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From:	Presidency
To:	Working Party on Financial Services and the Banking Union (Digital Euro Package) Financial Services Attachés
Subject:	Digital euro - WP meeting on 10 November 2025 - Presidency discussion note on the distribution framework

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Presidency discussion note on the distribution framework

10 November 2025

Working Party on Financial Services and the Banking Union

Proposal for a regulation on the establishment of the digital euro

Meeting on 10 November 2025

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1. Introduction

The distribution framework has been discussed on several occasions, most recently at the Council working parties (CWPs) in September and October 2025. **The Presidency recalls that the proposed approach received broad support from Member States, however, further work deemed necessary** regarding the scope of the distribution obligations as well as the annexes concerning mandatory and basic digital euro services.

Furthermore, **Member States called for an overview of the distribution obligations for payment service providers (PSPs)** to ensure coherence between the articles and the annexes as well as to avoid overlapping obligations. Finally, as requested by Member States, **the Presidency has assessed the interplay between this Regulation and the payments services directive and regulation** (PSD3 and PSR) with the aim of legal consistency and coherence. This note consist of two chapters. This first chapter concerns the scope of the distribution obligations, including the obligations outlined in Annex II and IIa, while the second chapter concerns the interplay between this regulation and the PSD3/R. The Presidency seeks Member States' input in regard to the amendments suggested to the topics described above, with the aim of getting the necessary guidance, and where possible, reach common grounds.

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Chapter 1

1.1 Scope of distribution obligations

1.1.1. Restriction on PISPs and review clause

The Presidency recalls that, at the CWP meeting on 17 October, it was proposed that **payment initiation service providers (PISPs) should be restricted to provide digital euro services directly to end-users, while not applying the same restriction to account information service providers (AISPs)**. The rationale for this differentiated approach is that AISPs are not considered to pose comparable risks in terms of costs, competition or potential "free-riding" effects as PISPs. To ensure proportionality and openness to future developments, the Presidency also proposed the introduction of a review clause enabling the Commission, after a period of three years, to assess whether PISPs should be allowed to apply for participation in the scheme as ancillary service providers.

A majority of Member States expressed support for a differentiated approach for PISPs and AISPs combined with a review clause. On this basis, the Presidency proposes to introduce such a review clause, tasking the Commission to assess, within three years after the first issuance of the digital euro:

1. the market developments in regard to open banking in the euro area,
2. the expected impact on innovation in the euro area, which the inclusion of PISPs in the scope of the provision of digital euro services would lead to, and
3. the impact on PSPs' business models, if PISPs are to be included in the scope, considering costs and revenues.

While there was broad support for the differentiated approach, **several delegations requested clarification regarding the restriction of PISPs and whether they could still play a role in the distribution of the digital euro** while remaining outside the scope of the rulebook. Under the Presidency's proposal, PISPs **would not be permitted to provide payment initiation services directly to end-users in digital euro**. However, they would be **able to do so indirectly by contracting with distributing PSPs**[1].

[1] For illustration, payment initiation services are often offered by third-party providers contracting with a bank, rather than by PISPs relying on the PSD2 open-banking framework. For example, some banks currently cooperate with the European Payments Initiative (EPI) company to offer the Wero application to their customers, with EPI acting as a

Some Member States suggested that the proposed amendment to Article 5(5) on Applicable law, clarifying that provisions on PISPs under the PSD3/PSR framework should not apply in the context of the digital euro, would be more appropriately placed in Article 5(3). **The Presidency recognises the merit of this observation and proposes to adjust the placement accordingly.** The Presidency further notes that the proposed adjustment to Article 5 also reflects the broader clarification introduced under section 3.1.1, concerning the interplay between DER and PSD3/PSR.

Drafting suggestions

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DK PCY in green

Article 41 - Review

4a. No later than three years after the first issuance of the digital euro, the Commission shall present to the European Parliament and to the Council a report for the purpose of assessing whether payment initiation service providers should be permitted to participate in the provision of digital euro services. For the purpose of such assessment, the Commission shall in particular take into account the market developments in regard to open banking in the euro area, the expected impact on innovation in the euro area, were payment initiation service providers be permitted to participate in the provision of digital euro services, and the impact on PSPs' business models, on the basis of costs and revenues consideration.

Article 5 – Applicable law

[...]

3. ~~**In accordance with Article 4(25) of Directive (EU) 2015/2366 of the European Parliament and of the Council, of 25 November 2015, on payment services in the internal market, as replaced by Directive (EU) [please insert reference – proposal for a Directive on payment services and electronic money services in the internal market - COM/2023/366 final] and Regulation (EU) [please insert reference – proposal for a Regulation on payment services in the internal market - COM/2023/367 final] of the European Parliament and of the Council,**~~

third-party service provider, although EPI is licensed to offer payment initiation services under the PSD2. Such an arrangement would also be possible under the Presidency's proposal for the digital euro.

~~of XX/XX/2023~~**~~, the provisions of that~~** Directive **(EU) 2015/2366** shall apply to digital euro ~~payment transactions services~~**, with the exception of:**

- **the provisions on payment initiation services in Chapter III Title III of that Directive;**

[…]

Question 1 for Member States:

Q1. *Do Member States agree with the Presidency's proposal to Articles 41 and Article 5(3)?*

1.1.2 Cash funding and defunding obligations

At the CWP meeting on 17 October, the Presidency proposed adjustments to Article 13 to reflect the "no pick-and-choose" approach for PSPs. Specifically, the Presidency suggested that PSPs obliged to distribute the digital euro, as well as those choosing to do so voluntarily, should provide the complete set of mandatory digital euro services as listed in Annex II related mandatory digital euro services. In line with this principle, it was proposed that cash funding and defunding would only be offered where these functionalities are already included in the PSP's existing range of services.

The Presidency notes that **Member States expressed broad support for both the "no pick-and-choose" principle and the proposed approach to cash funding and defunding**. However, several delegations invited the Presidency to ensure that this approach is appropriately reflected in the operative provisions of the Regulation to provide full legal clarity.

Furthermore, the Presidency notes that **Member States expressed broad agreement on the principle that cash funding and defunding obligations for PSPs providing digital euro services, should mirror <u>exactly</u> the provision of cash funding and defunding services that the respective PSP has in place for non-digital euro payment accounts**. In relation to this, some delegations requested further clarification of what is meant by providing these services "in the same technical means".

