review	Article 10 Report and review
Article 10(1), introductory part			
256	1. Five years from the entry into application of this Regulation, at the latest, ESMA shall present a report to the Commission on:	1. <del>Five years</del> <u>ESMA shall present to the Commission an early stocktaking report by ... [three-years] from the [date of] entry into [application]force of this Regulation [and, if the regime prescribed in this Regulation is not made permanent by modifications to relevant Union financial services legislation by then, a final, at the latest, ESMA shall present a report to the Commission by [five years from the entry into application of this Regulation]</u> on:	1. <b>Within</b> five years from the entry into application of this Regulation, at the latest, ESMA shall present a report to the Commission on:

	Commission Proposal	EP Mandate	Council Mandate
Article 10(1), point (a)			
257	(a) the functioning of DLT market infrastructures across the Union;	(a) the functioning of DLT market infrastructures across the Union;	(a) the functioning of DLT market infrastructures across the Union;
Article 10(1), point (b)			
258	(b) the number of DLT MTFs and CSDs operating a DLT securities settlement system which have been granted a specific permission under this Regulation;	(b) the number of DLT MTFs <del>and CSDs operating a DLT securities settlement system</del> <u>DLT SSSs and DLT TSSs</u> which have been granted a specific permission under this Regulation;	(b) the number of DLT MTFs and CSDs operating a DLT securities-settlement system which have been granted a specific permission under this Regulation;
Article 10(1), point (c)			
259	(c) the type of exemptions requested by DLT market infrastructures and the type of exemptions granted by competent authorities;	(c) the type of exemptions requested by DLT market infrastructures and the type of exemptions granted by competent authorities;	(c) the type of exemptions requested by DLT market infrastructures and the type of exemptions granted by competent authorities;
Article 10(1), point (d)			
260			

	Commission Proposal	EP Mandate	Council Mandate
	(d) the number and value of DLT transferable securities admitted to trading on DLT MTFs, the number and value of DLT transferable securities recorded by CSDs operating DLT securities settlement systems, and where applicable, the number and value of transferable securities recorded by DLT MTFs;	(d) the number and value of DLT <del>transferable securities</del> <u>financial instruments</u> admitted to trading on DLT MTFs, the number and value of DLT <del>transferable securities</del> <u>financial instruments</u> recorded by CSDs operating DLT <del>securities settlement systems, and where applicable, SSSs, and</del> the number and value of <del>transferable securities</del> <u>financial instruments</u> <del>traded and</del> recorded by DLT <del>MTFs</del> <u>TSSs</u> ;	(d) the number and value of DLT <del>transferable securities</del> <b>financial instruments</b> admitted to trading <del>on DLT MTFs, the number and value of DLT transferable securities</del> <b>or</b> recorded by CSDs operating DLT securities settlement systems, and where applicable, the number and value of transferable securities recorded by DLT MTFs <b>on DLT market infrastructures</b> ;
Article 10(1), point (e)			
261	(e) the number and value of transactions traded on DLT MTFs and settled by CSDs operating DLT securities settlement system, and where applicable, by DLT MTFs;	(e) the number and value of transactions traded on DLT MTFs <del>and</del> , settled by <del>CSDs operating DLT securities settlement system, and where applicable, DLT SSSs and traded on and settled</del> by DLT <del>MTFs</del> <u>TSSs</u> ;	(e) the number and value of transactions traded <del>on DLT MTFs and</del> <b>or</b> settled by CSDs operating DLT securities settlement system, and where applicable, <del>by DLT MTFs</del> <b>on DLT market infrastructures</b> ;
Article 10(1), point (f)			
262	(f) the type of DLT used and technical issues related to the use of DLT, including the matters	(f) the type of DLT used and technical issues related to the use of DLT, including the matters	(f) the type of DLT used and technical issues related to the use of DLT, including the matters

	Commission Proposal	EP Mandate	Council Mandate
	referred to in point (b) of the second subparagraph of Article 9(1);	referred to in point (b) of the second subparagraph of Article 9(1);	referred to in point (b) of the second subparagraph of Article 9(1) <b>and on the impact of DLTs used on climate policies objectives;</b>
Article 10(1), point (g)			
263	(g) the procedures put in place by DLT MTFs in accordance with Article 4(3)(g);	(g) the procedures put in place by DLT MTFs <u>or DLT TSSs</u> in accordance with Article 4(3)(g);	(g) the procedures put in place by DLT MTFs in accordance with Article 4(3)(g);
Article 10(1), point (h)			
264	(h) any risks presented by the use of a DLT;	(h) any risks, <u>vulnerabilities and inefficiencies</u> presented by the use of a DLT <u>to investor protection, market integrity and financial stability, including novel types of legal, systemic and operational risks, which are not sufficiently addressed and any unintended effects on liquidity, volatility, financial stability, investor protection, and market integrity;</u>	(h) any risks <del>presented by</del> <b>emerged from</b> the use of a DLT;

