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WORKING DOCUMENT

From:	Presidency
To:	Working Party on Financial Services and the Banking Union (Digital Euro Package) Financial Services Attachés
Subject:	Digital euro - Presidency discussion note on Internation use, WP 11.04.2025 - Replies by 20 MS

Digital euro - Presidency discussion note on Internation use (WK 3949/25) Deadline: ***11 April 2025***
From: AT, BE, CZ, DE, DK, EE, EL, ES, FI, FR, HR, IE, IT, LT, NL, PT, RO, SE, SI, SK **Updated: 02/05/2025 10:54**

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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!

Discussion on international use (WK 3949/25)	MS comments
2. Acceptance of digital euro payments by merchants outside the euro area (Article 3, Article 12a, recital 48a)	NL (MS comments): **NL general comment**: Even though this part of the discussion may be particularly significant for non-Euro Area Member States, it also requires us to find a balance between proportionality and the level playing field on our internal market. This will be elaborated in question 4. We would welcome continuing the discussion on question 4 at a later stage at the expert level, following a proposal by the PCY or European Commission for proportional treatment of non-Euro Area PSPs active in Euro Area Member States.

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Q1. Do you agree with the amendments proposed in this section? If not, please provide drafting suggestions, especially for the definition of 'merchant'.	AT (MS comments): We agree with the term 'citizen of the Union" in Art 12a(f). In terms of allowing merchants outside the euro area to receive digital euro payment transactions, we would tend to refer to enterprises as defined in the LTCR. The purpose of this amendment is to cover all businesses to accept the digital euro in the same way as they are able to accept euro cash payments today. BE (MS comments): We agree, but we wonder how this can include governments and public institutions. CZ (MS comments): *We support the direction of travel. However, we are considering whether the term for acceptor should not be chosen more neutrally (or clarified in recital), the proposed definition does not exclude that merchant would be also a public authority selling goods and/or providing services (which we agree with), the term "merchant" is generally perceived as business..* DE (MS comments):

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	• First of all, we want to thank the PCY for preparing the new wording, which addresses some of the concerns raised by MS and CLS during January's CWP meeting. • Overall, we would welcome receiving a comprehensive draft text of this Chapter VI on the basis of which we would provide further drafting suggestions, if necessary. Article 12a(f) • We support the proposed amendments, but should **make sure that self-employed individuals are still covered**. It is our understanding, that self-employed individuals not necessarily adopt the form of a legal entity and thus must form part of the user group of citizens. Recital 48a • We can support the proposed amendment. Article 2(10a) • Although we welcome the inclusion of a definition of the term 'merchant' for the sake of legal clarity, we are do not agree with the concrete wording yet. We wonder whether it is the adequate approach to define the term only with a view to the passive side of

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	payments transfers. From our point of view, merchants could also act as payers within the digital euro ecosystem. • Therefore, we suggest to focus the definition on whether a natural or legal person buys, sells or brokers goods or services as part of a commercial activity. We would support a wording along the following lines: *Merchant means any natural or legal person who, in the course of its commercial activity, buys, sells or brokers goods or services on its own or another person's account.* • Finally, one general remark on the extension of the acceptance of the digital euro in non-EA member states and third countries: While we are open to such expansion, we believe that – with a view to financial stability – a zero holding limit for such merchants should be established in the legal text. DK (MS comments): Denmark would like to thank the Presidency for its efforts to improve legal clarity in these provisions regarding acceptance of digital euro payments by merchants outside the euro area. However, Denmark has some further comments regarding art. 12a(f) and 2(10a):

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	Regarding art. 12a(f): Denmark notes that the amended Article 12a(f) broadens the category of non-euro area users and may create overlap with other provisions, such as Article 12a(c). In addition, it may be difficult for PSPs to verify whether a user is in fact exercising their free movement rights. Regarding art. 2(10a): Denmark supports the introduction of a definition of 'merchant', which links the term to an acquiring agreement. To enhance legal certainty, Denmark suggests specifying in the recitals that such agreement must be explicit, to avoid the unintended inclusion of passive recipients. For an example by introducing this sentence:" *A merchant shall be considered to have contracted acquiring services only where an explicit agreement to receive digital euro payments exists.*" EE (MS comments): EE: We agree, a proportional approach is needed. EL (MS comments): El: Yes, we could agree with the proposed amendments. On the definition of 'merchant', as a general comment, we could keep the definition more

