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From:	Presidency
To:	Working Party on Financial Services and the Banking Union (Digital Euro Package) Financial Services Attachés
Subject:	Digital euro - Working Party meeting on 17 October 2025 - Presidency Discussion Note on distribution

Danish Presidency
Council of the European Union

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Presidency discussion note on the distribution of the digital euro

Working Party on Financial Services and the Banking Union

Proposal for a regulation in the establishment of the digital euro

17 October 2025

Meeting on 17. October 2025

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1. Introduction

Discussions on the distribution framework for the digital euro have progressed steadily in the course of the past years in the Council. The guidance provided by Member States at the Council Working Party (CWP) meeting in September 2025 was important in surfacing where a shared approach is emerging and where targeted choices are still required before the text can be stabilised.

The overall policy direction remains clear: a distribution framework that guarantees legal certainty and proportionality, preserves the singleness of the digital euro across the euro area, ensures a level playing field between payment service providers (PSPs), and connects coherently to the compensation framework.

This note reflects the Presidency's reading of those discussions and delegations' feedback, including on (i) the scope of PSPs covered (and the treatment of PISPs/AISPs), (ii) the shape of Annex II (mandatory services for end-users) and Annex IIa (mandatory acquiring services), (iii) access and designation under Article 14, and (iv) cash funding/defunding and automated funding modalities. The proposed way forward builds on the approach presented by the Presidency at the September CWP meeting, maintaining those drafting elements where a broad majority of Member States expressed support, while refining the provisions that remained subject to diverging views.

Member States are invited to share their views on the Presidency's proposed direction and to provide comments on the outstanding issues outlined in this note, with a view to reach a common stance among Member States on the distribution framework.

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Chapter I

1.1 Scope of distribution obligations

The Presidency recalls that its most recent proposal, presented at the CWP meeting in September, was based on a three-tier reading of the market:

1) **Credit institutions**
2) **Other ASPSPs who hold the necessary license to provide the full set of basic services in Annex II**, such as e-money institutions and some payment institutions offering payments accounts (those falling under the categories 1 to 5 of Annex I in PSD2 concerning payment services)
3) **PSPs who are neither credit institutions nor ASPSPs**. These PSPs fall under the categories 6, 7, and 8 of Annex I in PSD2, i.e. providers offering money remittances, payment initiation service providers (PISP) and account information service providers (AISP)

The discussion aimed at providing a balanced approach between inclusiveness and proportionality. It sought to make the digital euro accessible to natural and legal persons through existing payment channels, while avoiding disproportionate burdens on smaller or digital-only entities. At the same time, it was intended to safeguard the singleness of the digital euro and to promote a consistent user experience across the euro area, regardless of which PSP that provides the service.

1.1.1 "No pick-and-choose" approach for PSPs licensed to provide the full set of mandatory services (Annex II)

Discussions in CWP September indicated broad support for this overall architecture. **A large majority of Member States agreed that credit institutions should remain subject to a distribution obligation** towards their customers, given their established role in providing payment accounts and their ability to comply with supervisory and operational requirements. Several delegations also saw merit in **allowing other ASPSPs to participate on a voluntary basis**, in particular to support innovation and user choice, provided that **once such PSPs decide to participate, they would be subject to the same obligations as credit institutions**.

Several **delegations considered the "no pick-and-choose" approach important for ensuring a coherent user experience and a level playing field between PSPs**. Others highlighted the need for legal clarity on which entities would fall under the distribution framework, to avoid overlaps or uncertainties in relation to PSD3/PSR licensing categories.

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A number of delegations also raised considerations regarding proportionality, especially in relation to services that could require cash-handling infrastructure. These concerns were directed mainly at the detailed list of services in Annex II, rather than at the general structure of the obligations.

Against this background, the Presidency proposes to retain its previous approach from the September CWP meeting, namely that **PSPs obliged to distribute the digital euro, or which do so on a voluntary basis, should provide the full set of services listed in Annex II, but should only provide cash funding and defunding where they already offer such services**. This approach was supported by a majority of Member States as it seems to strike a balance between the principle of singleness of the digital euro and operational feasibility. The Presidency further notes that some Member States underlined the importance of not creating incentives for PSPs to diminish their cash distribution.

