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**WORKING DOCUMENT**

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| From: | General Secretariat of the Council |
| To: | Working Party on Financial Services and Banking Union (MISP)<br>Financial Services Attachés |
| N° prev. doc.: | WK 13495/2026 ADD 1 |
| Subject: | Market Integration and Supervision Package<br>DLTPR : Questionnaire for written comments after CWP of 11 September<br>DDL 17 September 2026 |

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**Guidelines to be followed**

*Please kindly provide your contributions in the table below.*

*Changes as compared to the Commission proposal are indicated in red and bold (**additions**) and red, bold and strikethrough (**~~deletions~~**).*

***Drafting suggestions:*** you may use '**track changes**'* or formatting (for example **bold-underline** for additions and ~~strike-through~~ for deletions, **where necessary, in a different colour**). *Track changes can only be connected once the cursor is placed in editable areas (Drafting or Comments columns).

To make it feasible to consolidate all contributions, the structure of the table must not be changed, so **no rows can be added or deleted.**

New provisions may only be added in any of the **'existing cells'.**

***Name of document:*** please add the **two initials** of your delegation's country followed by a space (to the MS Word document name), followed by any optional text, for example, for Austria: **AT comments on … .docx**

Thank you for your cooperation!

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| | |
| Article 8 | |
| | |
| **Amendments to Regulation (EU) 2022/858** | |
| | |
| Regulation (EU) 2022/858 is amended as follows: | |
| | |
| (1) Article 1 is replaced by the following: | |
| | |
| *'Article 1* | |
| | |
| **Subject matter and scope** | |
| | |
| This Regulation lays down requirements in relation to distributed ledger technology (DLT) market infrastructures and their operators in respect of: | |

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| | |
| (a) granting and withdrawing specific permissions to operate DLT market infrastructures**, operate settlement schemes,** ~~**and**~~ provide DLT notary **services** and DLT central account maintenance services in accordance with this Regulation; | |
| | |
| (b) granting, modifying and withdrawing exemptions related to specific permissions; | |
| | |
| (c) mandating, modifying and withdrawing the conditions attached to exemptions and in respect of mandating, modifying and withdrawing compensatory or corrective measures; | |
| | |
| (d) operating DLT market infrastructures**, and settlement schemes** and providing DLT notary **services** and DLT central account maintenance services; | |
| | |
| (e) supervising DLT market infrastructures**, settlement schemes** and providers of DLT notary and DLT central account maintenance services; and | |
| | |
| (f) cooperation between operators of DLT market infrastructures, competent authorities and the European Supervisory authority (European Securities and Markets authority) established by Regulation (EU) No 1095/2010 (ESMA).’; | |
| | |

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| (2) Article 2 is amended as follows: | |
| | |
| (a) point (5) is replaced by the following: | |
| | |
| '(5) 'DLT market infrastructure' **or 'DLT MI'** means a DLT trading venue, a DLT settlement system or a DLT trading and settlement system;', | |
| | |
| (b) point (6) is replaced by the following: | |
| | |
| '(6) 'DLT trading venue' or 'DLT TV' means a multilateral trading facility or an organised trading facility that only admits to trading DLT financial instruments;' | |
| | |
| (c) point (10) is replaced by the following: | |
| | |
| '(10) 'DLT trading and settlement system' or 'DLT TSS' means a DLT TV or DLT SS that combines services performed by a DLT TV and a DLT SS;', | |
| | |
| (d) point (13) is replaced by the following: | |
| | |
| (13) 'multilateral trading facility' or 'MTF' means a multilateral trading facility as defined in Article 4(1), point (22), of ~~d~~**D**irective 2014/65/EU **and includes a multilateral trading facility operated by a CASP trading platform**;' | |
| | |
| (e) the following point (13a) is inserted: | |

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| | |
| '(13a) 'organised trading facility' or 'OTF' means an organised trading facility as defined in Article 4(1), point (23) of Directive 2014/65/EU **and includes an organised trading facility operated by a CASP trading platform**;' | |
| | |
| (f) point 20 is replaced by the following: | |
| | |
| '(20) 'market operator' means a market operator as defined in Article 2(1), point (10), of Regulation (EU) No 600/2014;', | |
| | |
| (g) point 21 is replaced by the following: | |
| | |
| '(21) competent authority' means: | |
| | |
| (a) one or more competent authorities as defined Article 4(1), point (26), of Directive 2014/65/EU or ESMA, in the cases set out in Articles 2u(1), 2v(1), 2x(1) and Article 38a of Regulation (EU) No 600/2014; | |
| | |
| (b) one or more competent authorities designated in accordance with Articles 10 and 11 of Regulation (EU) No 909/2014; | |
| | |
| (c) ESMA for crypto-asset service providers; **and** | |
| | |

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| (d) one or more competent authorities otherwise designated by a Member State to oversee the application of this Regulation.' | |
| | |
| (h) the following points (21a) to (21**r**~~n~~) are added: | |
| | |
| '(21a) 'crypto-asset service provider' or 'CASP' means a crypto-asset service provider as defined in Article 3(1), point (15), of Regulation (EU) 2023/1114 of the European Parliament and of the Council([1]); | |
| | |
| (21b) 'CASP trading platform' means a CASP authorised to operate a trading platform for crypto-assets as defined in Article 3(1), point(18~~6~~), of Regulation (EU) 2023/1114; | |
| | |
| (21c) 'DLT notary service' means the notary service as referred to in, Section A, point 1 of the Annex to Regulation (EU) No 909/2014, in relation to DLT financial instruments; | |
| | |
| (21d) 'DLT notary' means the provider of DLT notary services **in accordance with Article 10a**~~**, authorised under this Regulation or as a CSD under Regulation (EU) No 909/2014**~~; | |
| | |

1 Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets, and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937 (OJ L 150 9.6.2023, p. 40)

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| (21e) 'DLT central **account** maintenance service' means the central maintenance service as referred to in Section A, point 2 of the Annex to Regulation (EU) No 909/2014, in relation to DLT financial instruments; | |
| | |
| (21f) 'DLT account keeper' means the provider of DLT central **account** maintenance services **in accordance with Article 10a~~, authorised under this Regulation or as a CSD under Regulation (EU) No 909/2014~~**; | |
| | |
| (21g) 'settlement scheme' means the set of rules and procedures authorised for the purpose of settling DLT financial instruments in accordance with Article 10c **~~between at least two entities authorised to provide DLT central account maintenance services~~**; | |
| | |
| (21h) 'small and medium-sized enterprises' or 'SME' means small and medium-sized enterprises as defined in Article 4(1) point 13 of Directive 2014/65/EU; | |
| | |
| (21i) 'home Member State' means the Member State where a DLT notary or a DLT account keeper has its registered office; | |
| | |
| (21j) 'host Member State' means the Member State where a DLT notary or a DLT account keeper provides its services, where different from the home Member State; | |
| | |
| (21k) 'simplified regime' means the set of provisions **applicable to the DLT SS and DLT TSS where subject to Article 7a ~~under this Regulation applicable to DLT market infrastructures operating subject to thresholds laid down in Article 3(2b) and in accordance with Article 7a;~~** | |
| | |
| (21l) 'regular regime' means the set of provisions **~~under this Regulation~~** applicable to DLT market infrastructures **not permissioned to operate** | |

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| **under** ~~**that are not eligible to participate in**~~ the simplified regime ~~**and operate subject to thresholds laid down in Article 3(2)**~~; | |
| | |
| (21m) 'delivery versus payment' or 'DVP' means a securities settlement mechanism as referred to in Article 2(1), point (27), of Regulation (EU) No 909/2014; | |
| | |
| (21n) 'commercial bank money' means commercial bank money as defined in Article 2(1), point (8b) of Regulation (EU) No 909/2014; | |
| | |
| **(21 na) 'central bank money' means central bank money as defined in Article 2(1) under point (8a) of Regulation (EU) No 909/2014;** | |
| | |
| **(21nb) 'e-money token' means e-money token as defined in Article 3(1), point (7), of Regulation (EU) 2023/1114;** | |
| | |
| (21o) 'transfer order' means transfer order as defined in Article 2(1) point 20 of the Regulation (EU) …/… on settlement finality and repealing Directive 98/26/EC and amending Directive 2002/47/EC on financial collateral arrangements'; | |
| | |
| ~~**(21p) "group' means a group as defined in Article 2(1), point (47), of Regulation (EU) No 909/2014;**~~ | |
| | |
| **(21q) 'packaged retail investment product' means a packaged retail investment product as defined in Article 4(1) of Regulation (EU) 1286/2014;** | |
| | |
| **(21r) 'non-complex product' means a product as referred to in Article 25(4), point (a), of Directive 2014/65/EU.'** | |

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| | |
| (3) Article 3 is amended as follows: | |
| | |
| (a) paragraph 1 is deleted: | |
| | |
| (b) paragraph 2 is replaced by the following: | |
| | |
| '2. The aggregate market value of all the DLT financial instruments that are admitted to trading on a DLT market infrastructure or that are recorded on a DLT market infrastructure shall not exceed EUR ~~1~~300 billion at the moment of admission to trading, or initial recording, of a new DLT financial instrument. | |
| | |
| ~~By way of derogation from the first subparagraph, where a DLT SS and DLT TSS has received approval in accordance with the fourth subparagraph the aggregate market value of all the DLT financial instruments that are admitted to trading on that DLT MI or that are recorded on a DLT market infrastructure shall not exceed EUR [500] billion at the moment of admission to trading, or initial recording, of a new DLT financial instrument.~~ | |
| | |
| Where the admission to trading or initial recording of a new DLT financial instrument would result in the aggregate market value referred to in the first subparagraph exceed ~~reaching~~ EUR ~~1~~300 billion, ~~or where the aggregate market value referred to in the second subparagraph exceed reaching EUR [500] billion~~, the DLT market infrastructure shall not admit that DLT financial instrument to trading or record it. | |
| | |

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| ~~**A DLT SS or DLT TSS may seek approval by its competent authority to be subject to the threshold set out in the second subparagraph. A competent authority shall give approval where such DLT SS or DLT TSS complies with all of the following conditions;**~~ | |
| | |
| ~~**(a) the securities settlement system operated by the DLT SS or DLT TSS is designated as a settlement system under [Regulation (EU) …/… on settlement finality and repealing Directive 98/26/EC and amending Directive 2002/47/EC on financial collateral arrangements];**~~ | |
| | |
| ~~**(b) the DLT SS or DLT TSS has not requested exemptions from Articles [XXXX] of Regulation (EU) No 909/2014.]**~~ | |
| | |
| ~~**Where following approval a DLT SS or DLT TSS breaches any of the conditions set out in the fourth subparagraph, the competent authority shall withdraw the decision for such entity to apply the threshold set out in the second subparagraph. The DLT SS or DLT TSS shall within [3 months] comply with the thresholds set out in the first subparagraph and in paragraph 2a of this Article.'**~~ | |
| | |
| ~~**DLT market infrastructures operating in the regular regime that are part of the same group shall ensure that the threshold referred to in the first subparagraph is not exceeded on the basis of the consolidated situation of the group.';**~~ | |
| | |
| (c) the following paragraphs 2a, ~~**2aa**~~ and 2b are inserted: | |
| | |
| '2a. **The operator of the DLT market infrastructure shall activate the transition strategy referred to in Article 7(7)** | |
| | |

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| ~~a DLT MI applies the threshold specified under the first subparagraph of paragraph 2 of this Article and~~ ~~W~~where the aggregate market value of all the DLT financial instruments that are admitted to trading or recorded on a DLT market infrastructure that operates under the regular regime **exceeds** ~~150~~ **125% of the threshold laid down in the first subparagraph of paragraph 2 of this Article** ~~has reached EUR 150 billion, or~~ | |
| | |
| ~~a DLT SS or a DLT TSS has been approved to apply the threshold specified under the second subparagraph of paragraph 2 of this Article and where the aggregate market value of all the DLT financial instruments that are admitted to trading or recorded on such DLT MI that operates under the regular regime exceeds EUR [750] billion~~. | |
| | |
| ~~the operator of the DLT market infrastructure shall activate the transition strategy referred to in Article 7(7).~~ The operator of the DLT market infrastructure shall notify the competent authority of the activation of its transition strategy and of the timescale for the transition in the monthly report provided for in paragraph 5 **of this Article**. | |
| | |
| ~~[2aa. Where a DLT market infrastructure operates in the regular regime and where other DLT market infrastructures are part of the same group, the DLT market infrastructure shall ensure that the thresholds referred to in the first subparagraph of paragraph 2 and paragraph 2a of this Article, are not exceeded on the basis of the consolidated outstanding aggregate market value of all the group's DLT financial instruments that are admitted to trading on a DLT MI or that are recorded on a DLT MI. In calculating the consolidated activity in DLT financial instruments of the group, all entities in the group that are not permissioned as a DLT MI under this Regulation shall be excluded from the calculation.';]~~ | |
| | |

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| 2b. The aggregate market value of all the DLT financial instruments that are admitted to trading or recorded on a DLT market infrastructure that operates under the simplified regime shall not exceed EUR 10 billion at the moment of admission to trading or initial recording of a new DLT financial instrument. | |
| | |
| Where the admission to trading or initial recording of a new DLT financial instrument would result in the aggregate market value referred to in the first subparagraph reaching EUR 10 billion, the DLT market infrastructure shall not admit that DLT financial instrument to trading or record it, unless the DLT market infrastructure transitions to the regular regime. | |
| | |
| ~~**DLT market infrastructures operating in the simplified regime that are part of the same group shall ensure that the threshold referred to in the first subparagraph is not exceeded on the basis of the consolidated situation of the group.**~~**'** | |
| | |
| (d) Paragraph 3 is replaced by the following: | |
| | |
| '3. Where the aggregate market value of all the DLT financial instruments that are admitted to trading or recorded on a DLT market infrastructure that operates under the simplified regime **exceeds** ~~**has reached**~~ ~~**150**~~ **125% of the threshold laid down in the first subparagraph of paragraph 2b of this Article** ~~**EUR [15] billion**~~, the operator of the DLT market infrastructure shall activate the transition strategy referred to in Article 7(7). The operator of the DLT market infrastructure shall notify the competent authority of the activation of its transition strategy and of the timescale for the transition in the monthly report provided for in paragraph 5 **of this Article**." | |
| | |

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| (e) **paragraph 4** ~~**in paragraph 4, the second subparagraph**~~ is replaced by the following: | |
| | |
| '**The operator of a DLT market infrastructure shall calculate the aggregate market value of DLT financial instruments traded or recorded on that DLT market infrastructure as follows. The aggregate market value shall be calculated as the average of the daily closing prices of each DLT financial instrument, multiplied by the number of DLT financial instruments that are traded or recorded on that DLT market infrastructure with the same International Securities Identification Number (ISIN) accumulated over a 90 days period and then divided by the same 90 days, providing a 90 days average aggregate market value.** | |
| | |
| On the basis of the ~~**monthly average**~~ **aggregate market value** calculated in accordance with the first subparagraph, the operator of the DLT market infrastructure shall: | |
| | |
| **(a) assess at the moment of admission to trading, or initial recording of a new DLT financial instrument whether the aggregate market value of DLT financial instruments taken together with the new DLT financial instrument would exceed the threshold referred to in paragraphs 2 or 2b of this Article and where it does, the operator shall not admit such new DLT financial instrument to trading or record it;** | |
| | |
| (b) assess, on a monthly basis, whether the aggregate market value of DLT financial instruments **exceeds** ~~**reaches**~~ the threshold referred to in paragraphs ~~**2,**~~ 2a~~**, 2b**~~ or 3 of this Article; and **where it does the operator shall** activate the | |

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| transition strategy referred to in Article 7(7) in accordance with paragraph 2a or 3 of this Article.', | |
| | |
| (f) paragraph 5 is replaced by the following: | |
| | |
| '5. The operator of a DLT market infrastructure shall submit monthly reports to its competent authority demonstrating that all DLT financial instruments that are admitted to trading or recorded on the DLT market infrastructure do not exceed the thresholds set out in paragraphs 2, 2a, 2b and 3 **of this Article'**. | |
| | |
| **(fa) Paragraph 6 is deleted.** | |
| | |
| (g) paragraph 7 is replaced by the following: | |
| | |
| '7. Regulation (EU) No 596/2014 applies to DLT financial instruments admitted to trading on a DLT TV or on a DLT TSS, ~~including~~ **and** those that are operated by a CASP trading platform in accordance with this Regulation.' | |
| | |
| (h) the following paragraph**s** 7a **and 7b are** ~~is~~ added: | |
| | |
| '7a. The Commission is empowered to adopt a delegated act according to Article 15a to amend paragraphs 2, **2a, 2b and 3** ~~and 2b~~ of this Article **and Articles 10b(5) and 10c(9)** by adjusting the thresholds specified therein in light of market developments. | |
| | |
| When considering the adjustment of thresholds set out in paragraphs 2**, 2a,** ~~and~~ 2b **and 3 of this Article and Articles 10b(5) and 10c(9)** the Commission shall take into account the following: | |

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| | |
| (a) whether an adjustment or omission of adjustment poses risks to financial stability; | |
| | |
| (b) whether an adjustment entails other material risks for the financial market that may not be sufficiently addressed by other mitigating measures foreseen in this Regulation or related rules; | |
| | |
| (c) whether market conditions and demonstrated market demand justify an adjustment.'~~;~~ | |
| | |
| **'7b. "In assessing demonstrated market demand as set out in paragraph 7a(c), the Commission shall take into account how many DLT MIs have triggered the transition strategy laid down in Article 7(7) and how many DLT MIs have an aggregate market value that has exceeded 80% of any of the thresholds referred to in the paragraphs 2, 2a, 2b or 3.** | |
| | |
| **Competent authorities shall report to ESMA on a yearly basis how many DLT MIs have triggered the transition strategy laid down in Article 7(7) and how many DLT MI have exceeded 80% of any of the thresholds referred to in the paragraphs 2, 2a, 2b or 3 in the preceding year. ESMA shall make an aggregated version of this information publicly available, and the European Commission shall consider the content of such aggregated reports when performing an assessment of demonstrated market demand.** | |
| | |
| **The threshold adjusted under the first subparagraph of Article 3(2) may not exceed EUR 500 bn ~~the following limits;~~** | |