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	generic and less strict so as to be future proof. We should also not deviate from other definitions of 'merchant' to ensure a coherent approach. ES (MS comments): - We think that having a definition of merchant in an article 2(10a) linked to the definition of MSC in article 2(24) could be useful in order to determine the persons who will be subject to a zero HL, those who will be subject to mandatory acceptance (with possible exceptions) and those who charge a MSC that might be subject to caps. This definition could be specific for the DER (not usable for other legal texts) and should include both legal persons and self-employed natural persons and clarify whether only private or also public persons would be included. - We think that introducing clearly in the text that merchants would have a 0 HL would make the wording simpler and we would encourage to introduce the 0 HL as part of the definition of merchant. A 0 HL for merchants and allowing them to receive D€ payments, would allow to only mention natural persons acting as consumers in articles 18, 19 and 20, articles that require an

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	arrangement, a prior agreement and a monetary agreement, respectively, for users to be able to receive D€ services. - Given that the 0 HL is not included in the text, leaving this option open, we see the need to cater for different scenarios, given the possibility that the HL for merchants can be set above 0. In this case: • For article 12a(f): we pre er the mention to citizens than to natural persons. The reference to legal persons should be complemented with a reference to self employed natural persons. Another alternative could be to talk about merchants, using the aforementioned definition. • We would agree with the wording of Article 20 and recital 48a - We consider that, if we are supporting the possibility for merchants outside the EA to receive D€ payments without holding D€, this should not only be included in recital 48a, but **there should also be a provision in the legal text**. Such a provision should be included within Chapter VI on distribution of the digital euro outside the euro area. We suggest to include it before art. 18. A reference could be made to merchants if, in the end, the

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	definition of merchant is maintained. Find hereunder a drafting suggestion: • *Article 17a. Reception of digital euro payments without holdings* *Unless a non- euro area country prohibits it, merchants in third countries and in Member States whose currency is not the euro shall be allowed to receive digital euro payments without holding from users in Article 12a.* FI (MS comments): Yes FR (MS comments): We agree with the amendments proposed. Now that all EU citizens would have access to the digital euro when they exercise their right of free movement in the euro area, we are sceptical about the relevance of the provision on tourists. This provision only aims at people residing outside the EU, since EU tourists are covered by point f. The access to the digital euro requires to open a bank account to be able to fund the digital euro account. It seems to be a heavy procedure for a tourist. Besides, we don't

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	know what would become the digital euro account once the tourist has left the euro zone. It seems simpler and safer to withdraw that provision. We'd like to add that the provision on tourists is also in the regulation on the distribution outside the euro area. We do not understand the rationale of this provision in that regulation: how could a PSP established in a non-euro member state deal with someone visiting the euro area? Lastly, we repeat that the two regulations on the digital euro allow PSPs in the EU to distribute the digital euro to people residing in countries under a monetary agreement with the ECB. We'd like to ask the Commission if a provision is needed on the distribution by PSPs in those countries. HR (MS comments): Yes, we agree with the amendments proposed in Article 12a(f). Regarding the definition of the "merchant" we find that acquiring services are not always required for receiving digital euro payments (e.g. through PIS providers). IE (MS comments): IE notes the further amendment to Article 12a(f), particularly the reintroduction of "Citizens of the Union" in place of "natural persons"

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	While acknowledging the views expressed by a limited number of Member States and the comments from the CLS, IE continues to support the retention of the term "natural persons" in this provision. This approach ensures greater consistency with the terminology used throughout the regulation, such as in Article 18 and 19 . IE notes the amendments to Article 12a(f) following the January CWP but has one suggestion, see below in bold underline. "…Natural and legal persons who reside in a Member State whose currency is not the euro or in a third country, and natural and legal persons established in a Member State whose country is not the euro **or in a third country,** where those citizens or legal persons exercise their free movement rights in a Member State whose currency is the euro…" Ideally, the definition of "merchant" should be one that is used in other relevant EU legislation such as the Payment Services Directive, or the Interchange Fee Regulation. IE suggests seeking advice from the CLS on whether the definition is used in other legislative instruments or whether the definition itself is warranted, noting that the definition is not legally applicable to "merchants" outside the EU. CLS should consider whether the definition does not impact other legal requirements.