The Presidency would like to clarify that the intention is to ensure that only those PSPs that already provide cash services for non-digital euro payment accounts would be expected to offer equivalent services for digital euro payment accounts. The manner in which these services are provided should correspond exactly to the PSP's existing practice existing at the relevant time, both (i) in terms of which clients are eligible to receive the service and (ii) through which channels (e.g. ATMs, bank branches) or technical means (e.g. NFC) the service is provided.

This approach implies that there would be no general obligation for all PSPs to provide cash funding or defunding to all digital euro users. Rather, cash services related to the digital euro should mirror the specific arrangements each PSP applies at the relevant time for cash services linked to non-digital euro accounts. To reflect this approach, **the Presidency proposes to amend Article 13(3)(b) and Annex II(d) accordingly and to introduce a corresponding recital**.

Furthermore, some delegations proposed to **specify that any fees related to cash funding and defunding should be justifiable, proportionate and transparent**. In this context, several delegations supported a non-discrimination principle, whereby PSPs could not charge higher fees for equivalent cash services provided in connection with the digital euro than for comparable cash services related to non-digital euro payment accounts. The Presidency recalls that compensation and fee arrangements for cash services were discussed under the Polish Presidency. At that time, **Member States broadly agreed that both an inter-PSP fee and a consumer fee for cash services could be allowed, provided that such fees do not exceed those applied for comparable non-digital euro cash services** and **remain reasonable and proportionate**[2]. The Presidency proposes to reflect this principle in the newly proposed recital.

Drafting suggestions

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Article 13 – Payment service providers

[…]

[2] In June 2025, the Polish Presidency suggested to add the following provision to Article 17(1): "*By derogation from the first subparagraph, payment service providers may charge a fee for funding and defunding digital euros from or into euro cash. This fee shall be objectively justified and proportionate, and, in any event, shall not exceed the lowest amount charged by the payment service provider to the respective customer for funding and defunding a non-digital euro payment account from or to euro cash*." Moreover, the Polish Presidency proposed to add the following provision to Article 17(7): "*By derogation from the first subparagraph, payment service providers may charge an inter-PSP fee for funding and defunding digital euros from or into euro cash. This fee shall be objectively justified and proportionate and, in any event, shall not exceed the lowest amount charged by the payment service provider to the respective consumer PSP for funding and defunding a non-digital euro payment account from or to euro cash.*"

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

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

(b) when a payment service provider provides cash services where funding and defunding take place throough euro bankotes and coins**. In this case, funding and defunding functionalities shall be provided in the same manner as it provides cash services for non-digital euro payment accounts.**

[…]

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

[…]

(d) manual funding and defunding from or to euro banknotes and coins **if the distributing payment service providers provides such services for non-digital euro payment accounts, and only in the same manner** ~~**through the same technical means**~~ in which the distributing payment service providers provides such ~~**cash**~~ services for non-digital euro payment accounts**, as referred to and 13(3)** ~~**manual funding and defunding from / or into cash, when the payment service provider provides cash services;**~~

[…]

New recital (following recital 59):

The provision of cash funding and defunding services for digital euro should be provided by payment service providers in the same manner as for non-digital euro payment accounts. The scope and manner of this obligation shall align with the arrangements existing at the relevant time, including as regards the categories of consumers eligible for such services and the channels or technical means through which those services are provided. Furthermore, it should be possible for the PSPs to charge and inter-PSP fee as well as consumer fee for cash services, provided that the fee does not exceed the fee for cash services for non-digital euro payments accounts and the fee is reasonable and proportionate.

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Question 2 for Member States

Q2. *Do Member States agree with the Presidency's proposals to Article 13(3)(b), Annex II(d) and the new recital?*

1.1.3 Overview of PSPs' distribution obligations

Following requests from several Member States to examine the modalities of the PSPs distribution obligations with a view to simplify, the **Presidency has identified the main obligations applicable to PSPs under the Regulation. These are presented in the table below.**

On this basis, the Presidency proposes a number of targeted adjustments to the relevant articles with the aim of streamlining and simplifying the distribution obligations, enhancing legal clarity, and ensuring overall consistency between the operative provisions and the Annexes. The Presidency would like to note that open funding is dealt with in the note concerning the compensation model.

Table 1

Service	**Commission proposal + previous Presidency suggestions**	**DK Presidency proposal [10 November]**	**Explanation**
Linking of accounts Allow the digital euro user to link to more than one non-digital euro payment account.	**Article 22(4)** *Each digital euro payment account may be linked to one or more non-digital euro payment accounts ~~denominated in euro~~ that shall be designated by the digital euro user. For the purpose of Article 13(4), each digital euro payment account may ~~only~~ be linked to one non-digital euro payment account ~~denominated in euro~~.*	**Article 22(4)** *Each digital euro payment account may be linked to one or more non-digital euro payment accounts ~~denominated in euro~~ that shall be designated by the digital euro user. For the purpose of Article 13(4), each digital euro payment account may ~~only~~ be linked to one **or more** non-digital euro payment account**s** ~~denominated in euro~~.*	The Presidency suggest allowing digital euro users to link its digital euro account to one or more non-digital euro payment accounts. Some Member States asked for clarification on the possibility for users to link multiple non-digital-euro payment accounts for funding their digital euro account. The Presidency notes that this functionality would only involve linking one or more IBANs, not simultaneous funding, and would therefore have limited operational impact. It would align with current market practices for

