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**WK 14028/2025 INIT**

**LIMITE**

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## **WORKING DOCUMENT**

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<b>From:</b>	Presidency
<b>To:</b>	Working Party on Financial Services and the Banking Union (Digital Euro Package) Financial Services Attachés
<b>Subject:</b>	Presidency discussion note on strengthening resilience and preparedness of European retail payment landscape by digital euro, WP 18.07.2025 - Replies from 19 MS

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WK 14028/2025 INIT

**LIMITE**

**EN**

**DK PCY Questionnaire following the Digital Euro WP 18 July 2025**

**From: EL, EE, DE, CZ, CY, AT, SK, SI, RO, PT, PL, NL, LT, IT, IE, HR, FR, FI, ES**

Deadline: **31.07.2025**

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Thank you for your cooperation!

<b>DK PCY Questionnaire</b>	<b>MS Comments</b>
<b>Presidency discussion note on strengthening resilience and preparedness of European retail payment landscape by digital euro WK 9763/2025</b>	EL <b>(MS Comments):</b> <b>EL:</b> As a general comment, we agree with the Danish Presidency's stance on the topic. We are happy to see that drafting suggestions take on board our comments in the previous CWP meetings and the written procedures under the Polish Presidency, including that that there is a need to frame these new proposals in a legally sound way and that any measures to ensure continued availability of payments services using the digital euro, including the possibility

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	<p>of a temporary increase in offline holding limits should respect the digital euro overall holding limit.</p> <p>EE (MS Comments):</p> <p><b>It is key that the digital euro is introduced in a way that makes it an innovative and attractive means of payment and ensures the resilience of payment services in exceptional situations. This could provide real added value compared to current payment solutions, largely dependent on service providers outside Europe. However, in the event of failures and the context of digitalised societies, we should not necessarily revert to cash if exceptional circumstance occurs. We should seriously consider the digital society and the threats prevailing in the current global situation. In addition, other disruptions can occur, as shown recently in Portugal and Spain.</b></p> <p><b>Given our objective to promote the wide use of the digital euro in normal times, it is natural to expect that the digital euro ecosystem is functioning at least to a reasonable extent in exceptional circumstances. Therefore, we need constructive legal drafting and pragmatic technical solutions. In general, that means robust offline digital euro with sufficient default holding limit from the first issuance of the digital euro, but also to ensure</b></p>

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	<p>that online digital euro is designed in a way that provides functionalities that the private sector solutions cannot supply in the emergency (even when some of the functionalities could be implemented only in the longer run if we decide so). Therefore, it is important that the Regulation includes clear principles and expectations for the scheme and is ambitious enough.</p> <p>AT (MS Comments): <b>General comment:</b> The proposed resilience measures appear as useful in crisis scenarios and are very much welcomed. We want however to reiterate that such resilience measures remain optional and under the sole initiative of Member States.</p> <p>NL (MS Comments): <b>NL:</b> In policy discussions, many arguments are used to explain why we should support a digital euro. To us, the most convincing argument is to increase the resilience and strategic autonomy of European payments. As the use of cash in the Netherlands has declined to 20% of transactions, and since the Netherlands does not have a national payment scheme anymore, the digital euro could materially contribute to our resilience and autonomy.]</p> <p>FR (MS Comments):</p>

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	<p>We have noted its ambition to reach a general approach by the end of the six-month period. To achieve this objective, we reiterate the imperative need for an analysis of the costs of this project for the Eurosystem, for banking and non-banking PSPs, for EU merchants and, lastly, for governments in terms of financing accessibility and tax collection.</p> <p>We are also asking for studies on the impact of the digital euro on financial stability in the event of a bank run and on the additional refinancing costs that the fall in deposits would cause in normal times for banks. We also need to examine the impact on their decline in business and secure the possibility of charging account package fees.</p>
<p><b>-Definition of exceptional circumstances and specific measures</b></p>	
<p>Q1. Do Member States agree with the proposed drafting suggestions to Article A and its accompanying recital?</p>	<p>EL  <b>(MS Comments):</b>                      EL: In principle, we agree with the proposed drafting suggestions. We also suggest adding in Article A letter a) 'raising offline digital euro holding and transaction limits' the phrase: '<b><u>within the overall holding limit</u></b>'.</p> <p>EE  <b>(MS Comments):</b>                      EE: We support the proposed drafting suggestions. We are open to include a separate definition on the exceptional circumstances.</p> <p>DE  <b>(MS Comments):</b></p>

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	<p>Regarding resilience, we welcome the direction of travel and see that the <b>drafting proposals</b> seek to enhance legal clarity.</p> <p>Before commenting on the draft amendments, we would raise three more general concerns regarding the approach taken in Article A – D.</p> <p>First, throughout the draft regulation, including in Article A, reference is made to “exceptional circumstances”. However, that term is not clearly defined in the draft legal text. At most, it can be inferred from the introductory sentence of Article A.</p> <p>While we appreciate the amended wording of Article A, which is clearer and narrower compared to previous proposals, we continue to believe that the term “<b>exceptional circumstances</b>” <b>needs to be defined in Article 2</b> – together with all other definitions that are relevant for the entire regulation. In our view, Article A should contain a cross-reference to that definition without introducing additional conditions.</p> <p>Second, it remains <b>unclear, under Article A, who would be entitled to decide whether such ‘exceptional circumstances’ prevail</b>. Unlike Article B [raising of holding limits] and Article C [emergency switching], Article A does not foresee a procedural rule who it is that might adopt the measures. This responsibility should rest with the Member States. Hence, Article A should read: “Members States may adopt any of the following measures...”</p>

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	<p>Third, the proposed <b>approaches in Article B, C and D are not consistent</b>.</p> <p>In case of Article B, a Member State shall send a request to the Commission which might, implicitly, verify whether ‘exceptional circumstances prevail. In addition, COM should have its own right to take initiative.</p> <p>In case of Article C, a Member State shall request from the ECB or national central banks that emergency switching shall be enabled. However, in these situations the ECB shall not be mandated to verify whether or not ‘exceptional circumstances’ prevail (outside the mandate). Therefore, it remains unclear how it would be verified that indeed ‘exceptional circumstances’ prevail in the requesting MS.</p> <p>In case of Article D, Member States may adopt measures solely based on their own assessment of the situation.</p> <p>Therefore, we request to <b>foresee in Article A a procedural rule which clearly provides a framework for how and by whom it shall be established that ‘exceptional circumstances’ indeed prevail</b>.</p> <p>On the drafting:</p> <p>We welcome that measures shall be limited in time. However, in this context, we wonder whether the <b>wording of Article A could be further strengthened</b>.</p> <p>We believe that the wording proposed in the Recital is actually more suited to</p>

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	<p>be included in Article A. In the Recital there it is clarified that such measures should be ‘limited in time, duly justified and proportionate.’ This seems to capture the idea of a limitation more adequately than referring only to ‘measures shall be applied during the period of time that is necessary’.</p> <p>In addition, we believe it would be meaningful to insert in the operative provision also a <b>rule for when the exceptional circumstances would cease to exist</b>. Here again, the Recital provides an adequate drafting: ‘The measures should cease to apply as soon as they are no longer necessary in view of the exceptional circumstances justifying them.’ We believe that this should become part of Article A.</p> <p>Regarding the insertion of a potential ‘<b>risk of disruption</b>’, this might appear to be a viable way. However, it shall be added that this risk shall be ‘credible and imminent’, as it is set out in the Recitals.</p> <p>If a ‘risk of disruption’ would suffice, we wonder why, in addition, there is also a reference to ‘...widespread and severe disruption of the continuity of payments or digital euro operations, that affects or threatens to affect, in whole or in part, a Member State...’. What situations would be covered by ‘threatens</p>

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	<p>to affect’? This <b>seems too vague to us</b>. Instead, it should be clarified in which way a disruption ‘threatens to affect a Member State’. We believe it would be clearer to delete this reference.</p> <p><b><u>DEU drafting proposal:</u></b></p> <p>Article A – Possibility to adopt certain measures in exceptional circumstances  <b><u>Member States may adopt</u></b> any of <del>One or more of</del> the following measures <del>may be adopted</del> pursuant to the provisions of this chapter, as appropriate, in situations where there is widespread and severe disruption of the continuity of payments or digital euro operations, or a <b><u>credible and imminent</u></b> risk of such disruption that affects or threatens to affect, in whole or in part, a Member State or the euro area:</p> <ul style="list-style-type: none"> <li>a) raising offline digital euro holding and transaction limits;</li> <li>b) emergency switching;</li> <li>c) enhancing the distribution of the digital euro;</li> </ul>

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	<p><del>These measures shall be applied during the</del> <b><u>The measures listed in the first subparagraph, points (a), (b), and (c), shall be limited in time, duly justified and proportionate. The measures may only be applied during</u></b> the period of time that is necessary in view of the exceptional circumstances in question.</p> <p><i>Explanation:</i></p> <p>In addition to the drafting proposals above, we would call to incorporate in the text a separate definition of ‘exceptional circumstances’ in Article 2. The final Article A then may read as follows:</p> <p><b><u>In case of exceptional circumstances [= term clearly defined in Article 2], Member States may adopt any of the following measures:</u></b></p> <p>a) increase of offline digital euro payment transaction limits and holding limits as set out in Article B;</p> <p>b) [...]’</p> <p>CZ  <b>(MS Comments):</b>                  We support the direction of travel.</p>

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	<p>CY (MS Comments): Cyprus agrees with the proposed drafting suggestions to Article A and its accompanying recital as they contribute to the legal clarity and resilience framework.</p> <p>AT (MS Comments): We support to insert a forward-looking perspective, which should however not be too general. Potential risks should be already imminent to materialize. Further, a stronger wording on the time limit of measures is supported.</p> <p>Art A Drafting suggestion: [...] in situations where there is widespread and severe disruption of the continuity of payments or digital euro operations, or an <b>imminent</b> risk of such disruption [...]</p> <p>a) ... b) ... c) ...</p>

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	<p><del>These measures shall be applied during the period of time that is necessary in view of the exceptional circumstances in question.</del> <b>These measures should be limited in time, duly justified and proportionate. These measures should cease to apply as soon as they are no longer necessary in view of the exceptional circumstances justifying them.</b></p> <p>SK (MS Comments):</p> <p>In our view the article is gaining additional complexity while leaving substantial interpretative discretion to MSs. We would welcome a clarification on what would classify as a risk of disruption of the continuity of payments or digital euro operations and who would assess it.</p> <p>We are not convinced that circumstances in which digital euro operations are disrupted, with other modes of payments unaffected, should be considered exceptional circumstances.</p> <p>SI (MS Comments):</p> <p>Yes, we agree.</p> <p>RO (MS Comments):</p> <p>We agree.</p>

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	<p>PT                      (MS Comments):</p> <p>Preliminary, we would like to reiterate a point we have raised previously and that, in our view, has become more pertinent as we are also currently discussing measures regarding resilience both in the digital euro and legal tender frameworks. We must work on the articulation of these proposals so that the digital euro and cash are truly complementary, particularly in exceptional circumstances.</p> <p>On the adjustments proposed by the Danish Presidency, we have the following comments:</p> <p>Some important specifications are still missing. The terms “<i>widespread</i>” and “<i>severe</i>” are too vague and open to interpretation. It can be said that the use of “<i>widespread</i>” may be contradictory, especially considering that the situation of disruption may occur only in part of a Member State. We believe further clarity is needed, not only to ensure legal certainty, but also to guarantee that the measures under discussion remain proportionate to the situations we aim to address and the needs we intend to protect. A possible approach would be to establish conditions or requirements for a situation to be considered as “<i>widespread</i>” and “<i>severe</i>”.</p>

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	<p>These clarifications become even more important when we are extending the application of this framework to situations where there is only a risk of disruption. Furthermore, we emphasize that the proposed wording appears to be inconsistent, since, according to the recital accompanying Article A the exceptional measures established in this article <i>“may only be adopted when credible and substantial risks of <b>disruptions to the continuity of payments, including digital euro payments</b>”</i> are verified. In our view, under this recital, it is established that the risks must affect the continuity of payments as a whole and therefore that these exceptional circumstances are not to include disruptions affecting <u>solely</u> <i>“digital euro operations”</i> while other payment methods remain available. Nonetheless, in our view, Article A’s wording is not so clear, providing that the exceptional measures may be adopted <i>“in situations where there is widespread and severe <b>disruption of the continuity of payments or digital euro operations, or a risk of such disruption</b>”</i>. In this context, we would suggest the alignment of the wording of Article A of the proposal with the wording of its accompanying recital.</p> <p>Moreover, we agree with the objective of clarifying that these measures are limited in time. However, the proposed wording appears insufficient. This framework should encourage the reinstatement of the continuity of payments,</p>

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	<p>as soon as possible, and the consequent termination of these exceptional and disruptive measures, by, for example establishing an overall timeframe.</p> <p>PL  <b>(MS Comments):</b>                      PL: We agree with the proposed drafting suggestions to Article A and its accompanying recital. The risk of disruption is essential since it is key to avoid its occurrence and ensure the continuity of payments. In our view temporality should be regulated to eliminate potential legal ambiguity and taking into account the fact, that it is the exceptional circumstances we are dealing with in this case. As stated in the accompanying recital, measures should be “limited in time, duly justified and proportionate”. This part reflects commonly accepted in law standard that should be maintained.</p> <p>NL  <b>(MS Comments):</b>                      NL: Yes, we agree with the proposed drafting. While we value having possible measures in place for exceptional circumstances, these measures should always be demarcated both in time and in place. We understand that it is not possible to define beforehand how long a specific disruption will take before it is solved. Hence, we agree with keeping the wording flexible and</p>

