Council of the European Union
General Secretariat

PUBLIC

Interinstitutional files:
2023/0212 (COD)

Brussels, 22 November 2025

WK 15972/2025 INIT

LIMITE

EF
ECOFIN
UEM
CONSOM
CODEC

This is a paper intended for a specific community of recipients. Handling and further distribution are under the sole responsibility of community members.

WORKING DOCUMENT

From:	Presidency
To:	Working Party on Financial Services and the Banking Union (Digital Euro Package) Financial Services Attachés
Subject:	Digital euro - WP meeting on 28 November 2025 - Presidency discussion note on the distribution framework

PUBLIC

Presidency discussion note on the distribution framework

28 November 2025

Working Party on Financial Services and the Banking Union

Proposal for a regulation on the establishment of the digital euro

Meeting on 28 November 2025

PUBLIC

1. Introduction

The distribution framework has been subject to extensive discussions, most recently at the Council Working Party (CWP) on 10 November 2025. The Presidency recalls that Member States have underlined the importance of ensuring that the **digital euro supports Europe's strategic autonomy, fosters competition, as well as innovation within the payments market**. The distribution framework plays a key role in fulfilling these objectives. While the approach presented at the previous CWP gained broad support, further work was required on the subject.

This note is structured in two chapters. **The first chapter addresses the scope of the distribution obligations**, particularly cash funding and defunding, open funding, multiple and joint accounts as well as a rearrangement of Article 13 as requested by Member States. **The second chapter concerns the annexes and the interplay between DER and PSD/R.** The proposals in the second chapter are mainly suggested with the aim of ensuring legal consistency and coherence.

The Presidency invites Member States to consider the proposed drafting suggestions and to provide further guidance on the distribution framework for the digital euro.

PUBLIC

Chapter 1

1.1. Open funding

Throughout discussions in the Council Working Party, Member States have consistently underlined that the Regulation establishing **the digital euro should support Europe's strategic autonomy while fostering a competitive and innovative ecosystem**. The Presidency considers that these priorities are shaped not only by the design of the digital euro itself, but also by the structure of the current payments market, where a limited number of large, often non-European providers hold significant market power.

In order to address these challenges, Member States have supported a range of measures intended to promote competition and innovation and to mitigate risks of dependency and free-riding. **The Presidency notes that open funding has emerged as one of the remaining issues on which Member States' positions diverge**. Some delegations view open funding as an important tool to ensure a seamless user experience and maintain competitive pressure. Other delegations have expressed concern that making automated open funding mandatory could reinforce dependencies on large non-European PSPs. The previous discussions in the Council and the comments submitted in writing indicate growing attention to this latter concern. These views reflect the broader uncertainty about future market dynamics and business models.

In this context, the Presidency proposes an adjusted approach to open funding. Where a digital euro payment account and a non-digital euro payment account are held with the same PSP, all funding and defunding functionalities should remain mandatory and free of charge for natural persons acting as consumers. **Where the two accounts are held with different PSPs, there would be no obligation to enable open funding**. In such cases, open funding may be offered on a voluntary basis, subject to arrangements between providers.

Where a provider chooses to offer open funding in this context, all such functionalities should be made available free of charge to natural persons acting as consumers. The Presidency considers that such a "cooperation and paywall" model preserves the importance of the consumer's existing account relationship and strengthens the negotiating position of European PSPs vis-à-vis large technology companies. Where a PSP that provides non-digital-euro payment accounts enables funding and defunding functionalities by linking such an account to a digital-euro payment account held with another PSP, all manual and automated funding and defunding functionalities should be made available so as to support a smooth user experience.

PUBLIC

By keeping open funding voluntary in cross-PSP scenarios, risks of market distortion and free-riding are reduced, thereby contributing to a level playing field between PSPs and other actors. The Presidency further considers that this approach reflects the broad convergence among Member States regarding the importance of safeguarding strategic autonomy.

This proposal applies only to natural persons**. Mandatory open funding functionalities for merchants would remain unchanged, as the considerations set out above do not apply in the same way in the acquiring market**.

The Presidency notes that any approach must take into account the significant uncertainty surrounding future market developments and the business models stakeholders may pursue following the introduction of the digital euro. The Presidency therefore proposes that the open-funding framework be reviewed three years after the issuance of the digital euro. As part of this review, the Commission should assess whether the balance between strategic autonomy and the development of a competitive market for the distribution of the digital euro remains appropriate and should present a report to the European Parliament and to the Council, accompanied, where relevant, by proposals for amending the Regulation.