At the same time**, several Member States questioned whether cash funding and defunding should be listed among the services in Annex II**, noting that these services are unlikely to represent the most common or practical method of funding or defunding digital euro accounts. The Presidency recognises that the relevant cash-related obligations are already described in Article 13(2), (3) and (4), which specify how funding and defunding - both manual and automated - are to be made available. The Presidency therefore considers that the reference to **"in the same manner"** and the nature of the relevant obligations remains in Annex II but could be clarified further. At the same time, the Presidency proposes that, in the context of the drafting on the compensation model, it should be clarified that PSPs are **not obliged to offer cash funding and defunding services free of charge**. The Presidency invites Member States to share their views on this approach.

Question 1 for Member States:

Q1. *Do Member States agree with the Presidency's approach regarding the treatment of cash-related funding and defunding services?*

1.1.2 Treatment of PISPs and AISPs under the distribution framework

The Presidency recalls that the role of payment initiation service providers (PISPs) and account information service providers (AISPs) within the distribution framework was identified as an open issue already under the Spanish Presidency. The discussions concerning this issue have focused on whether and how such entities - whose activities are limited to initiating payments or accessing account information on behalf of users - should be treated under this Regulation. In the current legislative drafting, the provision of digital euro services is structured around the management of payment accounts and the provision

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of basic digital euro services using a payment account, as described in Annex II. Since PISPs and AISPs do not hold or service end-user payment accounts, their inclusion as distributors would not align with the functional scope of the services listed in Annex II.

At the same time, the Presidency noted during the September CWP meeting that, under PSD2 and the forthcoming PSD3/PSR framework, these actors would retain the right to access payment accounts, including potentially digital euro accounts, through open-banking interfaces. This raised the question of how their eventual access should be reflected in the Regulation, including whether they should be excluded from the distribution framework or placed in a separate category covering "ancillary digital euro services". Several policy considerations were highlighted, such as ensuring a level playing field between distributors, avoiding cost-free access that could create competitive distortions, and preserving user clarity as well as coherent scheme governance.

The majority of Member States expressed **a preference for a restrictive approach of a temporary nature**, under which the relevant PSPs would be restricted from providing digital euro payment services during the initial phase of implementation. Such a restriction however, should be accompanied by **a review clause to mitigate potential drawbacks**, including the risk of limiting innovation, reducing competition, or restricting user choice. At the same time, some delegations underlined that actors within the sphere of open banking contribute significantly to innovation and competition in the payments market, and that an overly restrictive approach could risk slowing down future market developments.

Taking account of these views and recognising the different roles of the two categories of actors, **the Presidency considers that a differentiated approach could be appropriate for PISPs and AISPs**. With regard to PISPs, several delegations underlined that their inclusion in the distribution framework may raise proportionality concerns, as these providers could gain access to digital euro accounts and offer payment initiation services without being subject to equivalent cost or operational obligations as distributors. Such a situation could also affect the overall coherence of the distribution and compensation frameworks.

In relation to AISPs, the Presidency notes that these entities access account information only with the user's consent and do not initiate or execute payments. From a proportionality perspective, **their inclusion is not considered to entail the same risks in terms of costs, competition, or potential "free-riding"**.

On this basis**, the Presidency suggests that the Regulation could explicitly restrict PISPs from the scope of distribution obligations, while not extending the same restriction to AISPs**. The Presidency further considers that **a review clause could be introduced**, allowing the Commission, after an initial operational period, to assess whether and under what conditions the participation of PISPs might be reconsidered under proportionate and cost-reflective terms. If such approach is to be accepted, the Presidency would suggest

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amending Article 5(5), concerning *Applicable Law*, by clarifying that provisions on PISPs in the PSD3/R should not apply in the context of the digital euro. In addition, the Presidency would suggest inserting the above-described review clause in Article 41(3) concerning the *review* of the regulation.

ES PCY in red
DK PCY in green

Article 5 – Applicable law
[...]
5. Without prejudice to Article~~s~~ 37 of this Regulation, Directive (EU) 2015/849 ~~**of the European Parliament and of the Council, of 20 May 2015, on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing**~~ and Regulation (EU) ~~**2015/847**~~ **2023/1113** ~~**of the European Parliament and of the Council of 20 May 2015 on information accompanying transfers of funds**~~ shall apply to digital euro payment ~~**transactions**~~ **services, with the exception of the provisions on payment initiation services in Chapter III Title III of that Directive.**

Article 41 – Review
[...]
3. By 3 years from the first issuance of the digital euro, the Commission shall present to the European Parliament and to the Council a report on whether there is a sufficient and effective access to and acceptance of the digital euro in the euro area~~.~~ **Including an assessment of the adequateness of allowing providers of payment initiation services to offer these services as ancillary digital euro services in conformity with the [PSR/PSD3].**

Questions 2-4 for Member States:

Q2. *Do Member States agree with the Presidency's assessment that PISPs should be restricted from providing digital euro payment services at this stage, accompanied by a review clause allowing the Commission to reassess this position after an initial operational period*?