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	<p>making the Commission responsible for a proportionate application of these measures.</p> <p>LT (MS Comments): We agree with the proposal. Nevertheless, we would like to suggest providing some clarification on the time limitations for the measures (increasing the HL for offline, emergency switching and enhancing the distribution). Secondly, in the terms of decision-making in our opinion the choice should rest with the consumers, e.g. in case of emergency switching or in case of enhanced distribution, meaning the consumer would decide to use digital euro services with new PSP, or with new and old PSPs.</p> <p>IT (MS Comments): We agree with the proposed amendments to Article A. However, we would suggest making clearer in the regulation that these provisions will be temporary, framed in a limited period of time and restricted to exceptional circumstances. In this regard, while we understand the need to have a flexible approach, we wonder whether the reference to the “risk of disruption” in par. 1 could be too vague and open up to an undue MSs discretion: maybe this notion could be further expanded in the recitals.</p>

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	<p>IE (MS Comments): IE agrees with the proposed drafting suggestion to article a and the accompanying recital given the clarity it provides around immediate risk of disruption and the types of digital euro distribution covered (i.e., payments, including digital euro payments).</p> <p>HR (MS Comments): Yes, we agree with the proposed drafting suggestions to Article A and its accompanying recital.</p> <p>FR (MS Comments): We thank the Danish Presidency for its wording, which clarifies the competence of the Member States. However, in order to clarify the issues associated with exceptional circumstances, we believe that these should be characterised by ‘credible and substantial risks of disruption to the continuity of payments’, without adding the precision ‘including digital euro payments’.</p> <p>If European citizens are able to make payments with commercial money efficiently, there does not seem to be any need to activate an exceptional measure, as it is possible to wait for the digital euro service to be restored.</p> <p>FI</p>

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	<p>(MS Comments):</p> <p>Yes</p> <p>ES</p> <p>(MS Comments):</p> <p>As a general comment, when regulating measures to strengthen resilience of the D€ in exceptional circumstances, we need to strike a difficult balance between (i) flexibility to intervene, before and after the exceptional circumstance occurs, and (ii) accountability for the actions adopted <i>ex post</i>.</p> <p><b>1. Regarding article A:</b></p> <p><b>We like the definition of exceptional circumstances</b> proposed in the article because it provides the required flexibility <i>ex ante</i>; whereas the accountability shall be ensured when regulating the process to activate the measures.</p> <p>The proposed definition has a series of <b>advantages</b>:</p> <ul style="list-style-type: none"> <li>- It is general and does not include examples, which we believe is better to avoid leaving out certain scenarios that can occur in the future and were not foreseen.</li> <li>- We appreciate the inclusion of situations where there is a credible and imminent risk of disruption. In certain circumstances acting ahead can be crucial to mitigate the negative effects.</li> <li>- We like the fact that it requires that the measures adopted are applied only during the period of time that it is necessary. In this vein, we would also add that it shall be only in the territory that is necessary (restricted not only in time but also in space)</li> <li>- In principle we do not see much of a problem with the fact that there is not one single official mechanism to declare the exceptional</li> </ul>

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	<p>circumstance itself but rather different mechanisms that are activated depending on the measure that the MS wants to adopt. We could understand that the rationale behind this is that for different measures, different institutions are more suited for the activation, e.g. for the increase of offline HL, given that the decision implies analysing AML implications, the COM would be more suited to authorise the activation; on the other hand the activation of the emergency switching, which is more technical, seems to be more related to the ECB's tasks. Anyhow, if COM and ECB see that there is not a real justification, it would be clearer to have the same mechanism for all measures.</p> <p><b>We have doubts with the fact that it classifies as exceptional circumstance a wide and severe disruption of both the continuity payments in general and of the digital euro payments in particular.</b> Either of them can trigger activation. We think it would be better to require that the disruption is of payments in general. If only D€ operations are not available, other means of payment will be at the disposal of users.</p> <p><b>After hearing the COM during the CWP we understand that it is better to have a separate article A</b> than including the definition in article 2, given that it is a substantive provision that includes the measures that can be activated. <b>Another possibility would be to include in article 2 just the definition</b> of the emergency situation and in article A just say that in the emergency situations defined in art. 2(XXX) these three measures can be adopted.</p> <p><b>2. Regarding recital accompanying article A:</b></p> <ul style="list-style-type: none"> <li>- We would include examples of exceptional circumstances. Even if we prefer a definition without lists of examples, we think that examples in this new recital accompanying art. A could be useful.</li> </ul>

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	<ul style="list-style-type: none"> <li>- We would state that it would be important to closely monitor the situation in the affected MS to ensure that the measures are not unduly extended in time and space</li> <li>- We agree with the clarification that MSs can adopt additional national procedures</li> </ul>
<p>Q2. Do Member States agree on the proposed clarifications introduced by the Danish Presidency in recital 36?</p>	<p>EL (MS Comments): EL: Yes, we agree with the proposed clarifications, in our view they adequately reflect what has been discussed in recent working parties.</p> <p>EE (MS Comments): EE: We agree on the proposed clarifications introduced by the Danish Presidency in recital 36. Moreover, we strongly believe that recital 36 should be complemented to cover all end-users, especially private individuals.</p> <p>DE (MS Comments): We welcome the direction of travel here. We support the proposed clarification in the Recital, stating that this Regulation is without prejudice to any procedures under national law for declaring emergencies or requesting measures, as well as to the possibility for Member States to adopt other measures regarding the continuity of means of payments other than the digital euro within their own sphere of competence.</p>

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	<p>It must be ensured that any such amendment would be consistent with the Treaties. In particular, Member State’s own competences with regard to national security must be respected.</p> <p>In the past, we had requested that merchants and self-employed persons may accumulate payments in batches. Market stakeholders have voiced a preference for batch merchant defunding in the past. To this effect, we clearly welcome the insertion in Recital 36.</p> <p>We understand that this <b>concept is not limited to times of exceptional circumstances</b> and would welcome a clarification to this effect.</p> <p>However, we wonder whether it is <b>necessary to set out this principle in the operative provisions</b>.</p> <p>Similar to the <b>discussion around zero holding limits for merchants, we believe it would be best to provide guidance on these very important issues in the level 1 text</b>. We believe that enabling batch payments or setting a zero holding limit for businesses are key decisions which shall be taken by the co-legislators.</p> <p>Regarding situations of exceptional circumstances, we consider it essential that merchants can continue to accept offline digital euro payments during</p>

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	<p>exceptional circumstances, even if the waterfall functionality has become unavailable.</p> <p>As regards the drafting, it should be considered to set out clearly that this business continuity measure is related to offline payments and whether exceptional circumstances and the unavailability of the waterfall functionality need to occur simultaneously (the word “and” could be added in the draft recital).</p> <p>We also wonder whether this should also apply to online digital euro transactions? If the waterfall functionality would be down, why would it make a difference whether the payment is online or offline?</p> <p>Also, currently, reference is made to a “non-digital euro payment account” that has become unavailable, while, in fact, it would be sufficient that the waterfall functionality linked to the digital euro account has ceased to operate. The wording could be more precise in this regard.</p> <p>Finally, there might also be merit in specifying whether merchants could use those offline holdings to meet their own payment needs during a crisis. This might, for instance, be relevant if the merchant is a self-employed person.</p>

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	<p>CZ  <b>(MS Comments):</b>                      We support the direction of travel and agree with the proposed clarifications put forward by the DK PRES.                      However, we have some concerns about the text in Rec. 36 proposed by PL PRES. According to the proposed text, natural persons should be able to link their digital euro payment account to a non-digital euro payment account held only with the same PSP. We would like to highlight that according to this requirement, only a limited number of PSPs (in principal only the credit institutions) could manage a digital euro payment accounts. Not all PSPs are entitled to maintain a payment account, in particular small innovative payment institution or e-money institutions.                      Furthermore, it is still unclear under PSD3 / PSR what constitutes a payment account.                      There is also a lack of a definition of a “non-digital euro payment account”.                      Based on the above, we recommend cancelling the request for the same PSP.</p> <p>CY  <b>(MS Comments):</b>                      Cyprus agrees with the proposed clarifications.</p> <p>AT</p>

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	<p>(MS Comments):                      Yes, the clarifications introduced by the Danish PCY concerning the single transfer of funds at the end of day, including its extension in exceptional circumstances are supported. As for the holding limit for users, we should explore specifying the technicalities around holding limits for merchants in a separate provision as well.</p> <p>SK                      (MS Comments):                      We do not oppose the amendment.</p> <p>SI                      (MS Comments):                      Yes, we agree</p> <p>RO                      (MS Comments):                      We agree.</p> <p>PT                      (MS Comments):                      As a general remark, not only regarding this recital but also the measure of raising offline digital euro holding and transaction limits itself, we question whether this proposal would benefit from including additional information from a technical point of view. In particular, this and the previous proposals seem to</p>

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	<p>assume that “<i>exceptional circumstances</i>” would only impact the online use of digital euro and that the offline would remain operational. Even if this is the case, the impact analysis should consider all the scenarios/consequences that may occur after the emergency situation is solved, particularly in light of the raising of holding and transaction limits that occurred during the crisis, namely if, in certain situations, this mechanism could lead to further instability.</p> <p>Moreover, we have <b>three</b> questions regarding the adjustments proposed by the Danish Presidency:</p> <p>First, we believe it would be important to clarify whether there is a decision that the funds of digital euros held by merchants will be transferred only in the end of the day? If so, we believe it would be important to clarify the possible implications of such decision.</p> <p>First, the Presidency proposal for merchants to transfer digital euros at the end of business day poses several concerns as it does not seem to comply with previous decisions about a holding limit of zero to merchants: 1. Clarification on the reasons behind such proposal, especially considering that they would apply outside the "<i>special circumstances</i>", and seemingly to both online and offline transactions. 2. When was the decision taken, as it is not aligned with the previous discussions and decision of imposing a zero holding limit to merchants.</p>

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	<p>3. Need to duly analyze the impact of such change, as all studies so far assume a zero holding limit for merchants. We notice that, depending on the definition of "end of business day" and the fact that no restrictions are made in terms of the size of the merchant, this flexibility can have a significant impact on bank deposits. 4. Emptying the cash register is not comparable, as the notes have a natural physical limit, whereas the digital euro does not.</p> <p>Second, we would like to better understand the rationale behind the explicit reference to "self-employed persons". We wonder whether it would be more precise to say that this possibility includes the payees that are obliged to accept digital euro payments under its legal tender status or, alternatively, to clarify in a Recital what we want to include with this reference.</p> <p>PL  <b>(MS Comments):</b></p> <p>PL: We agree with the majority of proposed clarifications introduced in the recital 36. Digital euro's most important feature is online/offline modality. Disruption of continuity of availability in one of its modalities bears serious consequences since an imbalance occurs. It has been stressed multiple times, that both modalities are closely linked and parallel. Sudden disappearance of one of it will be highly problematic.</p>

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	<p>Additionally, our central bank is of the view that further clarification on the issue of continuity of payments with digital euro in case of disruption of payments with the help of offline mechanism may be needed, especially with regard to the clause of its temporary character for the duration of the exceptional circumstances.</p> <p>In this context we have one comment applicable to the modified recital 36 and Articles A and B proposed by the DK Presidency with regard to waterfall mechanism for merchants and self-employed persons, who may accumulate holdings of incoming digital euro payments during the day, and who are obliged to transfer funds to the non-digital euro payment account by the end of the day.</p> <p>Our comment refers to offline holding limits for merchants, and the possibility to postpone the conversion of digital euro holdings to commercial bank money beyond the end of the business day in cases when operational or cyber risk materialises (such as power or internet connection outages) and severely disrupts payments or digital euro operations. We understand that the intention of this proposal is to ensure that merchants continue to accept digital euro payments even if they do not have connectivity to their bank account, knowing that they will not be penalised for converting the digital euros they hold later than at the end of the business day.</p>

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	<p>The wording of recital 36 proposed by the Presidency does not make it clear what is the procedure for enabling the possibility to postpone the conversion of digital euros beyond the end of business day and whether this requires the enactment of the decision mentioned in Article B. If the decision mentioned in Article B is needed for this, such approach may not meet the purpose of this solution. The timeline for the Commission to adopt its implementing act is up to 60 hours from the request of the affected Member State. Merchants would need legal clarity that they can continue to accept digital euros earlier, probably before the end of the business day when the disruption starts. A timeline of up to 60 hours may mean that the legal clarity may arrive later, or even after initial risks ceased to exist. There needs to be legal leeway, or guarantee for merchants that they would not be in violation of their holding limits and waterfall obligations when systems remain inaccessible by the end of business day. Lack of such flexibility would significantly hinder digital euro acceptance and reduce overall resilience of the system. In our opinion, Articles A and B are not sufficiently addressing problems that may affect merchants in situations highlighted in recital 36.</p> <p>NL (MS Comments):</p>

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	<p><b>NL:</b> Yes, we agree with the clarification. Accumulating daily digital euro payments would help merchants by potentially reducing the administrative burden and facilitating ease of use for the digital euro . The zero holding limit would be prohibitively low in case waterfall functionalities are unavailable. The drafting in this recital instead increases the added value of digital euro transactions for merchants.</p> <p><b>LT</b>  <b>(MS Comments):</b>                      We agree.</p> <p><b>IT</b>  <b>(MS Comments):</b>                      On the one hand we can support the objective of ensuring merchants’ business continuity in case of an emergency situation. However, we note that the clarifications introduced in recital 36 imply a final decision on how merchants will be entitled to manage holding limits also in ordinary circumstances. We believe that this topic deserves further discussion. Although it has never been explicitly clarified in the regulation, we took from the previous discussions that merchants would have zero holding limits, with the waterfall functionality potentially applicable to each transaction. The proposed formulation by the PCY seems to go in a different direction – stating in recital 36 that merchants may</p>

