Council of the European Union
General Secretariat

PUBLIC

Brussels, 24 March 2026

WK 4173/2026 REV 1

LIMITE

EF
ECOFIN
CODEC

Interinstitutional files:
2025/0381 (COD)
2025/0382 (COD)
2025/0383 (COD)

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:	General Secretariat of the Council
To:	Working Party on Financial Services and Banking Union (MISP) Financial Services Attachés
N° prev. doc.:	WK 2963/2026
Subject:	MISP - DLT Pilot Regime Review - Consolidation of comments ddl 04.03.2026. Replies from 21 MS

Delegations will find attached the consolidated replies by AT, BE, BG, CZ, DE, DK, EE, ES, FI, FR, GR, HU, IT, LT, LU, LV, PL, PT, RO, SE and SK on the questions contained in the Presidency discussion paper on the DLT Pilot Regime Review for the Working Party on 20.02.2026 (set out in doc. WK 2365/1/2026 REV 1).

MISP: CWP 20 Feb – DLT (WK 2365/26 REV 1) Deadline: ***4 march 2026***

From: AT, BE, BG, CZ, DE, DK, EE, ES, FI, FR, GR, HU, IT, LT, LU, LV, PL, PT, RO, SE, SK **Updated: 20/03/2026 10:57**

PUBLIC

Guidelines to be followed

Please kindly provide your contributions in the table below.

Drafting suggestions: you may use '**track changes**'* or formatting (for example **bold-underline** for additions and ~~strike-through~~ for deletions, **where necessary, in a different colour**). *Track changes can only be connected once the cursor is placed in editable areas (Drafting or Comments columns).

To make it feasible to consolidate all contributions, the structure of the table must not be changed, so **no rows can be added or deleted.**

New provisions may only be added in any of the **'existing cells'.**

Name of document: please add the **two initials** of your delegation's country followed by a space (to the MS Word document name), followed by any optional text, for example, for Austria: **AT comments on … .docx**

Thank you for your cooperation!

PCY Questions	Comments
Presidency Discussion Paper – DLT Review (WK 2365/26 REV 1)	AT (Comments): **Comments by Austria:** DK (Comments): As a general remark, Denmark has a parliamentary reservation in place, as a general election has been called. GR (Comments): As a general remark: We support the objective of modernising the EU financial framework and enabling the safe use of DLT in asset management and financial market infrastructures.

PCY Questions	Comments
	The amendments proposed by the European Parliament and the Council of the European Union provide an important opportunity to ensure legal clarity and technological neutrality. HU (Comments): We welcome the extension and continuation of the DLT Pilot Regime in terms of innovation and technological development. In this sense we have sympathy for the initiative to fast-track discussions on this part of the package. We are open to explore any drafting solutions which would allow this way forward. LT (Comments): As a general remark, we would support the idea to fast-track certain parts of this proposal or the whole proposal. We see the added value and urgency in proceeding with this file and would be open to prioritise it among other parts of the package. SE (Comments): In light of the urgency to reach progress regarding issues addressed in the MISP-package, Sweden supports other MS proposal to fast-track the proposal regarding the DLT-pilot.]
	FI (Comments): FI: We are concerned with the interplay of suggestions to move supervision to ESMA and some parts of the DLT pilot. E.g. the exemption in Article 4 paragraph 3 would be given by ESMA in case ESMA is the supervisor of the DLT operator, but the main users of transaction reporting would be

PUBLIC

PCY Questions	Comments
	NCAs and therefore they should have the power to decide on exemptions on transaction reporting. Secondly, in the cases where ESMA would give an opinion on exemptions, how is this suggested to be organised in case ESMA is the competent authority for asking for the opinion. If the aim of the opinion is to have an independent second round, how does this work, if ESMA sits on both chairs.
1. Definitions, Scope and Scale of the Pilot	
Relevant Articles: Articles 2, 3, 4, and 6	
1.1. Scope of eligible entities	LU (Comments): LU: As a general remark, we broadly support the objective of further developing and making the DLT pilot regime more attractive. It is essential to boost innovation in Europe to be more competitive and strengthen autonomy. Europe therefore needs to provide a conducive environment and remove unnecessary barriers. The proposal on a revised pilot regime is a step in the right direction. However, the introduction of multiple layers of exemptions remains complex and burdensome. It also leads to many practical questions. In our view, the impact assessment also failed to examine an option consisting of adapting the existing regulatory framework applicable to the trading and settlement (MiFID/CSDR) of financial instruments to better accommodate DLT. Such an approach could enable the fully-fledged use of distributed ledger technology in a more technological neutral manner, without relying on a separate permanent pilot regime dedicated to DLT.
Questions	GR (Comments): On Q1-3 Overall, we agree with the proposals. As regards, CASPs in principle we agree. We have some concerns in practical terms, regarding authorization etc.