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	The definition must make clear that a merchant is not only a natural person or a natural person acting in a personal capacity. IT (MS comments): Yes, we agree. LT (MS comments): We can agree with the proposed suggestion regarding Art 12(a)f. However, in the interest of promoting inclusivity (e.g. refugees) and alignment with the way cash is currently used in practice, we would prefer the use of the term "residents of the Union". We do not support the introduction of the new provision in Art 2(10a) concerning the definition of merchant. In our view, the existing definitions of "payee" and "merchant service charge" are sufficient to ensure the effective applicability of the digital euro regulation. Furthermore, we consider it is important that these definitions would be harmonized across all relevant Union payment legislation, including PSD2, IFR, and others. We agree with the proposed suggestion on recital 48a. NL (MS comments):

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	NL comment: In general we agree with the proposed amendments in this section. We were only wondering if the proposed definition of 'merchant' is specific enough, or whether it requires mentioning that acquiring services are contracted to accept legal tender *in exchange for goods or services*. However, if the Council Legal Services agrees with the definition, it is fine for us. PT (MS comments): While we generally support introducing a definition of "*merchant*" or "*business*", our doubts arise from the proposed perspective – specifically, the conclusion of acquiring services. We question whether it would be more appropriate to refer to "*business*", instead of "*merchant*" in this context. RO (MS comments): We agree with the amendments and with the proposed definition of merchant. SE (MS comments): Regarding art.20 we agree with the proposed way forward.

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	Regarding art. 12a (f), if the wording legal persons, using their free movement rights supplying goods and services, we are content with it covering merchants in non -euro countries, for example e-commerce, being able to receive d-euro payments when they provide goods and services to the euro countries. Then we don't see a need to using the reference to merchant in this aspect (as it was proposed in the January presidency note). We think it should be clarified in the regulation text, in this article. what the recital says that this category in 12 a (f) should not be able to hold digital euros. A suggestion is to add: **Legal persons residing or established in a Member state whose currency is not the euro, shall not be allowed to hold digital euros.** If there is still the intention to have a specific paragraph regarding non-euro merchants as well as legal persons in 12a (f), it needs to be clarified in the recitals if there is an overlap in these categories. Since the ones in 12a (f), at least in theory, could be allowed to hold d-euros while the non-euro merchants would not be able to. If not clarified that might lead to

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	problems in implementation since a legal person could fall under both categories. SI (MS comments): We consider it is crucial to proceed carefully when introducing new legal text into the DER. Could this definition be interpreted as excluding merchants who themselves provide acquiring services (e.g. Amazon)? Furthermore, is the definition fully aligned with the framework established under PSD3? SK (MS comments): In general, we support the possibility of the merchants from non-euro MSs to accept Digital euro payments.
3. Distribution of the digital euro in Member States whose currency is not the euro (Article 18)	
Q2. Do you agree with the amendments proposed in this section? If not, please provide drafting suggestions, especially for the definition of 'distribution of the digital euro'.	AT (MS comments): We agree with the clarifications in Art. 18. The separate reference to dEUR holdings in para. 2 (b) (ii) ["digital euro payment services,

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	including digital euro holdings], seems ambiguous and we suggest to remove this term. As for the new definition on Art. 2 (8a), we suggest to delete the term "as well as services enabling to receive digital euro payment transactions" as this term is already included in Annex I. BE (MS comments): Yes, we agree. CZ (MS comments): *We support the direction of travel, but consider crucial that DER specifies in detail, which are the „national legal provisions that are necessary to ensure respect, insofar as is relevant, of the provisions of this Regulation".* DE (MS comments): Article 18 • While we certainly aim to accommodate the desire for more clarity on the requirements for international use under Article 18,