Q3. *Do Member States support the differentiated approach whereby other non-account-servicing PSPs, such as AISPs, would not be subject to the same restriction, and could continue to operate in accordance with their license foreseen in PSD3/PSR?*

Q4. *If so, do Member States agree to the wording proposed in Article 5(5) and in Article 41(3)?*

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1.1.3 Other clarifications and drafting adjustments to Article 13

The Presidency recalls that a majority of Member States expressed support for the inclusion of the Presidency's proposed drafting to Article 13(6a), recognising the importance of ensuring that digital euro holdings remain protected from creditors of payment service providers. The Presidency specifically invited views on whether this protection should also extend to individual enforcement actions, to which Member States expressed mixed opinions. While some saw merit in explicitly referring to such actions, others considered that the existing text already provides sufficient clarity and that singling out specific cases would increase the risk of unintended gaps. It was also recalled that the provision in any case is mainly of a declaratory nature as it describes what is the result of the digital euro's very nature as a direct central bank liability. In this regard, the Presidency notes that **proceedings other than insolvency proceedings, including individual enforcement actions, are already captured by the wording "or other proceedings" in paragraph 6a, and therefore proposes to retain the current Presidency drafting** without further clarification.

Furthermore, the Presidency proposes editorial adjustments to Article 13, consisting of a correction in paragraph (1) to include the proper reference to Article 14(2), and the removal of the word "all" in paragraph (2), following Member States' written comments.

Question 5 to Member States:

Q5. *Do Member States find that further adjustments to Article 13 is needed?*

Drafting suggestions

BE PCY in black
ES PCY in red
PL PCY in blue
DK PCY in green

Article 13 – Payment service providers

1. Within the framework of Directive 2015/2366, **and without prejudice to Article 14(1), 14(1)bis and 14(2)**, payment service providers may provide ~~the~~ digital euro payment services. ~~**set out in Annex I** to **the persons digital euro users referred to in Article 12a.**~~

Payment service providers entitled to provide ~~some or all~~ payment services under Directive 2015/2366 may provide digital euro payment services on the basis of the equivalences between payment services and digital euro payment services determined in Annex VI.

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In accordance with the previous subparagraph, those payment service providers wishing to provide equivalent digital euro payment services shall not be required to seek any additional authorisz~~z~~ation under Directive (EU) 2015/2366.

Payment service providers who decide to provide ~~basic~~ digital euro payment services to natural persons or do so upon request of their clients pursuant to Article 14(1) shall provide the full list of mandatory ~~basic~~ digital euro payment services as set out in Annex II.

Payment service providers who decide to provide ~~basic~~ acquiring services to legal persons or do so upon request of their clients pursuant to Article 14(1)bis shall provide the full list of mandatory ~~basic~~ acquiring services as set out in Annex IIa.

~~**(a) natural and legal persons residing or established in the Member States whose currency is the euro;**~~
~~**(b) natural and legal persons who opened a digital euro account at the time they resided or were established in the Member States whose currency is the euro, but no longer reside or are established in such Member States;**~~
~~**(c) visitors;**~~
~~**(d) natural and legal persons residing or established in Member States whose currency is not the euro, subject to the conditions laid down in Article 18;**~~
~~**(e) natural and legal persons residing or established in third countries, including territories under a monetary agreement with the Union, subject to the conditions laid down in Articles 19 and 20.**~~

~~**The European Central Bank may restrict the access to and use in time of the digital euro for the digital euro users referred to in points (b) and (c) subject to the conditions laid down in Article 16 (2). Those timeframes shall be determined in relation to the residence or visiting status of the digital euro users.**~~

~~**For the purpose of point (a), residents shall include both Union citizens and third country nationals who benefit from residence rights pursuant to Union law or national law.**~~

2. Payment service providers that provide **non-digital euro payment accounts** **within the meaning of Directive 2015/2366** ~~**and payment service providers that provide digital euro payment accounts**~~ ~~**servicing payment services within the meaning of Directive 2015/2366**~~ shall enable ~~**their own clients**~~ **digital euro users** to manually or automatically fund or defund their digital euro payment accounts~~**, whether held with the same or another payment service provider, from or to non-digital euro payment accounts, respectively euro banknotes and coins when a payment services provider provides cash services, subject to any limitations that the European Central Bank may adopt in accordance with Article 16 of this Regulation**~~.