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	<p>accumulate holdings of incoming digital euro payments and transfer them to a non-digital euro payment account at the end of the business day. In fact, the process described in recital 36 could be beneficial both for PSPs and merchants, since they would only manage one single transfer at the end of the day, instead of multiple transfer for each transaction. Nevertheless, we need to better understand the implications in terms of financial stability and liquidity risks for PSPs, since the transactions that include a merchant could represent a significant amount of the PSP’s liquidity. We would like to see further analysis in this direction before agreeing to the proposed formulation of recital 36. We would also appreciate diving deeper into alternative ways to achieve the same objective of not overburdening merchants and PSPs, and to achieve a scenario similar to how physical shops empty their cash register at the end of the day. We would also highlight that the concept of business day is currently not defined in the draft regulation and the need for a harmonized <i>modus operandi</i> among merchants should be assessed.</p> <p>Moreover, it is unclear if this provision would apply also to offline payments, where accumulating digital euro with possibly no limit, with the possibility of spending the digital euros received, should also be properly assessed with reference to ML/TF risks and taking into account the regime provided for offline digital euro payment transactions by art. 37.</p>

DK PCY Questionnaire	MS Comments
	<p>Finally, we see strong merits in restricting the possibility to set the reverse waterfall only within the same payment service provider (at least for an initial transitory period).</p> <p>IE  <b>(MS Comments):</b>                      IE agrees with the proposed suggestions included by the Danish Presidency in recital 36.</p> <p>HR  <b>(MS Comments):</b>                      Yes, we agree on the proposed clarifications introduced by the Danish Presidency in recital 36.</p> <p>FR  <b>(MS Comments):</b></p> <p>With regard to the waterfall functionality, we are surprised by the proposed wording. It implies that waterfall mechanism is not normally immediate but is settled at the end of the day.</p> <p>We would therefore like to ask the ECB how the waterfall mechanism will work: will it take place systematically at the end of the day (and not as it happens, after each payment)?</p> <p>We would prefer an immediate waterfall mechanism for online transactions, which we feel is better suited to combating AML/CFT risks.</p>

DK PCY Questionnaire	MS Comments
	<p>We are also concerned about the liquidity impact for PSPs if there is a waterfall mechanism only once a day.</p> <p>As for the rest, we have no comments.</p> <p>FI  <b>(MS Comments):</b>                      Yes</p> <p>ES  <b>(MS Comments):</b>  <b>Recital 36</b> aims to ensure payment continuity through various measures.                      We would differ the measures allowed for online and offline payments given the different risk scenarios they pose:</p> <ul style="list-style-type: none"> <li>• <b>For online payments, we support the possibility of merchants accumulating holdings</b> in both situations that have been suggested:                         <ul style="list-style-type: none"> <li>○ First, <b>until the end of the day</b>, which means requiring the 0 HL only at the end of the day. <u>This would facilitate the task of acquiring PSPs</u>, that will have to manage only one transfer at the end of the day and not many transfers every second. <u>Merchants are already used to receiving the transfer to their “normal” account at the end of the day</u>, since it is common practice that the acquirer receives the payments in an account to the name of the acquirer and makes the transfer of the net amount (payments received – refunds) at the end of the day, and they usually prefer this to keep track.</li> </ul> </li> </ul>

DK PCY Questionnaire	MS Comments
	<p style="text-align: center; opacity: 0.5; font-size: 48px; transform: rotate(-30deg); pointer-events: none;">PUBLIC</p> <ul style="list-style-type: none"> <li>○ Second, allowing holdings <b>when the waterfall functionality does not work:</b> <ul style="list-style-type: none"> <li>▪ We understand that <b>this goes beyond the exceptional circumstances of Article A and would apply any time that the waterfall functionality is not available.</b> This should avoid that a user wanting to pay with D€ cannot do so due to technical problems of the PSP of the merchant. We support this idea, but we do not like the wording, in particular, we would not use in this recital the wording <i>exceptional circumstances</i>. Even if article A does not call those widespread and severe disruptions “exceptional circumstances”, the recital accompanying article A does refer to them as “exceptional circumstances”. For the sake of clarity, we would use another wording to make clear that this measure applies beyond the circumstances in article A.</li> <li>▪ We think we should allow merchants to have holdings in case the waterfall functionality does not work, this could be because the non-D€ account not being operationally available or for other reasons, for this purpose we would make the wording broader.</li> </ul> </li> </ul> <p>For offline payments:</p> <ul style="list-style-type: none"> <li>- <u>In normal circumstances (circumstances outside art. A) we prefer:</u></li> </ul>

DK PCY Questionnaire	MS Comments
	<ul style="list-style-type: none"> <li>• <u>To require instant waterfall, not allowing to accumulate holdings until the end of the day.</u> The rationale behind this is not to unduly increase AML/CFT and tax evasion risks. For example, it will not be possible to identify multiple sequential payments; or, if the merchant can make payments with the received offline holdings without traceability, this could increase the risk of tax evasion or of financing illicit activities (we understand that it will be necessary for the merchant to make refunds with offline D€, that means that the merchant will not only be able to receive but also make D€ offline payments).</li> <li>• <u>Not to allow the accumulation of holdings when the waterfall functionality is not operative.</u> Here we have more doubts. We understand that to ensure business continuity of offline payments is important to ensure the success of the D€ but the AML/CFT and tax evasion risks might be too high</li> <li>- <u>However, in exceptional circumstances of article A it is crucial that users can pay offline smoothly and therefore these payments should be facilitated even if the waterfall functionality is not operable.</u> For this reason, we would allow merchants to accumulate holdings in exceptional circumstances of article A.             <ul style="list-style-type: none"> <li>• In order to reduce AML/CFT risks in these scenarios, we could explore allowing the accumulation of offline holdings only for specific economic sectors that are crucial/basic. These sectors could be identified by NACE codes. The idea behind this is that in exceptional circumstances it is important that the population has access to basic services like food, gas, public transport; however, it is not crucial that the population buys luxury goods.</li> </ul> </li> </ul>

DK PCY Questionnaire	MS Comments
	<p>The sectors considered basic/crucial could be determined in an implementing act of the Commission.</p> <ul style="list-style-type: none"> <li>This measure would need to be activated together with the increase of HL, by request of the MS and approved by the COM.</li> </ul> <p>To sum up, we include drafting suggestion for recital 36 that would incorporate all of our comments (ES suggestions in green):</p> <p>(36) The digital euro should allow for a smooth payment experience <b>and provide payment continuity also in exceptional circumstances of Article A where the online digital euro is unavailable by ensuring continued availability of offline payments to pay for essential goods or services</b>. Any instruments that the European Central Bank might employ to limit the digital euro’s store of value function should take this objective into account. Automated mechanisms that link a digital euro payment account with a non-digital euro payment account should allow for an uninhibited payment functionality of the digital euro, by ensuring that transactions are successfully executed in the presence of individual digital euro holding limits that may become binding on the payer’s or payee’s side. In particular, digital euro users should be able to initiate a digital euro <b>online</b> payment transaction even though the amount of their digital euro holdings is <b>inferior to lower than</b> the amount of the transaction, by automatically mobilising funds from a non-digital euro payment account to complement the transaction amount (‘reverse waterfall functionality’). Conversely, digital euro users should be able to receive <b>online</b> digital euro payment transactions even though the amount of the transaction exceeds the limit set on their digital euro holdings, by automatically transferring funds in excess of the limit to a non-digital euro payment account (‘waterfall functionality’). Such payment functionalities should be expressly authorised by digital euro users. <b>Merchants and self-employed persons who are typically</b></p>

DK PCY Questionnaire	MS Comments
	<p>acting as payees in digital euro payment transactions may accumulate holdings of incoming digital euro online payments during the day with a single transfer of funds to the non-digital euro payment account (“waterfall functionality”) at the end of the business day, similarly to how physical shops empty their cash register. In <del>exceptional circumstances where the non-digital euro payment account</del> cases where the waterfall functionality is not operationally available, the frequency of this transfer of funds may need to be extended beyond the end of the business day in order to facilitate that these merchants and self-employed persons can continue to receive digital euro online payments. In exceptional circumstances of Article A, merchants and self-employed persons offering essential goods or services should also be able to exceed their offline digital euro holding limits when the waterfall functionality is not operationally available. The Commission should adopt delegated/implementing acts determining those sectors, by NACE code, that are considered essential. Where a digital euro payment account held by one payment service provider is linked with non-digital euro payment account held by another payment service provider, they should enter into an arrangement specifying their respective roles and responsibilities under data protection rules, as well as agree on the security measures necessary to ensure secure transmission of personal data between the two payment service providers. For the purposes of the reverse waterfall functionality, natural persons should only have the possibility to link their digital euro payment account to a non-digital euro payment account with the same payment service provider.</p> <p>Regardless of all these comments, and in line with other MSs, we think that more clarity should be provided in the text to show that merchants will have a 0 HL.</p>

DK PCY Questionnaire	MS Comments
<p>Q3. What are the Member States' views on the possibility of extending the business continuity option to also cover end-users, in addition to merchants, in order to ensure the smooth operation of digital euro payments for private individuals?</p>	<p>EL (MS Comments):  <b>EL:</b> We remain sceptical about this, we do not see the need to extend this option to natural persons.</p> <p>EE (MS Comments):                      We strongly believe that the proposed solution to allow merchants to continue accepting digital euro payments when the waterfall mechanism is unavailable should be extended to digital euro end-users, especially private individuals.                      This is important to ensure that we fulfil the objective of easy and simple use for end users without exception when using the digital euro services in normal times and exceptional circumstances, with a wide range of severity. Moreover, this would allow the user to continue using the digital euro and the same PSP without switching to another PSP in case the waterfall mechanism is unavailable. Consequently, we do not need to engage in rather complex public communication on the different treatment of digital euro users, i.e. as merchants and private individuals, in case of short-term operational interruptions. Since one of our goals is attractiveness and qualitative and easy use of the digital euro for users, we believe the issue should be resolved so that digital euro users do not experience a daily short-term operational interruption. Moreover, so that in the event of such interruption, there would be no need, for</p>

DK PCY Questionnaire	MS Comments
	<p>example, to notify the public, redirect digital euro payments and/or switch to another PSP. Providing all digital euro users with a business continuity solution is a very pragmatic approach. Moreover, it would serve the digital euro attractiveness objective and the smooth and seamless operation of daily digital payments.</p> <p>DE (MS Comments): Regarding the option to allow merchants to continue accepting digital euro payments when the waterfall mechanism is unavailable, we can support this. Whether or not this option should also be extended to digital euro users, we remain cautious. We are not sure about the added value of this proposal and to what extent it would raise the complexity of the procedures.</p> <p>CZ (MS Comments): We have scrutiny reservations regarding AML/CFT risks.</p> <p>CY (MS Comments): Cyprus supports extending the business continuity option to include end-users as this will ensure resilience and uninterrupted access to payments for all individuals.</p>

DK PCY Questionnaire	MS Comments
	<p>AT (MS Comments): We do not support the extension of the business continuity option of receiving additional digital euros for end-users. While there is an overall benefit for merchants to continue receiving dEUR payments in a crisis scenario, which in turn allows end-users to make dEUR payments to merchants, we do not see a parallel case for end-users. Raising offline holding and transaction limits already fulfill the purposes of meeting daily liquidity needs.</p> <p>SK (MS Comments): We do not deem it necessary.</p> <p>SI (MS Comments): We do not support the extension of the business continuity to end-users as they will have an option to hold digital euro up to the applicable holding limits, even when the waterfall mechanism is temporarily unavailable. There is no need for such possibility for the end-users.</p> <p>RO (MS Comments):</p>

DK PCY Questionnaire	MS Comments
	<p>We agree with extending the business continuity option to also cover end-users..</p> <p>PT (MS Comments): We do not agree with this possibility.</p> <p>PL (MS Comments): PL: In our view, in order to ensure smooth operation of digital euro payments it may be envisaged to also include the end-user, apart from the merchants. However, the feasibility and the costs for the market, but also a presumably limited impact of disruption in the case of natural persons, should be analysed before reaching such a decision.</p> <p>NL (MS Comments): NL: We thank the presidency for raising the question of business continuity measures for end-users. We are of the opinion that such measures would make the digital euro unnecessarily more complex, which is not desirable. Given the fact that consumers can hold offline digital euros and have a non-zero holding limit, they are less likely to need this business continuity feature – nor do they have a business to continue - in case waterfall functionalities temporarily do</p>

DK PCY Questionnaire	MS Comments
	<p>not work. In the worst case scenario, a payment to a consumer would bounce and a different payment method could be chosen, e.g. commercial bank money or cash. Moreover, we note that consumers have more freedom than merchants do to refuse a payment in digital euros, e.g. in payments of a personal nature.</p> <p>LT  <b>(MS Comments):</b>                      We would like to express our strong support for the offline functionality being in place from the first launch of the digital euro. If it is to be designed for everyday payments, it should be possible for consumers to use it at the physical points of sale and in person. If that's the case, it would be a good background to protect end-users in the event of exceptional circumstances. The end-users will have an offline holding limit, and in case of a severe risk, MS will have time to prepare, i.e. offline HL could be lifted. As well, we are positive to support the possibility of extending the business continuity option to also cover end-users because it could be an additional alternative that would improve the user's experience.</p> <p>IT  <b>(MS Comments):</b>                      Should we extend the business continuity option to also cover end-users in case of an emergency, it would be possible for a large number of end-users to</p>