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	we wonder whether the far-reaching amendments proposed by the PCY are indeed warranted. • Based on our current understanding, our main concerns are: o First, we would like to emphasize once again that while we understand the concern of non-EA member states with regard to the institutional independence of their central banks, we are not sure how exactly an arrangement between the ECB and non-EA central bank could be enforced in practice. Therefore, **we propose to revert to the original wording of Article 18 (2b)** which stipulates that non-**EA member states must ensure compliance** with the requirements listed under (i) and (ii). o Second, we are also concerned that Article 18 (2bi.) now only refers to "the rules, guidelines, instructions or requests issued by the European Central Bank […] as outlined in the arrangement" instead of any such rules, guidelines etc. It is our clear understanding, that **compliance with all rules, guidelines, instructions or requests issued by the ECB must be fully ensured** in the interest of consistency in the digital euro's framework. We

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	believe this should also apply to such rules, guidelines, instructions or requests issued by the ECB only after the arrangement was finalized, as otherwise, a consistent evolution of the digital euro framework would no longer be feasible. ○ Third, we wonder whether a detailed **enumeration of the minimum elements** to be specified in the arrangements in both Article 18 (3) is truly necessary. It is our understanding, that it would be sufficient if the arrangements would contain the obligation by the central banks of the non-EA member states to abide by any rules, guidelines, instructions, or requests issued by the ECB in relation to the digital euro. At least, it should be specified that the main rights and obligations may include but should not be limited to the points listed in Article 18 (3): *The arrangement referred to in paragraph 1 shall specify the main rights and obligations of the contracting parties, including* ***but not limited to*** *the…* • As a consequence, we currently do not fully support the amendments in Article 18.

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	Article 2(8a) • Since Article 2(8) defines the term 'digital euro payment service', it would be **sufficient, in our view, to refer to the 'provision of digital euro payment services' instead** of 'distribution of the digital euro' throughout the proposal. This would be **preferable** in order to streamline the regulatory framework. DK (MS comments): Denmark supports the proposed clarifications and see them as an important step towards ensuring legal certainty for all parties involved. EE (MS comments): EE: We agree. EL (MS comments): El: No strong views on the amendments. On the definition of 'distribution of the digital euro' , as a general comment, we could keep the definition more generic and less strict so as to be future proof. We should also not

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	deviate from other definitions of 'distribution of the digital euro' to ensure a coherent approach. ES (MS comments): We agree with the clarifications made in article 18 to ensure that the national law is modified after signing the agreement, being a condition for the entry into force but not for the signature. We can agree as well with the clarifications regarding the relevant requirements. We do not oppose to defining the term "distribution" within the Regulation. We, however, are unsure of the clear value added. We could replace the references by provision of digital euro services. If we decide to introduce it, we are unsure if it will be necessary to include the sentence "as well as services enabling to receive digital euro transactions", especially if in the end it is decided to include a definition of basic digital euro acquiring services. FI (MS comments): Yes FR

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	(MS comments): We agree. HR (MS comments): We agree with the amendments proposed in Article 18. We would appreciate clarification of the last part of the new definition in Article 2(8a) which reads: "as well as services enabling to receive digital euro payment transactions". IE (MS comments): IE supports the proposed amendments and has no suggestions on the definition of "distribution of the digital euro". IT (MS comments): We agree with and welcome the definition of distribution. We have some concerns, instead, as regards the wording of Art. 18(2)(b)(i). In particular, the reference to "as outlined in the arrangement", seems to limit the requirement of compliance by the NCB only with the specific ECB D€ rules, guidelines, instructions and requests, set out in the agreement. We fear that the wording proposed could open the possibility of negotiating locally which ECB D€ rules, guidelines, instructions and requests that the

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	NCBs are requested to apply. We believe such a compliance should be guaranteed, in general, with respect to all the ECB D€ rules, guidelines, instructions and requests. Therefore, we would suggest dropping the words "as outlined in the arrangement" from the draft. LT (MS comments): We agree with the Presidency's suggestion on Art 18. We do not support the proposed new provision in Art 2(8a) concerning the definition of "distribution of the digital euro", as we consider that the annex on the digital euro payment services, together with annex on the basic digital euro payment service, provide a sufficient framework to ensure the distribution of the digital euro. NL (MS comments): **NL comment**: Yes we agree with the proposed amendment. PT (MS comments): For the moment, we do not have any comments regarding the proposed drafting suggestions.