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For the purpose of the first subparagraph, payment service providers that ~~provide account servicing payment services and~~ ~~have~~ ~~the right to~~ hold an account at the European Central Bank or other national central bank shall provide access to digital euro funding and defunding services to payment service providers that ~~provide account servicing payment services~~ do not hold an account at the European Central Bank or other national central bank with access to payment systems, in an objective, non-discriminatory, transparent and proportionate manner.

3. Payment service providers **under paragraphs 1 and 2** shall make available funding and defunding functionalities:

(a) at any point in time, on a continuous basis, where funding and defunding take place through non-digital euro payment accounts;

(b) when a payment service provider provides cash services where funding and defunding take place through euro banknotes and coins.

4. Payment service providers **under paragraphs 1 and 2** ~~that provide non-digital euro payment accounts and payment service providers that provide digital euro payment accounts~~ ~~providing account servicing payment services within the meaning of Directive 2015/2366~~ shall enable **their own clients** ~~digital euro users~~:

(a) to have their digital euros in excess of any limitations the European Central Bank may adopt **in** accordance with Article 16 automatically defunded to a non-digital euro payment account, where an online digital euro payment transaction is received;

(b) to **initiate a digital euro payment transaction even though the amount of the payer's digital euro holdings is inferior to the amount of the transaction, by automatically mobilising funds from a non-digital euro payment account, provided that the excess amount of the transaction is available on the payer´s non-digital euro payment account** ~~make an online digital euro payment transaction where the transaction amount exceeds their digital euro holdings~~ **.**

For the purpose of points (a) and (b), and upon prior approval by the digital euro users, payment service providers shall link each digital euro payment account to **one or more** ~~a single~~ non-digital euro payment account**s** ~~denominated in euro~~ designated by the digital euro users. Digital euro users shall be allowed to have that designated non-digital euro payment account with a different payment service provider than the one where a given digital euro payment account is held, **apart from natural persons for the purpose of point (b).**

4a. ~~Account servicing p~~**Payment service providers that hold an account at** ~~are authorised to access~~ **the European Central bank or other national central banks** ~~settlement infrastructure~~ **shall pass through the settlement infrastructure the transfer**

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orders of the ~~account servicing~~ payment service providers that are not allowed to access the central bank settlement infrastructure, in an objective, transparent, proportionate and non-discriminatory manner.

5. The digital euro distributed by payment service providers shall be convertible at par with scriptural money and electronic money denominated in euro.

6. For the purpose of digital euro payment services, digital euro users shall only enter into a contractual relationship with their **payment service provider~~PSPs~~**. Digital euro users shall not have any contractual relationship**, for this purpose,** with the European Central Bank or the national central banks.

6a. In case insolvency proceedings or other proceedings are opened with regard to a payment service provider providing digital euro payment services, the digital euro holdings of digital euro users ~~are~~ shall remain the property of the digital euro user and shall be beyond the reach of creditors of that payment service provider.
~~Notwithstanding any contractual clauses to the contrary~~, ~~and~~ In such a case, the digital euro user can switch the digital euro payment account to another payment service provider without relying on the ~~insolvent~~ payment service provider subject to insolvency proceedings, in accordance with Article 31(2), or have their digital euros defunded to a non-digital euro payment account.

7. Digital euro users may have one or several digital euro payment accounts with the same or different payment service providers.

8. Payment service providers shall make available to the public, free of charge, accessible information about the specific features of digital euro payment services and the conditions of their distribution.