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	<p>accumulate digital euro holdings beyond the established limits. This would have unintended impacts on financial stability. Moreover, it is unclear whether the business continuity option will cover both online and offline transactions. In the latter case, it is worth underlining that the transaction monitoring measures would not apply: this could have negative implications in terms of AML/CFT controls. So, we would prefer not to open to too many exceptions to holding limits and not to extend the business continuity option to end-users.</p> <p>IE  <b>(MS Comments):</b>                      IE considers in an emergency situation the continuation of being able to send and receive payments will be vital, and that digital euro could be the only viable option for processing payments in an emergency. For that reason, IE supports extending the principle of the business continuity to individual private end-users. Further analysis may be required.</p> <p>HR  <b>(MS Comments):</b>                      As it is described in the DK PRES discussion note in the situation when the waterfall mechanism is unavailable, natural persons can continue to receive payments and hold digital euro up to the applicable holding limits. Natural</p>

DK PCY Questionnaire	MS Comments
	<p>persons would retain access to the offline functionality, which contributes to resilience by operating independently of connectivity.</p> <p>In which way it can be ensured that individuals could temporarily receive and hold digital euro payments, such as pensions or salaries or income from private individual marketplaces or payments from another person, in cases where the waterfall mechanism is not operational and that these payments are in line with overall holding limit of the digital euro?</p> <p>Accordingly, we find that it is not necessary to extending the business continuity option to also cover end-users in addition to merchants in order to ensure the smooth operation of digital euro payments for private individuals.</p> <p>FR  <b>(MS Comments):</b>                      Even though the subject concerns exceptional circumstances, we are not in favour of extending these options too widely.</p> <p>The continuity of ‘P2P’ (Person-to-Person) payments in the event of exceptional circumstances does not seem imperative, unlike the continuity of payments from individuals to merchants.</p> <p>FI  <b>(MS Comments):</b>                      We think that the extension to end-users would be important both for exceptional circumstances and for ensuring smooth user experience. We also understand</p>

DK PCY Questionnaire	MS Comments
	<p>that there may be some technical challenges, and this may add complexity, but we think that we should have ambition to study this further. We are hoping for at least a roadmap of when and how this could be possible.</p> <p>ES (MS Comments):</p> <p>We prefer not to extend the business continuity option to also cover end users subject to a HL &gt; 0, for various reasons:</p> <ul style="list-style-type: none"> <li>- In extraordinary circumstances: There are other measures available, such as the emergency switching, the increase of offline limits</li> <li>- In normal circumstances: The user will have other means of payment available and will be able to carry out normal switching</li> <li>- P2P transactions do not have the same degree of urgency as P2B transactions</li> </ul> <p>Not allowing this, signals a stronger commitment to respect the HLs set.</p>
<b>-Raising the offline and transaction limits</b>	
<p>Q4. Do Member States agree with the proposed drafting suggestions to Article B and its accompanying recital?</p>	<p>EL (MS Comments):</p> <p><b>EL:</b> We agree with the general direction of the text and the additions in Article B and the accompanying recital allowing for a rapid activation of measures. However, we recall from the recent discussion in the May Council Working Party that a 48-hour timeframe seems too long to address people’s basic needs which are likely to be immediate and increased due to the very nature of exceptional circumstances such as physical disasters etc.</p> <p>EE</p>

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	<p>(MS Comments):</p> <p>EE: We can agree with the direction of the proposed drafting suggestions to Article B and its accompanying recital. The procedure should be as automatic and efficient as possible. Given that raising the offline limits always respects the limits to the use of the digital euro as a store of value set out by Article 16, the corresponding procedure should also be proportionate to this principle. We are open to and support shortening the time limits, i.e. 24 and 48 hours, respectively. They do not ensure effective action and may not be adequate in some exceptional circumstances. Therefore, the time limits should be shortened to be more suitable for a rapid response. The aim should be that the consultation and decisions are carried out within 24 hours.</p> <p>DE</p> <p>(MS Comments):</p> <p>Before addressing the drafting proposal for Article B, we would like to reconfirm our position that the <b>transaction limit for offline transactions must be set directly by the co-legislators at level 1</b>. In the past, we had proposed a limit of 1000 Euro per transaction.</p> <p>The balancing out of potential AML/CFT concerns and the usability of the offline version are key political decisions. Here, political trade-offs must be made by the co-legislators.</p>

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	<p>Similarly, the co-legislators set the overall transaction limit for cash under the new AML package (Article 80 (1) of Regulation EU) 2024/1624 of the European Parliament and of the Council of 31 May 2024 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing). The same must apply here.</p> <p>Therefore <b>Article 37 (5) must be amended</b>. Setting the transaction limit for the offline modality should not be delegated to the Commission.</p> <p>On the <b>drafting for Article B</b>: We support the direction of travel here. From our perspective, it is reasonable to temporarily increase offline transaction limits. Regarding situations of crisis, in general, we welcome the proposed approach that offline holding limits should remain within the overall holding limits. An increase of the offline holding limits during exceptional circumstances beyond the overall holding limits does not seem desirable to us.</p> <p>We continue to question <b>why there is a need for the Commission to adopt such measures on its own initiative</b>. We are still sceptical about this provision in Article 16 (4).</p>

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	<p>We would also like to note that, according to Article 16(4) of the draft legislation, a digital euro user needs to decide whether and, if so, to which extend he or she wishes to use his or her offline holding limit (“A digital euro user may set its offline holding limit at any amount between zero and the holding limit set in accordance with Article 37.”). Hence, after the offline digital euro holding limit is increased via Article B, <b>each individual digital euro user might need to manually adjust his or her personal offline limit</b> to actually benefit from that increase. That process involves interaction with the digital euro user’s PSP and could be cumbersome during exceptional circumstances.</p> <p>More generally, we would <b>welcome a debate about the necessity of a specific offline holding limit</b>. We tend to believe that an overall holding limit coupled with a transaction limit for offline would suffice. This would also reduce complexity. And it would be easier to understand for the users.</p> <p><b>On the specific drafting</b> of Article B, we have the following comments:                      In paragraph 1, Member States are expected to specify “the relevant territories and users” that should benefit from increased limits. We were wondering whether <b>language is needed to ensure that limits are only raised for</b></p>

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	<p><b>territories and users that fall under the respective Member States direct jurisdiction.</b></p> <p>In paragraph 3, reference is made to “the conditions for the adoption of the measure” that need to be “met”. It appears that those conditions are not further specified. For the sake of legal clarity and with a view to addressing AML concerns, <b>more precise language should be used</b> (e.g. reference to the term exceptional circumstances). In addition, paragraph 3 also states that the Commission “shall adopt its implementing act”. However, it can only be inferred from paragraph 5 that this implementing act sets out the increases of the digital euro offline transaction and holding limits. We would suggest being more precise in this regard.</p> <p>CZ (MS Comments): We agree with the proposed way.</p> <p>CY (MS Comments): Cyprus endorses the proposed changes to Article B and its recital, to accommodate user needs and enhance usability of digital euro in case of such circumstances.</p> <p>AT</p>

DK PCY Questionnaire	MS Comments
	<p>(MS Comments): Overall, we support the amendments to Article B and the introduction of the new recital. We are open to explore a shorter time frame for submitting opinions or the decision. The request should remain within the sole competence of Member States as it is for the emergency switching provision in Article C. We therefore propose to delete paragraph 4. We support the inclusion of AMLA in paragraph 2.</p> <p>SK (MS Comments): Agree in principle, but would welcome clarification with regards to the process following the negative decision of the Commission – e.g. right of appeal or a possibility to supplement the request by additional documents.</p> <p>SI (MS Comments): Yes, we agree.</p> <p>RO (MS Comments): We agree.</p> <p>PT (MS Comments):</p>

DK PCY Questionnaire	MS Comments
	<p>In result of our preliminary analysis, we have the following comments on the proposed drafting:</p> <p>The clarifications provided on the temporary nature are insufficient. An overall timeframe for the application of this measure should be established in the text to create incentives for the reinstatement of the continuity of payments and availability of digital euro services. This would not constraint too much the application of this measure as a new implementing act could extend the measure for a similar period of time, as now foreseen in paragraph 5.</p> <p>In paragraph 3, we have two comments:</p> <p>First, we question whether a 48-hour deadline is adequate and aligned with the urgent nature of the situation. That is to say, in some cases, wouldn't a more expedite reaction be required (within a shorter timeframe)?</p> <p>Second, we believe that the COM should provide grounds regarding a positive decision, as it would clarify which would be the relevant rationale behind such decision, as well as the AML/CFT assessment made in each specific case, which should be supported by an AMLA opinion.</p> <p>Moreover, we consider that it should be further specify in which conditions the COM may act under its own initiative.</p> <p>PL</p>

DK PCY Questionnaire	MS Comments
	<p><b>(MS Comments):</b></p> <p>PL: Generally we agree with the proposed drafting suggestions of the Article B and its accompanying recital. The motivation for this appears similar to the one applied for Article A. It is desirable to maintain the legal standard of temporality and due diligence.</p> <p>NL  <b>(MS Comments):</b>  <b>NL: [drafting below]</b></p> <ul style="list-style-type: none"> <li>- In general we can agree to these drafting suggestions. We would, however, suggest to add that AMLA is notified as well once a Member State submits a request to raise the offline holding limits and that AMLA will provide an opinion on the implementing act in hindsight, in order to allow AMLA to assess the proportionality of the raised limits on potential heightened AML-risk.</li> <li>- Similarly, we would suggest that the recital adds that AMLA, in addition to other Member States and the ECB, is given a role to provide input with regards to the Commission implementing act and the balance between usability in exceptional circumstances versus money laundering and terrorist financing risks.</li> </ul>

DK PCY Questionnaire	MS Comments
	<ul style="list-style-type: none"> <li>- Moreover, as an alternative to the current procedure with regards to the adoption of the Commission implementing act, we could imagine that the Commission publishes an implementing act first, before asking the opinion ECB and other Member States and instead starting a short silence procedure afterwards of e.g. 24 hours. This would provide a faster response in exceptional circumstances, as it is these circumstances in which a fast response could be of crucial importance. We are open to hear the views of other member states and if the current proposal is deemed most suitable, we welcome it.</li> <li>- In general, besides this specific article and recital, we were wondering if it would be appropriate if AML/CFT checks were to apply to funding/defunding of digital euros from and to offline wallets and to have these PSPs notify designated authorities in case the rhythm and frequency of funding/defunding to offline digital euro wallets are a suspicious type of activity. This could be the case, for example, when many transactions are made from an online to an offline account, all just below the offline transaction limit. By having an AML/CFT check ‘at the door’ of offline digital euro payments, we can safeguard as much as possible that only ‘clean’ money enters the system for offline</li> </ul>

DK PCY Questionnaire	MS Comments
	<p>digital euros. In case this AML/CFT check is already envisioned, we welcome it.</p> <p>Drafting suggestions: We propose to add a paragraph 6 to article B and to add to the recital accompanying Article B:</p> <p><b><u>Article B (6). The Anti-Money Laundering Authority (AMLA) shall be notified when the Commission has adopted a measure at the request of one or more Member States or at its own initiative. After the measure has ceased to apply, AMLA will provide an opinion on the proportionality of the measure in light of the accompanying increased AML/CFT risk.</u></b></p> <p><b><u>Recital accompanying Article B [changes in bold underlined]</u></b></p> <p>The Commission implementing act should take account of the need of balancing its possible impact on money laundering/terrorist financing risks with the need to maintain the usability of the digital euro in exceptional circumstances, and it should allow for input from other Member States and the European Central Bank. <b><u>AMLA will be asked to provide an opinion on the measure taken after this measure has ceased to apply, in order to assess the proportionality of the measure in light of the possible impact on</u></b></p>

DK PCY Questionnaire	MS Comments
	<p><b><u>money laundering/terrorist financing risk. In this way, the Commission can make informed decisions in future situations, without delaying the rapid activation of the implementing act in exceptional circumstances.</u></b></p> <p>LT (MS Comments): We agree with the drafting suggestions. This measure should be temporary, i.e. limited in time, and subject to MS accountability. Furthermore, it should only be implemented in the event of a risk of severe connectivity disruption and AML/CFT risks must be considered.</p> <p>IT (MS Comments): Yes, we do. Nonetheless, it should be better clarified in what is meant with “<i>specify the relevant territories and users</i>”. What is expected to be communicated when referring to the users? Additionally, we believe article B should specify the general principles on which the Commission’s final decision will be based on. For instance, the recital accompanying article B mentions in the last sentence the need to balance the AML impact with the need to maintain the usability of digital euro. We believe</p>

DK PCY Questionnaire	MS Comments
	<p>that these principles should be better declined in the article. Our proposal would be to cross-refer to the wording of article 37, par. 6, of the regulation, which already provides for some general principles for the Commission to look at when setting the limits of offline transactions. Finally, to ensure that AML risks are sufficiently taken into account, we would also propose including AMLA among those subjects that may submit an opinion to the Commission pursuant to article B, par. 2.</p> <p>IE (MS Comments):</p> <p>IE agrees with the proposed drafting suggestions to Article B and the accompanying recital. However, we note that while Article B (3) provides for a decision within 48 hours and requires reasons in the case of refusal, the article is silent on the procedural steps that follow a negative decision. In particular, there is no clarity on whether a Member State may reapply or whether the decision could be reviewed or repealed if circumstances change. IE would welcome further clarification on this point.</p> <p>IE cautions that the transaction limit should not be set in the level 1 DER text outside of exceptional circumstances, as suggested by DE. It further</p>