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| | |
| ~~**(a) The threshold under the first subparagraph of Article 3(2) shall not exceed EUR [250] bn.**~~ | |
| | |
| ~~**(b) The threshold under the second subparagraph of Article 3 (2), shall not exceed EUR [1tn].**~~ | |
| | |
| ~~**(c) The threshold under Article 3(2b) shall not exceed EUR [XXX] bn.**~~ | |
| | |
| ~~**(d) The threshold under Article 10b(5) shall not exceed EUR [XXX] bn.**~~ | |
| | |
| ~~**(e) [The threshold under Article 10c(9) shall not exceed EU [XXX] bn.]'**~~ | |
| | |
| (4) Article 4 is amended as follows: | |
| | |
| (a) The title of the Article is amended as follows: | |
| | |
| '**Requirements and exemptions regarding DLT TVs**'; | |
| | |
| (b) paragraph 1 is amended as follows: | |
| | |

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| (a) the first subparagraph is replaced by the following: | |
| | |
| 'A DLT TV that is an MTF or an OTF shall ~~**be subject to**~~ **comply with** the requirements that apply to a multilateral trading facility or an organised trading facility, under Regulation (EU) No 600/2014 and Directive 2014/65/EU, respectively.' | |
| | |
| (b) in the second subparagraph, the introductory wording is replaced by the following: | |
| | |
| 'The first subparagraph **shall** ~~**does**~~ not apply in respect of those requirements from which the ~~**investment firm or market**~~ operator **of** ~~**operating**~~ the DLT TV has been exempted under paragraphs 2 and 3 of this Article, provided that that ~~**investment firm or market**~~ operator complies with:'; | |
| | |
| (c) the following paragraphs 1a and 1b are inserted: | |
| | |
| '1a. A CASP trading platform operating a DLT TV shall ~~**be subject to**~~ **comply with**: | |
| | |
| **(a)** *mutatis mutandis*, the requirements that apply to a multilateral trading facility under Regulation (EU) No 600/2014 and Directive 2014/65/EU where it operates the DLT TV as an MTF, with the exception of Articles 5 to **8, Articles 10 to** 13 and Article 15 of that Directive; or | |
| | |

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| (b) *mutatis mutandis*, the requirements that apply to an organised trading facility under Regulation (EU) No 600/2014 and Directive 2014/65/EU where it operates the DLT TV as an OTF, with the exception of Articles 5 to **8 and Articles 10 to** 13 ~~**and Article 15**~~ of that Directive. | |
| | |
| **A CASP trading platform operating a DLT TV or a DLT TSS shall inform its competent authority where it holds clients' DLT financial instruments and funds. Where such CASP trading platform holds retail clients' DLT financial instruments and funds, the CASP shall belong to an investor-compensation scheme recognised under Directive 97/9/EC in respect of claims related to the DLT financial instruments and funds of its retail clients. Member States shall ensure that the obligation to belong to an investor compensation scheme and the cover for investors apply mutatis mutandis to such CASPs trading platform and respectively to their investors.** The first subparagraph shall not apply in respect of those **applicable** requirements from which the CASP trading platform operating a DLT TV has been exempted pursuant to paragraphs 2 and 3 of this Article, provided that the CASP complies with: | |
| | |
| (a) Article 7; | |
| | |
| (b) the requirements set out in paragraphs 2, 3 and 4 of this Article; and | |
| | |
| (c) any compensatory measures that the competent authority deems appropriate in order to meet the objectives of the provisions in respect of which an | |

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| exemption has been requested or in order to ensure investor protection, market integrity or financial stability. | |
| | |
| 1b. The first subparagraph of paragraphs 1 and the first subparagraph of paragraph 1a **of this Article** shall not apply, respectively, in respect of those **applicable** requirements from which the ~~**investment firm, market operator or a CASP operating**~~ **operator of** a DLT TV has been exempted under Article 4a~~**, provided that the investment firm, market operator or a CASP complies with:**~~ | |
| | |
| ~~**(a) Article 7;**~~ | |
| | |
| ~~**any compensatory measures set out in accordance with Article 4a.'**~~; | |
| | |
| (d) paragraph 2 is replaced by the following: | |
| | |
| '2. In addition to the persons specified in Article 53(3) of Directive 2014/65/EU, if requested by an operator of a DLT TV, the competent authority may permit that operator to admit natural and legal persons to deal on own account as members or participants, provided that such persons fulfil the following requirements: | |
| | |
| (a) they are of sufficient good repute; | |
| | |
| (b) they have a sufficient level of trading ability, competence and experience, including knowledge of the functioning of distributed ledger technology; | |

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| | |
| (c) they are not market makers on the DLT TV; | |
| | |
| (d) they do not use a high-frequency algorithmic trading technique on the DLT TV; | |
| | |
| (e) they do not provide other persons with direct electronic access to the DLT TV; | |
| | |
| (f) they do not deal on their own account when executing client orders on the DLT market infrastructure; and | |
| | |
| (g) they have given informed consent to trading on the DLT TV as members or participants and have been informed by the DLT TV of the potential risks of using its systems to trade DLT financial instruments. | |
| | |
| ~~**Where the competent authority grants the exemption referred to in the first subparagraph of this paragraph, it may require additional measures for the protection of natural persons admitted to the DLT TV as members or participants. Such measures shall be proportionate to the risk profile of those members or participants.'**~~ | |
| | |
| **(da) the following paragraph 2a is inserted:** | |
| | |

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| **'2a. Where the operator of a DLT MTF admits persons referred to in paragraph 2 of this Article that qualify as retail clients, it shall ensure that:** | |
| | |
| **(a) they have given informed consent to trading on the DLT MTF as members or participants and explicitly acknowledged that only the investor protection rules set out in this Article shall apply;** | |
| | |
| **(b) before placing any order relating to a packaged retail investment product, they have received a comprehension alert as referred to in Article 8(3), point (b), of Regulation (EU) 1286/2014, and have given informed consent to trading such products.** | |
| | |
| **(c) retail investors do not have access to packaged retail investment products where a valid key information document has not been published pursuant to Regulation (EU) 1286/2014 and made accessible to retail investors via a valid link.** | |
| | |
| (d) **the DLT MTF makes available for trading to retail clients only:** | |
| | |
| **(i) non-complex products** | |
| | |

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| **(ii) those packaged retail investment products where a valid key information document has been published pursuant to Regulation (EU) 1286/2014** | |
| | |
| **(e) the DLT MTF complies with any product intervention measure taken under Articles 40 to 42 of Regulation (EU) 600/2014** | |
| | |
| **(f) The DLT MTF complies with the requirements under Article 24(3) of Directive (EU) 2014/65, and does not present the instruments it offers for trading in a way that deceives or manipulates retail clients or otherwise materially distorts or impairs their ability to make free and informed decisions;'** | |
| | |
| (e) paragraph 3 is replaced by the following: | |
| | |
| '3. At the request of an operator of a DLT TV, the competent authority may exempt that operator or its members or participants from Article 26 of Regulation (EU) No 600/2014. | |
| | |
| Where the competent authority grants an exemption as referred to in the first subparagraph of this paragraph, the DLT TV shall keep records of all transactions executed through its systems. Those 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 TV and the member or participant executing the transaction. The DLT TV shall also ensure that the competent authorities entitled to receive the data directly from the trading | |

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| venue in accordance with Article 26 of that Regulation have direct and immediate access to those details. In order to access those records, such competent authority shall be admitted to the DLT TV as a regulatory observer participant. | |
| | |
| The competent authority shall make available any information it has accessed in accordance with this Article to ESMA without undue delay.' | |
| | |
| (f) paragraph 4 is replaced by the following: | |
| | |
| '4. Where an operator of a DLT TV requests an exemption under paragraph 2 or 3 **of this Article**, it shall demonstrate that the exemption requested is: | |
| | |
| (a) proportionate to, and justified by, the use of DLT; and | |
| | |
| (b) limited to the DLT TV and does not extend to any other multilateral trading facility or organised trading facility operated by that operator.'; | |
| | |
| (g) paragraph 5 is replaced by the following: | |
| | |
| '5. Paragraphs 2, 3 and 4 of this Article and Article 4a **shall** apply, mutatis mutandis, to **an operator of a DLT TV operating a DLT TSS in accordance with Article 6(1) and an operator of a DLT SS** operating a DLT TSS in accordance with Article 6(2).'; | |
| | |
| (5) the following Article 4a is inserted: | |
| | |
| 'Article 4a | |
| | |
| **Other exemptions regarding DLT TV** | |

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| | |
| 1. At the request of a**n operator of a** DLT TV ~~**operator**~~, the competent authority may exempt that DLT TV from specific provisions of Titles I and II of Directive 2014/65/EU or Titles Ia, II, IV, V and VI of Regulation (EU) No 600/2014 other than those covered by Article 4 provided that, for each of the provision in respect of which an exemption has been requested, all of the following conditions are met: | |
| | |
| (a) compliance with the provision in respect of which an exemption has been requested is incompatible or highly disproportionate with the use of distributed ledger technology; | |
| | |
| (b) the exemption requested is limited to the DLT TV and does not extend to a trading venue that is operated by the same entity; | |
| | |
| (c) the exemption requested, when assessed together with associated compensatory measures, does not undermine the objectives for which the provision has been adopted; | |
| | |
| (d) the exemption requested does not undermine financial stability, market integrity and investor protection; | |
| | |
| (e) the operator of the DLT TV complies with compensatory measures that the competent authority deems appropriate to meet the objectives of the provision in respect of which an exemption has been requested. | |

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| | |
| 2. The **operator of a** DLT TV ~~**operator**~~ shall submit a request for exemptions in writing for approval to the competent authority. That request shall include: | |
| | |
| (a) list of exemptions requested and how the exemptions requested, taken individually and together, fulfil the conditions specified in paragraph 1 points (a), (c) and (d); and | |
| | |
| (b) proposed compensatory measures to meet the objectives of the provisions in respect of which an exemption has been requested. | |
| | |
| The competent authority may request any further information that is necessary to complete its assessment of the request. | |
| | |
| The competent authority shall inform the applicant when it considers the request to be complete. | |
| | |
| 3. Within two months of declaring the request complete, the competent authority shall submit **its draft decision on the exemptions requested, the** ~~a~~ draft assessment of the request ~~**referred to in paragraph 2 to ESMA,**~~ together with the complete request **referred to in paragraph 2 of this Article to ESMA.** Within two months of receiving the draft assessment, ESMA shall provide the competent authority with a non-binding opinion on the draft **decision and** assessment ~~**and**~~ **of** the exemptions requested, including, where it deems necessary, recommendations for additional compensatory measures. | |
| | |
| The competent authority shall give that opinion due consideration and shall provide ESMA with a statement regarding any significant deviations from that opinion if ESMA so requests. ESMA's opinion and the competent authority's statement shall not be made public. | |

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| | |
| The competent authority shall, within **90 business days** ~~**five months**~~ of declaring the request complete inform the **requesting operator of the DLT TV** ~~**undertaking**~~ of its approval or rejection of the request and of the compensatory measures the competent authority deems appropriate to meet the objectives of the provisions in respect of which exemptions have been granted.' | |
| | |
| (6) Article 5 is amended as follows: | |
| | |
| (a) Paragraphs 1 to 8 are replaced by the following: | |
| | |
| '1. An operator of a DLT SS shall ~~**be subject to**~~ **comply with** the requirements that apply to a CSD operating a securities settlement system under Regulation (EU) No 909/2014. **A participant that settles transactions in a DLT SS on its own account or on behalf of a third-party transactions shall settle such transactions in accordance with Article 5 of Regulation (EU) No 909/2014.** | |
| | |
| The first subparagraph does not apply in respect of those **applicable** requirements from which the operator of a DLT SS has been exempted under paragraphs 2 to 9 of this Article, provided that that **the operator of the** DLT SS complies with: | |
| | |
| (a) Article 7; | |
| | |
| (b) paragraphs 2 to 10 of this Article; and | |
| | |

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| (c) any compensatory measures that the competent authority deems appropriate in order to meet the objectives of the provisions in respect of which an exemption has been requested or in order to ensure investor protection, market integrity or financial stability. | |
| | |
| The first subparagraph shall not apply, respectively, in respect of those **applicable** requirements from which the operator of a DLT SS has been exempted under Article ~~4~~ 5a.~~, provided that the investment firm, market operator or a CASP complies with:~~ | |
| | |
| ~~(d) Article 7;~~ | |
| | |
| ~~(e) any compensatory measures set out in accordance with Article 5a.~~ | |
| | |
| 2. At the request of an operator of a DLT SS, the competent authority may exempt that operator from Article 2(1), points (4), (9) or (28), or Article 3, 37 or 38 of Regulation (EU) No 909/2014, provided that the operator of a DLT SS: | |
| | |
| (a) demonstrates that the use of a 'securities account' as defined in Article 2(1), point (28), of that Regulation or the use of the book-entry form as provided for in Article 3 of that Regulation is incompatible with the use of the particular distributed ledger technology; | |
| | |
| (b) proposes compensatory measures to meet the objectives of the provisions in respect of which an exemption has been requested, and ensures at a minimum that: | |

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| | |
| (i) the DLT financial instruments are recorded on the distributed ledger; | |
| | |
| (ii) the number of DLT financial instruments in an issue or in part of an issue recorded by the DLT SS is equal to the total number of DLT financial instruments making up such issue or part of an issue that are recorded on the distributed ledger at any given time; | |
| | |
| (iii) it keeps records that enable the operator of the DLT SS at any given time to segregate the DLT financial instruments of a member, participant, issuer or client from those of any other member, participant, issuer or client without delay; and | |
| | |
| (iv) it does not allow securities overdrafts, debit balances or the improper creation or deletion of securities. | |
| | |
| 3. At the request of an operator of a DLT SS, the competent authority may exempt that operator from Article 6 or 7 of Regulation (EU) No 909/2014 provided that that operator ensures, at a minimum, by means of robust procedures and arrangements, that the **operator of the** DLT SS: | |
| | |
| (a) enables clear, accurate and timely confirmation of the details of transactions in DLT financial instruments, including any payments made in | |

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| respect of DLT financial instruments, as well as the discharge of any collateral in respect of those instruments or calls for collateral in respect of DLT financial instruments; and | |
| | |
| (b) either prevents settlement fails or addresses settlement fails if it is not possible to prevent them. | |
| | |
| 4. At the request of an operator of a DLT SS, the competent authority may exempt that operator from Article 19 of Regulation (EU) No 909/2014 in relation only to the outsourcing of a core service to a third party, provided that the application of that Article is incompatible with the use of distributed ledger technology as envisaged by the operator of the DLT SS. | |
| | |
| 5. At the request of an operator of a DLT SS, the competent authority may permit that operator of a DLT SS to admit natural and legal persons in addition to those listed in Article 2(1), point (15), of the Regulation (EU) …/… on settlement finality and repealing Directive 98/26/EC and amending Directive 2002/47/EC on financial collateral arrangements as participants in the DLT SS, provided that such persons: | |
| | |
| (a) are of sufficient good repute; | |
| | |
| (b) have a sufficient level of ability, competence, experience and knowledge in relation to settlement, the functioning of distributed ledger technology, and risk assessment; and | |
| | |
| (c) have given informed consent to be included in the pilot regime provided for in this Regulation and are adequately informed of its experimental nature and the potential risks associated with it. | |
| | |
| 6. At the request of an operator of a DLT SS, the competent authority may exempt that operator from Article 33, 34 or 35 of Regulation (EU) No | |

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| 909/2014, provided that that operator proposes compensatory measures to meet the objectives of those Articles and, at a minimum, ensures that: | |
| | |
| (a) the DLT SS publicly discloses criteria for participation that allow fair and open access for all persons that intend to become participants, and that those criteria are transparent, objective, and non-discriminatory; and | |
| | |
| (b) the DLT SS publicly discloses prices and fees associated with the settlement services that it provides. | |
| | |
| 7. At the request of an operator of a DLT SS, the competent authority may exempt that operator from Article 39 of Regulation (EU) No 909/2014, provided that ~~that~~ **the operator of the** DLT SS proposes compensatory measures to meet the objectives of that Article, and ensures at a minimum, by means of robust procedures and arrangements, that: | |
| | |
| (a) the DLT SS settles transactions in DLT financial instruments at close to real time or intraday ~~and in any case no later than on the second business day after the conclusion of the trade~~; | |
| | |
| (b) the DLT SS publicly discloses the rules governing the settlement system; and | |
| | |
| (c) the DLT SS mitigates any risk arising from the non-designation of the DLT SS as a designated system under Article 3 of the Regulation (EU) …/… on settlement finality and repealing Directive 98/26/EC and amending | |

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| Directive 2002/47/EC on financial collateral arrangements, in particular with regard to insolvency proceedings. | |
| | |
| For the purposes of operating a DLT SS, the definition of a CSD in Regulation (EU) No 909/2014 as a legal person who operates a securities settlement system shall not result in Member States being required to designate a DLT SS as a designated system under Article 3 of the Regulation (EU) …/… on settlement finality and repealing Directive 98/26/EC and amending Directive 2002/47/EC on financial collateral arrangements. However, Member States shall not be precluded from designating a DLT SS as a designated system under the Regulation (EU) …/… on settlement finality and repealing Directive 98/26/EC and amending Directive 2002/47/EC on financial collateral arrangements where the **operator of the** DLT SS **including the DLT SS** fulfils the requirements of that Regulation. | |
| | |
| Where a DLT SS is not designated as a designated system under Article 3 of the Regulation (EU) …/… on settlement finality and repealing Directive 98/26/EC and amending Directive 2002/47/EC on financial collateral arrangements, the operator of a DLT SS shall propose compensatory measures to mitigate risks arising from insolvency. | |
| | |
| 8. At the request of an operator of a DLT SS, the competent authority may exempt that operator **of the DLT SS** from Article 40 and Title IV of Regulation (EU) No 909/2014, provided that **the DLT SS** ~~**that operator**~~ settles on the basis of delivery versus payment and **that the operator and the DLT SS** complies with paragraphs 8a to 8f **of this Article**.’; | |
| | |
| (b) The following paragraphs 8a to 8h are inserted: | |
| | |