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1.2 Access to the digital euro in Member States whose currency is the euro

Article 14 concerns access to the digital euro and was at latest discussed in CWP in September 2025. Based on the discussion at the September CWP as well as the written comments provided by Member States, **the Presidency suggests a number of adjustments to Article 14.**

First, the Presidency would like to recall that the majority of Member States supported the direction of travel in regards to Article 14(3) at the latest CWP, including retaining that Member States shall designate one or more PSPs to provide basic digital euro services to natural persons not holding a non-digital euro payment account. However, some Member States asked for further streamlining of Article 14(3)(b) and (4). The main reason why being that the objectives of paragraph 3(b) seem to be covered under paragraph 4. The Presidency acknowledges this point and **suggests in this regard to delete paragraph 3b and instead reflect the obligations for those PSPs designated by Member States in paragraph 4.**

Secondly, a Member State were questioning the need for "dedicated assistance" for onboarding as referred to in Article 14(4) as assistance in regards to the digital euro probably will be merged into the general assistance provided by the PSP to its customers. The Presidency would in this regard **suggest deleting "dedicated" in order to provide the PSPs with the flexibility to merge general assistance with assistance related to onboarding its clients to the digital euro**.

Thirdly, it was noted during the September CWP meeting that the **references to "natural persons who are acting as consumers" in Article 14(1) and 14(2) could create interpretative uncertainty**. It was pointed out that a natural person may use the same payment account in various capacities, professional, personal, or otherwise, and that restricting the provision of mandatory digital euro services to instances where a person acts strictly as a "consumer" could lead to practical complications. Such implications could the unintended requirement for users to maintain separate accounts depending on the nature of each transaction. The Presidency considers whether the addition is necessary, given that natural persons would in practice use their digital euro account for a variety of purposes, including consumer transactions. The Presidency therefore proposes to **delete the references to "acting as consumers" in Article 14(1) and 14(2)** in order to avoid unnecessary ambiguity and ensure that natural persons can access and use digital euro services without distinction between professional and non-professional capacities.

Finally, some Member States have suggested editorial changes to Article 14.1bis which the Presidency have tried to accommodate. In relation to this, the Presidency furthermore **suggest to delete the last sentence stating** that the obligation shall comprise in the virtual

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or physical environment in which the PSP is already operating in. The reason for this deletion is that this clarification is already captured by Article 22(6).

Questions 6-7 to Member States:

Q6. *Do Member States agree with the Presidency's drafting suggestions to Article 14?*

Q7. *Do Member States find that further adjustments to Article 14 is needed?*

Drafting suggestions

BE PCY in black
ES PCY in red
PL PCY in blue
DK PCY in green

Article 14 – Access to the digital euro in MS whose currency is the euro

1.For the purpose of distributing the digital euro to natural persons referred to in Article ~~13(1)~~ 12a (a) ~~where these persons are acting as consumers~~, credit institutions that provide payment services as referred to in points (1), (2) or (3) of Annex I to Directive (EU) 2015/2366 shall, upon request of their clients, **for whom they already provide payment services on a contractual basis,** provide those persons with all basic digital euro payment services as referred to in Annex II.

2. For natural persons referred to in Article ~~13(1)~~ 12a (a), ~~who are acting as consumers, and~~ who ~~that~~ do not hold a non-digital euro payment account, Chapter IV of Directive (EU) 2014/92 ~~on access to payment account with basic features~~ shall apply, as transposed into national law by the respective Member State, with the exception of Articles 17 and 18, to the provision of mandatory digital euro payment services as referred to in Annex II ~~access to digital euro account with basic services by consumers~~.

3. Member States ~~may~~ shall designate one or more of the payment service providers ~~the authorities~~ referred to in Article 1, points (a) to (d), and (f), of the Directive (EU) 2015/2366, ~~or post office giro institutions referred to in Article 1, point (c), of the Directive (EU) 2015/2366 to~~, upon request~~: (a)~~ provide~~, upon request~~, mandatory ~~basic~~ digital euro payment services to natural persons referred to in Article ~~13(1)~~ 12a (a), that do not hold ~~or do not wish to hold~~ a non-digital euro payment account;

~~(b) provide basic digital payment services and provide digital inclusion support provided face-to-face in physical proximity to persons with disabilities, functional limitations or limited digital skills, and elderly people.~~

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4. Payment service providers referred to in paragraphs 1 to 3 shall provide digital inclusion support to persons with disabilities, functional limitations or limited digital skills, and elderly persons. **Payment service providers designated pursuant to paragraph 3 shall offer this support also face-to-face in physical proximity.** ~~**Without prejudice to paragraph 3, point (b), d**~~Digital inclusion support shall comprise**, but not be restricted to,** ~~**a dedicated**~~ assistance for onboarding to a digital euro **payment** account and using all basic digital euro **payment** services.

