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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 28 November 2025 - Presidency discussion note on the compensation model

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Presidency discussion note on the compensation model

Working Party on Financial Services and the Banking Union

28 November 2025

Regulation on the establishment of the digital euro

Meeting on 28 November 2025

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Introduction

The compensation model for digital euro payment services was at latest discussed at the Council Working Party (CWP) meeting on 10 November 2025. The Presidency recalls that **Member States broadly supported the Presidency's proposed approach of the transitional model**, **though further work was needed on some aspects, including the pricing of risk-related services and the scope of the comparable means of payments definition**. Concerns were also raised by some delegations regarding the concept of open funding, which is addressed in the accompanying note on distribution.

Based on the discussion at the latest CWP and Member States written comments, the Presidency has further advanced the work on the outstanding elements, including adjustments to Article 17. Furthermore, the Presidency has refined the wording of Articles 17a-c to address concerns raised at the previous CWP., with the objective of ensuring clarity and enhancing the legal structure.

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Chapter I

1.1. Article 17 – Fees on digital euro payment services

1.1.1. Compensation for the provisions of services related to multiple payment instruments and multiple accounts

At the CWP meeting on 10 November, Member States broadly supported that digital euro users may hold multiple digital euro payment accounts, either by (i) maintaining one digital euro payment account with several PSPs, or (ii) where a PSP chooses, on a voluntary basis, to offer more than one digital euro payment account to the same user. Member States equally supported **that the opening of more than one digital euro payment account by the same PSP should not fall within the scope of mandatory services**.

As regards payment instruments, a number of delegations considered that **users should be able to request more than one instrument**, **while noting that PSPs should have the possibility to apply reasonable fees** where the provision of multiple instruments leads to overlapping functionalities or additional operational costs. In relation to this, some delegations expressed reservations and called for further clarification of the compensation framework when providing several payment instruments to the same user.

In light of these exchanges, and with the aim of providing legal certainty while recognising the voluntary nature of certain services, the Presidency proposes clarifying in Article 17(1) that (i) PSPs may charge a fee for services linked to any additional digital euro payment accounts that the PSP voluntarily offer to the same user; and (ii) PSPs may charge a reasonable fee for services associated with additional payment instruments that entail overlapping functionalities with those instruments already provided.

1.1.2. Competences for setting fee caps

The Presidency recalls that a number of delegations have underlined that the fee caps will impact market conditions and competition. Therefore, several delegations consider that such tasks should be given to the Commission as they have competences within this field today. At the same time, the Presidency notes that the ECB will play a central role in operating the digital euro scheme and in providing the necessary technical expertise. In light of these considerations, **the Presidency suggest to explicitly clarify this division of responsibilities in the operative text**. The aim is to ensure that fee caps are established through a legally robust procedure under the authority of the Commission, supported by the ECB's technical expertise. The Presidency believes that such an approach would enhance transparency, avoid potential overlaps in competences.

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1.1.3. Risk pricing for the MSC

In previous discussions on the pricing of risks in the context of acquiring services, several delegations have highlighted the importance of ensuring sufficient flexibility to reflect the differing risk profiles of merchants' business activities. **Delegations have underlined that acquiring PSPs should be able to take into account the additional costs associated with providing services to higher-risk merchants**, including enhanced fraud monitoring and risk mitigation measures. Most recently, this consideration was reiterated in the French non-paper on November 10.

The Presidency recalls that ancillary services, including fraud-related services and other risk-mitigation activities, are not subject to the MSC cap, and that PSPs should be able to charge accordingly for these services, as PSPs may bear higher costs from their legal obligations for providing services to high-risk merchants. Additionally, the Presidency emphasises that PSPs are not obliged to offer digital euro acquiring services to high-risk merchants for whom they have not already conducted risk-management procedures, as the obligation to provide acquiring services applies only to existing clients. In order to improve the clarity of the draft Regulation, **the Presidency proposes to refine Recital 40 to explicitly state that acquiring PSPs may charge additional fees for additional services related to risk coverage**. This amendment should clarify that PSPs can recover the costs of additional risk-management activities associated with high-risk merchants, while at the same time safeguarding the general acceptance obligations applicable to merchants.

1.1.4. Transition to the cost-based compensation model

The Presidency recalls that some delegations requested further clarification regarding the scenario in which the cost-plus model is not considered sufficiently mature for implementation at the end of the extended evaluation period and underlined the importance of preventing any legal gaps in such a situation.