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	RO (MS comments): We agree with the amendments and with the proposed definition of 'distribution of the digital euro'. SE (MS comments): Yes. SI (MS comments): The formulation *"services enabling to receive digital euro payment transactions"* appears to be redundant, as this service is already encompassed within the scope of *"basic services"*, as defined in Annex II of the Regulation. Since the receipt of digital euro payments constitutes a core element of the basic services, it is not necessary to list it separately in the definition. For the sake of legal clarity and conciseness, it would be preferable to retain only the reference to *"basic services"*, which already covers such functionality. The use of the conjunction *"and"* in the current proposed definition mean that payment service providers would be obliged to offer both basic **and** additional digital euro services as part of the distribution of the digital

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	euro. However, as indicated by their very designation and the regulatory framework, additional services are optional and not mandatory. Only basic services are subject to mandatory distribution. Therefore, in order to properly define CI's obligations, the definition should distinguish between the mandatory nature of basic services and the optional nature of additional services. We propose revised legal definition: *'Distribution of the digital euro' means provision of basic digital euro payment services and, if offered, additional digital euro payment services.* SK (MS comments): We agree.
4. Distribution of the digital euro to natural and legal persons residing or established in third countries (Article 19)	
Q3. Do you agree with the amendments proposed in this section?	AT (MS comments): Yes, we agree.

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	BE (MS comments): Yes, we agree. CZ (MS comments): *We are not against the proposed wording.* DE (MS comments): • Based on our current understanding, we support the proposed amendment in Article 19(3b). • We also agree that Articles 18 and 19 should be aligned as closely as possible. Comments on the wording in Article 18 therefore apply equally to Article 19. EE (MS comments): EE: We provisionally agree but would welcome an overview of the scope as discussed during the Council Working Party of 1 April 2025. EL (MS comments):

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	El: No strong views. ES (MS comments): Yes. FR (MS comments): We agree. IE (MS comments): IE agrees with the proposed amendments to Article 19 to incorporate the inclusion of a reference to Article 31 of the AMLR. IT (MS comments): Yes, we agree. LT (MS comments): We agree NL (MS comments):

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	NL comment: Yes, good idea to add the cross-reference to Article 31 of the AMLR. PT (MS comments): For the moment, we do not have any comments regarding the amendments proposed. RO (MS comments): We agree. SE (MS comments): Yes. SK (MS comments): We agree.
6. Article 4(1) of the Article 114 TFUE proposal	
Q4. Do you agree with the approach presented by the Presidency?	AT (MS comments):

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	We agree to delete the reference to Art 14 (1) DER, but remain open for alternative proposals (e.g. a de-minimis rule in form of an absolute/relative number of EZ customers of Non-EZ credit institutions). BE (MS comments): Yes, we agree. CZ (MS comments): *We support deleting the reference to Art. 14 (1).* *During the meeting EC stated, that art. 3 of the third regulation (applicable for NEAMS) would not be interpreted as a possibility (current wording include „may" provision and would be changed).* ***CZ strongly disagree with this interpretation; it is clearly the option.*** *For NEAMS it is very important issue, it is desirable to clarify what would be the purpose of the provision, what we want to achieve and how would be the proposal changed for the sake of a legal clarity.* *It should be the case that only those PSPs that are* ***located*** *in the Eurozone [a) incorporated, b) providing services through a branch or c) on the basis*

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	of freedom to provide services] are obliged to provide digital euro services. For example, CZ can agree with the approach that a branch (of a PSP incorporated in CZ) established in Eurozone is obliged to provide services in digital euros in Eurozone. However, PSP ***located*** *outside the eurozone [a) incorporated, b) providing services through a branch or c) on the basis of freedom to provide services] is not obliged to provide services in digital euro; it is only the possibility for PSP. This is crucial issue. We recommend the inspiration in Article 16 (2) SEPA regulation (the provision uses the word located). It is the case that one PSPs can be located in several MSs; e. g. PSP incorporated in CZ (located in CZ) with a branch in SK (the branch is located in SK) and providing payment services in AT on the basis of freedom to provide services (located in AT). In this case the PSP could be obliged to provide digital euro services in SK (through branch) and in AT (if providing services in AT), however, the PSP is not obliged to provide digital euro services in CZ.* *We would like to raise a question regarding to the interpretation of the used terms. In DER (e.g. art. 18) is used the term „residing/established", but in a third regulation for NEAMS (e.g. art. 3) is used „incorporated". For the sake of a legal clarity, we would like to ask if it is intended to interpret them*