	Commission Proposal	EP Mandate	Council Mandate
Article 10(1), point (ha)			
264a		<u>(ha) risks of regulatory arbitrage or level playing field issues between DLT market infrastructures within the DLT pilot regime and between DLT market infrastructures and other market infrastructures using legacy systems;</u>	
Article 10(1), point (i)			
265	(i) any interoperability issues between DLT market infrastructures and other infrastructures using legacy systems;	(i) any interoperability issues between DLT market infrastructures and other infrastructures using legacy systems;	(i) any interoperability issues between DLT market infrastructures and other infrastructures using legacy systems;
Article 10(1), point (j)			
266	(j) the benefits resulting from the use of a DLT, in terms of any efficiency improvements and risk reductions across the entire trading and post-trading chain, including without limitation, with regard to the recording and safekeeping of	(j) <del>the</del> <u>any</u> benefits <u>and costs</u> resulting from the use of a DLT, in terms of <del>any</del> <u>additional liquidity and financing to start-ups and SMEs, safety and</u> efficiency improvements, <u>energy consumption</u> and risk <del>reductions</del> <u>mitigation</u>	(j) the benefits resulting from the use of a DLT, in terms of any efficiency improvements and risk reductions across the entire trading and post-trading chain, including without limitation, with regard to the recording and safekeeping of

	Commission Proposal	EP Mandate	Council Mandate
	DLT transferable securities, the traceability of transactions, corporate actions, reporting and supervision functions at the level of the DLT market infrastructure;	across the entire trading and post-trading chain, including without limitation, with regard to the recording and safekeeping of DLT <del>transferable securities</del> <u>financial instruments</u> , the traceability of transactions <u>and enhanced compliance with know your customer and anti-money laundering processes</u> , corporate actions <u>and direct exercise of investor rights via smart contracts</u> , reporting and supervision functions at the level of the DLT market infrastructure;	DLT <del>transferable securities</del> <b>financial instruments</b> , the traceability of transactions, corporate actions, reporting and supervision functions at the level of the DLT market infrastructure;
Article 10(1), point (k)			
267	(k) any refusals by a competent authority to grant specific permissions or exemptions in accordance with Article 7 and Article 8, modifications or withdrawals of such specific permissions or exemptions as well as of any compensatory or corrective measures; and	(k) any refusals by a competent authority to grant specific permissions or exemptions in accordance with Article 7 and Article 8, modifications or withdrawals of such specific permissions or exemptions as well as of any compensatory or corrective measures; and	(k) any refusals by a competent authority to grant specific permissions or exemptions in accordance with Article 7 and Article 8, modifications or withdrawals of such specific permissions or exemptions as well as of any compensatory or corrective measures; and
Article 10(1), point (l)			
268			

	Commission Proposal	EP Mandate	Council Mandate
	(l) any cessations of business by a DLT market infrastructure and the reasons for such cessation.	(l) any cessations of business by a DLT market infrastructure and the reasons for such cessation <sup>1</sup> .	(l) any cessations of business by a DLT market infrastructure and the reasons for such cessation.
Article 10(1), point (la)			
268a		<u>(la) the potential implications resulting from an increase of the thresholds referred to in Article 3, taking into account in particular systemic considerations and different types of DLT;</u>	
Article 10(1), point (lb)			
268b		<u>(lb) an overall assessment of the costs and benefits of the pilot regime and a recommendation whether or not and under which conditions to proceed with the pilot regime.</u>	
Article 10(1a)			

	Commission Proposal	EP Mandate	Council Mandate
268c			<b>1a. Within two years from the entry into application of this Regulation, at the latest, ESMA shall present a report to the Commission on the implementation of this Regulation, including on the appropriateness of the individual and global thresholds set out in Article 3.</b>
Article 10(2), first subparagraph, introductory part			
269	2. Based on the report referred to in paragraph 1, the Commission shall present a report to the European Parliament and Council including a cost-benefit analysis on whether the regime for DLT market infrastructures under this Regulation should be:	2. -Based on the report referred to in paragraph 1, the Commission shall, <u>within three months of receipt of each report</u> present a report to the European Parliament and Council including a cost-benefit analysis on whether the regime for DLT market infrastructures under this Regulation should be:	2. -Based on the report referred to in paragraph 1, the Commission shall present a report to the European Parliament and Council including a cost-benefit analysis on whether the regime for DLT market infrastructures under this Regulation should be:
Article 10(2), first subparagraph, point (a)			
270	(a) extended for another period;	(a) extended for another period <u>of two years, in</u>	(a) extended for another period;

	Commission Proposal	EP Mandate	Council Mandate
		<u><a href="#">the case of the early-stocktaking report referred to in paragraph 1;</a></u>	
Article 10(2), first subparagraph, point (b)			
271	(b) extended to other types of financial instruments that can be issued, recorded, transferred or stored on a DLT;	(b) extended to other types of financial instruments that can be issued, recorded, transferred or stored on a DLT;	(b) extended to other types of financial instruments that can be issued, recorded, transferred or stored on a DLT;
Article 10(2), first subparagraph, point (c)			
272	(c) amended;	(c) amended;	(c) amended;
Article 10(2), first subparagraph, point (d)			
273	(d) made permanent with or without amendment; or	(d) made permanent <del>with or without amendment</del> <u>by appropriate modifications to relevant Union financial services legislation;</u> or	(d) made permanent with or without amendment; or
Article 10(2), first subparagraph, point (e)			