DK PCY Questionnaire	MS Comments
	<p>recommends consultation with AMLA given AMLD5 does not prescribe blanket transaction limits on card or EFT payments.</p> <p>HR (MS Comments): Yes, we agree with the proposed drafting suggestions to Article B and its accompanying recital.</p> <p>FR (MS Comments): The proposed wording of Article B and that of the recital are broadly acceptable to us, but we have a number of comments:</p> <ul style="list-style-type: none"> <li>- It could be added that at the end of a period to be defined, a Council vote to extend the exceptional circumstances should be organised. The Commission's implementing decision is intended to be taken urgently and flexibly. After this period, its continuation could be put to a vote in the Council.</li> <li>- It should be specified that a contribution from the AMLA is desirable, alongside contributions from the Member States and the ECB, with a view to the Commission's implementing decision. This would reflect the AML/CFT issues mentioned.</li> </ul> <p>We consider that the holding ceiling in normal circumstances should take into account the LCB-FT risk. Unlike cash, the transport of digital euros is not visible to or controllable by customs officers. The offline holding limit will therefore have a direct impact on the ability to move funds without control.</p> <p>For the sake of simplicity, we believe there should be a single limit for both online and offline transactions.</p>

DK PCY Questionnaire	MS Comments
	<p>FI (MS Comments):</p> <p>Yes</p> <p>ES (MS Comments):</p> <p>As a general comment on offline holding and transactions limits. We support specific holding and transaction limits for offline transactions to reduce AML/CFT risks. The justification for the holding limit in offline is different than online. We could think of a single offline and online holding limit only if that limit takes into account the AML/CFT risks. Also, we believe that the offline limit should be a maximum and MSs should be able to set lower limits as happens with cash. We question that the legal basis of the DER brings into EU competence elements that are not per se an EU competence. We could think of including these elements in a different regulation (AMLR) with a different legal basis. In case a single limit is established (without the possibility of MSs to set lower HL), we believe that this limit should be based on the risks of that MS that requires the lowest limit.</p> <p>Having said this, we answer the question:</p> <p>In general, we support the possibility to raise offline HL: We believe that in exceptional circumstances focus should be placed on offline means of payment given that they might be the only means of payment available for users. This includes not only cash and offline card payments but also supporting the offline D€.</p> <p>Regarding the Article:</p> <ul style="list-style-type: none"> <li>- We see improvements in the procedure compared to the initial wording:</li> </ul>

DK PCY Questionnaire	MS Comments
	<ul style="list-style-type: none"> <li>○ It involves different parties: even if the decision is taken by the COM, we value the fact that MSs and ECB are allowed to express their views and shall be heard before taking a decision (this will help avoid abuses of the measures)</li> <li>○ We understand the possibility of the Commission initiating the procedure for those cases where the exceptional circumstance affects various MSs, we find it more difficult to understand in those cases where it only affects one MS. We see that the Commission has a general right of initiative and we do not think it should be eliminated. In any case, it should be clarified that the affected MS (or MSs) will be consulted as well. From the current drafting it seems that only other non affected MSs would be consulted.</li> <li>○ We see more flexibility than the initial wording:             <ul style="list-style-type: none"> <li>▪ It requires the affected MS to define the envisaged timeframe and territory, not the final ones</li> <li>▪ In paragraph 5: It allows the COM to amend the authorization, which includes the possibility to amend the timeframe, affected territories and limit based on how the situation evolve                 <ul style="list-style-type: none"> <li>● It should be made clearer in the text that all those elements can change and that <u>there should be a close monitoring of the situation of the affected MS and information exchange btw affected MS and COM to make the necessary changes.</u></li> </ul> </li> <li>▪ We support the adoption through an implementing act without comitology: We prefer no comitology to make it more agile, also we should take into account that MSs are</li> </ul> </li> </ul>

DK PCY Questionnaire	MS Comments
	<p>already consulted. However, even if this is mentioned in the note we do not see that the drafting suggestions reflect this element.</p> <ul style="list-style-type: none"> <li>- Even if there are improvements, we would suggest some changes:               <ul style="list-style-type: none"> <li>o It should be clarified, as was explained during the CWP, that in cases where the MS's request to activate the measure is rejected, the MS can request it again given that circumstances can change.</li> <li>o For certain emergency scenarios: blackout, massive cyberattack... the timeframes are too long. Therefore we suggest that for certain specifically defined situations, where there is a widespread disfunction, and up to a certain threshold, there could be a pre-authorization. In those cases it would be enough that the MS communicates that it is in one of those specific situations and the limit would be increased up to the threshold. In order to avoid abuses, there should be control ex post: from MSs, ECB and COM with sufficient time. If it is considered that the MS has abused of this clause, there should be consequences (like sanctions/fines) to ensure accountability.</li> </ul> </li> <li>- As we suggest in the previous question, this method could also be used for MSs to request the possibility of merchants offering essential goods or services to exceed their HLs when the waterfall functionality is not operative (we should take into account that there is no specific method to declare the exceptional circumstance, so there must be something objective that triggers this possibility. In order not to come up with a different procedure we suggest following the same procedure as for exceeding offline HLs).</li> </ul> <p>Regarding the recital:</p>

DK PCY Questionnaire	MS Comments
	<p>- We think it is important to know what criteria will be used by the COM to increase the HL and transaction limit on exceptional circumstances, since it is important to cater for AML and CFT risks. We also wonder whether it is enough to foresee this in recitals. We would prefer to have this in the text of the Regulation.</p>
<p><b>-Switching: normal and exceptional circumstances</b></p>	
<p>Q5. Do Member States agree with the proposed drafting suggestions to Article 5, 31, 34, 35, Recital 67, and Annex III?</p>	<p>EL  <b>(MS Comments):</b>  <b>EL:</b> We have no objections to the proposed drafting suggestions. With regard to art 35(8) we propose the following insertion: “For <b>the</b> purpose of...” Further, the reason for the proposed deletion is not clear in the following phrase: “The European Central Bank <del>and the national central banks</del> shall implement appropriate technical and organisational measures...” Please note that the proposed drafting suggestions, if agreed, will necessitate a corresponding change in Art. 34 para 1 (ca) (currently referring to Art. 31(3)).</p> <p>EE  <b>(MS Comments):</b>                      EE: We agree on the direction of the proposed drafting suggestions to Article 5, 31, 34, 35, Recital 67, and Annex III. The issue is related to user expectations, and communication is key. We need to come back to this topic when the digital euro is issued, and we know what the user experience is.</p> <p>DE  <b>(MS Comments):</b></p>

DK PCY Questionnaire	MS Comments
	<p>In relation to Article 5 and Recital 67, we <b>welcome the application of DORA</b>. In light of the sensitive nature of central bank digital currency and the need to establish strong user trust, we believe that operational resilience must meet highest standards.</p> <p>In this context, we would like to raise the question of <b>whether the POSSs contracted by the Eurosystem should also be subjected to the DORA standards</b>. To our understanding, they are not directly covered; however, the ECB might have the option to impose corresponding obligations contractually.</p> <p>Reflecting on the comments made by the Commission in the CWP on 18 July, we wonder whether it would be sufficient if PSPs would fulfil their obligations to securely store all data in accordance with DORA while ensuring the user’s access to the technical proofs. According to Article 12 DORA, PSPs shall establish backup policies and procedures as well as restoration and recovery procedures and methods. Hence, if the PSPs must ensure a backup and a sperate copy of the technical keys already under DORA, wouldn’t if suffice if the PSPs, in the context of emergency switching/exceptional circumstances, would simply enable the users to obtain the backup copy (which would have to be stored by the PSP – separately – or at a third-party provider subject to DORA requirements). Seeking to reduce costs and administrative burdens, we</p>

DK PCY Questionnaire	MS Comments
	<p>are wondering whether it would be necessary to impose an additional burden on the PSPs under the DER. Instead, it should be ensured that users would be enabled to obtain the backup in exceptional circumstances.</p> <ul style="list-style-type: none"> <li>• In accordance with Recital 67 (new) it would be ensured that PSPs would have to apply these rules also to the technical keys.</li> <li>• Consequently, it could be sufficient to simply keep Article 34 (1cb) and (5) and slightly amend it as follows while potentially deleting the amendments in Article 31 altogether:</li> <li>• <b>Article 34 (5) – drafting proposal</b></li> </ul> <p><b>5. Without prejudice to the payment service provider’s obligations pursuant to Regulation (EU) 2022/2554</b>, for the purposes referred to in paragraph 1 (cb) of this Article, payment service providers shall <b>include in the scope of the data that is subject to the backup under Article 12 of Regulation (EU) 2022/2554</b> <del>store a copy</del> of the information necessary to identify the direct liability in digital euro of the European Central Bank or of national central banks towards digital euro users. <b>Payment service providers shall ensure that the information is stored on IT systems that are physically and logically segregated from the payment service providers source ICT systems and that</b> digital euro users can retrieve this information at all times, <b>including during exceptional circumstances</b>. The payment service providers</p>

DK PCY Questionnaire	MS Comments
	<p>shall only use the information stored in accordance with this paragraph to ensure switching as referred to in Article 31 and Article C. PSPs shall delete this information upon the termination of the digital euro payment account.</p> <p>We would welcome the Commission’s assessment of this approach.</p> <p>General comment:</p> <p>With regards to Article 31, we can see the merit in offering digital euro users the possibility to securely store their technical proof. We previously flagged the issue of a potential loss of the technical proof on the user side, and we continue to believe that a viable solution is needed.</p> <p>However, the problem mainly arises in situations where the PSP is simultaneously operationally unavailable – or is the technical proof also required when opening a second wallet with another PSP?</p> <p>In a scenario where the PSP is operationally unavailable, we were <b>wondering how the proposed storage of the technical proof at precisely the very same PSP could reliably ensure that digital euro users maintain access to their holdings once this PSP has become operationally unavailable.</b> In such cases, delegating storage to another entity might be the more reasonable approach.</p>

DK PCY Questionnaire	MS Comments
	<p>While we welcome the approach to develop a decentralised storage solution that remains <b>a voluntary option for the digital euro user</b>, we consider that the current proposal, although quite elaborate and complex, does not yet appear to be fully mature in terms of practical implementability.</p> <p>To avoid any possible discussions on complete government control, we believe it is important to <b>present the possibility of an additional safeguarding storage of the technical key more explicitly as an offer to users, aimed at enhancing usability</b>. This becomes even more critical as the user’s technical proof might need to be shared with other authorities that could also be foreign authorities where a Member State has entered into coordinated arrangements with another Member State to allow for cross-border switching under exceptional circumstances.</p> <p>With regard to the proposed wording, we would like to offer the following remarks:</p> <p>In <b>Article 32(3a)</b>, we would like to more clearly state that the user retains full freedom of choice: <b><u>“Digital euro users are free to decide whether or not to give authorization (or rather consent) and may do so or revoke it at any time.”</u></b></p>

DK PCY Questionnaire	MS Comments
	<p>Furthermore, we are wondering whether <b>the term “authorisation”</b> is meant in the sense of a consent to information sharing under data protection law. From our perspective, the term “authorisation” should not be understood in this manner, as this would contradict the general approach taken in the Commission proposal: Article 34 stipulates that payment service providers perform a task in the public interest where they process personal data in relation to the digital euro.</p> <p>CZ (MS Comments): We support the process.</p> <p>CY (MS Comments): Yes, Cyprus supports the proposed drafting suggestions.</p> <p>AT (MS Comments): Users should be responsible for storing their technical proof, which would be available in their smartphone or as a simple printout. We regard an obligation for PSPs as disproportionate. In our view, any proposal on this matter should not go beyond a voluntary additional service by PSPs that can be then either accepted or denied by end users.</p>

DK PCY Questionnaire	MS Comments
	<p>Concerning the proposed provision to obtain digital users’ consent, we suggest to align the prerequisites for a valid consent to those according to Article 4 (11) GDPR and to redraft the last sentence of Article 31(3a) as follows:                      “Digital euro users <del>may also</del> <b>shall give</b> that authorisation or withdraw it at any time thereafter <b>freely, specific, informed and unambiguously by a clear affirmative action.</b></p> <p>SK  <b>(MS Comments):</b>                      We have strong reservation with respect to the storage of technical proof by the PSP. It is responsibility of the PSU to store and protect their technical proofs for cases of emergency and should not be placed with PSP. In practice, the suggested provision would have a questionable applicability as the PSP would be facing exceptional circumstances, possible impacting the service of storage of the technical proof as well. We should avoid adding additional services to the digital euro framework as their failure could endanger overall public perception of the digital euro project.</p> <p>SI  <b>(MS Comments):</b>                      Yes, we agree.</p> <p>RO</p>

DK PCY Questionnaire	MS Comments
	<p>(MS Comments):</p> <p>We agree.</p> <p>PT</p> <p>(MS Comments):</p> <p>We were among the Member States that expressed scepticism regarding the development of a centralised solution. So, we are supportive of the efforts made by the DK Presidency on weighting on possible alternatives.</p> <p>However, we have some doubts regarding the proposed approach, namely:</p> <p>It is challenging to strike the right balance between avoiding overly prescriptive requirements and ensuring that information is collected in a way that minimizes the risk of cyberattacks. The reference to DORA appears unnecessary, as it would already apply despite this specific reference.</p> <p>Additionally, we do not see a reason for PSPs not being able to access the information stored in the proposed way as a back-up for those situations where PSPs have lost the digital euro payment account-related data, non-related with these exceptional circumstances.</p> <p>Finally, we are deeply concerned about the complexity of the proposed solution. While we acknowledge that the information in question is relevant from a user’s perspective, we believe further reflection is needed on the overall complexity,</p>