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	in a same way and are only used differently or not? At least relevant recitals should clarify the meaning. *Regarding interpretation home/host compliance (art. 6 DER), PSD regime would applied also for digital euro services, would be any link?* DE (MS comments): Article 21 • During the CWP meeting in January, we raised the question whether the scope of Article 21 (1) might be more broadly defined than necessary. While we understand the necessity for prior arrangements in the case of elaborate interoperability schemes, such as “Interlinking” or “Single System” approaches, we do not see why they should be a necessary precondition for the use of rather simple mechanisms such as the traditional correspondence banking system. We still would appreciate further insights into this matter. • With respect to Article2(2), we would like to reiterate our call for maintaining a clear mandate for the ECB to cooperate with national central banks of non-EA member states, as included in the

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	original COM proposal. We reject the changes introduced by the BEL PCY (changes from "shall" to "may"). <u>Article 4(19 of the Article 114 TFEU proposal</u> • We reserve further comments on this issue. Generally, we believe it is pertinent to discuss first the distribution model foreseen in Articles 13 and 14. Only if the policy objectives have been cleared, we see the necessity to align the provisions with the Art. 114 Proposal. • Based on an initial, provisional assessment, we are inclined to support COM's call for a level playing field between credit institutions within and outside the Euro Area: o First, we do not see the contradiction to Article 3(1) 114 TFEU proposal as claimed by the PCY, as Article 13 DER equally only foresees the possibility of service provision ('may'), while Article 14 DER grants a right to natural persons (or more appropriately, consumers) in relation to the credit institutions with which they already have customer relationships. In this regard, the Article 114 proposal merely replicates the situation.

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	○ Second, it seems inconsistent to introduce an acceptance option for non-EA merchants to ensure a level playing field, but not to also establish corresponding distribution obligations for non-EA credit institutions in return. ○ In sum, we would encourage the Commission to present in writing the proposal that was outlined orally during the CWP, i.e. introducing a threshold which would set out when an obligation to distribute would apply to non-Euroarea PSPs. DK (MS comments): Denmark would like to thank the Presidency for raising this important and principled issue. Denmark strongly supports the Presidency's approach and share the view that the described interpretations of article 4(1) of the Article 114 TFEU proposal and its reference to Article 14(1) DER) creates legal ambiguity. From a Danish perspective, the Commission's interpretation, which implies that non-euro area credit institutions will be required to provide digital euro services upon request from clients that are euro area residents, represents a new and far-reaching understanding. This interpretation has not previously

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	been presented in the negotiations, is not reflected in the wording of the proposal, and cannot be inferred from the impact assessment. The proposed interpretation risks imposing disproportionate obligations on non-euro area credit institutions. As an example, a credit institution with no substantial presence or activity in the euro area could be required to join the digital euro scheme (with all the operational and compliance burdens this entails) solely because a client moves from a non-euro area Member State to a euro area Member State and requests access to digital euro services. It is noted that such an approach challenges legal certainty by introducing obligations not clearly reflected in the legal text or preparatory documents. [It also raises concerns about the legitimacy of using Article 114 TFEU as a legal basis, as it indirectly extends euro-specific obligations to non-euro area Member States through a reference to a regulation based on Article 133 TFEU.] Denmark therefore strongly supports the removal of the reference to Article 14(1). This is the only way to clearly reflect the original reading of the provision and maintain consistency with the legal framework and the status of the euro outside the euro area. In addition, Denmark believes it is essential to clarify in a recital that Article 4(1) of the Article 114 TFEU proposal applies only to credit institutions that have voluntarily decided to offer digital euro services. This would provide legal clarity and help avoid future interpretative disputes.