1.2 Open cash funding and defunding services

The Presidency recalls that some Member States requested clarification on whether open cash funding and defunding services, understood as cash funding or defunding involving two different PSPs, should be permitted. The Presidency notes that such services should be allowed in line with the previously discussed "no-discrimination principle", which received broad support in the Council Working Party. In practical terms, where a PSP today allows natural persons to fund or defund an account in cash via another PSP, the same possibility should apply in respect of a digital-euro payment account.

The Presidency considers it useful to clarify explicitly that cash funding and defunding fall under the scope of the "no-discrimination principle".

Some Member States also requested clarification that, where a non-euro area PSP provides digital-euro services**, the obligation to provide cash funding and defunding would apply only within the euro area**. The Presidency proposes to reflect this in Article 13a(b).

In addition, some delegations noted the need to clarify the treatment of existing ATMs without contactless functionality. The Presidency proposes to specify in recital 59 that ATMs installed before the entry into force of this Regulation may remain in operation without a requirement to retrofit or replace them to support digital-euro functionality.

PUBLIC

Finally, in relation to access to cash services for unbanked persons, the Presidency notes that such persons remain entitled to a basic non-digital-euro payment account with cash-withdrawal services under the Payment Accounts Directive. The Presidency therefore considers that the proposal on cash services in the digital euro Regulation ensures continued access, as the PSP providing the basic account would be required to offer equivalent cash services for the digital euro. The Presidency does not consider additional adjustments necessary in this regard.

1.3 Rearrangement of Article 13

After multiple discussions regarding the distribution framework, Article 13 has undergone several amendments, resulting in an increasing level of complexity. Consequently, several Member States have expressed concerns about the readability of Article 13. **To address this, the Presidency propose to restructure Article 13 as follows:**

- Article 13(1 and 8), concerning obligations for PSPs, will be consolidated into Article 13(1 and 2).
- Article 13(2, 3 and 4) addressing funding and defunding, will be moved to a new Article 13a(1,2 and 3).
- Article 13(5, 6, and 6a), relating to the legal nature, will appear as Article 4(4, 5, and 5a).
- Article 13(7), concerning the use of the digital euro, will be relocated to Article 22(4a).

The restructuring together with the suggested amendments related to the topic of open funding is presented below. Furthermore, several delegations emphasized the need for greater clarity through a recital that explains the reasoning behind excluding PISPs from directly providing digital euro services**.**The Presidency propose to include a Recital after recital 10 to further clarify the rationale for excluding PISPs.

Drafting suggestions:

New DK PCY in green

Additions to recital 36:

[…] Such payment functionalities should be expressly authorized by digital euro users. Where **a** digital euro payment account **of a natural person** held by one payment service provider is linked ~~**with**~~ **to a** non-digital euro payment account held by another payment service provider, they should enter into an arrangement **agreeing on the conditions for enabling the funding and defunding functionalities provided by the payment service provider holding the non-digital euro payment account. If a payment service provider that provides non-digital euro payment**

accounts decides to enable funding and defunding functionalities by linking the non-digital euro payment account to a digital euro payment account held with another payment service provider, all manual and automatic funding and defunding functionalities should be offered and all of these functionalities should be offered free of charge to consumers. Furthermore, the payment service providers should specify~~ing~~ their respective roles and responsibilities under data protection rules, as well as agree on security measures necessary to ensure secure transmission of personal data between the two payment service providers.

Given the uncertainty surrounding future market developments, this framework should be reviewed three years after the first issuance of the digital euro. In its review, the Commission should assess whether the approach to open funding continues to ensure an appropriate balance between usability, competition and strategic autonomy, and, where it deems it necessary, the Commission may propose amendments to this Regulation.

Recital following recital 59:

The provision of cash funding and defunding services for digital euro should only be provided by distributing payment service providers that already provide those services ~~in the same manner as~~ for non-digital euro payment accounts~~.~~ The scope and manner of this obligation ~~shall~~ should align with the arrangements existing at the relevant time for non-digital euro payment accounts, including as regards the categories of ~~consumers~~users eligible for such services, e.g., consumers holding their non-digital euro payment account with a different payment service provide, and the channels or technical means through which those services are provided. Furthermore, it should be possible for the ~~PSPs~~ payment service providers to charge an~~d~~ 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 for the same category of users and the fee is reasonable and proportionate.