DK PCY Questionnaire	MS Comments
	<p>particularly at the moment of opening a digital euro account, and in light of the many other elements that must also be disclosed. We should remember that, most importantly, the digital euro should be inclusive and easy to understand.</p> <p>Furthermore, on article 31, we would prefer to avoid vague concepts, such as “undue delay”. To ensure legal certainty, concrete deadlines could be discussed and set.</p> <p>PL  <b>(MS Comments):</b>                      PL: We agree with the proposed drafting as high level of data protection is required. Article 35(9) draws distinguishes the type of data and regulates access, which is desirable in our view. We view change made in Annex III as crucial and strongly support it.</p> <p>However, in addition it may be also necessary to clarify what is meant by the term “third parties” in accordance with Article 31 of the proposal. There is a need for an unambiguous understanding of the term “third party”.</p> <p>NL  <b>(MS Comments):</b>                      NL:                      - We understand that, from a resilience point of view, it is useful to have consumers’ technical proofs stored at a safe location at the PSPs</p>

DK PCY Questionnaire	MS Comments
	<p>discretion. However, we fail to see why it should be mandated in the regulation that PSPs shall store these technical proofs. In our view this leads to significant cyber and security risks. As we understood from the March 2024 seminar, the technical proof can be physically printed or copied in many ways. We would prefer a recital or article which states that PSPs should point their consumers to the importance of safely storing their technical key and their responsibility for it, just like they are responsible for safely storing their wallet with banknotes and coins in it. Consumers could use cloud-services, 2-factor authentication digital wallets or other means to safely store the technical proof individually.</p> <ul style="list-style-type: none"> <li>- Alternatively, we could support a light opt-in regime, in which a consumer can <u>choose</u> to store the technical proof at the PSP or at a PSP-related service provider. We strongly prefer this over mandating PSPs to provide this service, for example because depending on PSP is not useful if the PSP is down. If we choose for an option where the PSPs can store technical proofs, we would support that regulatory technical standards are drafted with the requirements for the secure storage of these proofs and we would prefer data-localisation requirements which are stronger than currently required by DORA by</li> </ul>

DK PCY Questionnaire	MS Comments
	<p>mandating that technical proofs are stored on servers located in Europe.</p> <ul style="list-style-type: none"> <li>- With regards to the drafting in Article 5: we were wondering if this specification of PSPs is necessary as DORA already applies to payment institutions and would propose deleting it.</li> </ul> <p>LT (MS Comments):</p> <p>We respectfully propose a re-evaluation of the current approach, with a view to ensuring that the burden of storing technical proofs is not only placed on the distributing PSPs. The digital euro is a public good, and we believe that MS should be given the opportunity to have a national repository as well.</p> <p>IT (MS Comments):</p> <p>Yes, we agree.</p> <p>Nonetheless, we note that in the drafting proposals no reference is made to the AML/CTF measures to be applied in the described scenarios. It would be crucial to clarify in the regulation the applicable rules both in normal and exceptional circumstances (a matching comment is hence provided under Q6). On the matter, we would recall that the January 2025 non-paper acknowledged that "<i>in case of emergency switching, numerous consumers and businesses would need</i></p>

DK PCY Questionnaire	MS Comments
	<p><i>to become clients of other PSP(s) during a short period. To ensure a smooth change, PSPs may need the possibility to deviate from the standard KYC procedures (e.g. ex-post due diligence, risk assessment, profiling). At the same time, the proper safeguards should be applied to minimize the ML/TF risk, acknowledging the need to ensure payments for essential goods".</i> The non paper suggested the possible application of “<i>ad-hoc rules on KYC, AML, CTF, and sanctions screening (...) to be discussed further in the negotiations</i>”. We remain convinced that a dedicated provision for emergency switching could be beneficial, and that any exceptions to the application of AML obligations should be defined in L1 provisions.</p> <p>IE  <b>(MS Comments):</b>                      IE agrees with the proposed drafting suggestions noting its alignment with resilience regulation such as DORA. The Presidency’s proposed wording provides flexibility to PSPs to determine their own means of storage to ensure they are in a position to identify the direct liability in digital euro of the ECB or NCB (as applicable) towards the underlying digital euro user. Determining liability is important for PSPs and therefore it is in the interest of the PSP to comply.</p> <p>HR</p>

DK PCY Questionnaire	MS Comments
	<p>(MS Comments):</p> <p>Yes, we agree with the proposed drafting suggestions to Article 5, 31, 34, 35, Recital 67, and Annex III.</p> <p>FR</p> <p>(MS Comments):</p> <p>There are 2 reasons why we are uncomfortable with these wordings: cybersecurity and the departure from common law regarding switching.</p> <p>With regard to the idea of having the identifiers of the digital euro account held by a third party, in particular PSPs, we must be cautious in terms of cyber security.</p> <p>The banks explain to the public that they should not give their bank account codes to anyone and that they themselves do not know them, with a view to combating fraud. So it is important (i) that the question be asked from this angle and (ii) that this option only be available at the express request of the account holder</p> <p>With regard to switching, we would point out that the mechanism planned for the digital euro will be more favourable (by dispensing with the need to change the IBAN identifier) than for traditional accounts, for which directive 2014/92 on payment accounts provides for bank mobility and not account portability.</p> <p>It would be awkward to create complete account portability for the sole purpose of the digital euro, as opposed to the ordinary law on bank accounts. Generally speaking, we must be cautious and avoid as far as possible creating exorbitant law just for the digital euro where it is not necessary.</p> <p>FI</p>

DK PCY Questionnaire	MS Comments
	<p>(MS Comments):</p> <p>Yes.</p> <p>Article 31: We think that the proposed solution is a good compromise. In a scenario, where an end user chooses not to authorize the PSP under article 31, 3 (a), we are unsure if the end user always understands the risks and consequences related to the loss of the technical proofs. Even though the end users would be educated on the importance of the safe storage of the technical proofs, there can be unexpected situations where end users permanently lose their technical proofs. We see the need to monitor closer, whether there are end user complaints on lost funds in such cases.</p> <p>ES</p> <p>(MS Comments):</p> <p><b>General comment: We can support the general idea suggested for the storage of technical proofs, but the drafting is confusing.</b></p> <ul style="list-style-type: none"> <li>- <b>For us the main elements that need to be complied with are:</b> <ul style="list-style-type: none"> <li>• <b>That the storage is not carried out by the ECB or any public entity</b>, since it will affect the narrative of the project – therefore we appreciate the clarification in art. 35.9 stating that ECB and NCBs will not have access to information on the technical proof.</li> <li>• <b>That the entity storing the technical proofs complies with DORA.</b> Therefore, we support the references made to the need to comply with DORA (in arts. 5 – related to the storage, 31</li> </ul> </li> </ul>

DK PCY Questionnaire	MS Comments
	<p>related to agreements with other entities, and recital 67). We understand that if there are entities such as giro institutions offering D€ services in certain MSs that have not extended DORA obligations to these entities, the reference should be contained in the Regulation. We consider DORA provides a useful framework regarding cyber risk management.</p> <ul style="list-style-type: none"> <li>• <b>That the entity storing the technical proofs complies with privacy obligations and data minimization</b>, therefore we appreciate the references made in this regard in art. 34 and Annex III.</li> <li>• That the user can decide whether to store the technical proof or not (<b>voluntary nature of the storage</b>)</li> </ul> <p>- <b>We can support both a centralized and a decentralized storage of technical proofs</b> in PSPs (alone or with joint agreements). We see that the decentralized storage suggested by the DK PCY can bring advantages in terms of reducing cyber-risk as pointed out in the note</p> <p><b>However, we believe certain elements should be changed and the drafting clarified:</b></p> <ul style="list-style-type: none"> <li>- We believe that the storage in the PSP’s infrastructure should not be compulsory, and we have doubts on the value of this. The drafting suggestions presented oblige the PSP to securely store the technical proof, and foresees that this storage can be in its own infrastructure.             <ul style="list-style-type: none"> <li>○ We question the value of storing the technical proof in its own infrastructure: If in the emergency situation the PSP is unavailable (and cannot be reached) how is the user going to access the technical proof stored in the infrastructure of the PSP.</li> </ul> </li> </ul>

DK PCY Questionnaire	MS Comments
	<ul style="list-style-type: none"> <li>○ Collective agreements between PSPs seem a better alternative if we want to ensure access to the technical proof in emergency scenarios.</li> <li>○ The user should be given in any case the possibility to store or not the technical proof in its own and in different PSPs. This should be an informed decision. If the user does not want to store the technical proof with any entity, he/she should be allowed to do so.</li> </ul> <p>- Additionally, we wonder if we should introduce conditions on the parties with whom PSPs can share the technical proof, e.g. being European or being a PSP already offering D€ services</p>
<p>Q6. Do Member States agree with the proposed drafting suggestions to Article C, and its accompanying recital?</p>	<p>EL (MS Comments):</p> <p><b>EL:</b> Yes, we agree with the proposed drafting suggestions. We propose the following addition to para 3: “It shall only apply for as long as the measure is justified, <b><u>in the opinion of the European Central Bank or the relevant national central bank</u></b>, in view of the achievement of the objectives set out in paragraph 1.” The purpose of the addition is to make it clear that the ECB/ NCB decide on whether the measure continues to be justified (see also paragraph 2, where it is clear that the ECB/ NCB decide on whether a measure is justified).</p> <p>EE (MS Comments):</p> <p>EE: We agree.</p> <p>DE (MS Comments):</p>

DK PCY Questionnaire	MS Comments
	<p>As mentioned before, we consider the <b>user perspective to be key</b>: (emergency) switching should be framed as an offer to the user to enhance usability, not as a mandatory step. This should be clearly reflected in the legal text.</p> <p>We would also like to raise the following question concerning the <b>practical implementation</b>:</p> <p>As we understand it, the only possibility for a user to avoid being switched to a particular PSP, i.e. the PSP designated by the respective Member State, would be to refuse authorisation to share his or her technical proof. Once the authorisation has been granted, there would be <b>no way to opt out of the emergency switching once it occurs</b>. A withdrawal of the authorization from the PSP would probably be no longer practical at this point, since the PSP is no longer operational.</p> <p>Given the temporary nature of the measure, users will be <b>automatically switched back to the original PSP</b> once it expires. It should be considered to provide more clarity on this aspect in the draft recital. It could be considered to provide more clarity on this aspect in the draft recital.</p>

DK PCY Questionnaire	MS Comments
	<p>We also wonder <b>how the user is practically informed about the activation</b> of emergency switching and, once the exceptional circumstances no longer apply, about the restoration of regular conditions.</p> <p>We welcome the possibility for Member States to consider cross-border switching arrangements. Those arrangements are well aligned with the concept of the single market and can be expected to further enhance the resilience of the European payments market by increasing the scope of PSPs available to provide digital euro payments services during exceptional circumstances.</p> <p>Finally, as stated many times before, we strongly <b>oppose the use of the term “digital euro account number”</b>. The digital euro is deliberately not designed as an account with the ECB, which would raise legal issues with a view to Article 17 of the ECB statute). We must therefore avoid any ambiguities and refrain from referring to the maintenance of an “account number” when switching.</p> <p>A “digital euro payment account” always describes the contractual relationship between a user and their PSP. If the PSP is changed, a new contractual relationship and thereby a new “digital euro payment account” come into existence.</p>

DK PCY Questionnaire	MS Comments
	<p>However, we can only reiterate that we do not oppose the concept of a “user alias” per se. We just don’t think it should be linked to or named after the concept of “account”. Instead, we consider it more accurate to refer to it as the “digital euro vault identifier” that is maintained when switching. This also applies to Article 2 (28).</p> <p>CZ (MS Comments): We support the legislative text.</p> <p>CY (MS Comments): Yes, Cyprus supports the proposed drafting suggestions.</p> <p>AT (MS Comments): In principle, we agree. See however our comment on Q5 regarding the PSP’s obligation to store the technical proof from users. Emergency switching should be upon users’ request only. Further, it remains unclear, if and how open funding questions are addressed as switching would (potentially in many cases) lead to a split between funding and distributing PSPs.</p> <p>SI (MS Comments):</p>

DK PCY Questionnaire	MS Comments
	<p>Yes, we agree.</p> <p>RO (MS Comments): We agree.</p> <p>PT (MS Comments): We reiterate our comments regarding the need to establish a specific timeframe for the application of these exceptional measures.</p> <p>We agree with the Presidency on the importance of providing a legal basis for PSPs to request user authorisation. However, we believe it should be clearly established that, once users have authorised emergency switching, and for as long as the exceptional circumstances persist, revocation should not be possible. Otherwise, users could be exposed to a limbo situation, where they are unable to return to their previous PSP.</p> <p>PL (MS Comments): PL: We agree with the proposed drafting. The clarification as to the steps to be taken in preparation for emergency switching in exceptional circumstances seems justifiable. It is coherent with earlier changes and provide legal standard of temporality which is highly relevant.</p>

DK PCY Questionnaire	MS Comments
	<p>NL (MS Comments): NL: Yes, we agree with the proposal for member states to request switching in emergency circumstances, and to make this switching temporary.</p> <p>LT (MS Comments): We support the proposed approach, especially concerning emergency cross-borders switching. Nevertheless, we have a few remarks. Firstly, with regard to the technical issues, it is evident that consumers will have the option to switch, but it would be prudent to consider the implications for merchants as well, especially small ones. Secondly, all measures must be temporary and limited in time. Moreover, we would like to draw the attention that merchants should also have an incentive to accept the offline digital euro and possibility to use them in emergency switching scenario either by switching PSP in their own jurisdiction or other jurisdiction, or else. We propose that merchants could use accumulated offline digital euro for business payments temporarily during the exceptional circumstances. Lastly, in the event of an emergency switch, it would be advisable to consider the possibility of implementing a uniform Know Your Customer (KYC) procedure in the EA, accompanied by a streamlined Anti-Money Laundering and Counter-Terrorist Financing</p>