			consumers and enhance liquidity management for merchants by allowing separate accounts for funding, refunds or pay-outs.
Open funding Funding and defunding from and into non-digital euro accounts, including reverse waterfall and waterfall, but except cash funding and defunding	**Article 13(2)** *Payment service providers that provide non-digital euro payment accounts within the meaning of Directive 2015/2366 shall enable digital euro users to manually or automatically fund or defund their digital euro payment accounts. […]* **Article 13(4)** *[…] Digital euro users shall be allowed to have that designated non-digital euro payment account with different payment service provider than the one where a given digital euro payment account is*	**Article 13(2)** *Payment service providers that provide non-digital euro payment accounts within the meaning of Directive 2015/2366 ~~and payment service providers that provide digital euro payment accounts servicing payment services within the meaning of Directive 2015/2366~~ shall enable **digital euro users** to manually **and** automatically fund or defund their digital euro payment accounts~~,~~ ~~whether~~ held with ~~the same or~~ another payment service provider~~,~~ **from or to non-digital euro payment accounts.*** **Article 13(4)** *[…] Digital euro users shall be allowed to have that designated non-digital euro payment account with **the same or** different payment service providers than the one where a given digital euro payment account is held apart from*	The Presidency notes that some Member States opposed the proposed change from "their own clients" to "digital euro users", arguing that such wording would oblige all PSPs with cash infrastructures to provide funding and defunding services to any digital euro user, regardless of whether that person is their client. In response, the Presidency proposes to reinstate the phrase "from or to non-digital euro payment accounts", implying that PSPs shall enable digital euro users to manually and automatically fund and defund their digital euro payment account held with another PSP from or to a non-digital euro payment accounts. This implies that PSPs are obliged to provide cash funding and defunding services in accordance with Article 13(3). The Presidency suggests to clarify that PSPs are only obliged to enable their own clients to automatically fund and defund its digital euro payment account. Furthermore, the Presidency notes that some Member States opposed the proposed change from "their own clients" to

	held, apart from natural persons for the purpose of point (b).	*natural persons **acting as a consumer** for the purpose of point (b).* ***The obligation under point 13(4)(b)*** [reverse waterfall] ***will not apply where the non-digital euro account is provided by a payment service provider other than the one providing the digital euro payment account in case of natural persons acting as a consumer.***	"digital euro users", arguing that such wording would oblige all PSPs to both manually and automatically provide funding and defunding services to **any** digital euro user, regardless of whether that person is their client. In response, the Presidency proposes to reinstate the reference to "their own clients". Based on Member States written input, it is envisaged that digital euro users should have the possibility to regularly top up their digital euro payment account from a linked non-digital-euro account, whether held with the same or another PSP, whereas open-funding reverse waterfall transactions would not be essential for this purpose. The Presidency thereby propose amendments to reflect this in Article 13(4).
Joint accounts	**Article 22(5)** *Payment service providers shall allow the use of digital euro payment account by more than one digital euro users.*	**Article 22(5)** ~~***Payment service providers shall allow the use of digital euro payment account by more than one digital euro users.***~~ **Recital (54)** (…) ***Payment service providers should not be obliged to allow the use of a digital euro payment account by more than one digital euro users, while digital euro users should be able link their digital***	If the digital euro is to be considered a non-physical *in-rem asset* conferring ownership and property rights on the individual user, the establishment of joint accounts would be impractical, as any transaction from such an account would require the explicit consent of all account holders. The Presidency notes that the deletion of the obligation to allow the use of joint accounts would not materially affect the value

		euro payment account to a non-digital euro payment account that is held by more than one user.	proposition of the digital euro for consumers, as joint commercial bank money accounts could still serve as a common funding source for two individual digital euro payment accounts. For business users, joint accounts are most likely not relevant, as this concept at present does not exist in commercial account arrangements. The Presidency propose to clarify this in recital 54.
Multiple digital euro payment accounts	**Article 13(7)** *Digital euro users may have one or several digital euro payment accounts with the same or different payment service providers.*	**Article 13(7)** ***~~Digital euro users~~ Natural persons acting as a consumer*** *may have one* ***~~or several~~ digital euro payment accounts~~s~~ with a payment service provider, and ~~or~~*** *several digital euro payment accounts with* ***~~the same or~~*** *different payment service providers****.*** ***Legal persons and self-employed natural persons may have one or several digital euro payment accounts with the same or different payment service provider.***	Based on previous discussion the Presidency considers that consumers should have the possibility to hold more than one digital euro payment account. This would be consistent with current market practice and user expectations and would support competition and resilience within the retail payments ecosystem. However, payment service providers PSPs would not be obliged to offer more than one digital euro payment account to the same consumer. Consumers wishing to hold additional accounts may do so with a second PSP. In regard to merchants the Presidency suggests that they should be able to hold multiple digital euro payment accounts also with the same PSP as it would align with existing market practices where many merchants

			only have one acquirer but have several accounts (e.g., by outlet) with that acquirer.

Questions 3 for Member States

Q3. *Do Member States agree with the Presidency's proposed drafting adjustments to Articles 13(2), 13(4), 13(7), 22(4), 22(7) and recital (54)?*

1.1.4 Other amendments to Article 13

The Presidency has identified several provisions in Article 13 that would benefit from further clarification or technical adjustments. The proposed changes aim to enhance legal certainty, ensure internal consistency of the text, and align the drafting with the objectives of the Regulation.

First, the Presidency notes that several Member States have questioned the **necessity of Article 13(4a) in the context of the digital euro.** The Presidency understands that no PSP would be within the scope of Article 13(4a). Indeed, connecting to digital euro service platform (DESP) would primarily be a matter of technical access since all credit institutions, all ASPSPs and possibly later all PISPs **may request** to access the DESP. Against this background, **the Presidency considers that the need for Article 13(4a) may no longer be justified and therefore proposes to delete it for the sake of legal and technical consistency**. The Presidency also underlines that it would always be possible for PSPs to choose how to access the DESP, either directly or indirectly.

Second, some Member States commented on the use of the term **"natural persons"** in the operative text, noting that it could inadvertently cover natural persons acting in a business capacity. To address this concern, **the Presidency proposes to clarify the wording by specifying that the provision refers to natural persons acting as consumers**. In addition, the Presidency also proposes to introduce minor editorial adjustments to Article 13 to further enhance clarity and consistency of the drafting.

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Drafting suggestions

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

Article 13 – Payment service providers

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

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

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

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

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

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

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

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

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

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

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

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

(b) when a payment service provider provides cash services where funding and defunding take place through euro banknotes and coins~~,~~**. In this case, funding and defunding functionalities shall be provided in the same manner as the provision of cash services for non-digital euro payment accounts.**

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

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

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

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

The obligation under point (b) will not apply where the non-digital euro account is provided by a payment service provider other than the one providing the digital euro payment account in case of natural persons acting as consumers.