To address these concerns, **the Presidency proposes an amendment to Article 17(2) with the purpose of i) enhancing legal clarity of the provisions in the Regulation governing the fee caps in the transitional period and the final period, respectively, and ii) setting an explicit and defined timeframe for the transitional period**. This would seek to provide legal certainty and avoid any risk of the transitional arrangements becoming open-ended if the evaluation process does not lead to the adoption of the final model within the ten-year period. In addition, it seeks to ensure that it is immediately clear which part of the Regulation that apply during the transitional period, and which apply thereafter.

1.1.5. Other amendments, alignments and rearrangements

To ensure precision and legal consistency, the Presidency proposes using the term 'consumers' as defined in Article 2 throughout the relevant provisions. This terminology **distinguishes clearly between natural persons acting in a private capacity and natural persons acting for professional or commercial purposes**. It also reflects the established

terminology in Union law, thereby reducing ambiguity and supporting coherence across legal frameworks and Member States.

The Presidency also propose to **clarify in Article 17(1) that payment service providers may charge fees for the provision of services to natural persons that are not listed as mandatory in Annex II**. This clarification reinforces the principle of contractual freedom and ensures that PSPs may recover costs for optional or value-added services, while maintaining the obligation to provide mandatory services to natural persons free of charge. The clarification is intended to support a transparent environment for payment services.

To further ensure consistency within the Regulation, the Presidency proposes aligning the terminology on "cash" in Article 17 with the definitions used elsewhere in the text.

The Presidency further proposes to **remove the provision prohibiting inter-PSP fees for funding and defunding in Article 17(6)** in order to align with the Presidency's new proposal on open funding set out in the accompanying note on distribution. Instead, the Presidency proposes to add a provision stating that any fee charged for funding and defunding from and into euro cash must be objectively justified and proportionate, and in any event, must not exceed the lowest amount charged for equivalent services related to non-digital euro payment accounts. This addition reflects the solution agreed under the Polish Presidency.

Finally, the Presidency notes that the **amendments to Article 17 reflect the relocation of several paragraphs to Articles 15 and 17a–17c**, with the aim of improving the structure of the Regulation and enhancing legal clarity.

Drafting suggestions

Recitals accompanying Article 17
Previous PCYs proposal = black
New DK PCY proposal = green

(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, **citizens of the Union 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 ~~**their basic access to and**~~ **to receive mandatory** 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~~ ~~use of the~~ mandatory digital euro payment services. This should not prevent payment service providers from charging fees to those digital euro users for the provision of services in addition to mandatory digital euro payment services, such as fees for the conversion of non-euro holdings in digital euro. In addition, with regard to merchant service charges and inter-PSP fee caps, this should not prevent payment service providers from applying appropriate charges for services falling outside the scope of the caps. In particular, payment service providers should retain the possibility to apply risk-management related charges linked to merchant-specific characteristics for services that are not subject to the cap. The provision of services to convert digital euro into cash or cash into digital euro (funding and defunding of digital euro to and from cash) should not be covered by the obligation to provide mandatory digital euro payment services free of charge since the handling of cash and the operation between cash and digital euro involves specific 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 offered free of charge, the payment service provider should be able to charge that package of services at its discretion. In that case, 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. 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.

Article 17 – Fees on digital euro payment services

1. For the purpose of ~~Article 15(2)~~ **ensuring an effective use of the digital euro as a legal tender means of payment**, ~~without prejudice to any possible fees charged on other digital euro payment services,~~ payment services providers shall not charge fees for the provision of mandatory digital euro payment services referred to in Annex II to natural persons ~~as~~ referred to in Article ~~13~~ **12a**(1)~~, points~~ (a), ~~(b), and~~ (c) **and (f)**, **where**~~n~~ **such persons are** using ~~the~~ digital euro payment ~~account~~ services exclusively in their capacity ~~acting~~ **as consumers**~~, for the provision of the basic digital euro payment services referred to in Annex 2~~. This is

without prejudice to fees that the payment service providers may charge for the provision of other digital euro payment services.

By derogation from the first subparagraph, payment service providers may charge a reasonable fee for funding and defunding digital euros from or into euro ~~cash~~ banknotes and coins. ~~This~~ Such charge shall not exceed the lowest amount charged by the payment service provider to the respective consumer for funding and defunding a non-digital euro payment account from or to euro ~~cash~~ banknotes and coins.