PCY Questions	Comments
1. Do MS agree with the possibility for the activities of DLT TVs or DLT TSSs to be extended to OTFs? If not, based on what concerns?	AT (Comments): Yes, we agree with the possibility for the activities of DLT TVs or DLT TSSs to be extended to OTFs. BE (Comments): BE: Scrutiny reservation. In the European Union, we see that OTFs are currently hardly operated in comparison to MTFs so we do not immediately see the benefit of adding them to the list but we also do not oppose as the DLT Pilot Regime Regulation is a sandbox in which entities should be able to experiment with DLT. BG (Comments): BG: We do not object in general. CZ (Comments): CZ: We generally support this extension. DE (Comments): We welcome the extension to OTFs. DK (Comments): DK can agree with the COM proposal EE

PUBLIC

PCY Questions	Comments
	(Comments): General comment: We can broadly agree and have preliminarily no major concerns in DLT pilot part of MISP package ES (Comments): We would not oppose OTFs being authorized to manage DLT TVs or DLT TSSs, provided that the appropriate safeguards are in place. Nonetheless, we would ask for certain clarifications. In particular regarding how the discretionary nature of OTFs would be accommodated within a DLT MI. It is also understood that in case of a TSS (OTF+CSD), the rules of the DLT MI cannot be discretionary, at least regarding the settlement system. FI (Comments): FI: We agree, but the interplay with discretion that is a requirement for OTFs could be elaborated in the recitals. Potentially along the lines of ESMA Q&A stating that it is sufficient that instruments are issued in DLT, the matching does'n need to occur in the OTFs system. FR (Comments): **We support the possibility of extending the activities of DLT TVs and DLT TSSs to Organised Trading Facilities (OTFs)**, which is consistent with a technology-neutral approach and contributes to the broader objective of scaling up DLT-based infrastructures within the EU. IT (Comments): IT:

PUBLIC

PCY Questions	Comments
	In principle, we would not be against the inclusion of DLT OTFs in the definition of DLT trading venues, but to properly assess the proposal we reiterate our request to receive additional clarification on how a DLT OTF would work and how the discretionary nature of OTFs would be incorporated into a DLT system, should the DLT be used for the trading phase. In particular, we note that the operator of an OTF retains a degree of discretion in determining whether to place or withdraw an order from the OTF, as well as in deciding whether to match a client order with other orders available within the system. In a decentralized context, should the DLT be used for the trading phase, it would be important to clarify how such discretion would be exercised in practice and which entity or actor would be responsible for its exercise. LT (Comments): On OTFs, we could agree, however in order to avoid regulatory arbitrage where entity would choose more favorable form, there might be a merit to consider aligning requirement for MTF and OTF. MTF are subject to more stringent requirement under MIFIR. LU (Comments): LU: Yes, we agree with the extension of the scope, in particular with the extension to OTFs which seems a logical next step. LV (Comments): No objections. PT (Comments):

PCY Questions	Comments
	We favour, in principle, extending eligibility to operators of OTFs, as this appears aligned with the objective of enhancing the utility and flexibility of the pilot regime. Allowing OTFs to participate may broaden the range of business models and trading functionalities that can be tested under experimental conditions, strengthening the practical relevance of the framework. RO (Comments): yes, we agree in principle SE (Comments): Yes, we welcome this proposal. SK (Comments): Yes. If a DLT OTF is granted exemptions from MiFID II, it may lead to a situation where market participants begin to prefer the DLT regime not because of the technology, but because of a lighter regulatory framework. The risk of regulatory arbitrage would need to be eliminated.
2. Do MS agree with the possibility for CASPs to operate DLT TVs and/or DLT TSSs? If not, based on what concerns?	AT (Comments): We still have certain concerns, as to whether there are sufficient safeguards in place yet, as we see the need of certain MiFID (or equivalent) provisions being applied to CASP trading platforms, if they operate DLT TVs and/or DLT TSSs. In case these concerns are addressed and overcome, we are, however, open to discussing this proposal. BE (Comments):

PCY Questions	Comments
	BE: In order to foster interoperability between platforms and interconnectedness between markets (assets), a regulatory solution allowing market participants to test the issuance, trading, and settlement of both DLT-based financial instruments (admitted to trading on a DLT TV or DLT TSS) and crypto-assets should be assessed and clarified. Whilst we welcome the amendment as a step further for bridging settlement DLT-based assets to trading and investment DLT-based assets, particular attention must be paid to the duality of regimes (MiFID II – MiCAR) applicable to operators of trading venues for DLT-based assets. CASPs are allowed to operate a crypto-asset trading venue (*operation of a trading platform for crypto-assets*) under MiCAR and are subject to specific regulatory requirements. Extending the possibility to also operate trading venue or trading and settlement system under the DLTPR seems a natural continuation and enhancement of the regulatory sandbox. Besides, the possibility granted to CASPs to operate DLT TV and/or DLT TSSs creates hybridity in the legal regimes as entities authorised under MiCAR would be allowed to operate in a "MiFID environment" based on their CASP status. Accordingly, investment firms may operate DLT TVs or DLT TSSs either as investment firms or CASPs, potentially causing ambiguity or enabling regulatory arbitrage (cf. CASP notification under Article 60(3) MiCAR). Therefore, we would prefer considering all investment firms with CASP notification as investment firm for this regime We would like to stress: • It should be clarified that the extension of the scope of eligible entities refers exclusively to *authorised CASPs providing the service of operating a trading platform*. It should not be interpreted as covering all CASPs (e.g. providing only custody and administration of crypto-assets on behalf of clients). • In addition, several CASP-operated trading platforms *offer multiple crypto-asset services* (such as custody next to the execution of orders on