~~**4a. Account servicing pPayment service providers that have direct access to hold an account at are authorised to access with the infrastructure the European Central Bank or other national central banksEurosystem central banks settlement infrastructure settlement infrastructure shall pass through the settlement infrastructure the transfer orders of the account servicing payment service providers that are not allowed to access the central bankEurosuystem central banksbank settlement infrastructure, in an objective, transparent, proportionate and non-discriminatory manner.**~~

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

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

6a. In case insolvency proceedings or other proceedings are opened with regard to a payment service provider providing digital euro payment services, the digital euro holdings of digital euro users ~~are~~ shall remain the property of the digital euro users and shall be beyond the reach of creditors of that payment service provider**.** ~~Nothwithstanding any contractual clauses to the contrary~~, ~~and~~ In such a case, the digital euro user can switch the

digital euro payment account to another payment service provider without relying on the ~~**insolvent**~~ payment service provider subject to **insolvency proceedings,** in accordance with Article 31(2)**, or have their digital euros defunded to a non-digital euro payment account.**

7. ~~**Digital euro users**~~ **Natural persons acting as consumers may have one digital euro payment account with a payment service provider, and** ~~**or**~~ **several digital euro payment accounts** ~~**with the same or**~~ **with different payment service providers. Legal persons and self-employed natural persons may have one or several digital euro payment accounts with the same or different payment service providers.**

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

Question 4-5 to Member States:

Q4*. Do Member States agree with Presidency's proposed changes to Article 13?*

Q5*. Do Member States consider that further amendments to Article 13 are needed?*

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1.2 Annex II, Annex IIa and Annex VI

The Presidency recalls that, during the CWP meeting on 17 October, several Member States expressed support for the overall approach to the treatment of the Annexes. However, **further refinement was considered necessary to ensure that the obligations of distributing PSPs are clearly and consistently reflected** in Annexes II, IIa and VI.

2.1 Annex II – Mandatory digital euro payment services

2.1.1 Mandatory services in Annex II related to digital euro payment accounts

The Presidency notes that several Member States requested **clarification on how many digital euro accounts users may open with different PSPs**, and under what circumstances the opening of additional accounts may be subject to fees. This note only concern the aspect on which the digital euro payment services are to be offered mandatorily, while the compensation will be discussed in connection with the compensation model.

In this context, **some delegations suggested that users entitled to receive the services listed in Annex II should be limited to one digital euro payment account per PSP,** as multiple accounts could create unnecessary operational burdens. To address these concerns, the Presidency proposes to clarify that, in relation to the services listed in Annex II, **PSPs would not be obliged to provide more than one digital euro payment account to the same user**. Users wishing to hold additional digital euro accounts could do so with another PSP.

2.1.2 Other mandatory digital euro payment services in Annex II

The Presidency notes several points raised by Member States related to the services listed in Annex II.

First, Some Member States proposed including the *storage of offline digital euro* among the mandatory services. The Presidency considers that this functionality is already covered under Annex II(e), as the fulfilment of that provision necessarily entails the ability to store offline digital euro on a local storage device. **Consequently, the Presidency proposes to delete Annex II(ab) in its entirety**.

Second, several Member States requested clarification on Annex II(ba), noting that "switching" refers to the switching of payment service providers rather than of digital euro payment accounts. To ensure clarity and transparency as to the legal basis of each obligation, the Presidency proposes to add a reference to Article C which covers switching in the context of resilience. Comparable references to the corresponding operative provisions are also proposed for Annex II points (c), (d), (h) and, (i).

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Third, some delegations requested clarification on the practical meaning of Annex II(g), in particular regarding which payment instruments should be made available to natural persons acting as a consumer, and whether this should include only a mobile application or both a card and an application. The Presidency understands the formulation of "upon request of their clients" in Article 14(1) as conferring a right on the user to choose what payment instrument he/she would like to get, and – via Article 17(1) - what the consumer would get free-of-charge.

Natural persons acting in as a consumer may decide to rely on either a single instrument, for instance, a mobile application provided free of charge covering online and offline use cases, or two instruments, such as a physical card and an app, where one of them may be subject to a fee in case the two instruments address online or offline use cases.

While the mobile app may offer the most comprehensive and convenient solution, allowing access to all mandatory digital euro payment services, some natural persons may prefer a physical card for point-of-sale transactions. In such cases, those users should still have the possibility to obtain the mobile application as an additional instrument, which may be subject to a fee where the two instruments provide overlapping online or offline functionality. The Presidency invites **Member States to indicate whether they can support this approach**, which aims to ensure both universal access to the full range of digital euro payment services and flexibility in the choice of payment instruments.

Fourthly, the Presidency proposes to include "pre-authorisation service" in point (e) of Annex II, as such functionality is necessary for certain basic use cases and would facilitate the development of conditional payments as value-added services by the market. Several Member States opposed the inclusion of "conditional payments" in Annex II, considering it a value-added service that should be left to market development. At the same time, other delegations noted that the basic "pre-authorisation" functionality underpinning conditional payments should be provided by all PSPs, as it is already required for certain everyday use cases, such as payments at petrol stations.

Finally, in the interest of legal clarity, several Member States suggested **that pre-dispute services be explicitly defined**, either within Annex II or in Article 2. In response, the Presidency proposes to amend Article 2 to include a definition of "pre-dispute."

Drafting suggestions

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DK PCY in green

Article 2 – Definitions

(new) ´pre-dispute services' means services made available to digital euro users by payment service providers that facilitate consumers and merchants to reach an agreement prior to the remedies available under Article 27

Annex II - ~~Basic~~Mandatory digital euro payment services

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

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

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

(ba) switching ~~**a**~~ **of payment service provider** ~~**digital euro payment accounts**~~ as referred to in Article 31 **and Article C;**

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

(d) manual funding and defunding from or to euro banknotes and coins **if the distributing payment service providers provides such services for non-digital euro payment accounts, and only in the same manner** ~~**through the same technical means**~~ in which the distributing payment service providers provides such ~~**cash**~~ services for non-digital euro payment accounts**, as referred to in Article 13(3)** ~~**manual funding and defunding from / or into cash, when the payment service provider provides cash services;**~~

(e) **enabling the** initiation and reception of **online and offline** digital euro payment transactions**,** ~~to the exclusion of conditional digital euro payment transactions other than~~

including standing orders **and pre-authorisation service for online digital euro payment transactions.** ~~**, in the following use cases:**~~

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

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

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

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

(h) providing pre-dispute ~~**and dispute**~~ services **as referred to in Article 2** ~~**enabling the storage and transmission of offline digital euros at least in one secure device;**~~

(i) **providing dispute services as referred to in Article 27** ~~**enabling the dispute mechanism set out in Article 27**~~.