By derogation from the first subparagraph, payment service providers may charge a reasonable fee for the provision of an additional payment instrument that is provided upon request of the user as referred to in Annex II(g). This reasonable fee shall only cover those functionalities that are already provided by the other payment instruments provided free of charge. Payment service providers may also charge reasonable fees for the mandatory services referred to in the first subparagraph insofar as they are provided as part of a second digital euro payment account with the same payment service provider.

2. ~~For the purpose of Article 15(2), any merchant service charge or inter-PSP fee in relation to digital euro payment transactions shall comply with the principle of proportionality.~~ During a transitional period, merchant service charges and inter-PSP fees shall be subject to caps, pursuant to Article 15(2), and these caps shall be governed by Article 17a. After the end of the transitional period, when the Commission adopts an implementing decision pursuant to Article 17c(2) or no later than ten years after the first issuance of the digital euro, these caps shall be governed by paragraph 3 to 5. Any merchant service charge ~~or~~ and inter-PSP fee shall not exceed ~~the lowest of the following two amounts:(a)~~ the relevant costs incurred by payment services providers for the provision of digital euro payment services, including a reasonable margin of profit. These caps shall be uniform and applied in a non-discriminatory manner across the euro area.

~~(b) fees or charges requested for comparable digital means of payment].~~

~~2a. The Commission is empowered to adopt delegated acts in accordance with Article 38 in order to supplement this Regulation by specifying the methodology for calculating the amounts referred to in paragraph 2. The methodology shall be based on the following parameters:~~

~~(a) the amount referred to in paragraph 2, point (a) shall be based on the relevant costs incurred for the provision of digital euro payment services of a statistically representative group of the most cost-efficient payment service providers providing digital euro payment services in the euro area and the margin of profit of a statistically representative group of the payment service providers charging the lowest margin for providing digital euro payment services in the euro area;~~

~~(b) the amount referred to in paragraph 2, point (b) shall be based on the fees or charges for comparable digital means of payment of a statistically representative group of payment services providers providing comparable digital means of payment in the euro area;~~

~~(c) comparable digital means of payment mean all payment instruments that may be used in a digital environment where the initiation of the payment takes place at the point of interaction and where the payment order is immediately processed in view of debiting the payer's payment account;~~

~~(d) the amounts referred to in paragraph 2 shall be uniform and applied in a non-discriminatory manner across the euro area.~~

~~The Commission shall consult the European Central Bank for the purpose of developing the methodology under this paragraph.~~

~~2b~~**3. The Commission, with technical assistance of the European Central Bank, shall be empowered, by means of implementing acts, to determine, publish and periodically review the amounts referred to in paragraph 2 by applying the methodology set out in Article 17b. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 39.**

~~3~~4. The European Central Bank shall**:** ~~regularly monitor the information that is relevant for the purposes of the amounts referred to in paragraph 2, and publish periodically the amounts resulting from that monitoring with an explanatory report.~~

(a) regularly collect the information that is relevant for the purposes of calculating the amounts referred to in paragraph 2;

(b) periodically provide the Commission with the data that are necessary for calculating the amounts referred to in paragraph 2; and

(c) provide technical assistance to the Commission when calculating the amounts referred to in paragraph 2.

~~4.The European Central Bank may require pPayment service providers shall to provide to the European Central Bank all information necessary for the application of this Article and to verify compliance with it. Any information requested shall be sent by payment service providers within the time limit set by the European Central Bank. The European Central Bank may require that such information is certified by an independent auditor.~~

~~6~~5. The merchant service charge shall be the only charge per transaction that payment service providers may apply to merchants **for the provision of mandatory acquiring services included in Annex II(a), except dispute services. Payment service providers may charge a**

reasonable fee for dispute services. Payment service providers shall not charge merchants for the funding and defunding of the digital euro, including digital euro payment transactions referred to in Article 13a(3). Payment service providers shall include costs associated with funding and defunding in the relevant costs referred to in paragraph 2(a).

~~76~~. ~~**No inter-PSP fee shall apply to the funding and defunding of the digital euro, including digital euro payment transactions referred to in Annex II(c) Article 13(4).**~~**Any fee that may be charged for funding and defunding from and into cash 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 payment service provider for funding and defunding a non-digital euro payment account from or to euro cash.**

Article 41 — Review

4. ~~**Ten**~~ **No later than ten years** ~~**after**~~ **from the** ~~**initial**~~ **first issuance of the digital euro, the Commission shall conduct a comprehensive review of the compensation model established under Articles 17, 17a, 17b and 17c. By five years from the first issuance of the digital euro, the Commission shall present to the European Parliament and to the Council a report on the compensation for offline digital euro transactions referred to in Article 17d.**