DK PCY Questionnaire	MS Comments
	<p>(AML/CFT) process, with a view to facilitating seamless onboarding to the new PSP/PSPs across national borders.</p> <p>IT  <b>(MS Comments):</b></p> <p>We propose to introduce the following clarification:</p> <ul style="list-style-type: none"> <li>▪ it should be specified in par. 1(a) that not all the digital euro services will be transferred when switching but only the basic ones;</li> <li>▪ we would like to better understand the technical feasibility behind the statement that, in the event of emergency switching, digital euro accounts will be automatically transferred back to the original PSP once normal operations are resumed. Perhaps it would be preferable to leave the transfer up to the request of the user;</li> <li>▪ for the sake of compliance with data protection principles, it would be important to better clarify what is meant with and who are the other entities or third parties referred to in paragraph 5 of article C (“payment service providers shall request from digital euro users their authorisation to share, with other authorities or entities designated to provide temporary digital euro payment services according to Article D or other payment service providers or third parties”).</li> </ul>

DK PCY Questionnaire	MS Comments
	<p>Moreover, we note that no reference has been made to the application of AML/CTF measures in the event of emergency switching. We would propose to clarify how the AML/CFT measures would be applied both in normal and exceptional circumstances. On the matter, we would recall that the January 2025 non-paper acknowledged that <i>"In case of emergency switching, numerous consumers and businesses would need to become clients of other PSP(s) during a short period. To ensure a smooth change, PSPs may need the possibility to deviate from the standard KYC procedures (e.g. ex-post due diligence, risk assessment, profiling). At the same time, the proper safeguards should be applied to minimize the ML/TF risk, acknowledging the need to ensure payments for essential goods"</i>. The non-paper suggested the possible application of <i>"ad-hoc rules on KYC, AML, CTF, and sanctions screening (...) to be discussed further in the negotiations"</i>. We remain convinced that a dedicated provision for emergency switching could be beneficial, and that any exceptions to the application of AML obligations should be defined in L1 provisions.</p> <p>IE  <b>(MS Comments):</b>                      IE agrees with the proposed drafting noting that it provides privacy and autonomy for the digital euro end-user.</p> <p>HR</p>

DK PCY Questionnaire	MS Comments
	<p>(MS Comments):                      Yes, we agree with the proposed drafting suggestions to Article C, and its accompanying recital.</p> <p>FR                      (MS Comments):                      We agree with the Presidency's drafting proposals.</p> <p>FI                      (MS Comments):                      Yes</p> <p>ES                      (MS Comments):                      In general terms we agree with the possibility to activate an automated emergency switching in exceptional circumstances.</p> <ul style="list-style-type: none"> <li>- We support the process foreseen in article C for various reasons:                             <ul style="list-style-type: none"> <li>o It is flexible, since it allows the MS to designate different types of entities to act temporarily as provider of D€ services</li> <li>o It is easy for the user, especially if the user has authorized the sharing of the technical proof with other entities, since it will be automatic.</li> <li>o It is temporary, which is key in our view; voluntary (in the sense that the user will need to have provided a consent previously); and revocable</li> </ul> </li> <li>- In any case, we have some remarks:</li> </ul>

DK PCY Questionnaire	MS Comments
	<ul style="list-style-type: none"> <li>○ In order to differentiate this measure with the designation of a last resort entity in article D, we think it should be clarified that in each situation the MS will be entitled to designate one or various entities ad hoc (this means that the entity receiving all the accounts and having to provide services can vary in each emergency situation). We think this is very valuable because not in all cases all PSPs might be available, and this will allow to adjust to the specific situation of the moment.</li> <li>○ We wonder how the designated entity will receive the technical proof to carry out the emergency switching. We understand that the entities that store technical proofs will have to share them with the designated entity. This could be clarified in the recital.</li> <li>○ To streamline the process of switching we suggest:             <ul style="list-style-type: none"> <li>✓ allowing simplified AML/KYC checks. We should take into account that the receiving PSP will need to onboard the new users since many of them might not be previous clients. There will be little time to carry out these checks.</li> <li>✓ The recipient PSP should only provide basic services (in contrast to the switching of article 31.2 where the user can switch all services)</li> <li>✓ It will be easier that these services are provided through the app of the ECB. So that users do not have to download the app of the recipient PSPs, when opening an account, users should be informed that they can open the ECB's app that will allow them to make D€ payments in case of an automatic switching due to an exceptional circumstance, so that the users can make an informed decision.</li> </ul> </li> </ul>

DK PCY Questionnaire	MS Comments
<b>-Enhancing the distribution of the digital euro</b>	
<p>Q7. Do Member States agree with the proposed drafting suggestions to Article D and its accompanying recital?</p>	<p>EL  <b>(MS Comments):</b>  <b>EL:</b> We could support the proposed drafting suggestions. We see that this proposal creates synergies and reduces the cost of having permanently in place an authority or entity designated only for exceptional circumstances. However, we would welcome a broader definition of designated authorities in case the above-mentioned authorities or entities have no experience in the distribution of payment services to a larger number of users.</p> <p>EE  <b>(MS Comments):</b>                      EE: We agree.</p> <p>DE  <b>(MS Comments):</b>                      We are overall fine with the drafting. We clearly welcome that more flexibility is granted to the Member States when it comes to designating entities. This is very important to us.                      We understand that this would also entail that <b>the amendments to Article 14 (3) would be adopted as well?</b> Also, in normal times, MS should have the discretion to chose which entity should perform these services. We would appreciate an confirmation in this respect.</p> <p>Two remarks on the drafting:</p>

DK PCY Questionnaire	MS Comments
	<p>First, we wonder whether it could enhance clarity if it is set out that the designated entities shall <b>provide temporary services to users which are not already their existing users</b>. Here, the point is that these entities should serve other users in exceptional circumstances. In the Recitals, this is clearer, where it says that these entities should ‘serve a broader range of users’.</p> <p>Second, we noted that, in the draft Article D as well as in the draft recital, <b>reference is made to “daily payments”</b>. That term does not appear again in the Commission proposal or in the draft legal text presented in the presidency note. Given that this term could be misread as being intended to narrow the scope of Article D to “daily payments” only, we suggest <b>replacing that term with “digital payments” or “digital euro payments”</b>.</p> <p>CZ  <b>(MS Comments):</b>                      We generally agree.</p> <p>CY  <b>(MS Comments):</b>                      Cyprus suggests reconsidering this as to the feasibility of such proposal. Even in normal circumstances, it is ambitious on how such public entities would cope.</p> <p>AT</p>

DK PCY Questionnaire	MS Comments
	<p><b>(MS Comments):</b></p> <p>In general, we agree with the proposed drafting suggestions and would like to add that we are also in favour of a general may-provision in the existing proposal on Art 14 (3). In addition, we question the EBA/AMLA mandate on separate guidelines. Eligible PSPs are licensed, need to meet regulatory requirements and are already supervised by competent authorities. We therefore see no separate need for a specific guideline.</p> <p>SK</p> <p><b>(MS Comments):</b></p> <p>We do not oppose amendments, but would welcome clarifications on “as long as it is justified” encompasses, to avoid the ambiguity of its application.</p> <p>SI</p> <p><b>(MS Comments):</b></p> <p>We would like to draw attention to an inconsistency between Article D and Article 14(3). Article 14(3) as it currently appears in the Proposal (and remains unchanged in the legal text shared with delegations by the PL PYC) does not expand the range of entities that Member States may designate for public approach to include private actors, whereas Article D does (for distributing of the digital euro in exceptional circumstances).</p>

DK PCY Questionnaire	MS Comments
	<p>It would be advisable to align both provisions so that they consistently allow for the inclusion of private entities among those eligible for designation by Member States. This alignment would ensure legal coherence and avoid ambiguity in implementation.</p> <p>Moreover, it should be recalled that under the previous presidency, there was an agreement to extend Article 14(3) explicitly to private entities. Reflecting this agreement in the final legal text would enhance legal clarity and continuity with previously established positions.</p> <p>RO (MS Comments): We agree, but we still have reservations regarding the resilience of a single entity offering DE services to all users in a member state without proper testing beforehand.</p> <p>PT (MS Comments): We have some comments on how this article has been drafted. The concept of “<i>only for as long as it is justified</i>” is too vague and could lead to different interpretations, so it needs to be clarified.</p>

DK PCY Questionnaire	MS Comments
	<p>Furthermore, the mandate issued to the EBA and the AMLA to issue guidelines on the “<i>policies, procedures and controls that authorities or other entities designated by the Member States should have in place in exceptional circumstances to balance the need for broad access to the digital euro with robust AML/CFT measures</i>”, should be set out in Article D and not in a recital, since recitals are not legally binding.</p> <p>PL  <b>(MS Comments):</b>                      PL: Yes, we agree with the proposed drafting suggestions to Article D and its accompanying recital and view it as coherent to previous changes. The direction reflected in the amended Article D and the accompanying recital seems to go in line with the objective of broadening the access to digital euro in exceptional circumstances.</p> <p>NL  <b>(MS Comments):</b>                      NL: [Drafting below]</p> <ul style="list-style-type: none"> <li>- We very much welcome the proposal to broaden the designated authorities in article D for the purpose of distributing the digital euro in exception circumstances. We agree with keeping as much flexibility as</li> </ul>

DK PCY Questionnaire	MS Comments
	<p>possible, of course barring the ECB and NCBs on the basis of the applicable treaties.</p> <ul style="list-style-type: none"> <li>- We do wonder whether it is necessary to provide guidance on policies, procedures and controls that authorities or other entities should have in place in Member States. Perhaps it is suitable to leave this to Member States and those entities, to take into account national specificities in national payment habits. We would therefore argue that it is suitable to replace ‘shall’ with ‘may’ in this regard, giving EBA and AMLA the possibility, but not the requirement to issue guidelines.</li> <li>- Moreover, as objectively as possible, it should be specified what the EBA and AMLA should specify in those guidelines, for example the limited digital euro functionalities which these entities must be able to accommodate at short notice and the required infrastructure for these functionalities.</li> <li>- Moreover, we would suggest that the accompanying recital clarifies that the compensation model in case designated authorities provide digital euro payment services and instruments in exceptional circumstances is similar to the compensation model during normal times.</li> </ul>

DK PCY Questionnaire	MS Comments
	<p><b>Drafting suggestion for recital D (bold underlined):</b> [...] Under exceptional circumstances, these authorities or entities could be designated to serve a broader range of users with digital euro payment services and instruments to facilitate the continuity of daily payments on a temporary basis. <b><u>Under exception circumstances, the fees charged for digital euro services will be equal to the fees charged for these services under normal circumstances.</u></b></p> <p>To be able to provide these services, these authorities or other entities should be members of the digital euro scheme and have implemented the necessary preparatory measures. In order to provide guidance on policies, procedures and controls that authorities or other entities designated by the Member States should have in place in exceptional circumstances to balance the need for broad access to the digital euro with robust AML/CFT measures, the EBA and AMLA <del>should</del> <b>may</b> issue guidelines.</p> <p>LT (MS Comments): We agree.</p> <p>IT (MS Comments): Although it is a “may” provision, we continue to be sceptical about the need to have this article. Additionally, the wording seems to be too broad and involves</p>

DK PCY Questionnaire	MS Comments
	<p>entities different from authorized PSPs (article 1, lett. f) PSD2, “<i>Member States or their regional or local authorities when not acting in their capacity as public authorities</i>”). These entities have no direct experience in the distribution of payment services and instruments – so we struggle to understand their possible role in distributing digital euro payment services.</p> <p>IE  <b>(MS Comments):</b>                      IE agrees with the proposed drafting suggestions. IE notes the proposed designation of authorities or other entities to provide temporary digital euro payment services and instruments is optional. Selection of the designated entity to provide this service should be a Member State competence.</p> <p>HR  <b>(MS Comments):</b>                      Yes, we agree with the proposed drafting suggestions to Article D and its accompanying recital.</p> <p>FR  <b>(MS Comments):</b>                      We accept the changes made but consider that the responsibilities of the designated entities are insufficiently precise. Furthermore, we would point out that the resilience of payments cannot be based solely on the digital euro scheme, as this would be a single point-of-failure. We believe that each</p>

DK PCY Questionnaire	MS Comments
	<p>Member State is free to build its own resilience strategy, in conjunction with its market players and according to circumstances and habits.</p> <p>But if Member States wish to do so, we are open to leaving it in the regulation.</p> <p>FI (MS Comments): Yes</p> <p>ES (MS Comments):</p> <ul style="list-style-type: none"> <li>- In general, we like the flexibility that the PCY suggests in the article: <ul style="list-style-type: none"> <li>o We support a may instead of a shall provision</li> <li>o We also support that it allows to select different PSPs, taking into account the diversity of payment system architectures</li> </ul> </li> </ul> <p>This same flexibility should be replicated for the entities responsible for financial inclusion.</p> <ul style="list-style-type: none"> <li>- We think that the recital should clarify what is meant by: “MS may use service agreements when designating authorities to reduce burden imposed on them”</li> <li>- We consider that the requisites that the last resort entity needs to comply with should go in the core of the text and not in recitals</li> <li>- We do not understand the rationale of mandating guidelines to EBA and AMLA to prevent AML risk in this provision. IN any case, we also think that mandating guidelines should be in the core text and not in recitals.</li> </ul>
<b>-Other drafting suggestions</b>	
Q8. Do Member States agree with the proposed drafting suggestions to recital 3, 5, 13, 16, and recitals XX and YY?	EL