Question 6-7 to Member States:

Q6. *Do Member States agree with the Presidency's proposed approach to Annex(g) concerning payment instruments?*

Q7. *Do Member States agree with the proposed changes regarding Annex II?*

2.2 Annex IIa – Mandatory digital euro acquiring services

The Presidency recalls that Annex IIa defines the mandatory digital euro acquiring services to be provided to legal persons and self-employed individuals. In previous discussions, **Member States expressed broad support for the inclusion of Annex IIa**. The Presidency proposes to retain these elements, together with a specification of their scope, as part of the mapping of distribution obligations requested by Member States.

During the CWP meeting on 17 October, **some Member States suggested that merchant-initiated payments should be limited to refund transactions, while others sought**

clarification on the implications for business-to-business (B2B) payments. The Presidency notes that, in a typical consumer-to-business context, payments are initiated by the consumer or payer, whereas only refund transactions are initiated by the merchant or payee. Extending Annex IIa to include payee-initiated transactions more broadly would require acquirers to provide payment-initiation services to their business clients in all cases, which would go beyond the intended scope and objectives of the digital euro as a retail payment instrument. At the same time, limiting payment initiation under Annex IIa to refunds would not prevent acquirers from voluntarily offering broader initiation functionality or from supporting B2B use cases where appropriate. **Against this background, the Presidency proposes amendments to Annex IIa points (c) and (ca) to clarify the scope of merchant-initiated payments**.

Furthermore, the Presidency recalls that some **Member States generally supported to inclusion of dispute and pre-dispute mechanisms in Annex IIa but raised questions concerning the inclusion of these services**. In this regard, the Presidency notes that Article 27(1) of the draft Regulation defines the scope of PSP obligations for disputes relating to the digital euro. As Article 27(1) provides that such disputes are governed by Directive (EU) 2015/2366 (PSD2), PSPs are required to inform their clients and provide rectification in cases of unauthorised or incorrectly initiated or executed digital euro transactions. In addition, the European Central Bank will make available mechanisms to support PSPs in performing these dispute-handling obligations. The ECB itself would not, however, be a party to such disputes, in accordance with Articles 27(2) and 27(3).

Drafting suggestions

PL PCY in blue
DK PCY in green

Annex IIa – ~~Basic~~Mandatory acquiring services

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

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

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

(ca) initiating refund transactions;

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

(e) **providing** pre-dispute services **as referred to in Article 2;**

(f) **providing** dispute services **as referred to in Article 27.**

Questions 8-9 to Member States:

Q8*. Do member States agree with the proposed changes to Annex IIa?*

Q9*. Do Member States find it necessary to further amendment Annex IIa?*

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

The Presidency recalls that there was **broad support among Member States for the introduction of Annex VI**, which contains a correspondence table mapping the services to be provided under the draft Regulation, the services listed in Annex II, and the related authorisations required under the forthcoming PSD3/PSR framework.

The Presidency has introduced a targeted adjustment to Annex VI(d) to ensure consistency with the Presidency's proposals concerning cash funding and defunding.

Furthermore, some **Member States suggested developing a similar Annex VIa, setting out a corresponding table for the services to be provided by acquirers**. The Presidency recalls the clarification provided by the Commission that, in practice, only one license under PSD3/PSR would be required to provide acquiring services. To provide clarity and a comprehensive overview, the Presidency has set out which mandatory acquiring services will require a license under PSD3/R. **Against this background, the Presidency does not propose the introduction of a new Annex VIa**, in the form of the correspondence table below, at this stage.

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

DER Annex IIa	**PSD3/R Annex II**
(a) opening, holding, managing and closing of digital euro payment accounts, including consulting balances and transactions;	No equivalent separate service
(b) funding and defunding operations as referred to in Article 13(4);	Equivalent to **point 4** in Annex II of the PSD3/R concerning the acquiring of payment transactions.
(c) enabling the reception of online and offline digital euro payment transactions, including pre-authorisation service for online digital euro payment transactions.	Equivalent to **point 4** in Annex II of the PSD3/R concerning the acquiring of payment transactions.
(ca) initiating refund transactions.	Equivalent to **point 4** in Annex II of the PSD3/R concerning the acquiring of payment transactions.
(e) providing pre-dispute services as referred to in Article 2.	No equivalent service, as this is not considered a payment service
(f) providing dispute services as referred to in Article 27.	No equivalent service, as this is not considered a payment service

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Drafting suggestions:

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

DER Annex II	**PSD3/R Annex II**
(a) opening, holding, managing and closing one digital euro payment account per payment service provider, including consulting balances and transaction records.	No equivalent separate service
(ba) switching of payment service provider as referred to in Article 31 and Article C.	No equivalent service, as this is not considered a payment service
(c) manual and automated funding and defunding from or into a non-digital euro payment accounts, including funding and defunding operations as referred to in Article 13(4), except funding operations referred to in Article 13(4b) if the digital euro payment account and the non-digital euro payment account are provided by different PSPs;	Equivalent to **point 2** in Annex II of the PSD3/R concerning execution of payment transactions, including transfers of funds from and to a payment account, including where the funds are covered by a credit line with the user´s payment service provider or with another payment service provider[3].
(d) manual funding and defunding from or to euro banknotes and coins if the distributing payment service providers provides such service for non-digital euro payment accounts, and only in the same manner in which the distributing payment service providers provides such services for non-digital euro payment accounts, as referred to in Article 13(3).	Equivalent to **point 1** in Annex II of the PSD3/R concerning services enabling cash to be placed on and/or withdrawn from a payment account. *Such service would require a Payment institution license.*
(e) enabling the initiation and reception of online and offline digital euro payment transactions, including standing orders and pre-authorisation service for online digital euro payment transactions.	Equivalent to **point 2** in Annex II of the PSD3/R concerning execution of payment transactions, including transfers of funds from and to a payment account, including where the funds are covered by a credit line with the user´s payment service provider or with another payment service provider, and **point 3** concerning issuing of