Questions 1-3 for Member States

Q1. *Do Member States agree with the Presidency's proposed drafting to Recital 40 clarifying the pricing of risks for digital euro acquiring services?*

Q2. *Do Member States agree with the Presidency's proposed drafting to Article 17 that the cost-plus model shall be adopted no later than 10 years after the first issuance of the digital euro?*

Q3. *Do Member States agree with the Presidency's other proposed drafting changes to Articles 17 and 41?*

1.2. Articles 17a – Fees during a transitional period

1.2.1. Clarification of the transactions for which national fee caps apply

At the CWP meeting on 10 November, several delegations requested further clarification on the criteria for determining when a transaction is deemed to occur "within" a specific Member State for the purposes of Article 17(4), in order to **identify which transactions fall under the national fee caps**. Delegations also raised questions concerning the **applicability of fee caps to cross-border transactions**, in particular in relation to e-commerce.

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With a view to simplify compliance and ensure legal clarity, **the Presidency proposes to specify that national fee caps only apply to domestic payment transactions within a Member State**. A harmonised approach for fee caps on cross-border transactions would ensure a level playing field for PSPs and merchants, including in the context of e-commerce.

Furthermore, the Presidency considers that the location of the merchant (that is, the place of establishment of the payee) should determine whether a transaction is deemed domestic. Under this approach, a **digital euro payment transaction would be classified as domestic, and therefore subject to the national fee cap, when the payer's residence coincides with the merchant's place of establishment**. This ensures that transactions are attributed to the Member State in which the underlying economic activity takes place. This approach also aims at avoiding incentives for PSPs established in Member States applying national caps to relocate to jurisdictions where the euro area-average caps apply.

This approach also aims at reflecting the practical realities of payment markets, where, particularly in the context of e-commerce, the merchant's location governs the applicable legal framework

1.2.2. Other amendments and alignments

Consistently with the refinements mentioned in Section 1.2.4., the Presidency proposes to transfer relevant parts from Article 17(3) to 17a(2) and 17a(2a)a. The aim is to clarify the respective roles and responsibilities of the Commission and the ECB, hereby by making the division of the responsibilities more explicit in the legal text.

To align with the proposed changes to Article 17(2), **the Presidency has included an amendment to Article 17a(1) clarifying explicitly the timeframe for the transitional period**.

Drafting suggestions

Article 17a – Fees on digital euro payment services during a transitional period
Previous PCYs proposal = black
New DK PCY proposal = green

1. During a transitional period of a minimum of five years from the first issuance of the digital euro ~~and~~ or until the implementing decision provided for in Article 17c has been adopted by the Commission, the caps on the inter-PSP fee and on the merchant service charge applicable to the mandatory digital euro payment services shall be determined in accordance with this ~~a~~Article. In any event, the transitional period shall not exceed ten years from the first issuance of the digital euro.

2. The Commission, with the technical assistance of the European Central Bank, shall, by means of implementing acts, determine, publish and periodically review ~~T~~the euro-area uniform caps for both the inter-PSP fee and the merchant service charge and the national caps for both the inter-PSP fee and the merchant service charge based on fees for comparable means of payment ~~shall be calculated by the European Central Bank~~ in accordance with the methodology referred to in Article 17b. Those implementing acts shall be adopted in accordance with Article 39.

2a. The European Central Bank shall:

(a) regularly collect the information that is relevant for the purposes of calculating the amounts referred to in paragraph 2;

(b) periodically provide the Commission with the data that are necessary for calculating the amounts referred to in paragraph 2; and

(c) provide technical assistance to the Commission when calculating the amounts referred to in paragraph 2.

3. The euro-area uniform caps referred to in paragraph 2~~3~~ shall apply throughout the euro-area.

4. By way of derogation from paragraph 3, where a national cap for the inter-PSP fee or the merchant service charge, or for both, is lower than the euro-area uniform cap, the national cap shall apply to domestic transactions taking place in that Member State, provided that the deviation from the euro-area uniform cap is statistically significant. For the purposes of this paragraph, a payment transaction shall be considered domestic where the residence of the payer coincides with the place of establishment of the merchant.The Commission shall ~~will~~ be mandated with the task to define whether the difference is statistically significant with the technical assistance of the ~~ECB~~ European Central Bank, in the framework of the methodology referred to in Article 17b.