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| '8a. **A DLT SS shall settle ~~the~~ payments** ~~**The settlement of payments shall be carried out**~~ through central bank money, including in tokenised form, where practical and available**. ~~or, w~~**Where not practical and available~~,~~ **to settle in central bank money, the DLT SS shall settle payments:** | |
| | |
| (a) **using ~~through~~** commercial bank money, **through its own accounts, accounts opened with another ~~including in tokenised form, using the accounts of a~~** CSD or a credit institution, or | |
| | |
| (b) using 'e-money tokens. | |
| | |
| **Settlement of payments in e-money tokens shall be carried out only in an e- money token referencing the value of an official EU currency, except where carried out for the settlement of a DLT financial instrument denominated in a non-EU currency.** | |
| | |
| 8b. **Article 54, Article 59 and Article 60 of Regulation (EU) No 909/2014, shall apply to a DLT SS, where the settlement of payments is carried out in commercial bank money and where the DLT SS intends to settle such ~~the~~ payments through its accounts.** | |
| | |
| **Article 54a, with the exception of paragraph 5, Article 59 and Article 60 of Regulation (EU) No 909/2014 shall apply to a DLT SS, where the settlement of payments is carried out in commercial bank money and where the DLT SS intends to settle the payments through the accounts opened with another CSD designated in accordance with Article 54a.** | |
| | |
| **Article 54b, with the exception of paragraphs 5 point (c), 6, and 12, points ~~(b),~~ (c), Article 59 and Article 60 of Regulation (EU) No 909/2014,** | |

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| **shall apply to a DLT SS and the designated credit institution, where the settlement of payments is carried out in commercial bank money and where the DLT SS intends to settle the payments through the accounts opened with such credit institution authorised in accordance with Article 8 of Directive 2013/36/EU.** | |
| | |
| **The designation under the first, second and third subparagraphs of this paragraph shall be made in accordance with Articles 55, 56, 57 and 58 of Regulation (EU) No 909/2014.** | |
| | |
| ~~**Where the settlement of payments is carried out in commercial bank money through the accounts of a CSD, it shall be done in accordance with Title IV of Regulation (EU) No 909/2014.**~~ | |
| | |
| 8c. ~~**Where the settlement of payments is carried out in commercial bank money through the accounts of a credit institution, Title IV of Regulation (EU) No 909/2014 shall apply to the operator of the DLT SS and the designated credit institution, with the exception of Article 54b(5), point (c).**~~ | |
| | |
| ~~**Where the designated credit institution provides the DLT notary and the DLT central account maintenance service in accordance with Articles 10b or 10c, the credit institution shall be additionally exempted from Article 54b(5), point (b), of Regulation (EU) No 909/2014.**~~ | |
| | |
| ~~**By way of derogation from the first subparagraph of this paragraph, Title IV of Regulation (EU) No 909/2014 shall not apply to a credit institution when it provides the settlement of payments using commercial bank money to a DLT market infrastructure operated under the simplified regime.**~~ | |
| | |

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| ~~When the settlement of payments is carried out using representations in the DLT TSS of prefunded commercial bank money held in one or more accounts at a credit institution, it shall be considered settlement in the accounts of the credit institution, provided that the following conditions are met:~~ | |
| | |
| ~~(a) where the DLT TSS is operated under the simplified regime:~~ | |
| | |
| ~~(1) the DLT TSS operator is authorised as an investment firm; and~~ | |
| | |
| ~~(2) the DLT TSS operator identifies, measures, monitors, manages, and minimises any risks arising from this settlement model;~~ | |
| | |
| ~~(b) where the DLT TSS is operated under the regular regime:~~ | |
| | |
| ~~(1) the DLT TSS operator is authorised as an investment firm;~~ | |
| | |
| ~~(2) the DLT TSS operator identifies, measures, monitors, manages, and minimises any risks arising from this settlement model;~~ | |
| | |
| ~~(3) the credit institution holding the accounts with prefunded commercial bank money is subject to Title IV of Regulation (EU) No 909/2014, with the exception of Article 54b(5), point (c).~~ | |
| | |
| ~~8d. Settlement of payments in e-money tokens shall be carried out only in an e- money token referencing the value of an official EU currency, except where carried out for the settlement of a DLT financial instrument denominated in a non-EU currency.~~ | |
| | |
| Where the settlement of payments is carried out in e-money tokens, **in accordance with point (b) of the first subparagraph of paragraph 8a of this Article,** the service of providing ~~cash~~ accounts for e-money tokens**, and** | |

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| **the related service thereto of processing of payments of e-money tokens,** may be provided by the operator of a DLT SS, a credit institution, a CASP authorised to provide **services that allow it to** custody **e-money tokens or process payments in** ~~**of**~~ e-money tokens in accordance with **Article 59 of** Regulation (EU) 2023/1114 or by any other financial entity permitted to provide custody of e-money tokens **or process payments in it** in accordance with Article 60 of that Regulation, subject to the notification procedure specified in that **A**rticle**. Title IV of Regulation (EU) No 909/2014 shall not apply to such settlement of payments carried out in e-money tokens in accordance with this paragraph**. | |
| | |
| **8d.** Services related to e-money tokens, other than providing ~~**cash**~~ accounts for e-money tokens and processing of payments of e-money tokens **referred to in paragraph 8c**, that amount to services listed in Section C of the Annex to Regulation (EU) No 909/2014 shall be provided by a **DLT SS complying with the requirements applicable to a DLT SS laid down in the first and second subparagraph of paragraph 8b of this Article or by a** credit institution complying with **the requirements applicable to a designated credit institution laid down in the third subparagraph of paragraph 8b of this Article** ~~**Title IV of Regulation (EU) No 909/2014**~~**, including with** the exception of Article 54b(5), point (c). | |
| | |
| **In derogation from Article 54b(5), point (b), of Regulation (EU) No 909/2014, a designated credit institution referred to in the first paragraph may carry out CSD core services in accordance with Article 10b or 10c.** | |
| | |
| ~~**Where the credit institution provides the DLT notary and the DLT central account maintenance service in accordance with Articles 10b or 10c the credit institution shall be additionally exempted from Article 54b(5), point (b), of Regulation (EU) No 909/2014.**~~ | |
| | |

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| **~~By way of derogation from the second subparagraph of this paragraph, Title IV of Regulation (EU) No 909/2014 shall not apply to a credit institution providing services listed in Section C of the Annex to Regulation (EU) No 909/2014 to a DLT market infrastructure operating in the simplified regime.~~** | |
| | |
| 8~~e~~ ~~f~~. **Paragraph 8a to 8f shall not apply to systems operating under the simplified regime, including to credit institutions providing services to such settlement systems, where in accordance with Article 7a(5) Title IV of Regulation (EU) No 909/2014 does not apply to such systems operating under the simplified regime, including to credit institutions providing services to such settlement systems.** | |
| | |
| Where the settlement occurs using commercial bank money provided by a credit institution to which Title IV of Regulation (EU) No 909/2014 does not apply by virtue of **Article 7a(5)**~~**the second subparagraph of paragraph 8e**~~, or where the settlement of payments **is carried out** ~~**occurs**~~ using 'e-money tokens', the DLT SS shall identify, measure, monitor, manage, and minimise any risks arising from the use of such means. | |
| | |
| **8f. For the purposes of paragraphs 8 to 8e of this Article the terms, central bank money and e-money token, shall have the meaning as defined under points (8a) and (8d) of Article 2(1) of Regulation (EU) No 909/2014.** | |
| | |
| **References to cash in Article 40, Title IV of Regulation (EU) No 909/2014 and for the services listed in Section C of the Annex to Regulation (EU) No 909/2014 shall include e-money tokens.** | |
| | |
| 8g. At the request of a**n operator of a** DLT SS-~~**operator**~~, the competent authority may exempt that DLT SS from Article 45a of Regulation (EU) No | |

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| 909/2014, provided that that DLT SS demonstrates compliance with Article 7. | |
| | |
| 8h. At the request of a**n operator of a** DLT SS ~~**operator**~~, the competent authority may exempt that DLT SS from Article 48a of Regulation (EU) No 909/2014, provided that **the operator of the**~~**that**~~ DLT SS commits to the participation in the industry group referred to in Article 10g. The competent authority shall maintain the exemption so long as the **operator of the** DLT SS ~~**operators**~~ demonstrates its participation in the industry group **and the competent authority shall reassess the need for an exemption when**~~**until**~~ the group delivers the technical standards referred to in Article 10g.’; | |
| | |
| (c) paragraphs 9 and 10 are replaced by the following: | |
| | |
| ‘9. At the request of **an operator of** a DLT SS ~~**operator**~~, the competent authority may exempt that DLT SS from Articles 50, 51 or 53 of Regulation (EU) No 909/2014, provided that ~~**that**~~ **the operator of the** DLT SS demonstrates that the use of DLT is incompatible with legacy systems of other CSDs or other market infrastructures or that granting access to another CSD or access to another market infrastructure using legacy systems would trigger disproportionate costs, given the scale of the activities of the DLT SS. | |
| | |
| Where a DLT SS has been exempted in accordance with the first subparagraph of this paragraph, **an operator of such DLT SS** ~~**it**~~ shall give other operators of DLT SSs or other operators of DLT TSSs access to its DLT SS. The DLT SS shall inform the competent authority of its intention to give such access. The competent authority may prohibit such access to the extent that such access would be detrimental to the stability of the Union financial system, or the financial system of the Member State concerned. | |
| | |

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| 10. Where **an operator of** a DLT SS requests an exemption under paragraphs 2 to 9 **of this Article**, it shall demonstrate that the exemption requested is: | |
| | |
| (a) proportionate to, and justified by, the use of DLT; and | |
| | |
| (b) limited to the DLT SS and does not extend to a securities settlement system that is operated by the same CSD.’; | |
| | |
| **(e) paragraph 11 is replaced by the following:** | |
| | |
| **’11. Paragraphs 2 to 10 of this Article and Article 5a shall apply, mutatis mutandis, to an operator of a DLT TSS operating a TSS in accordance with Article 6(1) or Article 6(2).** | |
| | |
| **Where the settlement of payments is carried out using representation in the DLT TSS of prefunded commercial bank money held in one or more accounts at a credit institution, it shall be considered settlement in the accounts of the credit institution, provided that the following conditions are met:** | |
| | |
| **(a) the DLT TSS is operated under the simplified regime:** | |
| | |
| **i. the operator of a DLT TSS is authorised as an investment firm; and** | |
| | |

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| **ii. the operator of a DLT TSS identifies, measures, monitors, manages, and minimises any risks arising from this settlement model;** | |
| | |
| **(b) where the DLT TSS is operated under the regular regime:** | |
| | |
| **i. the operator of a DLT TSS is authorised as an investment firm;** | |
| | |
| **ii. the operator of a DLT TSS identifies, measures, monitors, manages, and minimises any risks arising from this settlement model;** | |
| | |
| **iii. the credit institution holding the accounts with prefunded commercial bank money is subject to the requirements applicable to a designated credit institution laid down in the third subparagraph of paragraph 8b of this Article, with the exception of Article 54b(5), point (c).'** | |
| | |
| (7) The following Article 5a is inserted: | |
| | |
| *'Article 5a* | |
| | |
| **Other exemptions regarding DLT SS** | |

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| | |
| | |
| 1.At the request of **the operator of** a DLT SS ~~**operator**~~, the competent authority may exempt that DLT SS from specific provisions of Titles II and III **and any additional requirement set out in accordance with Article 54b(12)** of Regulation (EU) No 909/2014, other than those covered by Article 5 provided that, for each ~~***of the***~~ provision in respect of which an exemption has been requested, all of the following conditions are met: | |
| | |
| (a) compliance with the provision in respect of which an exemption has been requested is incompatible or highly disproportionate with the use of DLT: | |
| | |
| (b) the exemption requested is limited to the DLT SS and does not extend to a securities settlement system that is operated by the same CSD; | |
| | |
| **(ba) the exemption requested, when assessed together with associated compensatory measures, does not undermine the objectives for which the provision has been adopted**; | |
| | |
| (c) the exemption requested does not undermine financial stability, market integrity and investor protection; | |
| | |
| (d) the **operator of the** DLT SS complies with compensatory measures that the competent authority deems appropriate | |

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| to meet the objectives of the provision in respect of which an exemption has been requested. | |
| | |
| 2.The **operator of a** DLT SS ~~**operator**~~ shall submit a request in writing for approval to the competent authority. That request shall include: | |
| | |
| (a) the list of exemptions requested and how the exemptions requested, taken individually and together, fulfil the conditions specified in paragraphs 1(a) and 1(c); and | |
| | |
| (b) proposed compensatory measures to meet the objectives of the provisions in respect of which an exemption has been requested. | |
| | |
| The competent authority may request any further information that is necessary to complete its assessment of the request. | |
| | |
| The competent authority shall inform the applicant when it considers the request to be complete. | |
| | |
| 3. Within **40 business days** ~~**two months**~~ of declaring the request complete, the competent authority shall submit **its draft decision on the exemptions requested, the** ~~a~~ draft assessment of the request ~~**referred to in paragraph 2 to ESMA,**~~ together with the complete **request referred to in paragraph 2 to ESMA** ~~**application.**~~ Within **40 business days** ~~**two months**~~ of receiving the draft assessment, ESMA shall provide the competent authority with a non-binding opinion on the draft **decision and** assessment **of** ~~**and**~~ the exe33mptions requested, including, where it deems necessary, recommendations for additional compensatory measures. | |
| | |

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| The competent authority shall give that opinion due consideration and shall provide ESMA with a statement regarding any significant deviations from that opinion if ESMA so requests. ESMA's opinion and the competent authority's statement shall not be made public. | |
| | |
| The competent authority shall, **within 90 business days** ~~**four months**~~ of declaring the request complete inform the **requestion operator of the DLT SS** ~~**undertaking**~~ of its approval or rejection of the request and of the compensatory measures the competent authority deems appropriate to meet the objectives of the provisions in respect of which exemptions have been granted.'; | |
| | |
| (8) Article 6 is replaced by the following: | |
| | |
| 'Article 6 | |
| | |
| **Requirements and exemptions regarding DLT TSSs** | |
| | |
| 1.An investment firm, **or a** market operator ~~**or a CASP**~~ operating a DLT TSS shall ~~**be subject to**~~ **comply with**: | |
| | |
| (a) the requirements that apply to a multilateral trading facility under Regulation (EU) No 600/2014 and Directive 2014/65/EU where it operates the DLT TSS as an MTF; or | |
| | |
| (b) the requirements that apply to an organised trading facility under Regulation (EU) No 600/2014 and | |

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| Directive 2014/65/EU where it operates the DLT TSS as an OTF; and | |
| | |
| (c) *mutatis mutandis*, the requirements that apply to a CSD under Regulation (EU) No 909/2014, with the exception of Articles 9, 16, 17, 18, 20, 26, 27, 28, 31, 42, 43 and 44, of that Regulation. | |
| | |
| **1a. A CASP trading platform operating a DLT TSS shall ~~be subject to~~ comply with:** | |
| | |
| **(a) mutatis mutandis, the requirements that apply to a multilateral trading facility under Regulation (EU) No 600/2014 and Directive 2014/65/EU where it operates the DLT TSS as an MTF, with the exception of Articles 5 to 8, Articles 10 to 13 and Article 15 of that Directive; or** | |
| | |
| **(b) mutatis mutandis, the requirements that apply to an organised trading facility under Regulation (EU) No 600/2014 and Directive 2014/65/EU where it operates the DLT TV as an OTF, with the exception of Articles 5 to 8 and Articles 10 to 13 and Article 15 of that Directive.** | |
| | |
| **(c) mutatis mutandis, the requirements that apply to a CSD under Regulation (EU) No 909/2014, EU where it operates the DLT TSS with the exception of Articles 9, 16, 17, 18, 20, 26, 27, 28, 31, 42, 43 and 44, of that Regulation.** | |
| | |
| **~~By way of derogation from points (a) and (b) of the first subparagraph, a CASPs trading platform operating a DLT TSS shall not be subject to and comply with Articles 5 to 8 and Articles 13 and Article 15 of Directive 2014/65/EU.~~** | |

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| | |
| Capital held in accordance with capital requirements applicable to an investment firm, market operator or a a CASP **trading platform** operating a DLT TSS under Directive 2014/65/EU or Regulation (EU) 2023/1114, respectively, may count towards the capital required under Article 47 of Regulation (EU) No 909/2014 | |
| | |
| The first subparagraph **shall** ~~**does**~~ not apply in respect of those **applicable** requirements from which the investment firm**,** ~~**or**~~ market operator **or a CASP trading platform** operating the DLT TSS has been exempted under Article 4(2) and (3) and Article 5(2) to (9), provided that that investment firm**,** ~~**or**~~ market operator or CASP **trading platform** complies with: | |
| | |
| (a) Article 7; | |
| | |
| (b) Article 4(2), (3) and (4) and Article 5(2) to (10); and | |
| | |
| (c) any compensatory measures that the competent authority deems appropriate in order to meet the objectives of the provisions in respect of which an exemption has been requested, or in order to ensure investor protection, market integrity or financial stability. | |
| | |
| The first subparagraph shall not apply in respect of those requirements from which the investment firm**,** ~~**or**~~ market operator **or a CASP trading platform** operating the DLT TSS has been exempted under Articles 4a or 5a~~**, provided that the investment firm, market operator or a CASP complies with:**~~ | |
| | |
| ~~**Article 7; and**~~ | |

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| | |
| ~~**any compensatory measures set out in accordance with Articles 4a or 5a.**~~ | |
| | |
| 2.A CSD operating a DLT TSS shall ~~**be subject to**~~ **comply with**: | |
| | |
| (a) the requirements that apply to a CSD under Regulation (EU) No 909/2014; and | |
| | |
| (b) mutatis mutandis, the requirements that apply to a multilateral trading facility under Regulation (EU) No 600/2014 and Directive 2014/65/EU, with the exception of Articles 5 to 13 **and Article 15** of that Directive, where it operates the DLT TSS as an MTF; or | |
| | |
| (c) mutatis mutandis, the requirements that apply to an organised trading facility under Regulation (EU) No 600/2014 and Directive 2014/65/EU, with the exception of Articles 5 to 13 **and Article 15** of that Directive, where it operates the DLT TSS as an OTF. | |
| | |
| The first subparagraph **shall** ~~**does**~~ not apply in respect of those requirements from which the CSD operating the DLT TSS has been exempted under Article 4(3) and (4), Article 5(2) to (9) ~~**and Article 5a**~~, provided that that CSD complies with: | |
| | |
| (a) Article 7; | |
| | |
| (b) any compensatory measures that the competent authority deems appropriate in order to meet the objectives of the provisions in respect of which an exemption has been requested or in order to ensure | |