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

	payment instruments. Such services would require a Payment institution license
(g) providing one payment instrument for the execution of online digital euro payment transactions and one payment instrument for the execution of offline digital euro payment transactions, such as referred to in letter (e).	Equivalent to **point 3** in Annex II of the PSD3/R concerning issuing of payment instruments. *No need for an additional license as already required by (e)*
(h) providing pre-dispute services as referred to in Article 2.	No equivalent service, as this is not considered a payment service
(i) providing dispute services as referred to in Article 27.	No equivalent service, as this is not considered a payment service

Question 10 to Member States:

Q10*. Do Member States agree with the proposed changes regarding Annex VI?*

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Chapter II

2.1 Interplay between the DER and PSD3/R

The Presidency recalls the importance of thoroughly examining the interplay between the forthcoming legislative frameworks for payment services (PSD3/PSR) and the Digital Euro Regulation (DER). **The need to clarify and address the relationship between PSD3/PSR and DER has also been raised repeatedly during previous CWPs.** As the two initiatives interact substantially, the Presidency considers it important to ensure that such interaction does not lead to inconsistencies, overlaps or gaps.

While PSD3/PSR will generally apply to the digital euro, the DER constitutes lex specialis. This implies that PSD3/PSR apply only to the extent that a given matter is not regulated by the DER itself, and only insofar as the relevant provisions of PSD3/PSR do not contradict the provisions of the DER. This clarification is particularly important in light of repeated concerns raised by several Member States regarding legal certainty and the avoidance of conflicting obligations.

Against this background, the Presidency proposes in this section a number of amendments aimed at ensuring legal certainty and clarity, and at avoiding conflicting obligations.

3.1 Characteristics of the digital euro and implications for its interplay with the PSD3/R

The digital euro has a set of unique characteristics that have direct implications for its regulatory treatment and its interaction with other legislative frameworks. First, **all online digital euro transactions are to be settled instantaneously, 24 hours a day and on any calendar day**, thereby aligning the digital euro with the operational logic of instant payments. This necessitates that the DER itself provides for instant execution and settlement, and that **any references to execution times or value dates in the PSD3/R must be adapted or disapplied where the DER provides a lex specialis regime**.

Second, the offline component of the digital euro shares certain characteristics with cash, notably that transactions are settled directly between devices without the involvement of a payment service provider. As such, **the offline digital euro should benefit from the same regulatory exemptions as cash transactions**, including the non-applicability of certain PSR provisions such as those relating to strong customer authentication, liability, and burden of proof which are not operationally feasible in an offline, device-to-device context.

Third, the Presidency notes that the principle of the "singleness of the euro" requires that the digital euro is subject to a uniform regulatory regime across the euro area. This means that **provisions granting Member States national discretion such as the ability to set**

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additional rules or exemptions should not apply to the digital euro, in order to avoid fragmentation and ensure legal certainty.

Against this background, the Presidency considers that there is a need for targeted amendments to the DER, in particular to **Articles 5, 22, and 30**, to ensure full consistency with the digital euro's operational model and to clarify its relationship with the PSD3/R framework.

3.1.1 Article 5(3) – Applicable law

The Presidency recalls that **Article 5 of the DER is intended to clarify the relationship between the DER and the broader EU legal framework for payment services**, in particular the forthcoming PSD3/R. The extension of the definition of 'funds' in the PSR means that PSD3/R will, by default, apply to digital euro transactions, payment accounts, and related services, alongside the more specific requirements set out in the DER. Recital 10 of the digital euro proposal further clarifies that digital euro payment transactions and related services are also subject to PSD2, which includes central bank money issued for retail use.

However, Article 5 in its current form does not provide sufficient legal clarity regarding the application of PSD3/R to the digital euro. Several Member States have raised concerns about the risk of regulatory overlap, legal uncertainty, and fragmentation if the relationship between the DER and PSD3/R is not made explicit. **It is therefore necessary to clarify that PSD3/R shall only apply to the extent that a matter is not regulated by the DER itself, and only insofar as the relevant provisions are compatible with the DER**. In addition, provisions that grant Member States with national discretion the power to set additional rules, as such national discretions would undermine the singleness and uniformity of the digital euro across the euro area.

To address these concerns, the **Presidency proposes to amend Article 5(3) by providing an explicit list of exceptions and to introduce a new paragraph 7**, with the aim of clarifying that the legal acts referred to in Article 5(2-6), shall only apply where the matter is not covered by the DER, and only insofar as they are compatible with it. Finally, as a result of the proposed introduction of paragraph 7, the Presidency proposes to delete those parts of paragraph 3 that are now rendered redundant.

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Drafting suggestions:

DK PCY in green

Article 5 - Applicable law

[...]

3. ~~**In accordance with Article 4(25) of Directive (EU) 2015/2366 of the European Parliament and of the Council, of 25 November 2015, on payment services in the internal market, as replaced by Directive (EU) [please insert reference – proposal for a Directive on payment services and electronic money services in the internal market - COM/2023/366 final] and Regulation (EU) [please insert reference – proposal for a Regulation on payment services in the internal market - COM/2023/367 final] of the European Parliament and of the Council, of XX/XX/2023, the provisions of that**~~ Directive **(EU) 2015/2366** shall apply to digital euro ~~**payment transactions services**~~**, with the exception of:**

- **the provisions on payment initiation services in Chapter III Title III of that Directive;~~.~~**
- **those provisions that grant Member States the power to set additional rules**

~~**Without prejudice to the disputes concerning the lawfulness of the processing of personal data, disputes between digital euro users and payment service providers on the provision of digital euro payment services shall also be governed by that Directive.**~~

[…]

7. The legal acts referred to in paragraphs 2 to 6 shall apply to the extent that the matter is not covered by this Regulation, and insofar as they are compatible with it.

Question 11 to Member States:

Q11. *Do Member States agree with the Presidency's proposal to Article 5(3) and 5(6)?*

3.1.2 Article 30 – Settlement of digital euro payment transactions

The PSR regulates execution times and value dates for payment transactions in Articles 69 and 73, but carves out instant payments, which are instead covered by the Instant Payments Regulation (IPR). However, **the IPR does not apply to digital euro payment transactions. As a result, there is a regulatory gap regarding the execution and settlement of digital euro transactions**, which are intended to be settled instantaneously.