	Commission Proposal	EP Mandate	Council Mandate
274	(e) terminated.	(e) terminated, <u>with all permissions granted in accordance with Articles 3, 4, 5, 7, 8, and 9 withdrawn</u> .	(e) terminated.
Article 10(2), second subparagraph			
274a			<b>Based on the report referred to in paragraph 1a, the Commission shall present a report to the European Parliament and Council including a cost-benefit analysis on whether the regime for DLT market infrastructures under this Regulation should be adjusted, in particular as regards the individual and global thresholds set out in Article 3.</b>
Article 10(2), third subparagraph			
275	In its report, the Commission may propose any appropriate modifications to the Union framework on financial services legislation or harmonisation of national laws that would	In its report <u>based on the final ESMA report referred to in paragraph 1</u> , the Commission <del>may</del> <u>shall make a recommendation to either terminate the pilot regime in accordance with</u>	In its <del>report</del> <b>reports</b> , the Commission may propose any appropriate modifications to the Union framework on financial services legislation or harmonisation of national laws

	Commission Proposal	EP Mandate	Council Mandate
	facilitate the use of distributed ledger technology in the financial sector as well as any measures needed to bridge the transition of DLT market infrastructures out of the pilot regime.	<u><a href="#">point e) of this paragraph or to</a></u> propose <del>any</del> <u>in accordance with point d) of this paragraph</u> appropriate modifications to the Union framework on financial services legislation or harmonisation of national laws that would facilitate the use of distributed ledger technology in the financial sector as well as any measures needed to bridge the transition of DLT market infrastructures out of the pilot regime.	that would facilitate the use of distributed ledger technology in the financial sector as well as any measures needed to bridge the transition of DLT market infrastructures out of the pilot regime.
Article 10(2), third subparagraph			
275a		<u><a href="#">In the case of an extension under point (a) of this paragraph, the Commission shall ask ESMA to submit, no later than three months before the end of the extension period provided for in point (a), a report in accordance with paragraph 1. Upon receipt of that report from ESMA, the Commission shall submit to the European Parliament and the Council a report in accordance with this paragraph.</a></u>	

	Commission Proposal	EP Mandate	Council Mandate
Article 10a			
275b		<a href="#"><u>Article 10a</u></a> <a href="#"><u>Interim reports</u></a>	
Article 10a, first paragraph			
275c		<a href="#"><u>ESMA shall publish annual interim reports in order to provide market participants with information on the functioning of the markets, to address incorrect behaviour of operators, to provide clarifications on the application of this Regulation and to update previous indications based on the evolution of DLT. Those reports shall also provide an overall description of the pilot regime focusing on trends and emerging risks and shall be submitted to the European Parliament, the Council and the Commission. The first such report shall be published... [12 months after the date of entry into application of this Regulation].</u></a>	

	Commission Proposal	EP Mandate	Council Mandate
Article 11			
276	Article 11 Entry into force and application	Article 11 Entry into force and application	Article 11 Entry into force and application
Article 11, first paragraph			
277	This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.	This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.	This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.
Article 11, second paragraph			
278	It shall apply from ... [please insert date 12 months after the date of entry into force of this Regulation].	It shall apply from ... [ <del>please insert date 12</del> 9 months after the date of entry into force of this Regulation].	It shall apply from ... [please insert date 129 months after the date of entry into force of this Regulation].
Article 11, third paragraph			
279			

	Commission Proposal	EP Mandate	Council Mandate
	Within three months from the entry into force of this Regulation, the Member States shall notify their competent authorities within the meaning of Article 2(21)(c), if any, to ESMA and the Commission. ESMA shall publish a list of such competent authorities on its website.	Within three months from the entry into force of this Regulation, the Member States shall notify their competent authorities within the meaning of Article 2(21)(c), if any, to ESMA and the Commission. ESMA shall publish a list of such competent authorities on its website.	<del>Within three months from the entry into force of this Regulation, the Member States shall notify their competent authorities within the meaning of Article 2(21)(c), if any, to ESMA and the Commission. ESMA shall publish a list of such competent authorities on its website.</del>
Formula			
280	This Regulation shall be binding in its entirety and directly applicable in all Member States.	This Regulation shall be binding in its entirety and directly applicable in all Member States.	This Regulation shall be binding in its entirety and directly applicable in all Member States.
Formula			
281	Done at Brussels,	Done at Brussels,	Done at Brussels,
Formula			
282	For the European Parliament	For the European Parliament	For the European Parliament
Formula			

	Commission Proposal	EP Mandate	Council Mandate
283	The President	The President	The President
Formula			
284	For the Council	For the Council	For the Council
Formula			
285	The President	The President	The President