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| investor protection, market integrity or financial stability. | |
| | |
| The first subparagraph shall not apply in respect of those requirements from which the CSD operating the DLT TSS has been exempted under Articles 4a or 5a~~, provided that the investment firm, market operator or a CASP complies with:~~ | |
| | |
| ~~Article 7; and~~ | |
| | |
| ~~any compensatory measures set out in accordance with Articles 4a or 5a~~.’; | |
| | |
| (9) Article 7 is amended as follows: | |
| | |
| (a) in paragraph 6, the third subparagraph is replaced by the following: | |
| | |
| ‘A competent authority 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 an insurance policy if the competent authority determines that potential liabilities for damages to clients of the operator of the DLT market infrastructure as a result of any of the circumstances referred to in the first subparagraph of this paragraph are not adequately covered by the prudential requirements provided for in Regulation (EU) No 909/2014, Regulation (EU) 2019/2033 of the European Parliament and of the Council ([2]), Regulation (EU) 2023/1113 of the European Parliament and of the Council, Directive 2014/65/EU or Directive (EU) 2019/2034 of the European Parliament and of the Council ([3]), in order to ensure investor protection.’; | |

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| 2 Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 (OJ L 314, 5.12.2019, p. 1).<br><br>3 Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU (OJ L 314, 5.12.2019, p. 64). | |
| | |
| (b) paragraph 7 is amended as follows: | |
| | |
| (a) in the first subparagraph. point (a) is replaced by the following: | |
| | |
| '(a) that the threshold referred to in Article 3(2a) or (3), as applicable, has been exceeded;'; | |
| | |
| (b) the fourth subparagraph is replaced by the following: | |
| | |
| 'The transition strategy shall specify what is to be done in the event that the threshold referred to in Article 3(2a) or 3(3), as applicable, is exceeded **and where the threshold set out in Article 3(3) is exceeded, the transition strategy shall comply with the requirements set out in Article 7a.**'; | |
| | |
| (c) the following subparagraph is added: | |
| | |

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| 'Compliance with requirements under Article 20(5) of Regulation (EU) No 909/2014 shall form a part of the transition strategy of an operator of DLT SS or a DLT TSS. By way of derogation from Article 20(5) of Regulation (EU) No 909/2014, the operator of a DLT SS or a DLT TSS may, in addition to another CSD, establish, implement and maintain adequate procedures ensuring the timely and orderly settlement and transfer of the assets of clients and participants also to another operator of a DLT SS, a DLT TSS or a settlement scheme.'; | |
| | |
| (c) paragraphs 8, 9 and 10 are deleted; | |
| | |
| (10) the following Article 7a is inserted: | |
| | |
| 'Article 7a | |
| | |
| **Simplified regime** | |
| | |
| 1. Where the market value of DLT financial instruments recorded with a DLT TSS **in the view of the applicant** is expected to remain below the threshold laid down in Article 3(2b) of this Regulation, an investment firm, market operator or a CASP **trading platform may** apply~~ing~~ for a specific permission to operate a DLT TSS in accordance with Article 10**(1) and a legal person applying for authorisation in accordance with Article 10(2)**, ~~**shall be**~~ **may request in accordance with paragraph 8 of this Article** ~~**allowed**~~ to participate in the simplified regime under the conditions laid down in this Article. | |
| | |
| 2. Where the market value of DLT financial instruments recorded with a DLT SS or a DLT TSS **in the view of the applicant is** ~~**are**~~ expected to remain below the threshold laid down in Article 3(2b) of this Regulation, a | |

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| CSD **may** apply~~ing~~ for a specific permission to operate a DLT SS in accordance with Article 9 or a DLT TSS in accordance with Article 10, as applicable, ~~**shall be able to**~~ **and may request in accordance with paragraph 8 of this Article to** participate in the simplified regime **under the conditions** ~~**as**~~ laid down in this Article. | |
| | |
| 3.Where a legal person applies for a CSD authorisation under Regulation (EU) No 909/2014 for the purpose of participating in the simplified regime as a DLT SS or a DLT TSS,~~,~~ the competent authority shall not assess whether that legal person fulfils those requirements of Regulation (EU) No 909/2014 which do not apply to the DLT SS or a DLT TSS in accordance with paragraph 5 **of this Article'**. | |
| | |
| By derogation from Article 17 of Regulation (EU) No 909/2014, where the relevant authority decides to issue a reasoned opinion within its area of competence, it shall do so within **40 business days** ~~**two months**~~ of the receipt of information by the relevant authority. | |
| | |
| By derogation from Article 17 of Regulation (EU) No 909/2014, the competent authority shall inform the applicant about the outcome of the authorisation application within **90 business days** ~~**four months**~~ from the submission of a complete application. | |
| | |
| The authorisation granted under Regulation (EU) No 909/2014 in accordance with this paragraph shall only cover CSD services provided under this Regulation in the capacity of a**n operator of a** DLT SS or a DLT TSS ~~**operator**~~. | |
| | |
| 4. A CSD authorised **under Article 9 or Article 10** for the purpose of participating in the simplified regime shall have sufficient prudential safeguards to ensure that it is adequately protected against operational, legal, custody, investment and business risks so that it can continue to provide | |

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| services as a going concern, and taking into account the limited scale of its operations. | |
| | |
| The European Banking Authority shall, in close cooperation with ESMA and the members of the European System of Central Banks **(ESCB)**, develop draft regulatory technical standards specifying the capital requirements regarding prudential safeguards referred to in the first subparagraph, taking into account the limited scale of activities undertaken by those entities. | |
| | |
| EBA shall submit those draft regulatory technical standards to the Commission by [OP insert date corresponding to 8 months after date of entry into force of this amending Regulation]. | |
| | |
| Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph by means of a delegated act pursuant to Article 290 TFEU in accordance with Articles 10 to 14 of Regulation (EU) No 1095/2010. | |
| | |
| 5.By way of derogation from the requirements of Regulation (EU) No 909/2014 that apply to a DLT SS or a DLT TSS by virtue of Article 5(1), first subparagraph 6(1), first subparagraph, point (c), and Article 6(2), first subparagraph, point (a), of this Regulation, entities operating in the simplified regime shall not be subject to the following parts of Regulation (EU) No 909/2014: | |
| | |
| (a) Title II, Chapter III and Chapter IV, with the exception of Articles 6(3) and 6(4), 7(1) and 7(7) and 8; | |
| | |
| (b) Article 22a(2) to (7) and 24a; | |
| | |

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| (c) Title III, Chapter II, with the exception of Articles 26(1) to 26(3), 26(5), 26(7), 27(1), 27(3), 27(5) to 27(7), 27a(1), 29(1) to 29(2), 30(1) to 30(3), 30(5), 32, 33(1), **34(1) to 34(5),** 36, 37, 38(1), 38(2), 39(3), 39(5), 40(1), 40(3), 41(1), 42 to 44, 45 (1) to (3), 45(6); and | |
| | |
| (d) Title **IV** ~~VI~~. | |
| | |
| **~~For the avoidance of doubt, any Regulatory technical standards, implementing technical standards or guidelines issued under Regulation (EU) 909/2014shall not apply to the entities subject to the simplified regime.~~** | |
| | |
| Those entities **under the simplified regime** shall be able to request exemptions under Articles 4, 4a, 5, 5a or 6, as applicable to the type of DLT market infrastructure they operate. They shall be subject to the requirements specified in those Articles. | |
| | |
| **6. ESMA, in close cooperation with the ESCB, may develop draft regulatory technical standards t**~~T~~o specify **any of** the requirements **of Regulation (EU) 909/2014** applicable to entities operating in the simplified regime**.** ~~**set out in paragraph 5, ESMA shall, in close cooperation with the ECSB, develop**~~ **When developing the draft regulatory technical standards, ESMA shall draw inspiration from the** ~~**draft regulatory technical standards to amend, where necessary,**~~ regulatory technical standards adopted under Regulation (EU) No 909/2014 ~~**with regards to entities operating in the simplified regime in order to adapt them to the requirements applicable to those entities in accordance with paragraph 5;**~~ and **ESMA shall** ensure regulatory technical **standards** applicable to | |

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| those entities are proportionate to the size, risk and nature of activities undertaken by those entities. | |
| | |
| ~~**ESMA shall submit those draft regulatory technical standards to the Commission by [OP insert date corresponding to 8 months after date of entry into force of this amending Regulation] months after entry into force of this Regulation.**~~ | |
| | |
| Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1095/2010. | |
| | |
| ~~**7.Where an entity operating in the simplified regime intends to transition to the regular regime, it shall comply with Article 47 of Regulation (EU) No 909/2014 as follows:**~~ | |
| | |
| ~~**(a) at the latest upon reaching the threshold laid down in Article 3(2b) it shall comply with 50 % of the capital requirements calculated in accordance with Article 47 of Regulation (EU) No 909/2014, as specified under Commission Delegated Regulation (EU) 2017/390([4]).**~~<br><br>4 Commission Delegated Regulation (EU) 2017/390 of 11 November 2016 supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on certain prudential requirements for central securities depositories and designated credit institutions offering banking-type ancillary services (OJ L 65, 10.3.2017, pp. 9–43) | |
| | |
| ~~**(b)at the latest upon reaching the threshold laid down in Article 3(3), it shall comply with 100 % of the capital requirements calculated in accordance with Article 47 of Regulation (EU) No 909/2014, as specified under Delegated Regulation (EU) 2017/390.**~~ | |

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| | |
| 8.Where **an entity intends** ~~**requesting for a specific permission**~~ to operate a DLT SS under Article 9 or to operate a DLT TSS under Article 10 ~~**, the entities intending to operate**~~ in the simplified regime**, such entity** shall notify the competent authority of their intention to benefit from the simplified regime**, request a specific permission** and provide a business plan demonstrating that the activities of the DLT SS or the DLT TSS are expected to remain below the threshold laid down in Article 3(2b) **and Article 3(3).** | |
| | |
| The competent authority shall approve or refuse the request to benefit from the simplified regime as part of the procedures to obtain the specific permission to operate a DLT SS ~~**laid down in**~~ **under** Article 9 ~~**and in**~~ **or operate a DLT TSS under** Article 10, respectively. | |
| | |
| 9.Where the calculation according to Article 3(4) of this Regulation demonstrates that the **aggregate market value** ~~**activity**~~ of the operator **of a** ~~**DLT MI**~~**the DLT SS or DLT TSS** has reached **80% of the threshold laid down in the first subparagraph of Article 3(2b)** ~~**EUR 8 billion**~~, the operator of a DLT market infrastructure shall accompany the monthly report to its competent authority submitted in accordance with Article 3(5) of this Regulation by a notification on whether the operator **of the DLT MI** intends to transition to the regular regime. ***The operator may also voluntarily accompany such a monthly report with a notification that the DLT SS or DLT TSS intends to transition to the regular regime*** | |
| | |
| 10.Where the operator **of the DLT MI** does not intend to transition to the regular regime, it shall demonstrate to the competent authority without undue delay and at the latest within **40 business days** ~~**two months**~~ from the date of the notification pursuant to paragraph 9 the measures it will implement to ensure that its business operations do not exceed the threshold referred to in Article 3(2b) **and Article 3(3).** | |

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| | |
| 10a.Where the operator **of the DLT MI** notifies the competent authority of its intention to transition to the regular regime, ~~**the operator**~~ **it shall be deemed to operate under the regular regime from the date of notification pursuant to paragraph 9 of this Article and shall** comply with the requirements of the regular regime **at the latest** within **80 business days** ~~**two months**~~ from the date **of the notification** ~~**on which it reaches the threshold laid down in Article 3(2b),**~~ except for the requirements in respect of which the operator has been granted an exemption in accordance with **Articles 4, 4a, 5, 5a or 6, as applicable to the type of DLT market infrastructure it operates** ~~**this Regulation**~~**.** | |
| | |
| **In derogation of the first subparagraph of this paragraph, where an entity operating in the simplified regime intends to transition to the regular regime and has informed its competent authority** ~~**supervisor**~~ **thereof in accordance with paragraph 9, it shall comply with Article 47 of Regulation (EU) No 909/2014 as follows:** | |
| | |
| **(a) at the latest within [80 business days] from the date of the notification pursuant to paragraph 9 it shall comply with 50 % of the capital requirements calculated in accordance with Article 47 of Regulation (EU) No 909/2014, as specified under Commission Delegated Regulation (EU) 2017/390( 43 ).** | |
| | |
| **(b) at the latest within [120 business days] from the date of the notification pursuant to paragraph 9 it shall comply with 100 % of the capital requirements calculated in accordance with Article 47 of Regulation (EU) No 909/2014, as specified under Delegated Regulation (EU) 2017/390.** | |
| | |

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| The operator **of the DLT MI** shall submit a plan to transition to the regular regime to the competent authority without undue delay and at the latest within **40 business days ~~2 months~~** from the date of **the notification pursuant to** paragraph **9 ~~10~~**. This plan shall include the necessary information to enable the competent authority to assess whether the operator **will ~~shall~~** be able to comply with the requirements of the regular regime within the period referred to in the first **and second** subparagraph**s of this paragraph.** The operator **of the DLT MI** shall notify the competent authority of any material changes to the plan to transition to the regular regime. | |
| | |
| Where there are strong indications that the operator will be unable to complete the transition within the period referred to in **first and** second subparagraph**s**, the competent authority may require the temporary cessation of the operator's activities until such time as the operator demonstrates compliance with the relevant requirements. The competent authority shall only exercise this power where the temporary cessation is proportionate to ensure the orderly functioning of the business and maintain market integrity and investor protection. | |
| | |
| **Where the operator of a DLT SS or DLT TSS has notified its competent authority of its intention to transition to the regular regime in accordance with paragraph 9 of this Article ~~request for transition under Article 7a(7)~~, the competent authority shall assess all requirements that will apply to the operator of the DLT SS or DLT TSS operating under the regular regime. However, the competent authority may in such assessment rely on part of the assessment previously made pursuant to Article7a for such DLT SS or TSS to participate in the simplified regime, to the extent that the requested transition will not result in a material change or otherwise materially affect the previous assessment. The operator of the DLT SS or DLT TSS shall confirm to the competent** | |

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| **authority that there is no change to the underlying facts of that part of the assessment.** | |
| | |
| ~~**11.By [OP insert date = 8 months after entry into force of this amending Regulation], ESMA shall develop guidelines to establish standard forms, formats and templates for the application for authorisation under the simplified regime referred to in paragraph 4.**~~ | |
| | |
| 12.The operator of a DLT SS or a DLT TSS **(as applicable)** that has ~~**been authorised**~~ **obtained, before the [PO: please insert the date of the entry into force of this Regulation], a permission** under **Articles 9 and 10 of** this Regulation **to operate a DLT SS or DLT TSS (an original DLT SS or DLT TSS)**~~**before the entry into application of this Article**~~ shall be deemed, ~~**with regards to the provision of CSD services,**~~ to operate under the simplified regime **with regards to the services provided when participating in the simplified regime. The provisions of the previous sentence apply** as long as **the original DLT SS or DLT TSS** ~~**it**~~ remains below the threshold laid down in Article 3(2b) and Article 3(3) of this Regulation, as applicable **and unless such operator has requested an accelerated transition in accordance with paragraph 12a or a transition in accordance with paragraph 9.** | |
| | |
| **Where the operator of an original DLT SS or DLT TSS (as applicable) requests an accelerated transition in accordance with paragraph 12a within [60 business days from [PO: please insert the date of the entry into force of this Regulation], the competent authority shall assess such request within [30] business days from the moment it declares the receipt of the request as complete and informs the applicant thereof.** | |
| | |
| **The operator of the original DLT SS or DLT TSS (as applicable) shall provide all information required by the competent authority and shall ensure the request entails sufficient information for the competent** | |

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| **authority to declare the request as complete and enables the competent authority to assess the conditions laid down in paragraph 12a.** | |
| | |
| Where the operator of a DLT SS or a DLT TSS **(as applicable)** referred to in the first subparagraph intends to transition into the regular regime it shall do so in accordance with this Article.’; | |
| | |
| **12a. An accelerated transition shall apply where an operator of an original DLT SS or DLT TSS intends to provide services under the regular regime and where it has requested such transition which fulfils all of the following conditions:** | |
| | |
| **(a) the request does not seek a any new exemption under Articles 4, 4a, 5, 5a or 6;** | |
| | |
| **(b) transition into the regular regime does not result in the relevant ~~original~~ DLT SS or ~~and~~ DLT TSS needing to make material changes to ~~in~~ their operational structure or governance due to the extended scope of financial instruments;** | |
| | |
| **(c) the operator of the original DLT SS or DLT TSS (as applicable) has confirmed in writing that no material changes have occurred since the last review made by the competent authority;** | |
| | |
| **(d) the request provides evidence of how the operator of the original DLT SS or DLT TSS (as applicable) will comply with the capital requirements set out in Article 7a(10a), point (b), by the time the DLT SS or DLT TSS (as applicable) is permissioned to operate under the regular regime; and** | |
| | |

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| **(e) transition into the regular regime will not result in the introduction of material new risks, linked to the different characteristics of the assets serviced.** | |
| | |
| **Where any of the conditions are ~~is~~ not met, the competent authority will inform the operator of the DLT SS or DLT TSS requesting the accelerated transition thereof and that the request will be processed in accordance with paragraph 7. The request submitted in accordance with this paragraph shall be deemed a notification submitted under paragraph 9 of this Article. ~~will be deemed to have exceeded the threshold specified in Article 3(3).~~** | |
| | |
| (11) Article 8 is amended as follows: | |
| | |
| (a) the title of the Article is replaced by the following: | |
| | |
| **'Specific permission to operate DLT TV'** | |
| | |
| (b) paragraph**s 1 to 3 are** replaced by the following: | |
| | |
| '1. A legal person who is authorised as an investment firm, authorised to operate a regulated market, under D~~d~~irective 2014/65/EU, or authorised as a CASP trading platform may apply for a specific permission to operate a DLT TV under this Regulation.'; | |
| | |
| 2. Where a legal person applies for authorisation as an investment firm or for authorisation to operate a regulated market under D~~d~~irective 2014/65/EU and, simultaneously, applies for a specific permission under this Article, for the sole purpose of operating a DLT TV, the competent authority shall not | |