To ensure full alignment with the operational logic of instant payments and to provide legal certainty, it is necessary to clarify in the DER that both the Eurosystem and payment service providers are required to execute online digital euro payment transactions instantaneously, at all times. **The Presidency therefore proposes to introduce a new first paragraph in Article 30 and to slightly modify the existing text to explicitly state the 24/7/365 nature of settlement for both online and offline digital euro transactions.** These clarifications, together with the proposed amendments to Article 5, further ensures that the DER exclusively regulates this matter and that there is no ambiguity regarding the applicability of PSR or IPR provisions.

Drafting suggestions:

DK PCY in green

Article 30 – Settlement of digital euro payment transactions

1a. (new) Payment service providers shall execute online digital euro payment transactions instantaneously, 24 hours a day and on any calendar day, and the European Central Bank and national central banks shall enable them to fulfil this obligation.

1. Online and offline digital euro transactions shall be settled instantaneously**, 24hrs a day and on any calendar day.**

Question 12 to Member Stats:

Q12. *Do Member States agree with the Presidency's proposal to Article 30?*

*3.1.3 New Article 30*a – Time of receipt and execution of payment orders for online payments

The Presidency notes that Article 64 of the Payment Services Regulation (PSR) would, by default, apply to digital euro transactions. However, instant payments as defined in the IPR are excluded from the scope of that provision, and the IPR does not cover the digital euro. Since digital euro transactions are intended to be settled instantly, **the obligations in Article 64 PSR are not consistent with the operational logic of the digital euro, creating a regulatory gap regarding the definition of the time of receipt and the execution of payment orders.**

To address this, it is necessary to define in the DER the precise moment of receipt for online digital euro payment orders, and to clarify the notification and refusal obligations for payment service providers (PSPs). This ensures that the DER provides a lex specialis regime

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for the digital euro, mirroring the approach taken for instant credit transfers in the PSR, and avoids ambiguity regarding the applicability of PSR provisions. In order to reflect the above, **the Presidency propose to introduce a new Article 30a.** Furthermore, the proposed new Article 30a clarifies that certain notification obligations in the PSR do not apply to online digital euro transactions, and sets out specific requirements for timely notification of refusals.

Drafting suggestions:

DK PCY in green

Article 30a (new) – Time of receipt of execution of payment orders for online payments

1. The time of receipt of a payment order for an online digital euro payment transaction shall be the moment it has been received by the payer's payment service provider, regardless of the hour or calendar day.

If the digital euro user placing a payment order and the payment service provider agree that the execution of the payment order shall start on a specific day or at the end of a certain period or on the day on which the payer has put the funds at the payment service provider's disposal, the time of receipt for the purposes of Article 30a(1) shall be deemed to be that agreed day, regardless of the hour or calendar day.

2. The obligation for a payment service provider to notify the payer when that payment service provider suspends the execution of a payment order under paragraph 1a of Article 65 of the [PSR] shall not apply to [online] digital euro transactions. In such cases, the payment service provider shall assess, on the basis of the transaction monitoring referred to in paragraph 1 of that article, and on any other relevant information available to the payment service provider, whether or not to execute the payment order.

3. When the payer's payment service provider refuses to execute a digital euro payment transaction in the circumstances provided for in Article 65 (2) of the [PSR], that PSP shall provide the notification of the refusal [within 10 seconds] of the time of receipt of the payment order, and provide the reasons for the refusal without undue delay, unless prohibited by other relevant Union or national law.

Question 13 to Member Stats:

Q13. *Do Member States agree with the Presidency's proposed new Article 30a?*

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3.1.4 New Article 30b – Verification of payee

To ensure legal certainty and a harmonised framework for euro-denominated payments, the Presidency proposes to explicitly include the Verification of Payee (VoP) requirement in the DER.

This issue was raised by one Member State, which noted that **the Instant Payment Regulation (IPR) is not listed among the legislative acts applicable under Article 5 of the draft DER.** While Article 50 of the forthcoming PSR is expected to extend VoP obligations to credit transfers beyond the scope of Article 5c of the IPR, the absence of a dedicated provision in the DER creates ambiguity regarding the applicability of VoP to online digital euro payment transactions. In particular, the lack of explicit reference may lead to uncertainty for regulators, payment service providers and users as to whether VoP obligations apply in the context of the digital euro.

To address this, and in response to the concern raised by the Member State**, the Presidency considers it necessary to clarify directly in the draft Regulation that the VoP requirement applies to digital euro payment transactions**. Such explicit clarification would enhance legal certainty, support fraud-prevention objectives and ensure coherence across the EU's payments framework.

Drafting suggestions:

DK PCY in green

Article 30bis (new) – Verification of the payee in the case of online digital euro payment transactions

1. A payer's payment service provider shall offer the payer a service ensuring verification of the payee to whom the payer intends to send an online digital euro payment transaction (service ensuring verification). The payer's payment service provider shall perform the service ensuring verification immediately after the payer provides relevant information about the payee and before the payer is offered the possibility of authorising that online digital euro payment transaction. The payer's payment service provider shall offer the service ensuring verification regardless of the payment initiation channel used by the payer to place a payment order for the online digital euro payment transaction.

2. The service ensuring verification shall not apply to funding and defunding between digital euro payment accounts and the linked non-digital euro payment accounts referred to in Article 22(4).