1.3. Articles 17b – Methodology for calculating the fee caps

1.3.1. Scope of comparable means of payment

The Presidency acknowledges that some delegations expressed concerns that the proposed definition of “comparable means of payment” may not capture certain domestic debit card schemes. At the same time, the Presidency notes that other delegations cautioned against broadening the definition excessively, as this could introduce payment instruments whose

scope, usability or technological setup are not comparable to the digital euro, thereby distorting the benchmark used for calculating fee caps. In this context, the Presidency notes the **importance of designing a benchmark that i) aligns with market realities, ii) consists of means of payment that are comparable in functioning and scope to the digital euro, and iii) allows sufficient cost-recovery for PSPs**.

Against this background, **the Presidency proposes to maintain the definition suggested at the CWP on November 10** as it establishes a balance that ensures both representativeness of the European payment landscape and functional comparability with the digital euro.

1.3.2. Other amendments and rearrangements

Consistently with the proposed Article 17b, the paragraphs outlining the power for the ECB to collect, from PSPs, all necessary data for the application of calculating fee caps, has been relocated from Article 17(4) to Article 17b(6a) to ensure that the ECB is capable of collecting the necessary information.

Additionally, to ensure consistency between the methodology for the transitional and the final model, the Presidency proposes to add to Article 17b(5) that the methodology shall include i) the information to be provided by the PSPs, and ii) the format and frequency of the reporting.

Recitals accompanying Article 17b
Previous PCYs proposal = black
New DK PCY proposal = green

(42fa) The methodology for calculating the fee cap based on comparable means of payment should provide the rules for the determination of the merchant service charge and the inter-PSP fee, so that they reflect the fee levels applicable to comparable means of payment across the Union, including both international and domestic consumer debit card schemes that are usable for consumers at the point of sale and in e-commerce, based on a weighted average based on volume of the relevant fees applied during the preceding twelve-month period relative to the aggregate value of payment transactions in that period and on data collected from statistically representative samples of payment service providers. In so doing, the methodology should ensure that the transitional framework remains transparent, harmonised and proportionate to market conditions.

Article 17b – Methodology for calculating the fee caps

1. A methodology for calculating caps for the purpose of Articles 17 and 17a and collecting the necessary data, also for the purpose of conducting the evaluation pursuant to Article 17c shall be established in accordance with the requirements in this Article.

2. The calculation of fee caps for the purpose of Article 17 shall be based on a statistically representative group of cost-efficient payment service providers representative of national payments market. The cost-efficiency shall be measured by reference to the average cost per transaction for the provision of digital euro services in accordance with Annex II and IIa.

3. The methodology for calculating the fee caps for the purpose of Article 17 and collecting the necessary data, also for the purpose of conducting the evaluation pursuant to Article 17c shall include the following accounting and reporting requirements:

(a) the information to be provided by payment service providers;

(b) accounting methods which ensure a transparent and reliable recording of costs and data transmission that can be attributed to the digital euro;

(c) the cost categories to be considered; and

(d) the format and frequency of the reporting.

4. For the purpose of paragraph 3, the European Central Bank ~~and~~ or ~~N~~national ~~C~~central ~~B~~banks shall collect the relevant unit cost data and profit margins from the statistically representative sample of cost-efficient PSPs referred to in paragraph 2. The European Central Bank shall aggregate such data and share the aggregated data with the Commission.

5. The methodology for calculating fee caps for the purpose of Article 17a shall:

(a) be based on means of payments covering both international and domestic debit card schemes that are usable at the point of sale and in e-commerce;

(b) provide that only consumer debit card schemes complying with the characteristics referred to in point (a) shall be included in the calculation;

(c) provide that the calculation shall be based on the weighted average fee level based on volume of the inter-PSP fee and the merchant service charge applied to the means of payment referred to in points (a) and (b) during the preceding twelve-month period, relative to the aggregate value of payment transactions in that period;

(d) include the information to be provided by payment service providers; and

(e) include the format and frequency of the reporting.

The methodology shall include the criteria to assess the representativeness of payment service providers. To that end, the Commission shall consult the European Central Bank and t~~T~~he national competent authorities ~~shall be able to provide input to that end~~.

The methodology shall also include a definition of the threshold for determining the existence of a statistical significance for the purpose of Article 17a(4), ensuring that minor statistical deviations do not affect uniform application.

6. For the purpose of paragraph 5, the European Central Bank or national central banks shall collect ~~and aggregate~~ relevant fee data from a statistically representative sample of payment service providers offering services for comparable means of payment and the European Central Bank shall aggregate such data and may validate such data with merchants receiving those services. The data collection shall take place on an annual basis to enable the regular recalibration of the fee caps. The European Central Bank shall publish aggregated data on fee levels annually to promote market transparency and support well-functioning market conditions.