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	Regarding article 6, Denmark also finds it unclear how cooperation between national competent authorities and the ECB is expected to function in practice. This particularly regarding the division of responsibilities between authorities. Denmark would welcome further clarification on how this cooperation is intended to work in practice. Denmark also requests further clarification as to whether other references in Article 4(1), notably to Article 13 and Chapters V and VII to IX of the digital euro regulation, could have similar unintended effects as the reference to Article 14. Clarifying that these provisions only apply following a voluntary decision would be fully consistent with the arguments made by the Presidency regarding Article 14(1). Denmark would like to emphasise that a solution is not only necessary from a legal and operational point of view, but also from a political one. Without a clear and proportionate legal framework, there is a serious risk that credit institutions in non-euro area Member States may be discouraged from participating in the digital euro ecosystem altogether. Denmark expresses concern that the European Commission's failure to present a key interpretation of a proposed regulation after more than 1.5 years does not align with the principles for better regulation, including ensuring legal certainty, predictability, and transparency. By omitting this crucial interpretation from the initial impact assessment, the Commission risks undermining its commitment to clear and evidence informed policymaking. Denmark hopes this issue can be addressed and resolved with the Commissions proposed solution.

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	Finally, Denmark recognises some of the concerns presented by the Commission, and we remain open to exploring solutions that can address our concerns while safeguarding legal clarity and Member States' competences. EE (MS comments): EE: In general terms, balance needs to be struck between equal treatment and proportionality. In the legal text, legal clarity needs to be strengthened (e.g. what are the obligations of non-euro area banks). If PSP has significant business and client base in the euro area, then there should be equal treatment with euro area PSPs. In the euro area, it must be ensured that customers of a non-euro area PSP active in the euro area can use the digital euro service if they wish to. EL (MS comments): El: No strong views. ES (MS comments):

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	We consider it is important to protect the correct functioning of the single market and to ensure wide accessibility of D€ for euro area residents. For this reason we believe that EU PSPs serving EA clients should have the same obligations. The main criterion should be the type of client being served. In any case, we understand that this approach can generate disproportionate burdens for non-EA credit institutions whose main activity is focused outside the EA (for instance, credit institutions with very few EA clients, and without branches in the EA that does not actively target clients in the EA). For this reason, we believe that it is crucial to complement this obligation to provide D€ services of art. 14(1) DER with activity thresholds, that ensure that the obligation is proportionate. These thresholds could be explored, e.g.: the presence of physical branches in the EA; a percentage of EA clients from all its clients (to see the importance of the EA market for the institution); a percentage of the clients of an EA MS from all the clients of that MS (to see the importance of that bank for the residents of a EA MS). FI (MS comments):

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	In our opinion, this part requires further discussion and elaboration. We would support an approach that would guarantee a level playing field while taking into account the principle of proportionality. Finnish market is characterized by a relatively strong presence of branch of a credit institution that is established in a non-euro area member state. This branch serves a quite large number of Finnish customers, who e.g. have payment and savings accounts in this bank in euro currency. We would find it dis-proportionate, if such branches that serve a large customer base would be exempted from the obligation to provide digital euro services. On the other hand, we do not need to see the need impose this obligation on credit institutions or payment institutions that are established in non-euro area member states and who serve only a small number of customers in an euro area member state. We believe a solution can be found and we are looking to forward to see the Commission's suggestions on this matter. FR (MS comments):

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	We fully support the approach of the Presidency, all the more so since we still have reservations on mandatory distribution, even inside the euro area. HR (MS comments): We agree that there is no need to further amend Article 21 and we agree with opinion of the most MS that cross-currency payments refer to digital euro and other CBDC or potentially commercial bank money. IE (MS comments): IE supports the Presidency's approach. Non-euro area PSPs should be able to provide digital euro payments services should they wish. This practice currently happens with euro accounts being provided by non-euro area PSPs. IE notes the discussion at CWP at which the Commission suggested that credit institutions above a certain size or market share should be required to provide digital euro accounts, regardless of the Member State in which they are licensed. IE is open to further discussion on this issue, subject to more detail being provided by the Commission.