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| assess whether the applicant fulfils the requirements of **D**~~d~~irective 2014/65/EU in respect of which the applicant has requested an exemption in accordance with Article 4 of this Regulation **or has been granted an exemption in accordance with Article 4a of this Regulation**.’; | |
| | |
| **3. Where, as referred to in paragraph 2 of this Article, a legal person simultaneously applies for authorisation as an investment firm, or for authorisation to operate a regulated market, and for a specific permission, it shall submit in its application the information required under Article 7 of Directive 2014/65/EU, except for information that would be necessary to demonstrate compliance with the requirements in respect of which the applicant has requested an exemption in accordance with Article 4 of this Regulation or has been granted an exemption in accordance with Article 4a of this Regulation.’** | |
| | |
| 3a.Where a legal person simultaneously applies for authorisation as a CASP **trading platform** and for a specific permission **under this Article**, it shall submit in its application the information required under Article 62 of Regulation (EU) 2023/1114.’; | |
| | |
| (c) paragraph 4 is amended as follows: | |
| | |
| (i) the introductory wording is replaced by the following: | |
| | |
| ‘4. An application for a specific permission to operate a DLT TV under this Regulation shall contain the following information:’; | |
| | |
| (ii) points (a) ~~to (g)~~ **and (h)** are replaced by the following: | |
| | |
| ‘(a) the applicant’s business plan, the rules of the DLT TV and any legal terms as referred to in Article 7(1), as well as information regarding the functioning, services and activities of the DLT TV as referred to in Article 7(3); | |

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| | |
| ~~(b) a description of the functioning of the distributed ledger technology used, as referred to in Article 7(2);~~ | |
| | |
| ~~(c) a description of the applicant's overall IT and cyber arrangements as referred to in Article 7(4);~~ | |
| | |
| ~~(d) evidence that the applicant has in place sufficient prudential safeguards to meet its liabilities and to compensate its clients, as referred to in Article 7(6), third subparagraph;~~ | |
| | |
| ~~(e) where applicable, a description of the safekeeping arrangements for clients' DLT financial instruments as referred to in Article 7(5);~~ | |
| | |
| ~~(f) a description of the arrangements for ensuring investor protection and a description of the mechanisms for handling client complaints and redress, as referred to in Article 7(6), second subparagraph;~~ | |
| | |
| ~~(g) the exemptions that the applicant is requesting under Article 4, the justification for each exemption requested and any compensatory measures proposed and the means by which it intends to comply with the conditions attached to those exemptions.~~ | |
| | |
| (h) the exemptions that the applicant is requesting under Article 4 **or Article 4a**, the justification for each exemption requested and any compensatory measures proposed and the means by which it intends to comply with the conditions attached to those exemptions.'; | |
| | |
| (d) the following paragraph 4a is inserted: | |
| | |
| '4a. In addition to the information referred to in paragraph 4 of this Article, an applicant that intends to operate a DLT TV as a CASP trading | |

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| platform shall submit the information on how it intends to comply with the applicable requirements of Directive 2014/65/EU and Regulation (EU) No 600/2014 as referred to in Article 4(2) of this Regulation, except for information that would be necessary to demonstrate compliance with requirements in respect of which the applicant has requested an exemption in accordance with Article 4 or has been granted an exemption in accordance with Article 4a.’; | |
| | |
| (c) in paragraph 6, the first subparagraph is replaced by the following: | |
| | |
| ‘Within 30 **business** ~~**working**~~ days of the date of receipt of an application for a specific permission to operate a DLT TV, 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 is to provide the missing or any additional information. The competent authority shall inform the applicant when the competent authority considers the application to be complete.’; | |
| | |
| (d) in paragraph 8, **the introductory wording is replaced by the following:** | |
| | |
| **(i) ‘ESMA may develop guidelines to promote the consistency and proportionality of: ‘** | |
| | |
| **(ii)** point (a) is replaced by the following: | |
| | |
| (a) exemptions granted to operators of DLT TVs throughout the Union, including in the context of evaluating the adequacy of different types of | |

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| distributed ledger technology used by operators of DLT TVs for the purposes of this Regulation; and’; | |
| | |
| (e) paragraphs 9 to 13 are replaced by the following: | |
| | |
| ‘9. Within 90 **business** ~~**working**~~ days of the date of receipt of a complete application for a specific permission to operate a DLT TV, the competent authority shall carry out an assessment of the application and decide whether to grant the specific permission. Where an applicant applies simultaneously for authorisation under Directive 2014/65/EU or Regulation (EU) 2023/1114 and for a specific permission under this Regulation, the assessment period may be extended for a further period up to that specified in Article 7(3) of Directive 2014/65/EU or Article 63(9) of Regulation (EU) 2023/1114, respectively. | |
| | |
| 10. Without prejudice to Articles 7 and 44 of Directive 2014/65/EU, the competent authority shall refuse to grant a specific permission to operate a DLT TV if there are grounds for believing that: | |
| | |
| (a) there are significant risks to investor protection, market integrity or financial stability that are not properly addressed and mitigated by the applicant; | |
| | |
| (b) the specific permission to operate a DLT TV and the exemptions requested are being sought for the purpose of circumventing legal or regulatory requirements; or | |
| | |

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| (c) the operator of the DLT TV will not be able to comply, or will not allow its users to comply, with applicable provisions of Union law. | |
| | |
| 11. The specific permission shall specify the exemptions that are granted in accordance with Article 4 **and Article 4a~~,~~ and** any compensatory measures **~~and any lower thresholds set by the competent authority in accordance with Article 3(6)~~**. | |
| | |
| The competent authority shall inform ESMA of the grant, refusal or withdrawal of a specific permission under this article without delay, including any information specified under the first subparagraph of this paragraph. | |
| | |
| ESMA shall publish on its website: | |
| | |
| (a) the list of DLT TVs, the start dates of their specific permissions, the list of exemptions granted to each of them, **~~and any lower thresholds set by competent authorities for each of them~~**; and | |
| | |
| (b) the total number of requests for exemptions that have been made under Article 4 **and Article 4a**, indicating the number and types of exemptions granted or refused, together with the justifications for any refusals. | |
| | |
| The information referred to in the third subparagraph, point (b), shall be published on an anonymous basis. | |
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| 12. Without prejudice to Articles 8 and 44 of Directive 2014/65/EU, the competent authority shall withdraw a specific permission or any related exemptions where: | |
| | |
| (a) a flaw has been discovered in the functioning of the distributed ledger technology used, or in the services and activities provided by the operator of the DLT TV, that poses a risk to investor protection, market integrity or financial stability, and the risk outweighs the benefits of the services and activities under experimentation; | |
| | |
| (b) the operator of the DLT TV has breached the conditions attached to the exemptions; | |
| | |
| ~~**the operator of the DLT TV has admitted to trading financial instruments that do not fulfil the conditions set out in Article 3(1);**~~ | |
| | |
| (c) the operator of the DLT TV has exceeded the threshold referred to in Article 3(2) ~~**or 3(2b), as applicable**~~; | |
| | |
| (d) the operator of the DLT TV has exceeded the threshold referred to in Article 3(2a) ~~**or 3(3)**~~ and has not activated the transition strategy; or | |
| | |
| (e) the operator of the DLT TV obtained the specific permission or related exemptions on the basis of misleading information or a material omission. | |
| | |

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| 13. Where an operator of a DLT TV intends to introduce a material change to the functioning of the distributed ledger technology used, or to the services or activities of that operator, and that material change requires a new specific permission, a new exemption, or the modification of one or more of the operator's existing exemptions or of any conditions attached to an exemption, the operator of the DLT TV shall request a new specific permission, exemption or modification. | |
| | |
| Where an operator of a DLT TV requests a new specific permission, exemption or modification, the procedure set out in Article 4 shall apply. ~~**That request shall be processed by the competent authority in accordance with this Article.**~~';| |
| | |
| (12) Article 9 is amended as follows: | |
| | |
| (a) paragraphs 2 and 3 are replaced by the following: | |
| | |
| '2. Where a legal person applies for authorisation as a CSD under Regulation (EU) No 909/2014 and simultaneously applies for a specific permission under this Article, for the sole purpose of operating a DLT SS, the competent authority shall not assess whether the applicant fulfils those requirements of Regulation (EU) No 909/2014 in respect of which the applicant has requested an exemption in accordance with Article 5 or has been granted an exemption in accordance with Article 5a of this Regulation. | |
| | |
| **2a. .Where a CSD or a legal person applies ~~apply~~ for a specific permission to operate a DLT SS in accordance with paragraphs 1 and 2 of this Article, and intends to operate the DLT SS under the simplified regime, the CSD or the legal person (as applicable) shall specify its intention to operate under the simplified regime in its application for the** | |

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| **specific permission and comply with the procedure set out in Article 7a(8).** | |
| | |
| 3.Where, as referred to in paragraph 2 of this Article, a legal person simultaneously applies for authorisation as a CSD and for a specific permission, it shall submit in its application the information referred to in article 17(2) of Regulation (EU) No 909/2014, except for information that would be necessary to demonstrate compliance with the requirements in respect of which the applicant has requested an exemption in accordance with Article 5 or has been granted an exemption in accordance with Article **5 or** 5a of this Regulation.’; | |
| | |
| (b) in paragraph 4, point (h) is replaced by the following: | |
| | |
| ‘(h) the exemptions that the applicant is requesting under Article **5** ~~4~~ or 5a, the justification for each exemption requested and any compensatory measures proposed and the means by which it intends to comply with the conditions attached to those exemptions.’; | |
| | |
| **(bb) paragraph 9 is replaced by the following:** | |
| | |
| **‘9. Within 90 business days of the date of receipt of a complete application for a specific permission to operate a DLT SS, the competent authority shall carry out an assessment of the application and decide whether to grant the specific permission. Where the applicant applies simultaneously for authorisation as a CSD under Regulation (EU) No 909/2014 and for a specific permission under this Regulation, the assessment period may be extended for a further period up to that specified in Article 17(8) of Regulation (EU) No 909/2014.’;** | |
| | |
| (c) in paragraph 10, point (c), is replaced by the following: | |

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| | |
| ‘(c) the DLT SS will not be able to comply, or will not allow its users to comply, with applicable provisions of Union law or provisions of national law falling outside the scope of Union law.’; | |
| | |
| (d) paragraph 11 is amended as follows: | |
| | |
| (a) first subparagraph is replaced by the following: | |
| | |
| ‘The specific permission shall specify the exemptions that are granted in accordance with Article 5 **and Article 5a**, any compensatory measures**~~, any lower thresholds set by the competent authority in accordance with Aarticle 3(6)~~** and whether the DLT SS operates under the simplified regime.’ | |
| | |
| (b) in the third subparagraph, point**s** (a) **and (b) are ~~is~~** replaced by the following: | |
| | |
| ‘(a) the list of DLT SSs, the start date of their specific permissions, the list of exemptions granted to each of them**~~, and any lower thresholds set by the competent authorities for each of them~~**; and | |
| | |
| **(b) the total number of requests for exemptions that have been made under Articles 5 and 5a indicating the number and types of exemptions granted or refused, together with the justifications for any refusals.’;** | |
| | |
| (c) paragraphs 12 and 13 are replaced by the following: | |
| | |

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| '12. Without prejudice to Article 20 of Regulation (EU) No 909/2014, the competent authority shall withdraw a specific permission or any related exemptions where: | |
| | |
| (a) a flaw has been discovered in the functioning of the distributed ledger technology used, or in the services and activities provided by the DLT SS, that poses a risk to investor protection, market integrity or financial stability, and the risk outweighs the benefits of the services and activities under experimentation; | |
| | |
| (b) the DLT SS has breached the conditions attached to the exemptions; | |
| | |
| ~~**the DLT SS has recorded financial instruments that do not fulfil the conditions set out in Article 3(1);**~~ | |
| | |
| (c) the DLT SS has exceeded the threshold referred to in Article 3(2) or 3(2b) as applicable; | |
| | |
| (d) the DLT SS has exceeded the threshold referred to in Article 3(2a) or 3(3), as applicable, and has not activated the transition strategy; or | |
| | |
| (e) the DLT SS obtained the specific permission or related exemptions on the basis of misleading information or a material omission. | |
| | |

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| 13. Where a DLT SS intends to introduce a material change to the functioning of the distributed ledger technology used, or to the services or activities of that DLT SS, and that material change requires a new specific permission, a new exemption, or the modification of one or more of its existing exemptions or of any conditions attached to an exemption, the DLT SS shall request a new specific permission, exemption or modification. | |
| | |
| Where a DLT SS requests a new specific permission, exemption or modification, the procedure set out in Article 5 shall apply. ~~**That request shall be processed by the competent authority in accordance with this Article**~~.'; | |
| | |
| (13) Article 10 is amended as follows: | |
| | |
| (a) paragraphs 1, 2 and 3 are replaced by the following: | |
| | |
| '1. An investment firm, ~~**or**~~ a market operator , ~~**or as**~~ a CASP trading platform ~~**under Regulation (EU) 2023/1114**~~, or ~~**authorised as**~~ a CSD **authorised** under Regulation (EU) No 909/2014, may apply for a specific permission to operate a DLT TSS under this Regulation. | |
| | |
| 2.Where a legal person applies for authorisation as an investment firm or for authorisation to operate a regulated market under Directive 2014/65/EU, or Regulation (EU) No 600/2014, or **for authorisation** as a CSD under Regulation (EU) No 909/2014, or **for authorisation** as a CASP trading platform under Regulation 2023/1114 and, simultaneously, applies for a specific permission under this Article, for the sole purpose of operating a DLT TSS, the competent authority shall not assess whether the applicant fulfils those requirements of Directive 2014/65/EU or Regulation (EU) No 600/2014, or those of Regulation (EU) No 909/2014 in respect of which the | |

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| applicant has requested an exemption in accordance with Article 6 of this Regulation. | |
| | |
| **2a. Where an investment firm, a market operator, CASP trading platform, or a CSD authorised under Regulation (EU) No 909/2014 apply for a specific permission to operate a DLT TSS in accordance with paragraphs 1 and 2 of this Article, and intends to operate the DLT TSS under the simplified regime, the relevant entity shall specify its intention to operate under the simplified regime in its application for the specific permission and comply with the procedure set out in Article 7a(8).** | |
| | |
| 3. Where, as referred to in paragraph 2 of this Article, a legal person simultaneously applies for authorisation as an investment firm or for authorisation to operate a regulated market, or for authorisation as a CSD, or for authorisation of a CASP, and for a specific permission, it shall submit in its application the information required under Article 7 of Directive 2014/65/EU or Article 17 of Regulation (EU) No 909/2014 or Article 7a of this Regulation or Article 62 of Regulation 2023/1114 respectively, except for information that would be necessary to demonstrate compliance with the requirements in respect of which the applicant has requested an exemption in accordance with Article 6 of this Regulation.’; | |
| | |
| (b) paragraph 5 is replaced by the following: | |
| | |
| ‘5. In addition to the information referred to in paragraph 4 of this Article, an applicant that intends to operate a DLT TSS as an investment firm, market operator or a CASP **trading platform** shall submit the information on how it intends to comply with the applicable requirements of Regulation (EU) No 909/2014 as referred to in Article 6(1) of this Regulation, or where applicable, requirements under the simplified regime, except for information that would be necessary to demonstrate compliance with requirements in | |

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| respect of which the applicant has requested an exemption in accordance with that Article. | |
| | |
| In addition to the information referred to in paragraph 4 of this Article, an applicant that intends to operate a DLT TSS as a CSD shall submit the information on how it intends to comply with the applicable requirements of Directive 2014/65/EU or Regulation (EU) No 600/2014 as referred to in Article 6(2) of this Regulation, **or where applicable, requirements under the simplified regime,** except for information that would be necessary to demonstrate compliance with requirements in respect of which the applicant has requested an exemption in accordance with that Article.';<br>PUBLIC | |
| | |
| (c) paragraph 9 is replaced by the following: | |
| | |
| '9. Within 90 **business** ~~**working**~~ days of the date of receipt of a complete application for a specific permission to operate a DLT TSS, the competent authority shall carry out an assessment of the application and decide whether to grant the specific permission. Where the applicant applies simultaneously for authorisation under Directive 2014/65/EU, Regulation (EU) No 909/2014 or Regulation (EU) 2023/1114 and for a specific permission under this Article, the assessment period may be extended for a further period up to that specified in Article 7(3) of Directive 2014/65/EU, Article 17(8) of Regulation (EU) No 909/2014 or Article 63(9) of Regulation 2023/1114 respectively.'; | |
| | |
| (d) Paragraph 10 first subparagraph introductory sentence is replaced by the following: | |
| | |
| '10. Without prejudice to Article 7 of Directive 2014/65/EU and to Article 2a of Regulation (EU) No 600/2014, and Article 17 of Regulation (EU) No | |

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| 909/2014 and Article 63 of Regulation (EU) 2023/1114, the competent authority shall refuse to grant a specific permission to operate a DLT TSS if there are grounds for believing that:'; | |
| | |
| (e) paragraph 11 is amended as follows: | |
| | |
| (a) the first subparagraph is replaced by the following: | |
| | |
| '11. The specific permission shall specify the exemptions that are granted in accordance with Article 6, any compensatory measures ~~and any lower thresholds set by the competent authority in accordance with Article 3(6)~~ and whether the DLT TSS operates under the simplified regime.'; | |
| | |
| (b) in the third subparagraph, point (a) is replaced by the following: | |
| | |
| '(a) the list of DLT TSSs, the start of their specific permissions, the list of exemptions granted to each of them~~, and any lower thresholds set by competent authorities for each of them~~; and'; | |
| | |
| (f) paragraph 12 is amended as follows: | |
| | |
| (a) first subparagraph introductory wording is replaced by the following: | |
| | |
| '12. Without prejudice to Article 8 of Directive 2014/65/EU, Article 2c of Regulation (EU) No 600/2014, Article 20 of Regulation (EU) No 909/2014 | |

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| and Article 64 of Regulation (EU) 2023/1114, the competent authority shall withdraw a specific permission or any related exemptions where:' | |
| | |
| **(bb) point (c ) is deleted.** | |
| | |
| (b) points (d) and (e) are replaced by the following: | |
| | |
| '(d) the operator of the DLT TSS has exceeded the threshold referred to in Article 3(2) or 3(2b), as applicable;' | |
| | |
| '(e) the operator of the DLT TSS has exceeded the threshold referred to in Article 3(2a) or 3(3), as applicable, and has not activated the transition strategy; or'; | |
| | |
| **(g) paragraph 13 is amended as follows:** | |
| | |
| **(a) the second subparagraph is replaced by the following:** | |
| | |
| **'Where an operator of a DLT TSS requests a new specific permission, exemption or modification, the procedure set out in Article 6 shall apply. '** | |
| | |
| (14) The following Articles 10a to 10**f** ~~g~~ are inserted: | |
| | |
| 'Article 10a | |
| | |
| **Specific permission to provide individual CSD services** | |
| | |
| **1.The competent authority may grant a permission (specific permission)** ~~**An authorised investment firm, regulated market, credit institution, CSD, or a CASP may apply to its competent authority for a specific**~~ | |