Recital to be included after recital 10:

Considering that the list of mandatory digital euro payment services as defined in Annex II includes the provision of a digital euro payment account, payment service providers that are only licensed to provide payment initiation services would under Directive 2(EU) 2015/2366 not in principle be able to offer digital euro payment services based on their license. It is therefore appropriate that this Regulation provides that the provisions of Title III chapter III 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 EN 41 EN 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, should not apply to digital euro payment services, meaning that a payment initiation service provider should not have a right of access to a digital euro payment account for the purpose of initiating a digital euro payment transaction. However, a PSP that is only licensed to provide

payment initiation services may provide digital euro payment initiation services by contracting with any account service PSP offering digital euro accounts. Account information service providers should have the right to access a digital euro payment account held with another payment service provider to offer account information services.

Article 4 - Issuance of the digital euro

1. In accordance with the Treaties, the European Central Bank shall have the exclusive right to authorise the issue of the digital euro, and the European Central Bank and the national central banks may issue the digital euro **for retail use**.

2.The digital euro shall be a **direct** liability **item on the balance sheet** of the European Central Bank or of national central banks towards digital euro users.

3. The digital euro shall be, as an immaterial asset, the sole property of digital euro users. It shall ~~and~~ not be the property of the payment services providers providing digital euro payment services or any other intermediary.

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

5. For the purpose of digital euro payment services, digital euro users shall only enter into a contractual relationship with their payment service provider and shall in this respect have no contractual relationship with the European Central Bank or the national central banks.

6. Where insolvency proceedings have been opened against a payment service provider providing digital euro payment services, the digital euro holdings shall remain the property of the digital euro user and shall not constitute an object of the insolvency proceedings. The digital euro user may switch service provider in accordance with Article 31(2), or they may request a defunding of their digital euro holdings defunded to a non-digital euro payment account.

Article 13 - Payment service providers **distributing the digital euro**

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

Payment service providers ~~entitled~~ authorised to provide payment services ~~under~~ in accordance with 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 VIa.

~~In accordance with the second subparagraph,~~ To that end, ~~those~~ payment service providers wishing to provide equivalent digital euro payment services shall not be required to ~~seek~~ obtain any additional authorisation under Directive (EU) 2015/2366.
Payment service providers who decide to provide ~~basic~~ mandatory digital euro payment services to natural persons or do so upon request of their clients pursuant to Article 14(1) shall provide ~~the full list of~~ all the mandatory digital euro payment services as set out in Annex II.
Payment service providers who decide to provide ~~basic~~ mandatory acquiring services to legal persons or do so upon request of their clients pursuant to Article 14(1a) ~~-~~shall provide ~~the full list of~~ all the mandatory 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~~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.

Article 13a - Funding and defunding obligations of payment service providers

~~1~~2. Payment service providers that provide digital euro services under Article 13 and that provide non-digital euro payment accounts within the meaning of Directive 2015/2366 ~~servicing payment services within the meaning of Directive 2015/2366~~ ~~shall~~ may enable digital euro users to manually or automatically fund or defund their

digital euro payment accounts **held with another payment service provider, from or to a 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**~~**.** **Such services may be offered on a voluntary basis through contractual arrangements between payment service providers. Any funding or defunding functionalities pursuant to this article, if provided by a payment service provider, shall be offered free of charge to consumers, except where such operations involve a non-digital euro payment account denominated in a currency other than the euro.**

By way of derogation from the first subparagraph, payment service providers referred to therein shall enable merchants to whom they provide the mandatory acquiring services listed in Annex IIa to manually and automatically fund or defund their digital-euro payment accounts held with another payment service provider, from or to a non-digital-euro payment account.