6a. Payment service providers shall provide to the European Central Bank ~~and~~ **or national central banks all information necessary for the application of this Article. Any information requested shall be sent by payment service providers within the time limit set by the European Central Bank or national central banks. The European Central Bank or national central banks may require that such information is certified by an independent auditor.**

7. For the purpose of establishing uniform conditions of application of this Article, the Commission shall, no later than one year from the entry into force of this Regulation, ~~implement~~ adopt the methodology by means of implementing acts adopted in accordance Article 39(2). The Commission shall consult the European Central Bank on a draft of the methodology.

1.4. Articles 15, 17c and 41 – Principles, evaluation and review

1.4.1. Amendments, alignments and rearrangements

To ensure consistency and clarity in the application of principles across both the transitional and final compensation model, **the Presidency proposes to relocate the provision on proportionality from Article 17(2) to Article 15(2).** This adjustment reflects the overarching objective that any merchant service charge or inter-PSP fee related to digital euro payment transactions must comply with the principle of proportionality, irrespective of the phase, thereby supporting legal certainty.

In line with the proposed amendments to Article 17(2), which introduces an explicit timeframe for the implementation of the final compensation model, **the Presidency**

proposes to clarify that, irrespective of the outcome of the evaluation, the transitional period shall end ten years after the first issuance of the digital euro. This amendment ensures legal certainty regarding the expiry of the transitional arrangements, including in the event that the cost-plus model is considered insufficiently mature for implementation at the conclusion of the extended evaluation period.

Furthermore, the Presidency has refined the wording on Articles 41(4a) and 41(5) in order to enhance legal clarity.

Article 15 – Principles

Previous PCYs proposal = black

New DK PCY proposal = green

2. With a view to ensuring an effective use of the digital euro as a legal tender means of payment, and to avoiding excessive charges for ~~**merchants**~~ **payees** subject to the obligation to accept the digital euro under Chapter III while providing compensation for the relevant costs incurred by payment services providers for the provision of digital euro payment~~s~~ **services**, the level of charges or fees to be paid by ~~**natural persons or merchants**~~ **digital euro users** to payment service providers, or between payment service providers, shall be subject to limits. **In particular, any merchant service charge or inter-PSP fee in relation to digital euro payment transactions shall comply with the principle of proportionality.**

Article 17c – Evaluation

1. Five years after the first issuance of the digital euro, the Commission shall assess if the following conditions are met:

(a) sufficient and reliable data on payment service providers' costs incurred for the provision of digital euro payment services are available;

(b) average unit costs are sufficiently stable; and

(c) the application of the fee cap based on actual costs can be expected to achieve the objectives set out in Article 15(2).

2. Where the conditions referred to in paragraph 1 are met, the Commission shall adopt an implementing act to that end in accordance with Article 39(2).

3. If, based on the evaluation, the Commission concludes that the conditions set out in paragraph 1 are not complied with, it shall provide the reasons for such conclusion.

4. If the conditions set out in paragraph 1 are not met, the Commission ~~will~~ shall conduct the evaluation on a yearly basis, up to a maximum of five years. In any event, ten years after the first issuance of the digital euro, the limits in accordance with Article 17 shall apply.

5. The European Central Bank shall provide technical assistance to the Commission by means of collecting, aggregating and validating data for the purposes of this Article. Such data shall be updated annually by the European Central Bank and published in aggregated form to promote transparency and well-functioning market conditions.

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 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'~~ payment service providers' business models, on the basis of costs and revenues consideration.

5. In its comprehensive review under paragraph 4, the Commission shall inter alia assess: (a) the effectiveness of the model in achieving the objectives set out in Article 15(2); (b) the proportionality of administrative and reporting obligations; and (c) the need for regulatory adjustments to ensure alignment with the fee structures applicable to other retail payment instruments. The Commission shall submit a report on the outcome of the review to the European Parliament and to the Council and may, where appropriate, submit relevant legislative proposals.

Questions 4-7 for Member States

Q4. *Do Member States agree with the Presidency's proposed clarification for the applicability of the national fee caps in Article 17a?*

Q5. *Do Member States agree with the Presidency's other proposed drafting suggestions to Article 17a?*

Q6. *Do Member States agree with the Presidency's other proposed drafting suggestions to Article 17b?*

Q7. *Do Member States agree with the Presidency's proposed drafting suggestions to Articles 15, 17c and 41?*