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| ~~**permission**~~ to provide, on an individual basis, the DLT notary service or the DLT central **account** maintenance service and non-banking type ancillary services of CSDs associated with those services as specified in Section B of Annex to Regulation (EU) No 909/2014 **(CSD core services) to the following entities:** | |
| | |
| **(a) An authorised investment firm,** | |
| | |
| **(b) An authorised market operator,** | |
| | |
| **(c) An authorised credit institution,** | |
| | |
| **(d) An authorised CSD,** | |
| | |
| **(e) An authorised CASP, and** | |
| | |
| **(f) An entity permissioned in accordance with paragraph 6 of this Article.** | |
| | |
| 2.An application for a specific permission ~~**to provide the DLT notary service or the DLT central maintenance**~~ shall contain the following information: | |
| | |
| (a) ~~t~~he applicant's business plan, including a description of planned business relationships with other CSD service providers or market infrastructures, including trading venues, CCPs, CSDs operating solely under Regulation (EU) No 909/2014, DLT market infrastructures and other financial entities of importance for the provision of CSD services; | |
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| (b) a description of the functioning of the distributed ledger technology used, as referred to in Article 7(2); **and** | |
| | |
| (c) a description of the applicant's overall IT and cyber arrangements, as referred to in Article 7(4)**.**; | |
| | |
| The application shall also contain all the information necessary for the competent authority to assess compliance with the requirements of this Regulation and the provisions of Regulation (EU) No 909/2014 applicable to the DLT notary or the DLT account keeper in accordance with Article 10b(1). | |
| | |
| **The competent authority shall consider an application complete where such application contains all the information required under the first and second subparagraphs of this paragraph 2.** | |
| | |
| 3.Within 20 **business** ~~**working**~~ days of receiving the application for a specific permission, the competent authority shall **decide** ~~**assess**~~ whether the application is complete. If the application is not complete, the competent authority shall set a time limit by which the applicant is to provide the missing ~~**or any additional**~~ information. **Once this additional time limit has passed** ~~**T**~~**t**he competent authority shall **decide if the competent authority considers the application to be complete or not and** inform the applicant **thereof** ~~**when the competent authority considers the application to be complete.**~~ |
| | |
| 4.Within 40 **business** ~~**working**~~ days of the date **from which the competent authority informed the applicant under paragraph 3 of this Article,** of receipt of a complete application ~~**for a specific permission to operate a**~~ |

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| ~~**DLT SS**~~, the competent authority shall carry out an assessment of the application and decide whether to grant the specific permission. | |
| | |
| Where the competent authority grants the specific permission, it shall share the complete application for the specific permission and the information related to the permission with the central bank in the Union issuing the currency in which the DLT financial instruments that are intended to be serviced by the DLT notary or the DLT account keeper are denominated. | |
| | |
| **An entity authorised under the specific permission to provide CSD core services shall be able to provide such services within the territory of the Union in accordance with Article 10f.** | |
| | |
| ~~**Competent authorities may withdraw the specific permission where the DLT notary or the DLT account keeper systematically infringes the provisions of this Regulation.**~~ | |
| | |
| 5.ESMA may develop guidelines to establish standard forms, formats and templates for the purpose of the application paragraph 1 **of this Article**. | |
| | |
| **6. The competent authority may grant a specific permission under paragraph 1, where that relevant entity is authorised within a Member State to provide services similar to the services provided by a DLT notary or DLT account keeper and complies with the requirements listed in Article 10b(2).** ~~**following Articles of Regulation (EU) No 909/2014: Articles 26(1) to 26(3), 26(5), 26(7), 27(1), 27(3), 27(5) to 27(7), 27a(1), 29(1) to 29(2), 30(1) to 30(3), 30(5) and 30(6).**~~ | |
| | |
| **The competent authority shall grant a specific permission under paragraph 1 of this Article by applying mutatis mutandis the procedure for authorisation under Article 17 of Regulation (EU) No 909/2014.** | |
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| **The competent authority may withdraw the specific permission where the DLT notary or the DLT account keeper systematically infringes the provisions of this Regulation.** | |
| | |
| **The competent authority shall withdraw the specific permission under this paragraph by applying mutatis mutandis the conditions and procedures laid down in Article 20 of Regulation (EU) No 909/2014.** | |
| | |
| **7. A DLT notary and A DLT account keeper shall [on a yearly basis] or at the request of their competent authority or ESMA, report details of their activities and/or an attestation of compliance with the applicable requirements to such competent authority. The competent authority shall make all such information available to ESMA on request for the purposes of supervisory convergence and maintaining the Union register.** | |
| | |
| Article 10b | |
| | |
| **Provision of individual CSD services** | |
| | |
| 1. **A** DLT notary and DLT account keeper shall ~~**be subject to**~~ **comply with** the provisions of Title III of Regulation (EU) No 909/2014 **specified in the second paragraph of this Article** that govern the **provision and** application of the **DLT** notary **service** and **DLT** central **account** maintenance service referred to in section A of the Annex to Regulation (EU) No 909/2014, respectively~~**, as specified and supplemented in accordance with paragraph 10**~~. | |
| | |
| 2. **A** DLT notary and DLT account keeper shall comply with the requirements set out in Article 7(1), first subparagraph, Article 7(2), (4) and (5) and Article 7(6), first and second subparagraphs. | |
| | |

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| **A DLT notary and DLT account keeper shall comply with the requirements set out in the following Articles of Regulation (EU) No.909/2014;** | |
| | |
| **(a) Articles 26(1) to 26(3), 26(5), 26(7), 27(1), 27(3), 27(5) to 27(7), 27a(1), 29(1) to 29(2), 30(1) to 30(3), 30(5) and 30(6) of Regulation (EU) No 909/2014: and** | |
| | |
| **(b) Article 35 of Regulation (EU) No 909/2014, except for where such international open communication procedures, standards for messaging and reference are not compatible with the DLT-based services provided by the DLT notary and DLT account keeper.** | |
| | |
| **A DLT notary shall comply with; Article 32, Article 34(2), (3) and (5), Articles 37, 43 and 44 of Regulation (EU) No 909/2014.** | |
| | |
| **A DLT account keeper shall comply with; Article 32, Article 34(2), (3) and (5), Articles 37(3), 38, 43 and 44 of Regulation (EU) No 909/2014.** | |
| | |
| **For the purpose of this Article, where a provision of Regulation (EU) No 909/2014 is applied in accordance with this paragraph; a DLT notary and DLT account keeper shall be deemed a CSD and references to "securities settlement system" shall be deemed to refer to a DLT notary service or DLT central account maintenance service (as applicable).** | |
| | |
| 3. An issuer established in the Union that issues or has issued DLT financial instruments which are admitted to trading or traded on trading venues shall be deemed to comply with Article 3(1) of Regulation (EU) No 909/2014, where **such** ~~**the**~~ **DLT financial instruments** ~~**securities**~~ are represented **or recorded** on a distributed ledger ~~**used**~~ by a DLT notary for the initial recording of those **instruments** ~~**securities**~~. | |
| | |

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| By way of derogation from Article 3(2) of Regulation (EU) No 909/2014, where transactions in DLT financial instruments ~~**issued under this Regulation**~~ take place on a trading venue, **the relevant instruments** ~~**they**~~ shall be recorded on or before the intended settlement date by a DLT notary **in cooperation with a DLT account keeper**, a DLT SS, a DLT TSS or a CSD operating solely under Regulation (EU) No 909/2014. | |
| | |
| 4.Transactions in DLT financial instruments **taking place on a trading venue and** maintained in securities accounts managed by DLT account keepers in accordance with this Article shall be settled through a DLT SS, DLT TSS, **or** a CSD operating solely under Regulation (EU) No 909/2014. | |
| | |
| 5.A DLT SS, DLT TSS or a CSD operating solely under Regulation (EU) No 909/2014 may admit for settlement **new** DLT financial instruments maintained in securities accounts managed by DLT account keepers that have an aggregate market value**, calculated in accordance with Article 3(4),** that **does not exceed** ~~**amounts to no more than**~~ **EUR 50 billion** ~~**the amount specified under Article 3(2b)**~~ at the **moment** ~~**time**~~ of settlement, **as set out in the relevant rules or procedures,** of the **DLT financial instruments**~~**first transaction**~~. | |
| | |
| ~~**By derogation from the first subparagraph, a DLT SS, DLT TSS or a CSD operating solely under Regulation (EU) No 909/2014 may admit for settlement DLT financial instruments maintained in securities accounts managed by DLT account keepers that have an aggregate market value that amounts to no more than the EUR 30 billion at the time of settlement of the first transaction, where such DLT financial instruments are transferable securities issued by SMEs.**~~ | |
| | |
| 6.By way of derogation from paragraph 4, DLT account keepers may settle **transactions in** DLT financial instruments **traded on a trading venue** outside a DLT SS, DLT TSS, or a CSD operating solely under Regulation | |

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| (EU) No 909/2014, where they comply with the requirements for such settlement laid down in Article 10c. | |
| | |
| 7.Where a DLT notary or a DLT account keeper provides CSD core services jointly with a DLT SS, TSS or a CSD operating solely under Regulation (EU) No 909/2014, the DLT SS, TSS or CSD operating solely under Regulation (EU) No 909/2014 shall not be liable for compliance with those requirements of Regulation (EU) No 909/2014 that shall apply to a DLT notary or a DLT account keeper in accordance with paragraph 1. | |
| | |
| **An entity referred to in the first subparagraph that provides CSD core services jointly shall remain fully liable for the CSD services it performs. Such entity shall not rely on the allocation of responsibilities referred to in paragraph 8 to limit its regulatory obligations for the services it performs.** | |
| | |
| The division of liabilities referred to in the first subparagraph shall be applicable only with regards to those DLT financial instruments that are serviced by a DLT notary or a DLT account keeper in accordance with paragraph 1. | |
| | |
| 8.The DLT notary, DLT account keeper and the DLT SS, TSS or a CSD operating solely under Regulation (EU) No 909/2014, that provide CSD core services jointly, shall specify their roles and responsibilities in providing those services in a legally binding written agreement, **however such written agreement cannot amend the obligation of an entity as laid down in the second subparagraph of paragraph 7 of this Article.** Each of them shall notify that written agreement to their respective competent authorities **and ESMA**, together with clear information on which entity provides CSD core services for which DLT financial instruments**~~, or categories of DLT financial instruments~~**. | |
| | |

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| **The allocation of roles and responsibilities between entities referred to in the first subparagraph, that are providing CSD core services jointly, shall be clearly defined, transparent and legally enforceable at all times.** | |
| | |
| **Entities referred to in the first subparagraph, that are providing CSD core services jointly, shall have appropriate rules and procedures, including robust accounting practices and controls, to help ensure the integrity of securities issues, and minimise and manage the risks associated with the safekeeping and settlement of transactions in securities.** | |
| | |
| **Clients of entities referred to in the first subparagraph that are receiving CSD core services shall be informed of the roles, responsibilities and liability arrangements applicable to each entity involved in the joint provision of CSD core services in a clear and accessible manners.** | |
| | |
| **ESMA may develop guidelines to further specify best practices in the allocation of roles and responsibilities between entities referred to in the first subparagraph.** | |
| | |
| 9. ESMA shall enter the information concerning DLT notaries and DLT account keepers in the CSD register maintained under Article 21 of Regulation (EU) No 909/2014. **ESMA shall include in the register main information on the roles, responsibilities and liability arrangements applicable to each entity involved in the joint provision of CSD core services.** | |
| | |
| **10.ESMA may develop regulatory technical standards to further specify the provisions applicable to the DLT notary and DLT account keeper under paragraphs 1 and 2.** | |
| | |

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| ~~(10) ESMA shall develop regulatory technical standards to specify the provisions of Title III of Regulation (EU) No 909/2014 that apply to each of the DLT notary service and the DLT central maintenance service, and, where necessary, supplement the non-essential elements of the provisions of that title and amend regulatory technical standards to adapt them to the use of DLT and the specificities of business models involving the distributed provision of CSD core services.~~ | |
| | |
| ~~In complying with the first subparagraph, ESMA shall ensure that the rules applicable to individual services are:~~ | |
| | |
| ~~(a) consistent with the objectives and principles laid down in Regulation (EU) No 909/2014 applicable to the notary and central account maintenance services;~~ | |
| | |
| ~~(b) proportionate to the risk profile of the DLT notary and the DLT central account maintenance service.~~ | |
| | |
| ~~ESMA shall submit those draft regulatory technical standards to the Commission by [OP: please add date corresponding to 8 months after entry into force of this amending Regulation]~~ | |
| | |
| Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1095/2010. | |
| | |
| *Article 10c* | |
| | |
| **Settlement within a settlement scheme** | |
| | |

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| 1.**Where a** DLT account keeper~~s shall~~ settle transactions in DLT financial instruments under Article 10b(~~5~~6), **it shall settle such transactions** only within a settlement scheme authorised under Article 10d. | |
| | |
| **Such** DLT account keeper~~s~~ shall only settle transactions with other DLT account keepers that are part of the same settlement scheme. | |
| | |
| 2. **A** DLT account keeper~~s~~ settling transactions within a settlement scheme shall ensure that **the settlement scheme meets all of the following conditions**: | |
| | |
| (a) all transactions are settled only with central bank deposits that the DLT account keepers hold with the central bank of issue of the relevant currency; | |
| | |
| (b) all transactions in DLT financial instruments that involve a cash leg are settled on a DVP basis; | |
| | |
| (c) the settlement scheme provides adequate settlement finality of transfers of cash and DLT financial instruments**;** | |
| | |
| **(a) by designating the system under Regulation (EU) …/… on settlement finality and repealing Directive 98/26/EC and amending Directive 2002/47/EC on financial collateral arrangements; or** | |
| | |
| **(b) by implementing compensatory measures to meet the objectives of a designation under such [Regulation](EU) …/… on settlement finality and repealing Directive 98/26/EC and amending Directive 2002/47/EC on financial collateral arrangements]**, ensuring: | |
| | |
| (i) settlement finality is achieved **no later than by the end of the business day of the actual** ~~**at the latest on the day of the**~~ settlement date; | |
| | |

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| (ii) **the** moments of entry and of irrevocability of transfer orders are clearly defined **in its common rules and standardised procedures;** | |
| | |
| (c) the settlement scheme effectively manages its legal, business and operational risks. | |
| | |
| 3.**A** DLT account keeper~~s~~ settling transactions within a settlement scheme shall ensure that the settlement scheme **it is** ~~**they are a**~~ part of~~, **and each DLT account keeper participating in the settlement scheme**~~, complies with the following principles: | |
| | |
| (a) ensuring safe, efficient and smooth settlement; | |
| | |
| (b) ensuring robust risk management of operations, including management of credit and liquidity risk as specified in paragraphs **6** ~~**5**~~ and **7** **6 of this Article**; and | |
| | |
| (c) ensuring protection of assets of clients of DLT account keepers. | |
| | |
| 4.**A** DLT account keeper~~s~~ participating in a settlement scheme shall identify sources of operational risk to the functioning of the settlement scheme, both internal and external, and minimise their impact through the deployment of appropriate ICT tools, processes and policies set up and managed in accordance with Regulation (EU) 2022/2554 of the European Parliament and of the Council, as well as through any other relevant appropriate tools, controls and procedures for other types of operational risk. | |
| | |

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| 5.**A** DLT account keeper~~s~~ participating in a settlement scheme shall establish, implement and maintain an adequate business continuity policy and disaster recovery plan, including ICT business continuity policy and ICT response and recovery plans **as specified** ~~**established**~~ in ~~**accordance with**~~ Regulation (EU) 2022/2554 **of the European Parliament and of the Council, as well as through any other relevant appropriate tools, controls and procedures for other types of operational risk**, to ensure the preservation of settlement activities within the settlement scheme and the timely recovery of its operations. | |
| | |
| **A** DLT account keeper~~s~~ participating in a settlement scheme shall identify, monitor and manage the risks that service and utility providers might pose to its operations. | |
| | |
| 6. ~~**Each**~~ **A** DLT account keeper providing banking services to their clients, related to the settlement activity within the settlement scheme, shall comply with the following specific prudential requirements for the credit risks related to those services: | |
| | |
| (a) it shall establish a robust framework to manage the corresponding credit risks; | |
| | |
| (b) it shall regularly identify the sources of such credit risks, measure and monitor corresponding credit exposures and use appropriate risk-management tools to control those risks; | |
| | |
| (c) it shall fully cover corresponding credit exposures to individual borrowing participants using highly liquid collateral, or other collateral to which it shall apply | |

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| appropriate haircuts, and other equivalent financial resources; | |
| | |
| (d) it shall set appropriate limits on credit exposures to individual clients; | |
| | |
| (e) it shall provide credit only to participants that have cash accounts with it; and | |
| | |
| (f) it shall provide for effective reimbursement procedures of intra-day credit. | |
| | |
| 7. ~~Each~~ A DLT account keeper providing banking services to their clients, related to the settlement activity within the settlement scheme, shall comply with the following specific prudential requirements for the liquidity risks related to those services: | |
| | |
| (a) it shall have a robust framework and tools to measure, monitor, and manage its liquidity risks, including intra-day liquidity risks, for each currency of the settlement scheme in which it settles transactions; | |
| | |
| (b) it shall measure and monitor on an ongoing basis its liquidity needs and the level of liquid assets it holds; | |
| | |
| (c) it shall have sufficient liquid resources in all relevant currencies for timely settlement of DLT financial | |

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| instruments under a wide range of potential stress scenarios including, but not limited to the liquidity risk generated by the default of at least one participant, including its parent undertakings and subsidiaries, to which it has the largest exposures; | |
| | |
| (d) where prearranged funding arrangements are used, it shall select only creditworthy financial institutions as liquidity providers and establish and apply appropriate concentration limits for each of the corresponding liquidity providers including its parent undertaking and subsidiaries; | |
| | |
| (e) it shall have prearranged arrangements to ensure that it can liquidate in a timely fashion the collateral provided to it by a defaulting client. | |
| | |
| 8. **A** DLT account keeper~~s~~ participating in a settlement scheme shall enter into a legally binding written agreement clearly specifying the roles and responsibilities of the DLT account keepers within the settlement scheme**, including the role and responsibilities of the designated operator appointed in accordance with Article 10d(1).** | |
| | |
| A DLT account keeper shall be a member of no more than two settlement schemes. | |
| | |
| **A DLT account keeper participating in a settlement scheme shall ensure each such** ~~**A**~~ settlement scheme ~~**shall**~~ comprises **of** at least two DLT account keepers. | |