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

2~~**3**~~. Payment service providers **that provide funding and defunding services pursuant to paragraph 1 and Article 13(1)** 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 **euro** cash services where funding and defunding take place through euro banknotes and coins. **In this case, funding and defunding functionalities shall be provided in same manner as the payment service provider provision**~~**des**~~ **cash services** ~~**for**~~ **in respect of non-digital euro payment accounts.**

3~~**4**~~. Payment service providers **that provide funding and defunding services pursuant to paragraph 1 and Article 13(1)** ~~**2 providing account servicing payment services within the meaning of Directive 2015/2366**~~ shall enable ~~**their own clients**~~ **digital euro user**~~**s**~~:

(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 drawing** ~~**mobilising**~~ **funds from a linked 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 **that provide funding and defunding functionalities** shall link each digital euro payment account to **one or more ~~a single~~** non-digital euro payment accounts **denominated in euro held with the same or another payment service provider,** designated by the digital euro users. **~~Digital euro users shall be allowed to have that designated non-digital euro payment account with the same a or different payment service providers than the one where a given digital euro payment account is held apart from natural persons acting as a consumer for the purpose of point (b.~~**

Article 41 – Review
[…]

4a. No later than three years ~~after~~ from 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~~ provide ancillary digital euro payment 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~~ provide ancillary ~~in the provision of~~ digital euro payment services, and the impact on ~~PSPs'~~ payment service providers' business models, on the basis of costs and revenues consideration.

4b. No later than three years after the first issuance of the digital euro, the Commission shall conduct a review of Articles 13 and 13a with the respect to open funding arrangements. The Commission shall assess whether the framework continues to ensure an appropriate balance between usability, competition, and strategic autonomy, and, where necessary, propose amendments to this Regulation.

Questions 1-3 to Member States:

Q1. *Do Member States agree with the Presidency's new proposal on open funding and the changes made to Article 13, 13a and 41 as well as recital 36 and the new recital (following recital 59)?*

Q2. *Do Member States agree with the Presidency's proposal to rearrange Article 13 to Article 4, 13, 13a and 22 as well as the addition of a new recital after recital 10?*

Q3. *Do Member States have other comments to Article 13?*

PUBLIC

1.3. Article 22 – Accessibility and use

1.3.1 Multiple accounts

At the CWP meeting on 10 November, Member States expressed views on the possibility for natural persons to hold more than one digital euro payment account. A broad support emerged for allowing PSPs to offer a second account on a voluntary basis, with no obligation to do so. Delegations also considered that PSPs should be able to charge for a second account, while the first account remains free of charge. Several Member States requested that the legal text be clarified accordingly. **The Presidency therefore proposes to amend Article 22(4a) (former Article 13(7)) to reflect that PSPs may offer more than one digital-euro payment account to a natural person on a voluntary basis and that charges may apply for additional accounts**.

1.3.2 Joint accounts

During recent discussions, some Member States questioned the deletion of joint accounts in Article 22(5). **Delegations generally supported allowing PSPs to offer joint accounts on a voluntary basis, without establishing a right for users to obtain such an account**. To accommodate this**, the Presidency proposes to reinstate Article 22(5) and replace "shall" with "may"**. Under this approach, PSPs could allow multiple users to access a single digital euro payment account on a voluntary basis. Digital euro payment accounts would also be able to be linked to non-digital-euro payment accounts held jointly by more than one person. PSPs should not prohibit such linking. The Presidency suggests clarifying this in recital 54.

1.3.3 Alignment between the annexes and Article 22(6)

At the previous meeting, Member States requested clarification on the relationship between Article 22(6) and Annex II(g). The Presidency recalls that Article 22(6–8), as discussed under the Polish Presidency, concerns the alignment between technologies used for initiating and accepting digital euro payments. Annex II(g), as discussed under the Danish Presidency, concerns the number of payment instruments to be provided to consumers and which of these shall be free of charge. **Annex II(g) thereby specifies the obligation in Article 22(6**). To provide clarity, the Presidency considers inserting a reference in Article 22(6) to Annex II.

PUBLIC

Drafting suggestions:

New DK PCY in green

Article 22 – Accessibility and Use

[…]

4a~~7~~. ~~Digital euro users~~ Natural persons may hold multiple digital euro payment accounts with the same or different payment service provider. In accordance with Article 14(1), (2) and (3), natural person acting as consumers shall have the right to hold one digital euro account per payment service provider. The provision of any additional digital euro payment accounts to the same natural person by a payment service provider shall be voluntary. Legal persons and self-employed natural persons may have one or several digital euro payment accounts with the same or different payment service providers.

5. Payment service providers ~~shall~~ may allow the use of digital euro payment account by more than one digital euro users.

[…]

6. Payment service providers that provide digital euro payment services shall make available to all digital euro users mandatory payment instruments that allow them to make both online and offline digital euro payment transactions in accordance with Annex II.