5. The **Authority for** ~~**a**~~**A**nti-**M**~~**m**~~oney ~~**l**~~**L**aundering ~~**authority**~~ **and Countering the Financing of Terrorism** ~~**of the Union ('AMLA') established under Regulation (EU) [***please insert reference - proposal for a Regulation creating an EU Authority for anti-money laundering and countering the financing of terrorism ('AMLA') - COM/2021/421 final)***]~~ and the European Banking Authority shall jointly issue guidelines specifying the interaction between AML/CFT requirements and the provision of basic digital euro payment services with a particular focus on financial inclusion of vulnerable groups including asylum seekers or beneficiaries of international protection, individuals with no fixed address or third country nationals who are not granted a residence permit but whose expulsion is impossible for legal or factual reasons.

14.1(bis) ~~**Payees' p**~~**Payment service providers** ~~**within the meaning of Directive (EU) 2015/2366**~~ **shall provide to their clients, which are legal persons or self-employed natural persons under the obligation to accept digital euro payments according to chapter III of this Regulation and Article 22(6),** ~~**digital euro, benefit from an exception to they**~~**, basic acquiring services referred to in Annex II(a) provided** ~~**for whom**~~ **that they already provide them with** ~~**acquirer**~~ **acquiring services** ~~**within the meaning of**~~ **in accordance with Directive (EU) 2015/2366** ~~**shall**~~ **for comparable means of payment.** ~~**This obligation shall comprise the virtual or physical environment in which they are already operating.**~~

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1.2 Annex II, Annex IIa and Annex VI

The Presidency recalls that **the content and structure of the annexes are connected to the compensation model**. Both elements are interdependent and should be developed in parallel to ensure consistency, legal clarity, and economic balance.

The services listed in Annexes II and IIa establish the scope of mandatory services to be provided by PSPs, while the compensation model determines how PSPs will be remunerated for these obligations either through the inter-PSP fees or through the merchant service charge (MSC). The closer the alignment between these two components, the more reliable and predictable the overall framework will be.

A clear and consistent link is necessary for several reasons. **First**, the number and type of services that PSPs are required to provide free of charge influences the assessment of whether the fees are sufficient to cover their costs. While some services are more cost-driving than others, the list of mandatory and free services should be viewed closely together with the level of compensation required to maintain commercial sustainability.

Second, the comparable means of payment benchmark, which underpins the compensation model, can only function effectively if the list of digital euro services corresponds closely to those offered for comparable means of payment (Please see the Presidency note on the framework for the compensation model for further context in regards to the comparable means of payment benchmark). If the scope of services in the annexes diverges substantially, it could weaken the benchmark and reduce its reliability as a cost reference. The Presidency therefore considers that maintaining a close alignment between the annexes and the benchmark is crucial for ensuring the credibility, proportionality, and practical operability of the compensation framework.

1.2.1 Annex II – Mandatory digital euro payment services

The Presidency notes that, in light of the interlinkages described above, the structure of Annex II should remain focused on the essential services that all distributing PSPs must provide to end-users. Following the discussion in the September CWP meeting, the Presidency proposes several targeted adjustments to strengthen coherence with the compensation model and to reflect Member States' feedback.

First, the Presidency proposes to delete the reference to conditional payments while clarifying that such functionality may be offered by PSPs on a voluntary basis and at a cost to users. Several delegations noted that such services would not be part of comparable means of payment and could therefore distort the compensation benchmark. The inclusion of conditional payments at this stage could also create uncertainty as to whether such services should be offered free of charge, and what exactly they would entail, as such

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payments encompass a broad range of functionalities, some of which may only be developed or standardised at a later stage.

Secondly, based on the Member States' written comments, the Presidency proposes to retain dispute and pre-dispute services within Annex II, as these functions are essential for user protection and are already referenced in Article 27 as well as in recital 60.

Finally, the Presidency notes that several delegations have pointed out that **letter (f) of Annex II overlaps substantially with the wording of letter (c)**. The Presidency therefore proposes to delete letter (f) in order to ensure clarity, consistency and avoid duplication. Furthermore, some Member States proposed that **only the first account referred to in letter (a) should be provided free of charge**, and that letter (d) should specify that PSPs are required to offer **cash funding and defunding using the same technical means**. Finally, the Presidency notes that, in the Presidency note on the compensation model, it is proposed to make the **open funding reverse waterfall non-mandatory**. The Presidency has introduced drafting changes to accommodate these considerations.