DK PCY Questionnaire	MS Comments
	<p>(MS Comments):</p> <p>EL: We have no objections to the proposed drafting suggestions.</p> <p>EE</p> <p>(MS Comments):</p> <p>EE: We agree on the proposed drafting suggestions to recitals 3, 5, and 16. We have, however, noticed that drafting suggestions to recital 13 are missing even if the recital is present in the question. We believe it is important to facilitate the wide use of the digital euro for private individuals and therefore would support complementing recital 13 in this spirit (as proposed in our (EE-FI-LT-LV) non-paper or interim draft).</p> <p>We broadly agree on the approach in recitals XX and YY. However, it could be more ambitious and move to the legal text. The objectives referred to in recital XX and to be respected may conflict with each other. Which one of them would prevail? A hierarchy may be necessary to achieve a secure and innovative digital euro settlement infrastructure. For example, cost efficiency cannot prevail over preparedness by design principle in the case of a public service that should strengthen strategic autonomy and resilience. In recital YY, the negative scope of the state-of-the-art meaning should be excluded (the first part of the recital) to start with a positive note and give a clear positive message to the public.</p> <p>DE</p>

DK PCY Questionnaire	MS Comments
	<p><b>(MS Comments):</b></p> <p>We welcome the inclusion of the term ‘resilient’ in Articles 3, 5, 13, and 16.</p> <p>However, we <b>do not support the mere inclusion of the idea of a technology clause only in the recitals.</b></p> <p><b><u>DEU drafting proposal:</u></b></p> <p><b>Article 24a - new</b></p> <p><b>Technical design of the digital euro</b></p> <p><b>1. Adhering to the principle of preparedness by design, the European Central Bank shall implement appropriate technical and organisational measures to ensure at all times a state-of-the art technical design of the digital euro and the digital euro settlement infrastructure adopted by the Eurosystem.</b></p> <p><b>2. The European Central Bank shall monitor technological developments, including new technologies which are in particular designed to protect privacy, enhance data protection, ensure security, elevate fraud detection and prevention,</b></p>

DK PCY Questionnaire	MS Comments
	<p>reduce fragmentation as well as to support competition, efficiency and innovation, to ensure that the technical design of the digital euro, including the digital euro settlement infrastructure adopted by the Eurosystem, continuously adapts to new technologies.</p> <p><b>3. For the purpose of implementing appropriate technical and organisational measures pursuant to paragraph 1, the European Central Bank shall take into account the state of the art, the cost of implementation and the nature, scope, availability at large-scale and purpose of new technologies as well as potential risks posed by them.</b></p> <p><i>Explanation:</i></p> <p>First, in substance this is not only about the infrastructure of the digital euro but also about the technological basis and features of the digital euro, including privacy protection, or data protection. It would be a highly important signal to the users that these features would be developed further on a continuous basis. Such an important obligation to keep the digital euro technology up to date is an important reassurance for the users. A mere Recital is not enough for this.</p>

DK PCY Questionnaire	MS Comments
	<p>Second, we do not share concerns about cost implications. Of course, new technologies should be ready to market and come at a reasonable price before implementing them. However, such a prerequisite would also be part of the operative provision. Instead of reducing flexibility, in fact it would provide clear guidance for all stakeholders when assessing relevant costs.</p> <p>Our proposal read: For the purpose of implementing appropriate technical and organisational measures pursuant to paragraph 1, the European Central Bank shall take into account the cost of implementation and the nature, scope, availability at large-scale and purpose of new technologies as well as potential risks posed by them.</p> <p>Finally, on the drafting: We also support the substance of what is outlined in the draft recital YY. However, we would not be supportive of adding explicit language on this aspect to the regulation as this could be misunderstood as the term “state-of-the-art” being watered down. It cannot be ruled out that critics of the digital euro project will seize the opportunity to emphasise the content of that recital.</p> <p>CZ  <b>(MS Comments):</b>                  We support.</p>

DK PCY Questionnaire	MS Comments
	<p>CY (MS Comments): Yes, Cyprus supports the proposed drafting suggestions.</p> <p>AT (MS Comments): Yes, we agree to reflect resilience more explicitly in the accompanying recital 3, 5, 13, 16. We also agree to introducing a recital (or Article) clarifying that "state-of-the-art" in this context does not necessarily imply the newest cutting-edge technology. Rather, it refers to the current and generally accepted best practices, technological developments, and scientific knowledge relevant to the specific field.</p> <p>SK (MS Comments): We can support the amendments beside suggested Article YY, in which we would prefer deletion of the first sentence.</p> <p>SI (MS Comments): Yes, we agree.</p> <p>RO (MS Comments): We agree.</p>

DK PCY Questionnaire	MS Comments
	<p>PT (MS Comments): For the moment, we agree with the proposed drafting.</p> <p>PL (MS Comments): PL: Yes, we agree. In our view, the need for resilience and security and the implementation of the state-of-the art technology seems to be underlined and clarified in the amended and added recitals. We support the addition of “resilient” on the basis of legal clarity and safeguarding legal interpretation. We are in favour of newly proposed recitals with the use of the term “state-of-the-art”. Defining aforementioned term in the recital is of relevance since it safeguards legal clarity and any possible ambiguities.</p> <p>NL (MS Comments): NL: Yes, we agree. Though we find it important that the underlying infrastructure and technology is continuously ‘updated’, we find it equally important that this should be done in a proportional manner that also takes account of the cost implications.</p>

DK PCY Questionnaire	MS Comments
	<p>LT (MS Comments): We agree.</p> <p>IT (MS Comments): Yes, we agree.</p> <p>IE (MS Comments): IE agrees with the drafting suggestions to recital 3, 5, 13 and 16 (i.e. inclusion of the word “resilience” for completeness). With regard to the introduced recitals XX and YY, IE agrees that “state-of-the-art” settlement infrastructure is used.</p> <p>HR (MS Comments): Yes, we agree with the proposed drafting suggestions to recital 3, 5, 13, 16, and recitals XX and YY.</p> <p>FR (MS Comments): We agree.</p> <p>FI (MS Comments):</p>

DK PCY Questionnaire	MS Comments
	<p>Yes, we could also support lifting the texts to article level.</p> <p>ES (MS Comments):</p> <p>We agree with adding “strengthening resilience as a general principle” in the recitals.</p> <p>We also agree with stating that the infrastructure shall be built on state-of-the-art technology and ensure constant development, adoption and uptake of new techs while respecting cybersecurity. However, we think we can go further in increasing resilience of D€ Eurosystem infrastructures: In a previous CWP, the PL PCY put forward in the may CWP several measures to increase resilience of D€ infrastructures, included different option. We advocate for strengthening the resilience of the D€ backend infrastructure by introducing DORA like obligations for the Eurosystem or taking up other suggestions such as introducing a more decentralized settlement infrastructure to reduce concentration risk (e.g. modelled after SWIFT), a geographical requirement for operating sites to be located and operated in the Union, etc.</p> <p>Also, we would include the definition of state of the art technology in Article 2, together with other definitions.</p>
<p><b>-Enabling offline payments by default and automatic funding</b></p>	
<p>Q9. Do Member States agree with the proposed drafting suggestions to Article 28 and annex II?</p>	<p>EL (MS Comments):</p> <p><b>EL:</b> We have no objections to the proposed drafting suggestions. [Please note that the question should refer to art 23, not art 28].</p> <p>EE</p>

DK PCY Questionnaire	MS Comments
	<p>(MS Comments):</p> <p>EE: We welcome and support the proposed drafting suggestions to Article 23 and annex II. However, we would like to have a clarification which default setting (the one of the payee, or the payer) will be chosen when there is a conflict between the default settings of the payee and the payer (whether their digital euro payments in proximity shall be offline or online). Question 9 itself refers to the wrong Article (should be Article 23 as in the text of the Presidency discussion note).</p> <p>DE</p> <p>(MS Comments):</p> <p>We <b>strongly welcome the amendments</b>.</p> <p>We had requested the inclusion of these two very relevant functionalities several times in the past. Therefore, we wish to thank the DNK PCY for taking up this proposal by the ECB and for delivering a sound wording.</p> <p>As said in the past, ensuring that the offline version is convenient and easy to use could create true added value for the digital euro.</p> <p>On a more technical note, we wonder whether the <b>new Article 23 (5) on automatic funding would be better placed in Article 13</b>. So far, all funding and defunding functionalities are coherently addressed in Article 13. They are</p>

DK PCY Questionnaire	MS Comments
	<p>designed as obligations for PSPs which shall be offered to digital users, irrespective of them being referenced in Annex II or not. Therefore, we would propose to include the new Article 23 (5) – in the proposed wording – in Article 13, potentially in a new Article 13 (4a).</p> <p>With regard to <b>Article 37</b>, one major issue still needs to be resolved: the <b>setting of the transaction limit for offline transactions</b>. As said several times in the past, we are convinced that the transaction level shall be set by the co-legislators at level one. In addition, a (daily) limit for cumulative transactions might be set.</p> <p>Similar to the offline version of the digital euro, the co-legislators also set the transaction limit for euro cash as part of the AML package.</p> <p>Balancing out the interests of AML/CFT and the protection of privacy is an inherently political choice. Finding the right balance between these two very important goals is the task of the co-legislators. It does not suffice to delegate such an important decision only to level 2.</p> <p><b>DEU drafting proposal:</b>  <b>(4a new) A single offline digital euro payment transaction may only be made or accepted up to an amount of EUR 1000.</b></p>

DK PCY Questionnaire	MS Comments
	<p>5. The Commission <del>is empowered to</del> <b>shall</b> adopt implementing acts setting offline digital euro <b>cumulative</b> payment transaction limits and offline digital euro holding limits <del>or both</del>. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 39. <b>Offline digital euro holding limits shall respectnot exceed the limits established in accordance with Article 16.</b></p> <p>6. <b>Cumulative transaction and</b> holding limits shall take into account the need to prevent money laundering and terrorist financing while not unduly restricting the use of the offline digital euro as a means of payment. The Commission, when drawing up the implementing acts referred to in paragraph 5, shall take into account in particular the following: [...]</p> <p>Therefore, we are looking forward to discussing this issue further in the upcoming CWP, ideally, based already on a concrete drafting proposal. In addition, we should also discuss the necessity of a specific offline holding limit.</p> <p>CZ (MS Comments): We agree.</p> <p>CY (MS Comments):</p>

DK PCY Questionnaire	MS Comments
	<p>Cyprus supports enabling offline payments by default and automatic funding. These features are critical for ensuring inclusiveness, especially in remote or underserved areas.</p> <p>AT (MS Comments): Yes, we agree. Enabling users to (i) set the offline modality as the default option for proximity payments and (ii) to activate automatic funding for their offline wallet when using the offline functionality of their mobile phones will enhance user experience.</p> <p>SK (MS Comments): We support the amendments.</p> <p>SI (MS Comments): Yes, we agree.</p> <p>RO (MS Comments): We agree.</p> <p>PT (MS Comments):</p>

DK PCY Questionnaire	MS Comments
	<p>For the moment, we agree with the proposed drafting.</p> <p>PL (MS Comments): PL: Yes, we agree with the proposed drafting suggestions to Article 28 and the Annex II. In our view, the addition of the automated funding of offline holdings as one of the basic digital euro payment services and offering the choice to the users which form (offline or online digital euro) should be selected by the users by default seems reasonable. We also consider automated-funding as a good option aligned with some currently existing on the market payment solutions.</p> <p>NL (MS Comments): NL: Yes, we are glad to see these contributions to the digital euro offline functionality and the specification that, in proximity, people can automatically pay offline as they currently do with cash.</p> <p>LT (MS Comments): We agree.</p> <p>IT (MS Comments):</p>

DK PCY Questionnaire	MS Comments
	<p>We can be open to consider the possibility of having an offline by default if technically feasible. However, our final position is subject to ongoing discussion on offline functionality, including the remuneration model.</p> <p>IE (MS Comments): IE agrees with the proposed drafting suggestions to Art. 28 and Annex II, and recognises its alignment with the ECB’s response to the French non-paper.</p> <p>HR (MS Comments): We agree with the proposed drafting suggestions to Article 28 and annex II.</p> <p>FR (MS Comments): We strongly support offline payment by default because it reassures EU citizens that their payments are confidential. We agree with the possibility of providing for automatic replenishment of the account in digital offline euros.</p> <p>FI (MS Comments): Yes</p> <p>ES (MS Comments):</p>

DK PCY Questionnaire	MS Comments
	<ul style="list-style-type: none"> <li>- On Art. 23: We agree with enabling proximity D€ payments to be offline by default and to enable automatic funding for offline payments, given that it seems to be technically possible (according to the ECB). However, users should be made aware of the implications of such a decision (offline payments have advantages in terms of privacy but also have drawbacks, the user will not able to keep track of offline payments in apps, if the cell phone is lost you lose the amount, etc)</li> <li>- On Annex II:             <ul style="list-style-type: none"> <li>o We wonder whether the automated funding should be a basic service in general. We think it would make sense to give a parallel treatment to offline and online automated funding. In the May 2025 CWP during PL PCY it was clarified that there are 2 types of automated funding:                 <ul style="list-style-type: none"> <li>▪ Scheduled funding, which implies prefunding at regular intervals: Evey month/.. X amount or top to have X amount. It is like a standing order, not a conditional payment, therefore it should be a basic service</li> <li>▪ Event driven funding, which is triggered by a specific condition, e.g. whenever the holding is below a specific threshold, to ensure that the user always have the same amount of holdings. This is considered a conditional payment, and is therefore treated as added value service, not free of charge basic service.</li> </ul> </li> <li>o Additionally, we think that this service should not be included with waterfall and reverse waterfall but with the automated funding online</li> </ul> </li> </ul>