[…]

~~8~~9. The mandatory payment instruments and communication technologies referred to in paragraphs ~~5~~6 and ~~7~~6 shall be those that the European Central Bank prescribes as part of the detailed measures, rules and standards pursuant to Article 5(2). This is without prejudice to additional payment instruments and communication technologies that the ~~ECB~~ European Central Bank may make available pursuant to Article 5(2).

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. Where a non-digital euro payment account is held jointly, each of those persons shall be entitled to link their digital euro payment account to that non-digital euro payment account.~~, while digital euro users should be able to link their digital euro payment account to a non-digital euro payment account that is held by more than one user.~~**

Questions 4-7 to Member States:

Q4. *Do Member States agree with the Presidency's revised proposal on multiple accounts which is now Article 22(4a)?*

Q5. *Do Member States agree with the Presidency's revised proposal on joint accounts and the reinstatement of Article 22(5)?*

Q6. *Do Member States agree with the proposal to align between Article 22(8) and Annex II?*

Q7*. Do Member States have other comments to multiple accounts, joint account or the alignment between Article 22(8) and Annex II?*

PUBLIC

PUBLIC

Chapter 2

2.1. Annex I and II - Mandatory digital euro payment and acquiring services

At previous CWP meetings, Member States asked whether Annex I, which describes digital euro payment services, remains relevant in light of Annex II, which defines the mandatory digital euro payment services. In the Commission proposal**, Annex II was intended to be a further specification of Annex I. However, the Presidency notes that there are discrepancies between the two annexes.** Annex I(c) does not appear in Annex II, while Annex II(h) and (i) are not covered by Annex I. Annex I therefore cannot serve as an umbrella for Annex II in its current form.

Reflecting the comments raised by Member States, the Presidency recommends simplifying the structure by removing Annex I and retaining only Annex II. If Member States support this approach, the Presidency proposes to incorporate Annex I(c), *"managing digital-euro users' local storage devices"*, into Annex II. The Presidency also proposes to adjust Articles 2 and 34 accordingly. The Presidency notes that the suggested additions in Article 2 also reflect other digital euro payment services that go beyond the mandatory services listed in Annex II, such as conditional payments.

Finally, the Presidency proposes amendments to Annex II(c) to ensure consistency with the revised approach to open funding.

Drafting suggestions

New DK PCY in green

Article 2 -Definitions

[…]

8. 'digital euro payment service' means any of the business activities set out in ~~Annex I~~ **Annex II, Annex IIa, and any other additional digital euro payment service.**
[…]

Article 34 - Processing **of personal data** by payment service providers

1. Payment service providers perform a task in the public interest where they process personal data for the following purposes:
[…]

(c) the provision of offline digital euro, including the registration and de-registration of the local storage devices as referred to in letter (~~b~~j) of Annex II;

~~ANNEX I – Digital euro payment services~~

~~Digital euro payment services consist in:~~

~~(a) enabling digital euro users to access and use the digital euro, without prejudice to possible limitations set by the European Central Bank in accordance with Article 16 and Article 37;~~

~~(b) enabling digital euro users to initiate and receive online and offline digital euro payment transactions and providing digital euro users with digital euro payment instruments;~~

~~(c) managing digital euro users' digital euro payment accounts and local storage devices;~~

~~(d) conducting funding and defunding operations in accordance with Article 13; and~~

~~(da) switching of digital euro payment accounts;~~

~~(e) providing additional any other digital euro payment services in addition to on top of basic the digital euro payment services mentionned in points (a) to (e) pursuant to Annex II.~~

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

(a) Opening, holding, **managing** and closing ~~**ofa**~~ **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 accounts~~, including funding and defunding operations as referred to in Article 13a(2b4), 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~~ **the same** PSPs;

(d) manual funding and defunding from or to euro banknotes and coins if the distributing payment service provider~~s~~ 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 provider~~s~~ provides such ~~cash~~ services for non-digital euro payment accounts, as referred to in Article 13a(2b~~3~~) ~~manual funding and defunding from / or into cash~~

(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.~~

~~(f) digital euro payment transactions referred to in Article 13(4) and~~

(g) provi**ding~~sion of at least,~~ upon request of the user, one or more ~~electronic~~** payment instrument**s** for the execution of **online or offline** digital euro payment transactions ~~and one 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**

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

(j) managing digital euro users' local storage devices;

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 13a~~(~~3) (a) and (b)4~~)~~;

(~~b~~c) enabling the 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([insert pre-dispute services numeration from Article 2 when decided]);

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

(g) provide businesses with the possibility to transfer a batch of digital euro funds to their non-digital euro payment accounts only once within a pre-defined time limit ('batch pay-out'), respecting any limit set in accordance with Article 16.