3. The service ensuring verification shall be provided in accordance with the following:

(a) where the unique digital euro access number and the name of the payee have been inserted in the payment order for the online digital euro payment transaction by the payer, the payer's payment service provider shall provide a service for matching the unique digital euro access number with the name of the payee. Upon the request of the payer's payment service provider, the payee's payment service provider shall verify whether the unique digital euro access number and the name of the payee provided by the payer match. Where they do not match, the payer's payment service provider shall, based on information provided by the payee's payment service provider, notify the payer thereof and inform the payer that authorising the online digital euro payment transaction might lead to transferring the funds to a digital euro user that is not the payee indicated by the payer. Where the name of the payee provided by the payer and the unique digital euro access number almost match, the payer's payment service provider shall indicate to the payer the name of the payee associated with the unique digital euro access number provided by the payer;

(b) where the payee is a legal person and the payer's payment service provider offers a payment initiation channel which allows the payer to place a payment order by providing the unique digital euro access number together with data elements other than the name of the payee that unambiguously identify the payee, such as a fiscal number, a European unique identifier as referred to in Article 16(1), second subparagraph, of Directive (EU) 2017/1132 of the European Parliament and of the Council (*2) or an LEI, and where those same data elements are available in the internal system of the payee's payment service provider, that payment service provider, upon the request of the payer's payment service provider, shall verify whether the unique digital euro access number and the data element provided by the payer match. Where the unique digital euro access number and the data element provided by the payer do not match, the payer's payment service provider shall, based on information provided by the payee's payment service provider, notify the payer thereof;

(c) where a digital euro payment account identified through a unique digital euro access number provided by the payer is held by a payment service provider on behalf of multiple payees, additional information allowing the payee to be unambiguously identified may be provided by the payer to the payer's payment service provider. The payment service provider holding that digital euro payment account on behalf of multiple payees shall, upon the request of the payer's payment service provider, confirm whether the payee indicated by the payer is among the multiple payees on whose behalf the payment account is held. The payer's payment service provider shall notify the payer if the payee indicated by the payer is not among the multiple payees on whose behalf the digital euro payment account is held;

3. Payment service provider, for the purposes of paragraph 1, point (d), shall maintain robust internal procedures to ensure that the information concerning payees is correct.

4. Payment service provider shall ensure that the performance of the service ensuring does not prevent payers from authorising the online digital euro payment transaction concerned.

5. Payment service provider shall provide digital euro users that are not consumers with the means to opt out from receiving the service ensuring verification when submitting multiple payment orders as a package.

Payment service provider shall ensure that digital euro users that opted out from receiving the service ensuring verification have the right to opt in at any time to receive that service.

6. Whenever the payer's payment service provider notifies the payer in accordance with paragraph 1, point (a), (b) or (c), that payment service provider shall at the same time inform the payer that authorising the online digital euro payment transaction might lead to transferring the funds to a payee not indicated by the payer. A payment service provider shall provide that information to the digital euro user that is not a consumer when that digital euro user opts out from receiving the service ensuring verification when submitting multiple payment orders as a package. Payment service provider shall inform their digital euro users of the implications for payment service providers liability and digital euro user refund rights resulting from a decision by digital euro users to ignore a notification as referred to in paragraph 1, points (a), (b) and (c).

7. A payment service provider shall not be held liable for the execution of an online digital euro payment transaction to an unintended payee on the basis of an incorrect unique identifier, as laid down in Article 88 of Directive (EU) 2015/2366 [as replaced by Regulation (EU) [please insert reference – proposal for a Regulation on payment services in the internal market - COM/2023/367 final], provided that it has fulfilled the requirements of this Article.

Where the payer's payment service provider fails to comply with paragraph 1 of this Article, and where that failure results in a defectively executed online digital euro payment transaction, the payer's payment service provider shall without delay refund the payer the amount transferred and, where applicable, restore the payer's digital euro payment account to the state in which it would have been had the transaction not taken place.

Where the failure to comply occurs because the payee's payment service provider failed to comply with its obligations under this Article, the payee's payment service

provider shall compensate the payer's payment service provider for the financial damage caused to the payer's payment service provider by that failure.

Any further financial loss caused to the payer may be compensated in accordance with the law applicable to the contract concluded between the payer and the relevant payment service provider.

Recital accompanying new Article 30bis

(Recital X) To prevent errors and fraud, all payer-initiated online digital euro payment transactions where a digital euro user enters a DEAN and the name of the payee should require verification of payee offered by the digital euro infrastructure. Funding and defunding transactions are payee-initiated and hence do not require verification of the payee. As the payee's payment account is not a digital euro payment account, such verification of payee will rely on the infrastructure and legal provisions applicable to credit transfers. In order to ensure the uninhibited payment functionality of the digital euro, transactions to and from linked accounts, while payer initiated, should be exempt from the verification of payee requirement, as direct debit transactions currently are, where the payee's identity is only verified during the initial setup rather than every subsequent transaction. Linking a non-digital euro payment account is initiated by the digital euro user from their digital euro payment account. The digital euro user enters an IBAN and the name of the payee and authorises a request to link it within their digital euro environment. Subsequently, the same digital euro user receives a request, along with the name and DEAN of the account requesting to be linked, and logs in to the payment service providers' environment where their non-digital euro payment account is held. Once the digital euro user has approved this request, the link is established.

Question 14 to Member Stats:

Q14. *Do Member States agree with the Presidency's proposed new Article 30a?*

3.1.5 Article 22 – Accessibility and Use

The Presidency notes that the DER, as lex specialis, defines a "user identifier" in Article 2 as "*a unique identifier created by a payment service provider distributing the digital euro, that unambiguously differentiates digital euro users.*", which can be understood as a hashed identity in the context of the digital euro. In the context of the PSR, a unique identifier is defined as "*a combination of letters, numbers or symbols specified by the payment service provider to the payment service user and to be provided by the payment service user to identify unambiguously another payment service user or the payment account of that other payment service user for a payment transaction*."

For the sake of legal clarity and certainty, the Presidency deems it necessary to clarify that, in the context of the digital euro, the unique identifier defined in the PSR is the Digital Euro Access Number (DEAN). This is particularly important because Recital 104 in the PSR refers only to IBANs as unique identifiers, which could otherwise lead to the undesired outcome that the digital euro would be excluded from information sharing arrangements related to payment fraud under the PSR. The proposed amendment to Article 22, paragraph 3, aims at ensuring that the DEAN is recognised as the unique identifier for the purposes of the relevant PSR provisions, including those concerning the exchange of personal data between payment service providers.

Drafting suggestions:

PL PCY in blue

DK PCY in green

Article 22 – Accessibility and Use

[…]

3. Each digital euro payment account shall have a unique digital euro ~~**payment**~~ ~~account~~ **access** number created by the European Central Bank upon request of the payment service provider**, which shall be understood as a unique identifier for the purposes of the application of the relevant provisions in the PSR, including for the purposes of exchanging personal data with other payment service providers, who are subject to information sharing arrangements.**

Question 15 to Member States:

Q15. *Do Member States agree with the Presidency's proposal to Article 22(3)?*