Question 8 for Member States:

Q8. *Do Member States agree with the Presidency's proposed adjustments to Annex II, in particular the deletion of conditional payments, the clarification for cash funding and defunding, and the retention of dispute and pre-dispute services in the list of basic services?*

Drafting suggestions

BE PCY in black
ES PCY in red
PL PCY in blue
DK PCY in green

Annex II – ~~**Basic**~~ **Mandatory** digital euro payment services

(a) opening, holding, **managing** and closing ~~**of a**~~ **one** digital euro payment account **per** ~~**payment service provider**~~ **digital euro user, including consulting balances and transaction records**;

(ab) enabling the storage of offline digital euros in one local storage device per payment service provider;

~~**(b) managing a digital euro payment account, including consulting balances and transaction records;**~~

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(ba) switching ~~a~~ digital euro payment account~~s~~ as referred to in Article 31;

(c) **~~non-~~ manual and ~~or~~** automated funding and defunding from **or into ~~a~~** non-digital euro payment account**s, including funding and defunding operations referred to in Article 13(4), except funding operations referred to in Article 13(4b), if the digital euro payment account and the non-digital euro payment account are provided by different PSPs;**

(d) **manual funding and defunding from or to euro banknotes and coins through the same technical means in which the distributing PSP provides such cash services for non-digital euro payment accounts ~~manual funding and defunding from / or into cash, when the payment service provider provides cash services;~~**

(e) **enabling the** initiation and reception of **online and offline** digital euro payment transactions by means of an electronic payment instrument, **~~to the exclusion of conditional digital euro payment transactions other than~~ including** standing orders**.~~, in the following use cases~~**:

- **~~person-to-person people digital euro payment transactions;~~**
- **~~point-of-interaction digital euro payment transactions, including point-of-sale and e-commerce;~~**
- **~~government-to-person and person-to-government digital euro payment transactions.~~**

~~(ea) enabling the initiation and reception of conditional digital euro payment transactions~~

~~(f) digital euro payment transactions funding and defunding operations~~ ~~referred to in Article 13(4)~~**~~; and~~**

(g) provi**ding~~sion of at least~~** one electronic payment instrument for the execution of **online** digital euro payment transactions **and one electronic payment instrument for the execution of offline digital euro payment transactions,** such as referred to in letter (e)**~~;~~**.

(h) **providing pre-dispute and dispute services~~enabling the storage and transmission of offline digital euros at least in one secure device;~~**

(i) **~~enabling the dispute mechanism set out in Article 27~~.**

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1.2.2 Annex IIa – Mandatory acquiring services

The Presidency recalls that Annex IIa defines the mandatory acquiring services to be provided to legal persons and self-employed individuals accepting digital euro payments. In previous discussions, Member States expressed broad support for the inclusion of Annex IIa and underlined its necessity given that legal persons and self-employed entities under chapter 3 of the Regulation would be required to accept digital euro. In that light, **Member States expressed that it is important that Annex IIa covers all services necessary to enable these entities to accept digital euro,** while the scope of services should also consider existing market practices for what is provided for comparable means of payment.

The Presidency notes that the relationship between Annex IIa and the compensation model is equally significant, as the remuneration for acquiring activities will depend on the costs associated with the mandatory services listed in this annex. It is therefore important to align the content of Annex IIa with both the payer-side services in Annex II and the compensation model parameters.

During the CWP discussions in September, the Presidency invited **Member States to consider whether pre-dispute and dispute handling services should be included in Annex IIa**. Several delegations expressed support for this addition, noting its relevance for ensuring a coherent set of acquiring services and alignment with the payer-side functionalities in Annex II. However, based on the written comments received, the Presidency acknowledges that some Member States indicated the need for additional time to assess the operational and legal implications of such an inclusion.

In light of these discussions, the **Presidency has included pre-dispute and dispute handling services in Annex IIa for the further consideration of Member States**, with a view to reaching convergence on whether these services should form part of the basic acquiring services under the Regulation. Concretely, pre-dispute[1] and dispute services constitute important functions for merchants and are already reflected in Article 27(1) and Recital 60. Similarly, the initiation of refunds represents a core element of merchant services, as it is commonly required in person-to-business payment use cases.