Note: The addition of (g) is explained in the 'Presidency discussion note on the procedures for setting the overall ceiling and the holding limits'

Questions 8-9 to Member States:

Q8. *Do Member States agree with the deletion of Annex I and the proposed changes to Article 2, Annex II, and Annex IIa?*

Q9. *Do Member States have other comments to Annex II and IIa?*

2.2. Interplay between the DER and PSD3/R

2.2.1 Annex VIa

During the last CWP, the Presidency presented two correspondence tables, Annex VI and Annex VIa. Both tables were broadly acknowledged and supported by Member States. At that stage, the Presidency proposed incorporating only Annex VI into the DER, rather than introducing a separate Annex VIa, on the understanding that a single licence under PSD3/PSR would be sufficient to provide acquiring services.

Several Member States, however, considered it appropriate to include Annex VIa within the framework of the DER and its associated licensing requirements under PSD3/PSR. In their view, additional legal certainty may be needed when issuing licences to PSPs under PSD3. While, at first sight, it appears that a licence for payment service (4) under PSD3/PSR would

PUBLIC

be sufficient for providing the mandatory acquiring services, Member States pointed to the similarities in wording between the acquiring services under points (c) and (ca) and the mandatory digital euro payment service under point (e), which could lead to legal uncertainty in the licensing process. **Taking these comments into account, the Presidency proposes to introduce Annex VIa, as presented at the last meeting, into the DER.**

2.2.2 Article 30a, and 30bis

At the last meeting, Member States expressed support for the overall direction of travel and for the proposed alignment between the DER and the applicability of the PSR or the IPR.

Some Member States requested further clarification on how the term "instantaneously" should be understood. The Presidency recalls that the decision not to apply the IPR to the digital euro is linked to the specific scope of the IPR framework. For example, the IPR's 10-second latency requirement may be appropriate for instant credit transfers, but it would be too slow to support point-of-sale (POS) transactions. As the digital euro is intended to be used for POS payments as well as instant transfers, its processing time must be shorter than 10 seconds to ensure fast and seamless execution. **Against this background, the Presidency considers it appropriate to define "instantaneously" in the digital euro rulebook**.

In addition, some Member States asked for further clarification of the scope of the *Verification of Payee* mechanism under Article 30bis. The Presidency therefore proposes amendments to Article 30bis with the aim of further clarifying the text.

Furthermore, several Member States requested closer alignment between the provisions on the time of receipt of a payment order in the PSR, the related provisions in the Instant Payments Regulation, and the proposed Article 30a of the DER. In response, the Presidency suggests introducing minor amendments to Article 30a.

Drafting suggestions:

New 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.

By way of derogation from the first paragraph, the time of receipt of the payment order for a online digital euro payment transaction shall be:

a) for a non-electronic payment order for an online digital euro payment transaction, the moment when the payer's PSP has introduced the payment order information into its internal system, which shall occur as soon as possible after the non-electronic payment order for an online digital euro payment transaction has been placed by the payer with the payer's PSP;

b) for an individual payment order for an online digital euro payment transaction belonging to a package, where the conversion of that package into individual digital euro payment transactions is carried out by the payer's PSP, the moment when the ensuing digital euro payment transaction has been unpacked by the payer's PSP; the payer's PSP shall start the conversion of the package immediately after it has been placed by the payer with the payer's PSP and complete that conversion as soon as possible;

c) for a payment order for an online digital euro payment transaction from payment accounts that are not denominated in euro, the moment when the amount of the payment transaction has been converted into euro; such currency conversion shall take place immediately after the payment order for an online digital euro payment transaction has been placed by the payer with the payer's PSP.

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, t~~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.

Article 30b~~is~~ (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~~ for payer-initiated online digital euro payment transactions where a digital euro user enters a user alias and the name of the payee (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 user alias ~~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 user alias ~~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 user alias ~~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 user alias ~~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 user alias ~~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 user alias ~~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 user alias ~~digital euro access number~~ and the data element provided by the payer match. Where the unique user alias ~~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 user alias ~~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 providers, for the purposes of paragraph 1, shall maintain robust internal procedures to ensure that the information concerning payees is correct.**~~

3. In the case of paper-based payment orders, the payer's PSP shall perform the service ensuring verification at the time of receipt of the payment order, unless the payer is not present at the time of receipt.