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| | |
| **A DLT account keepers participating in a settlement scheme shall ensure common standards and procedures are applied to enable interoperability between settlement schemes.** | |
| | |
| 9. ~~**Each settlement scheme may admit for settlement DLT financial instruments maintained in securities accounts managed by its participating DLT account keepers that have an aggregate market value that amounts to no more than the amount specified under Article 3(2b) at the time of settlement of the first transaction.**~~ | |
| | |
| **Where the settlement of a new DLT financial instrument would result in the aggregate market value, calculated in accordance with Article 3(4), exceeding EUR [50] billion, the DLT account keeper participating in the settlement scheme shall not admit that DLT financial instrument to settlement.** | |
| | |
| **A DLT account keeper participating in a settlement scheme shall, at least monthly, calculate in accordance with Article 3(4),** ~~**Where**~~ the aggregate market value of all the DLT financial instruments that are admitted to settlement by **the DLT account keepers in** a settlement scheme**. Where the aggregate market value** has **exceeded** ~~**reached 150**~~ **125% of the threshold laid down in the first subparagraph of this paragraph** ~~**EUR [15] bn the amount specified under Article 3(3), the**~~ **each** DLT account keeper~~s~~ shall **without undue delay** activate the transition **plan** ~~**strategy**~~ **laid down** ~~**referred to**~~ in Article 10(e). ~~**The**~~ **Each** DLT account keeper~~s~~ shall notify ESMA of the activation of **the** ~~**its**~~ transition strategy **of the settlement scheme** and of the timescale for the transition **in accordance with Article 10e**. | |
| | |

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| **The calculation and notification requirements referred to in the third subparagraph of this paragraph may be undertaken by the designated operator on behalf of the other DLT account keepers. All DLT account keepers shall remain individually responsible and liable for the completeness and veracity of the calculation and notification provided on their behalf.** | |
| | |
| ~~**By derogation from the first subparagraph, each settlement scheme may admit for settlement DLT financial instruments maintained in securities accounts managed by DLT account keepers that have an aggregate market value that amounts to no more than EUR 30 billion at the time of settlement of the first transaction, where such DLT financial instruments are transferable securities issued by SMEs. The DLT account keepers shall activate its transition strategy when the market value of those transferable securities reaches EUR 45 billion.**~~ | |
| | |
| 10.**A** DLT account keeper~~s~~ **participating in a settlement scheme** shall report to **the designated operator (where applicable) and** ESMA on a monthly basis the following information: | |
| | |
| (a) **the** transfers **by such DLT account keeper** that take place with**in** the settlement scheme they participate **in** ~~**to**~~, including aggregate volumes; | |
| | |
| (b) the aggregate market value of DLT financial instruments admitted for settlement by **such DLT account keeper**, calculated in accordance with Article 3(4); | |
| | |
| (c) most common issues that result in settlement fails; | |

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| | |
| (d) the extent and management of intra-day liquidity risk by each DLT account keeper; | |
| | |
| (e) reporting on peak credit exposures to their clients, the type of collateral accepted, haircuts applied and collateral concentration. | |
| | |
| **Such** DLT account keeper~~s~~ shall report sufficiently detailed information for ESMA to verify compliance of the settlement scheme and participating DLT account keepers with this Article. | |
| | |
| The reporting requirement may be discharged by any DLT account keeper**,** **including the designated operator**, participating in the settlement scheme on behalf of other participants. All ~~**participants**~~ **DLT account keepers shall** remain individually responsible for the completeness and veracity of information reported on their behalf. | |
| | |
| 11.ESMA may develop guidelines ~~**to establish standard forms, formats and templates**~~ for the following purposes: | |
| | |
| (a) to establish standard forms, formats and templates for application for authorisation under Article 10d; | |
| | |
| (b) to establish standard forms, formats and templates for the purpose of paragraph 10. | |
| | |
| Article 10d | |

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| | |
| **Authorisation and supervision of the settlement scheme** | |
| | |
| 1. DLT account keepers intending to settle transactions in a settlement scheme shall submit **jointly** the settlement scheme for authorisation to ESMA in accordance with this Article before settling any transaction in that settlement scheme. | |
| | |
| **The DLT account keepers participating in a settlement scheme may designate an operator of the settlement scheme and decide for such operator to undertake certain tasks and duties. Where an operator is designated, such operator shall be one of the DLT account keepers participating in the settlement scheme and shall operate the settlement scheme on behalf of all the participating DLT account keepers. Each DLT account keeper shall provide the designated operator with information necessary to fulfil its obligations under this Article and Articles 10c and 10e.** | |
| | |
| **Where an operator is designated, the obligations of each of the participating DLT account keepers under this Article and Articles 10c and 10e may be fulfilled by the designated operator on behalf of such DLT account keepers in accordance with the conditions of the arrangement. All DLT account keepers shall however remain individually responsible and liable for the obligations fulfilled on their behalf by the designated operator.** | |
| | |
| **A** DLT account keeper**s** taking part in the settlement scheme shall submit to ESMA the following information: | |
| | |
| (a) programme of operations of the settlement scheme, setting out in particular information about participating DLT account keepers, DLT notaries and other financial | |

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| or non-financial entities providing important services to the settlement scheme and their relationships within the scheme; | |
| | |
| (b) the written agreement referred to in Article 10c(**8** ~~7~~); | |
| | |
| (c) information about trading venues, CCPs and other key market infrastructures connected to the settlement scheme; | |
| | |
| (d) how each of the participating DLT account keepers, and the settlement scheme as a whole, intends to comply with Article 10**c** (2) to (**7** ~~5~~) **and 10e(1)**; | |
| | |
| (e) a description of the functioning of the distributed ledger technology used, as referred to in Article 7(2); | |
| | |
| (f) a description of the applicant's overall IT and cyber arrangements, as referred to in Article 7(4); | |
| | |
| (g) transition **plan** ~~strategy~~ of the settlement scheme**, as referred to in Article 10e**. | |
| | |
| **Such** DLT account keeper**s** shall notify ESMA without undue delay of any material changes to the information previously notified about the settlement scheme. | |

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| | |
| Where additional DLT account keepers join the settlement scheme after the start of its operations, they shall submit to ESMA **and the designated operator (where applicable)** information about the new composition of the settlement scheme at least one month before they begin settling DLT financial instruments. | |
| | |
| 2.Within 30 **business** ~~**working**~~ days from the receipt of the application, ESMA shall assess whether the application for authorisation of the settlement scheme is complete. If the application is not complete, ESMA shall set a time limit by which participating DLT account keepers **shall** ~~**have to**~~ provide **such** additional information. | |
| | |
| 3.Without undue delay after declaring the application complete, ESMA shall transmit the application to each central bank of issue of the currency relied on for settlement within a settlement scheme. | |
| | |
| The central bank of issue may issue a reasoned opinion within its area of competence to ESMA within two months of receipt of the application from ESMA. | |
| | |
| 4.Within **100 business days** ~~**five months**~~ from the submission of a complete application, ESMA shall inform the applicant DLT account keepers **or designated operator (where applicable)** in writing with a fully reasoned decision whether the authorisation has been granted or refused. **Where a designated operator has received the information, such operator shall immediately inform the participating DLT account keepers.** | |
| | |
| 5.ESMA shall refuse the authorisation where the application for authorisation concerns a new settlement scheme that is substantively similar to a settlement scheme that has already been authorised and where there are reasonable | |

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| doubts that the application is submitted to circumvent the threshold under Article 10c(~~6~~ 9). | |
| | |
| 6.ESMA shall withdraw the authorisation of the settlement scheme **where** ~~**if the settlement scheme**~~: | |
| | |
| (a) **the settlement scheme** has not settled transactions for nine consecutive months; | |
| | |
| (b) **the settlement scheme** has been authorised by irregular means, **including where any of the DLT account keepers have made** ~~**such as by making**~~ false statements **that materially affected** ~~**in**~~ the process of ~~**its**~~ **the** authorisation; | |
| | |
| (c) **the settlement scheme** no longer meets **one of** the conditions **laid down in Article 10c(2) or does not comply with one of the principles laid down in Article 10c(3),** under which the authorisation was granted and **has** ~~**its participants**~~ ~~**have**~~ not taken remedial action requested by ESMA; | |
| | |
| (d) **a DLT account keeper repeatedly** fails to adhere to the requirements set out in Article 10c **and 10e(1)** ~~**(4)**~~ or ~~**its participating DLT account keepers**~~ commit repeated infringements of this Regulation. | |
| | |

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| **Before ESMA takes a decision to withdraw the authorisation ESMA shall take into account the possibility of applying any of the measures set out in the third subparagraph of paragraph 7 of this Article to mitigate the issue identified. Where ESMA has requested a remedial action in accordance with point (b) or (c) of paragraph 7 of this Article, ESMA shall withdraw the authorisation where ESMA determines that a remedial action has not been taken within the timeframe set or that the action taken is not appropriate. ESMA may also suspend the participation of specific DLT account keepers in the settlement scheme.** | |
| | |
| **When determining the date of entry into effect of the decision to withdraw the authorisation or suspend participation, ESMA shall endeavour to minimise potential market disruption.** | |
| | |
| 7.With regards to settlement schemes, ESMA shall be responsible for carrying out the functions and duties provided for in this Article and to: | |
| | |
| (a) supervise the compliance with the requirements laid down in this Regulation; | |
| | |
| (b) adopt decisions, conduct supervisory assessments and take other measures in relation to Articles 10(c) to 10(e); and | |
| | |
| (c) ensure ongoing compliance with Articles 10(c) to 10(e). | |
| | |
| In order to perform its duties under this Article, ESMA shall have the supervisory and investigative powers over the DLT account keepers | |

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| participating in the settlement scheme provided for in Chapter IIa of Regulation (EU) No 1095/2010 and in this Regulation. | |
| | |
| In addition to the supervisory measures referred to in Article 39h of Regulation (EU) No 1095/2010, ESMA may take the following measures: | |
| | |
| (a) suspend the participation of a DLT account keeper in the settlement scheme where **that DLT account keeper** ~~**it**~~ infringes the requirements of Article 10c **or 10e(1)** ; | |
| | |
| **(b)** require a DLT account keeper to take remedial action to bring **the settlement scheme or** its participation in the settlement scheme back into compliance with Article 10c **and Article 10e(1);** | |
| | |
| ~~**suspend the participation of a DLT account keeper in the settlement scheme where it infringes the requirements of Article 10c;**~~ | |
| | |
| (c) require a DLT account keeper to present a plan to **remediate the situation and** restore compliance with supervisory requirements and set a deadline for its implementation; | |
| | |
| (d) suspend the authorisation of the settlement scheme or the participation of an individual DLT account keeper participating in the scheme for a maximum of 30 consecutive **business** ~~**working**~~ days on any single | |

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| occasion, where there are reasonable grounds for suspecting that Article 10c has been seriously infringed; | |
| | |
| **(e)** exclude a DLT account keeper from participation in ~~a~~ **the** settlement scheme where that DLT account keeper repeatedly infringes the requirements of Article 10c **and Article 10e(1)**; | |
| | |
| (f) adopt a decision requiring a DLT account keeper to bring an infringement listed in the Annex to an end; | |
| | |
| (g) impose additional or more frequent reporting requirements or require additional disclosures, in cases where ESMA has evidence that the arrangements, strategies, processes and mechanisms implemented by the settlement scheme or its participants do not ensure a sound management and coverage of its risks. | |
| | |
| 8.ESMA shall charge fees to the DLT account keepers ~~**that participate in them**~~ in accordance with this Regulation and Article 39n of Regulation (EU) No 1095/2010 and in accordance with the delegated acts adopted pursuant to paragraph 10 **of this Article**. | |
| | |
| 9.The amount of any fee charged to DLT account keeper participating in the settlement scheme shall be proportionate to the turnover of the settlement scheme concerned and the type of authorisation and supervision exercised by ESMA. | |
| | |

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| 10.The Commission shall adopt a delegated act in accordance with Article 15a to specify further the type of fees, the matters for which fees are due, the amount of the fees and the manner in which they are to be paid. | |
| | |
| Article 10e | |
| | |
| **Transition plan ~~strategy~~ for the settlement scheme** | |
| | |
| 1. DLT account keepers participating in a settlement scheme shall **jointly** establish and make publicly available a clear and detailed transition **plan ~~strategy~~** for reducing the activity of a particular settlement scheme, in the event: | |
| | |
| (a) that the threshold referred to in **the second subparagraph of** Article **10c(9) ~~3(3)~~**, has been exceeded; | |
| | |
| (b) that the authorisation granted to the settlement scheme under this Regulation is withdrawn or otherwise discontinued; or | |
| | |
| (c) of any voluntary or involuntary cessation **~~of the business~~** of the settlement scheme. | |
| | |
| The transition **plan ~~strategy~~** shall be ready to be deployed in a timely manner. | |
| | |
| 2.The transition **plan ~~strategy~~** shall set out how participants, issuers and clients of participants are to be treated in the event of a withdrawal **in accordance with Article 10d(6), ~~or~~ a** discontinuation of the settlement | |

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| scheme authorisation or the cessation of the ~~**business**~~ **settlement scheme**. The transition strategy shall set out how clients, in particular retail investors, are to be protected from any disproportionate impact from the withdrawal or discontinuation of an authorisation or the cessation of the ~~**business of the**~~ settlement scheme. The transition **plan** ~~**strategy**~~ shall be updated on an ongoing basis subject to the prior approval of ESMA. | |
| | |
| 3.**A DLT account keeper participating in the settlement scheme** ~~**The settlement scheme**~~ shall establish, implement and maintain adequate procedures ensuring the timely and orderly settlement of assets of clients and participants in another settlement scheme, DLT SS, DLT TSS or a CSD operating solely under Regulation (EU) No 909/2014 in the event of a withdrawal **or discontinuation** of **the settlement scheme** authorisation **or the cessation of the settlement scheme** referred to in paragraph 1. Those procedures shall form a part of the transition ~~**strategy**~~ **plan**. | |
| | |
| 4. **Where an operator has been designated, each DLT account keeper shall inform the designated operator of the procedures referred to in paragraph 3 of this Article and the obligations set out in the paragraphs 1 and 2 of this Article shall be discharged by the designated operator on behalf of other DLT account keepers. All DLT account keepers shall remain individually responsible and liable for the obligations fulfilled on their behalf.** | |
| | |
| Article 10f | |
| | |
| **Cross-border provision of individual CSD services** | |
| | |
| 1.DLT notaries and DLT account keepers may provide DLT notary **services** and DLT central **account** maintenance services throughout the Union, either through the right of establishment, including through a branch, or through the freedom to provide services. DLT notaries and DLT account keepers that | |

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| provide services on a cross-border basis shall not be required to have a physical presence in the territory of a host Member State. | |
| | |
| 2.A DLT notary or a DLT account keeper that intends to provide its service in more than one Member State shall submit the following information to the competent authority of the home Member State: | |
| | |
| (a) a list of the Member States in which the DLT notary or the DLT account keeper intends to provide ~~**CSD**~~ **DLT notary services and DLT central account maintenance** services; | |
| | |
| (b) **the DLT notary services and DLT central account maintenance** services that the DLT notary or the DLT account keeper intends to provide on a cross-border basis; | |
| | |
| (c) the starting date of the intended provision of **such** services; | |
| | |
| ~~**(d)**~~ The competent authority of the home Member State shall, within **[5]** ~~**10**~~ **business** ~~**working**~~ days of receipt of the information referred to in the first sub-paragraph, communicate that information to the competent authorities of the host Member States. | |
| | |
| 3.The competent authority of the home Member State shall inform the DLT notary or the DLT account keeper concerned of the communication referred to in **the second sub-paragraph of** paragraph 2 **of this Article** ~~**second sub-paragraph**~~ without delay. | |
| | |

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| 4.A DLT notary or a DLT account keeper may begin to provide its services in a Member State other than its home Member State **[20] business days** from the date of **having submitted the information referred to in the first subparagraph of paragraph 2 of this Article and** ~~**receipt of the communication referred to in paragraph 2 second sub-paragraph or**~~ at the latest **[30]** ~~**from the 15th**~~ **business** ~~**calendar**~~ day**s** after having submitted **such** ~~**the**~~ information referred to **in the first subparagraph of** paragraph 2. | |
| | |
| 5.Where the competent authority of a host Member State has clear and demonstrable grounds for suspecting that there are irregularities in the activities of DLT account keeper or DLT notary, it shall notify the competent authority of the home Member State and ESMA thereof **within [10]** ~~**working**~~ **business days of having been informed in accordance with paragraph 3 of this Article**. | |
| | |
| **In derogation to paragraph 4 of this Article, the competent authority may in this situation delay the DLT notary or the DLT account keeper from providing its services in such host Member State for a period of [30] business** ~~**working**~~ **days and instruct the DLT notary or the DLT account keeper to take corrective measures to address the concerns identified by the host Member State.** | |
| | |
| 6.Where, despite the measures taken by the competent authority of the home Member State, the irregularities referred to in paragraph 5 **of this Article** persist, amounting to an infringement of this Regulation, the competent authority of the host Member State, after informing the competent authority of the home Member State and ESMA**,** shall take appropriate measures in order to protect clients of **the notary service or central account maintenance service** ~~**crypto-asset service providers and holders of crypto-assets**~~, in particular retail holders. Such measures include preventing the DLT account keeper or the DLT notary from conducting ~~**further**~~ activities in the host Member State. The competent authority shall inform | |

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| ESMA thereof without undue delay. ESMA shall inform the Commission accordingly without undue delay. | |
| | |
| (15) **The following Article 10g is inserted:** | |
| | |
| Article 10g | |
| | |
| **Interoperability between DLT market infrastructures** | |
| | |
| 1.Operator**s** of a DLT SS, **operators of** a DLT TSS and DLT account keepers participating in settlement schemes shall form an industry group and develop industry standards that facilitate settlement of DLT financial **instruments** between the **systems operated by the** members of the group, including standards for establishing links ~~**between those entities**~~ within the meaning of Article 2(1) point (29) of Regulation (EU) No 909/2014. **The members of the industry group shall appoint a chair and a co-chair among the members of the group. ESMA, the Commission and ECB shall be observers in the industry group.** | |
| | |
| CSDs operating solely under Regulation (EU) 2023/1114 that provide CSD core services on DLT, DLT account keepers **that are not part of settlement schemes** and DLT notaries ~~**that are not part of settlement schemes**~~ may **make a** request **to the chair of the industry group** to be a part of the group referred to in the first subparagraph. The chair ~~**Operators of a DLT SS, a DLT TSS nd DLT account keepers participating in a settlement schemes**~~ shall admit **such** eligible entities into the group. | |
| | |
| **In addition to the participation laid down in the first and second subparagraph,** ~~**T**~~ **t**he procedural rules of the industry group shall ensure that: | |
| | |