[1] Pre-disputes refer to a phase preceding an actual dispute where certain measures incentivise the merchant to solve the claim to avoid incurring dispute phase charges.

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Drafting suggestions

PL PCY in blue
DK PCY in green

Annex IIa – ~~**Basic**~~ **Mandatory** acquiring services

(a) opening, holding, managing and closing of digital euro payment accounts, including consulting balances and transactions;

(b) ~~digital euro payment transactions~~ funding and defunding operations referred to in Article 13(4);

(~~b~~c) enabling the ~~initiation and~~ reception and initiation of online and offline digital euro payment transactions, including refunds, by means of an electronic payment instrument~~, but excluding preauthorisation of digital euro payment transactions~~

~~(d) providing storage of offline digital euros~~

(e) pre-dispute services

(f) dispute services

Question 9 for Member States:

Q9. *Do Member States support the Presidency's proposed amendments to Annex IIa?*

1.2.2 Annex VI – Correspondence table for the services to be provided in the framework of the DER, Annex II, and related licenses required under PSD3/R
Several Member States have underlined the need for a clearer and more operational link between the DER and the forthcoming PSD3/R framework. Therefore, the Presidency proposes to introduce a new Annex VI comparing digital euro services with services defined under PSD3/R. The purpose of this annex would be to provide greater legal clarity regarding which entities are authorised to provide digital euro services and under which license category in the forthcoming PSD3/R framework.

In particular, the Presidency notes that the services defined in Annex II, namely account opening and management, execution of payment transactions, and related funding and defunding functionalities, correspond to Services 1, 2 and 3 in Annex II of the PSD3/R. **These services may be provided by entities holding a payment institution license**, which, under

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PSD3, includes electronic money institutions as a sub-category. Consequently, both payment institutions and electronic money institutions would be eligible to offer the basic digital euro services listed in Annex II, provided they meet the relevant authorisation and prudential requirements under PSD3/PSR.

Credit institutions would, by virtue of their banking license, be authorised to provide all services listed in Annex II without requiring additional authorisation under PSD3/PSR.

Drafting suggestions

Annex VI – Correspondence table for the services to be provided in the framework of the DER, Annex II, and the related license required under PSD3/R

DER Annex II	**PSD3/R Annex II**
(a) opening, holding, managing and closing of one digital euro payment account per digital euro user, including consulting balances and transaction records;	No equivalent separate service
(ab) enabling the storage of offline digital euros in one local storage device per payment service provider;	No equivalent service, as this is not considered a payment service
(ba) switching digital euro payment accounts as referred to in Article 31;	No equivalent service, as this is not considered a payment service
(c) manual and automated funding and defunding from or into a non-digital euro payment accounts, including funding and defunding operations referred to in Article 13(4), except funding operations referred to in Article 13(4b), if the digital euro payment account and the non-digital euro payment account are provided by different PSPs;	Equivalent to **point 2** in Annex II of the PSD3/R concerning execution of payment transactions, including transfers of funds from and to a payment account, including where the funds are covered by a credit line with the user´s payment service provider or with another payment service provider.[2]
(d) manual funding and defunding from or to euro banknotes and coins throufh the	Equivalent to **point 1** in Annex II of the PSD3/R concerning services enabling cash

[2] The reason why being that funding and defunding are considered payment transactions.

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same technical means in which the distributing PSP provides such cash services for non-digital euro payment accounts;	to be placed on and/or withdrawn from a payment account. *Such service would require a Payment institution license.*
(e) enabling the initiation and reception of online and offline digital euro payment transactions by means of an electronic payment instrument, including standing orders;	Equivalent to **point 2** in Annex II of the PSD3/R concerning execution of payment transactions, including transfers of funds from and to a payment account, including where the funds are covered by a credit line with the user´s payment service provider or with another payment service provider, and **point 3** concerning issuing of payment instruments. *Such services would require a Payment institution license.*
(g) providing one electronic payment instrument for the execution of online digital euro payment transactions and one electronic payment instrument for the execution of offline digital euro payment transactions, such as referred to in letter (e);	Equivalent to **point 3** in Annex II of the PSD3/R concerning issuing of payment instruments. *No need for an additional license as already required by (e)*
(h) providing pre-dispute and dispute services	No equivalent service, as this is not considered a payment service

Question 10 for Member States:

Q10. *Do Member States support the Presidency's proposed introduction of a new Annex VI?*