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

5. Payment service providers 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 3, 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 user alias ~~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~~ unique user alias and the name of the payee should require verification of payee by payment service providers ~~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 be conducted in line with ~~rely on the infrastructure and.~~ The 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~~ unique user alias 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 10-13 to Member States:

Q10. *Do Member States agree with the inclusion of Annex VIa?*

Q11. *Do Member States agree with the amendments to Article 30a and 30b?*

Q12. *Do Member States have other comments to Annex Via, Article 30a or 30b?*

PUBLIC

2.3 Currency conversion

Several Member States asked the Presidency to clarify that currency conversion would not be free of charge for consumers. Member States also sought confirmation that package fees would remain permissible. In addition, a number of delegations requested that the explanation provided in the previous Presidency paper regarding the free-of-charge provision of the first payment instrument to consumers be reflected in a recital.

The Presidency considers that recital 40 is the appropriate place to address these points, as this recital concerns the services that should be provided to consumers free of charge. Recital 40 already clarifies that package fees are permitted, provided that the digital-euro payment account constitutes a "free addition" to such a package and that the price of the package does not change depending on whether the digital-euro payment account is included. The Presidency therefore proposes to supplement recital 40 with a clarification that (i) currency conversions may be subject to fees, and (ii) the first payment instrument must be provided free of charge.

New DK PCY in green

Recital 40:

(40) To ensure wide access to and use of the digital euro, consistent with its status of legal tender, and to support its role as monetary anchor in the euro area, natural persons residing in the euro area, **Union citizens who do not reside in the euro area but who exercise their free movement rights,** ~~**natural persons who opened a digital-euro account at the time they resided in the euro area, but no longer reside there,**~~ as well as visitors, should not be charged for ~~**basic**~~ **mandatory** digital euro payment services **when they act as consumers**. That means that such digital euro users should not ~~**bear**~~ **pay** any direct fees for ~~**their basic access to and**~~ **the provision of** ~~**basic**~~ **mandatory** ~~**use of the**~~ digital euro **payment services**, including ~~**not being charged**~~ transaction fees or any other fees that are directly associated with the provision of ~~**services related to the basic**~~ **mandatory** ~~**use of the**~~ digital euro **payment services**. **This should not prevent charging fees to those digital euro users for the provision of services in addition to** ~~**basic**~~ **mandatory digital euro payment services, such as fees for the conversion of non-euro holdings in digital euro. The provision of services to convert digital euro into cash or cash into digital euro (funding and defunding of digital euro in relation to cash) should not be covered by the obligation to provide** ~~**basic**~~ **mandatory digital euro payment services free of charge since the handling of cash and the operation between cash and digital euro involves particular costs for payment service providers. However, payment service providers should not charge more to the same customers when they fund and defund digital euro from and into cash, than what they**

charge for cash services in relation to non-digital euro payment accounts. Digital euro users should not be required to have or open a non-digital euro payment account or to accept other non-digital euro products. Where the digital euro user agrees to a package of services comprising **both** non-digital euro services and ~~**basic**~~ **mandatory** digital euro payment services, the payment service provider should be able to charge that package of services at its discretion. In that case, **a digital euro payment account must remain as a free addition to this package and therefore** there should not be a differentiated charge for the non-digital euro services when they are offered separately or as part of a package including ~~**basic**~~ **mandatory** digital euro payment services. Where ~~**the**~~ **a** digital euro user asks to receive only ~~**basic**~~ **mandatory** digital euro payment services ~~**with**~~ **from** a payment service provider, those services should not be charged, including for waterfall and reverse waterfall functionalities **that are linked to** ~~**where the digital euro user also has**~~ a non-digital euro payment account **held** with another payment service provider. **Where the digital euro user asks to receive one payment instrument that allows to make online and offline digital euro payment transactions, payment service providers may charge an objectively justified and proportionate fee for the provision of a second payment instrument.** Payment service providers should be able to charge digital euro users for **the provision of** additional digital euro payment services beyond the ~~**basic**~~ **mandatory** digital euro payment services. **Payment service providers should also be able to charge for currency conversions.**

Question 13-14 to Member States:

Q13. *Do Member States agree to the changes to recital 40?*

Q14. *Do Member States have comments to Annex Via, Article 30a or 30b?*