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| (a) the group is open to participation **by** ~~**to**~~ any entity with a demonstrated interest in drawing up industry standards referred to in the first subparagraph; | |
| | |
| (b) risk**s** of breaching competition law **are** ~~**is**~~ sufficiently mitigated. | |
| | |
| In developing the industry standards, the industry group shall periodically consult the **Commission, the** EC~~S~~B and ESMA, and take into account their views. | |
| | |
| The members of the industry group shall implement the industry standards in the appropriate segments of their operations, unless they have a clear justification for not doing so. | |
| | |
| 2.Entities participating in the establishment of industry standards under paragraph 1 shall submit to ESMA, **the Commission and ECB** the following: | |
| | |
| (a) at the latest within 12 months of entry into application of this Regulation, a detailed description of the types of industry standards that must be agreed on for the purpose of paragraph 1 **of this Article**, **expected** challenges in agreeing on them and potential ways to resolve those challenges; | |
| | |

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| **(b)** at the latest within 30 months of entry into application of this Regulation, the ~~**technical**~~ **industry** standards referred to in paragraph 1 ~~**and the a progress**~~ **.** | |
| | |
| **(c)** **until ESMA informs the chair of the industry group that no further reports are needed, at least every two years from date the technical standards were submitted under point (b), a progress report on the implementation of the industry standards referred to in paragraph 1 and any material changes made to such standards since the last report.** | |
| | |
| 3.Within 40 months of entry into application of this Regulation, ESMA**, in consultation with ESCB,** shall submit to the Commission technical advice on supporting interoperability between DLT market infrastructures, in particular assessing: | |
| | |
| (a) the role of data standardisation in supporting interoperability between DLT market infrastructures, especially in view of financial use cases attracting most market interest and activity and the industry standards referred to in paragraph 1; | |
| | |
| (b) the role of regulated and non-regulated entities in ensuring interoperability between DLT market infrastructures.’; | |
| | |
| | |

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| | |
| (165) Article 11 is amended as follows: | |
| | |
| (a) in paragraph 1 first subparagraph is replaced by the following: | |
| | |
| '1. Without prejudice to Regulation (EU) No 909/2014, Regulation (EU) 2023/1114 and directive 2014/65/EU, operators of DLT market infrastructures shall cooperate with the competent authorities.'; | |
| | |
| (b) in paragraph 4 point (b) is replaced by the following: | |
| | |
| '(b) the number and value of DLT financial instruments admitted to trading on the DLT TV or DLT TSS and the number and value of DLT financial instruments recorded by the operator of the DLT SS or DLT TSS;'; | |
| | |
| (c) in paragraph 4 point (c) is replaced by the following: | |
| | |
| '(c) the number and value of transactions traded on the DLT TV or DLT TSS and settled by the operator of the DLT SS or DLT TSS;'; | |
| | |
| | |
| | |
| (17 ~~6~~) The following Articles 11a and 11b are inserted: | |
| | |
| 'Article 11a | |
| | |
| **College of supervisors for DLT market infrastructures** | |
| | |

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| 1. **Where at least one of the criteria set out in Article 24a(1) of Regulation (EU) No 909/2014 is fulfilled] the competent authority shall establish a** ~~**A**~~ college of supervisors ~~**shall be established**~~ in accordance with Article 24a of Regulation (EU) No 909/2014 **to carry out the tasks in relation to the** ~~**for**~~ CSD **core** activities of a DLT SS or a DLT TSS ~~**in relation to which the conditions set out in that Article are fulfilled**~~. | |
| | |
| 2.In addition to authorities that are members of the college of supervisors pursuant to Article 24a(4), the following authorities may request to be members of the college of supervisors established in accordance with the subparagraph 1 **of this Article** ~~**shall**~~: | |
| | |
| (a) competent authorities ~~**in charge**~~ of DLT account keepers **providing the DLT central account maintenance service** ~~**and**~~ **or** DLT notaries providing the ~~**DLT central maintenance service and the**~~ DLT notary service with regards to DLT financial instruments settled by the DLT SS or DLT TSS; | |
| | |
| (b) EBA, where e-money tokens are used for the settlement of payments. | |
| | |
| *Article 11b* | |
| | |
| **College of supervisors for settlement schemes** | |
| | |
| 1.ESMA shall establish a college of supervisors to carry out the tasks **functions and duties** ~~**tasks**~~ referred to in paragraph 10d(7) in relation to DLT account keepers that are part of a settlement scheme. | |
| | |

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| 2.**ESMA shall establish** ~~**T**~~the college ~~**shall be established**~~ within one month of the date when the settlement scheme has been authorised under Article 10d. | |
| | |
| 3.ESMA shall manage and chair the college **("the chair")**. | |
| | |
| 4.The college shall consist of: | |
| | |
| (a) ESMA; | |
| | |
| (b) the competent authority of a DLT account keeper participating in the settlement scheme; | |
| | |
| (c) the central bank in the Union of the currency that is or will be used for the settlement of cash payments in the settlement scheme | |
| | |
| 5.Competent authorities of DLT notaries participating in the settlement scheme shall be able to participate in the college upon their request. | |
| | |
| 6.ESMA shall publish on its website without undue delay the list of the members of the college and keep that list updated. | |
| | |
| 7.A competent authority that is not a member of the college may request from the **chair of the** college any information relevant for the performance of its supervisory duties. | |
| | |
| 8.The college shall, without prejudice to the responsibilities of competent authorities under this Regulation, ensure: | |

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| | |
| (a) the exchange of information; | |
| | |
| (b) efficient supervision by avoiding unnecessary duplicative supervisory actions, such as information requests; | |
| | |
| (c) agreement on the voluntary entrustment of tasks among its members; | |
| | |
| (d) the exchange of information on the organisational structure of any member of the settlement scheme, including information on group structure, management, and shareholders; | |
| | |
| (e) the exchange of information on processes or arrangements that have a significant impact on governance or risk management standards in the settlement scheme; | |
| | |
| 9.**The chair** ~~**ESMA**~~ may invite additional participants to the discussions of the college on an ad hoc basis on specific topics. | |
| | |
| The members of a college other than ESMA may decide not to participate in a meeting of the college. | |
| | |

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| 10.The functioning of the college shall be based on a written agreement between all of its members. | |
| | |
| That agreement shall determine the practical arrangements for the functioning of the college, including the cadence of the meetings of the college, the modalities of communication amongst members of the college, and may determine tasks to be entrusted to them.’; | |
| | |
| (18~~7~~) Article 12 is amended as follows: | |
| | |
| (d) paragraph 1 is replaced by the following: | |
| | |
| ‘1. The competent authority for an investment firm operating a DLT TV or DLT TSS shall be the competent authority designated by the Member State determined in accordance with Article 4(1), points (55)(a)(ii) and (iii), of Directive 2014/65/EU.’; | |
| | |
| (e) the following paragraph 1a is added: | |
| | |
| ‘1a. The competent authority for a CASP operating a DLT TV or DLT TSS shall be the competent authority designated by the Member State determined in accordance with Article 3 (1), point (33) (f) of Regulation (EU) 2023/1114.’; | |
| | |
| (f) the following paragraph 2 is replaced by the following: | |
| | |
| ‘2. The competent authority for a market operator operating a DLT TV or DLT TSS shall be the competent authority designated by the Member State in which the registered office of the market operator operating the DLT TV or DLT TSS is situated or, if in accordance with the law of that Member State the market | |

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| operator has no registered office, the Member State in which the head office of the market operator operating the DLT TV or DLT TSS is situated.’; | |
| | |
| (g) the following paragraph 3a is added: | |
| | |
| ‘3a. The competent authority for a DLT notary and the DLT account keeper shall be the authority competent for the supervision of the entity that applied for the specific permission in accordance with Article 10a.’; | |
| | |
| (1**9** ~~8~~) Article 14 is amended as follows: | |
| | |
| (h) paragraph 1 is amended as follows: | |
| | |
| (1) the introductory wording is replaced by the following: | |
| | |
| ‘By 24 March 203**2**~~0~~, ESMA shall present a report to the Commission on:’; | |
| | |
| (2) point (a) is replaced by the following: | |
| | |
| ‘(a) the functioning of DLT market infrastructures throughout the Union and appropriate metrics describing their activities;’; | |
| | |
| (3) points (b), (d) and (e) are deleted; | |
| | |
| (4) point (h) is replaced by the following: | |

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| | |
| ‘(h) any risks, vulnerabilities or inefficiencies posed by the use of distributed ledger technology to investor protection, market integrity or financial stability;’ | |
| | |
| (5) point (j) is deleted; | |
| | |
| (6) point (k) is replaced by the following: | |
| | |
| ‘(k) any benefits and costs resulting from the use of a distributed ledger technology in financial markets;’ | |
| | |
| (7) point (n) is replaced by the following: | |
| | |
| ‘(n) the appropriateness of the thresholds referred to in Article 3, including the potential implications resulting from an increase of those thresholds, taking into account, in particular, systemic considerations and different types of distributed ledger technology; **and**’; | |
| | |
| (8) point (o) is replaced by the following: | |
| | |
| ‘(o) an overall assessment of the costs and benefits of the pilot regime provided for in this Regulation;’; | |
| | |
| (b) paragraph 2 is replaced by the following: | |
| | |
| ‘2. On the basis of the report referred to in paragraph 1 **of this Article**, the Commission shall, **within three months of receipt of that report**, assess | |

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| whether the pilot regime provided for in this Regulation should be integrated into other sectoral legislation and submit, where appropriate, a legislative proposal to the European Parliament and to the Council.’; | |
| | |
| (20 ~~19~~) Article 15 is replaced by the following: | |
| | |
| ‘Article 15 | |
| | |
| **Interim reports** | |
| | |
| Every two years ESMA shall publish interim reports in order to provide market participants with information on the functioning of the markets, to address incorrect behaviour of operators of DLT market infrastructures, to provide clarifications on the application of this Regulation and to update previous indications based on the evolution of distributed ledger technology. Those reports shall also provide an overall description of the application of the pilot regime provided for in this Regulation, 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 by 24 March 2028.’; | |
| | |
| (21 ~~20~~) Article 15a is inserted: | |
| | |
| ‘Article 15a | |
| | |
| **Exercise of the delegation** | |
| | |
| 1.The power to adopt delegated acts is conferred to the Commission subject to the conditions laid down in this Article. | |
| | |

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| 2.The power to adopt delegated acts referred to in Articles 3(7**a**) and 10(d)(10) shall be conferred on the Commission for an indeterminate period from [OP to put the date of entry into force of the amending Regulation]. | |
| | |
| 3.The delegation of power referred to in Article 3(7**a**) and 10(d)(10) may be revoked at any time by the European Parliament or by the Council. A decision of revocation shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force. | |
| | |
| 4.Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making. | |
| | |
| 5.As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council. | |
| | |
| 6.A delegated act adopted pursuant to Articles 3(7**a**) and 10(d)(10) shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of three months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by three months at the initiative of the European Parliament or of the Council.’; | |
| | |
| (**22** ~~**21**~~) Annex IV to this Regulation is added as an Annex to Regulation (EU) 2022/858. | |
| | |
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| | |
| Article 15 of MISP Regulation: | |
| | |
| *Article 15*<br>**Entry into force and application** | |
| | |
| This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*. | |
| | |
| Article 1 shall apply from [OP insert date = 12 months after the entry into force of this Regulation] with the exception of point (33). | |
| | |
| Article 2 shall apply from [OP insert date = 12 months after the entry into force of this Regulation], with the exception of point (15) as regards Articles 22a(2) and 22a(3) of Regulation (EU) No 648/2012. | |
| | |
| Article 3, points 2(a)(xiii), (15) and (16) shall apply from [*OP insert date = the day following the expiry of the first period of 5 years referred to in Article 27da of Regulation (EU) No 600/2014 with respect to the CTP for shares and ETFs*. | |
| | |
| Article 3, points (29) and (32) to (37) shall apply from [*OP insert date = 12 months after the entry into force of this Regulation*]. | |
| | |
| Article 3, point (30) shall apply from [*OP insert date = 24 months after the entry into force of this Regulation*]. | |
| | |
| Article 4 point (2)(a), (j) and (k), point (8), point (9) as regards Article 11(1) and (4) to (10) of Regulation (EU) No 909/2014, and points (11), (12), (13), | |

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| (21) and (26) shall apply from [*OP insert date = 24 months after the entry into force of this amending Regulation*]. | |
| | |
| **Article 8 shall apply from [OP insert date of when this Regulation enters into force] with the exception of point 15 of Article 8, which shall apply [OP insert date = 6 months after the entry into force of this Regulation].** | |
| | |
| Articles 5 to **7, 9 to**14 shall apply from [*OP insert date = 12 months after the entry into force of this Regulation]*. | |
| | |
| This Regulation shall be binding in its entirety and directly applicable in all Member States. | |
| | |
| ANNEX IV 'ANNEX LIST OF INFRINGEMENTS REFERRED TO IN ARTICLES 10(~~a~~ **c**) TO 10(e) | |
| | |
| Infringements relating to settlement schemes: | |
| | |
| ~~**(a) a DLT account keeper infringes Article 10b(2) by not complying with the requirements set out in Article 7(1), first subparagraph, Article 7(2), (4) and (5) and Article 7(6), first and second subparagraphs;**~~ | |
| | |
| ~~**(b) a DLT account keeper that provides CSD core services jointly with a DLT notary, a DLT SS, a TSS or a CSD operating solely under Regulation (EU) No 909/2014, infringes Article 10b(8) by not specifying its role and responsibilities in providing those services in a legally binding written agreement or by not notifying that written agreement to its respective competent authorities, together with clear information on which entity provides CSD core services for which DLT financial instruments, or categories of DLT financial instruments;**~~ | |
| | |

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| (**a** ~~e~~) a DLT account keeper infringes Article 10c(1) by not settling transactions only within a settlement scheme authorised under Article 10d; | |
| | |
| (**b** ~~d~~) a DLT account keeper infringes Article 10c(1) by not settling transactions only with other DLT account keepers that are part of the same settlement scheme; | |
| | |
| (**c** ~~e~~) a DLT account keeper infringes Article 10c(2) by not ensuring that **in the settlement scheme** all transactions are settled only with central bank deposits held with the central bank of issue of the relevant currency, that all transactions in DLT financial instruments that involve a cash leg are settled on a DVP basis, that ~~at least on the day of the settlement date,~~ the settlement scheme provides adequate settlement finality of transfers of cash and DLT financial instruments **in accordance with point (i) and (ii) of that Article,** and that the settlement scheme effectively manages its legal, business and operational risks; | |
| | |
| (**d** ~~f~~) a DLT account keeper infringes Article 10c(3) by not ensuring that the settlement scheme they are part of~~, and each DLT account keeper participating in the settlement scheme,~~ complies with the requirements under point (a) to (c) of that Article; | |
| | |
| (**e** ~~g~~) a DLT account keeper infringes Article 10c(4) by not identifying sources of operational risk to the functioning of the settlement scheme and minimising their impact; | |
| | |
| (**f** ~~h~~) a DLT account keeper infringes Article 10c(5) by not establishing, implementing and maintaining an adequate business continuity policy and disaster recovery plan to ensure the preservation of settlement activities within the settlement scheme and the timely recovery of its operations; | |
| | |

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| ( g ~~i~~) a DLT account keeper infringes Article 10c(5) by not identifying, monitoring and managing the risks that service and utility providers might pose to its operations; | |
| | |
| (h ~~j~~) a DLT account keeper providing banking services to its clients, related to the settlement activity within the settlement scheme, infringes Article 10c(6) by not complying with the specific prudential requirements for the credit risks set out in points (a) to (f) of such Article related to those services; | |
| | |
| (**i** ~~k~~) a DLT account keeper providing banking services to their clients, related to the settlement activity within the settlement scheme, infringes Article 10c(7) by not complying with the specific prudential requirements for the liquidity risks set out in points (a) to (e) of such Article related to those services; | |
| | |
| (**j** ~~l~~) a DLT account keeper participating in a settlement scheme infringes Article 10c(8) by not entering into a legally binding written agreement clearly specifying the roles and responsibilities of the DLT account keepers within the settlement scheme; | |
| | |
| (**k** ~~m~~) a DLT account keeper infringes Article 10c(8) by being a member of more than two settlement schemes **or by not ensuring that the** ~~**participating to a**~~ settlement scheme ~~**not**~~ comprise~~**d**~~ of at least two DLT account keepers; | |
| | |
| (**m** ~~n~~) a DLT account keeper infringes Article 10c(9) by not activating the transition strategy referred to in Article 10(e) or by not notifying ESMA of the activation of its transition strategy and of the timescale for the transition, where the aggregate market value has **exceeded** ~~**reached**~~ the amount specified under **that** Article ~~**3(3)**~~; | |
| | |

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| **(l o)** a DLT account keeper infringes Article 10c(9) by **admitting a DLT financial instrument to settlement that would result in the aggregate market value exceeds EUR 10 billion** ~~**not activating the transition strategy where the DLT financial instruments are transferable securities issued by SMEs and when the market value of those transferable securities reaches EUR 45 billion**~~; | |
| | |
| (**n p**) a DLT account keeper infringes Article 10c(10) by not reporting to ESMA on a monthly basis the information listed in points (a) to ( e) of such Article or by not reporting sufficiently detailed information to verify compliance of the settlement scheme and participating DLT account keepers with such Article; | |
| | |
| (**p r**) a DLT account keeper infringes Article 10d (**12**~~)~~ by not submitting to ESMA the information se**t** out in points (a) to(g) of such Article; | |
| | |
| (**q s**) a DLT account keeper infringes Article 10d (**12**~~)~~ by not notifying ESMA without undue delay of any material changes to the information previously notified about the settlement scheme; | |
| | |
| (**r t**) a DLT account keeper that joins the settlement scheme after the start of its operations infringes Article 10d (**12**~~)~~ by not submitting to ESMA information about the new composition of the settlement scheme at least one month before they begin settling DLT financial instruments; | |
| | |
| (**s u**) a DLT account keeper infringes Article 10e (**12**~~)~~ by not establishing and making publicly available a clear and detailed transition strategy for reducing the activity of a particular settlement scheme where required under points (a) to (c) or by not ensuring the transition strategy fulfils the requirements listed in Article 10(e) (2) and (3).'. | |
| | |

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