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	IT (MS comments): Our interpretation of article 4(1) of the 144 proposal is the following. Article 4(1) should be read as meaning that the credit institutions that are in a Member State whose currency is not the euro can freely decide to provide digital euro services. If they decide to provide those services, as a consequence, they will be obliged to offer them to any of their clients residing in the euro area that request them. On the contrary, a credit institution incorporated in a Member State whose currency is not the euro that does not want to provide digital euro services is not at all required to offer them to anyone. In other words, such banks can either decide to offer digital euro services, and then have to do so to all their clients residing in the euro area; or decide not to offer digital euro services, and then have no obligation whatsoever in this respect. However, taking into account the Commission and CLS view during the last CWP, we support the need to further clarify the text to reach a common understanding. If needed, we are open to evaluate any proposal from the Commission that takes into account the need to establish a proportionate approach.

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	LT (MS comments): We are of the view that the principle of proportionality should be applied in relation to credit institutions established in non-euro area Member States. Specifically, where such an institution provides payment services within the euro area, it should be required to distribute the digital euro. Conversely, where a non-euro area credit institution does not provide payment services within the euro area, it may distribute the digital euro and remain subject to the general provisions of the applicable legislation. NL (MS comments): **NL comment**: We understand both the Commission's and the Presidency's view on this issue. As the Presidency argues, it indeed seems disproportionate to require non-Euro Area PSPs to offer digital euro services if they are active only or almost only in non-Euro Area Member States and they have only a very small group of clients residing or established in the euro area requesting these services. However, we would like to prevent a potential unlevel playing field on the internal market, which could materialize if non-Euro Area PSPs service

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	substantial groups of consumers in the Euro Area and compete with Euro Area banks, without having to invest in the digital euro infrastructure. It should not be a competitive advantage in the European Union to service consumers in the Euro area from outside the Euro area. Perhaps a solution could be found by specifying for which non-Euro Area PSPs we deem the requirement disproportionate and for which ones we do not, i.e. by specifying a threshold based on the amount of Euro Area clients a non-Euro Area PSP has. This threshold could for example be based on a percentage of market share in the euro area or in a euro area member state, on an absolute number of euro area resident consumers using the services of the non-Euro Area PSP, or a percentage share of all of the PSPs consumers being a euro area resident. We are open to any other possible suggestions by the Commission/Presidency to find a balance between the necessary level playing field and proportionality. PT (MS comments): We believe that before Member States can determine their positions on this issue, the Commission needs to provide clarifications on the initially proposed regime.

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	RO (MS comments): We support the Presidency's approach. Given the likely low demand for digital euro services in non-Euro Area member states, obligating non-Euro Area PSPs to invest in these services at the request of a single user, resident of a Euro Area MS, could lead to high prices and face resistance from the market. This being said, we have also taken note of the Commission's mentions and look forward to their proposed amendments. SE (MS comments): As a non-euro member state, we deem it very important that the distribution of digital euro through non-euro area credit institutions and PSPs should be done on a voluntary basis as a mandatory obligation would be an unproportionate burden and entail incongruous costs. Many examples could be made in Sweden where a small credit institution would face the risk of needing to set up a structure of distribution of digital euro services for a small number of clients that are customers of a branch of the same institution of a home country within the eurozone (or with a Swedish credit institution in Sweden while residing in the euro

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	zone). Of course, the customers in this example would need access to digital euro services in their home country. In light of the above, we support removing the reference to Article 14(1) and the Presidency's approach here. But are also open for discussion. Could an alternative be to tie the obligation to a territorial scope or where the institution/branch is operating? Like the territorial scope of legal tender status set out in art. 8? SK (MS comments): We support the argument that non-euro area credit institutions and payment service providers should be able to freely choose whether or not they would like to provide digital euro services.
end	AT (MS comments): ***end*** BE (MS comments): ***end*** CZ

Discussion on international use (WK 3949/25)	MS comments
	(MS comments): ***end*** DE (MS comments): ***end*** DK (MS comments): ***end*** EE (MS comments): ***end*** EL (MS comments): ***end*** ES (MS comments): ***end*** FI (MS comments): ***end*** FR

Discussion on international use (WK 3949/25)	MS comments
	(MS comments): ***end*** HR (MS comments): ***end*** IE (MS comments): ***end*** IT (MS comments): ***end*** LT (MS comments): ***end*** NL (MS comments): ***end*** PT (MS comments): ***End*** RO

Discussion on international use (WK 3949/25)	MS comments
	(MS comments): ***end*** SE (MS comments): ***end*** SI (MS comments): ***end*** SK (MS comments): ***end***