PCY Questions	Comments
	behalf of clients, e.g. Bitstamp, OKX); and their market presence may span across several EU jurisdictions. • The COM proposal does not appear to restrict CASPs to a single type of DLT market infrastructure. *CASPs hence seem to be authorised to operate both* a DLT TV and a DLT TSS concurrently. Consequently, while the extended scope to CASPs remains in fact relatively narrow - which should be explicitly clarified - these choices could nonetheless introduce additional complexities in terms of business models, operational needs and corresponding supervisory expectations, including enhanced risk segregation (other MS views). We also note that these policy choices do not seem to be substantiated by the accompanying Impact Assessment. BG (Comments): BG: In principle we do not object, however, we have concerns as to the applicable regime and before we express final views we would appreciate, as suggested by the Commission, a working paper clarifying the elements of MiFID and MiCA and the applicable exemptions under DLT pilot regime. CZ (Comments): CZ: Regarding the provision of specific services by CASPs, we maintain a reserved position. We believe further discussion and clarification are needed, particularly concerning the mitigation of risks arising from providers of crypto asset services entering the area of „traditional“ financial instruments, where a lack of relevant expertise may pose additional challenges. DE (Comments): In general, we welcome the integration of CASPs. It should be limited to CASPs, which are operating a trading platform.

PCY Questions	Comments
	DK (Comments): DK agrees with the proposals and finds the expansion of the scope to include CASP's to operate under the pilot regime a good addition as to improving the functioning of the pilot regime and can support the possibility for CASP's to operate DLT Trading Venues and DLT Trading and Settlement Systems in practice. ES (Comments): Our insight is that CASPs should be allowed to operate DLT TVs and DLT TSSs; as long as they comply with the same requirements as other market operators their inclusion on the DLT PR could promote competitiveness and innovation. Nevertheless, appropriate safeguards should be assured, in particular, prudential requirements should be equivalent to same levels of risk, regardless of whether the entity is a CASP, a CSD or an investment firm. We consider essential that the inclusion of CASPs does not lead to an uneven playing field. FI (Comments): FI: We agree, but there should be a requirement to clearly distinguish financial instruments from crypto assets in the CASP service offering, so that investors would be able to know the difference FR (Comments):

PUBLIC

PCY Questions	Comments
	We support the extension of the scope of eligible entities in principle. However, the inclusion of Crypto-Asset Service Providers (CASPs) **raises important supervisory concerns**. First, CASPs remain subject to a **prudential and organisational framework under MiCA** that is less stringent than the regime applicable to MiFID investment firms or market operators. Allowing CASPs to operate DLT trading venues or DLT trading and settlement systems would therefore create an asymmetry in regulatory requirements for entities performing comparable market infrastructure functions. Second, **supervisory conditions for CASPs are not fully harmonised in practice across Member States**. As already highlighted by ESMA, supervisory convergence remains uneven. In the current framework, enabling CASPs to operate DLT trading venues could increase incentives for regulatory arbitrage and generate distortions in the level playing field. If these concerns are not properly addressed, this could ultimately create risks for market integrity, investor protection and, potentially, financial stability within the Union. **For these reasons, the participation of CASPs in the Pilot Regime should be strictly conditional upon single and direct supervision at Union level by ESMA, as proposed by the Commission.** IT (Comments): IT: Since CASPs are entities that are just entering the market, the opportunity for them to operate DLT infrastructures should be carefully evaluated. To form a view on this aspect we would need additional clarification on the concrete need to include CASPs in the scope of eligible entities. Although a

PCY Questions	Comments
	combination within the same entity of MiFID/CSDR and MiCAR activities could lead to some economies of scale, at the same time it may negatively affect risk segregation and conflicts of interests. Therefore, the two objectives need to be carefully balanced. We also note in this respect that crypto-asset trading platforms managed by CASPs operate mainly off-chain, in this scenario then efficiency gains may not fully materialize. This circumstance may weaken the argument based on the existence of economies of scale. Moreover, we highlight that under the current regime nothing seems to prevent a CASP to enter the Pilot Regime by obtaining a MiFID/CSDR license pursuant to Articles 8(2), 9(2) and 10 (3) of the DLT Pilot Regime Regulation, without the need to comply with the requirements that would be exempted in the Pilot Regime. Therefore, we believe that it should be better clarified which are the potential benefits associated with allowing a CASP to perform activities regulated by MiFID/CSDR without being licensed as an investment firm or a CSD. It would also be useful to carefully evaluate all the potential drawbacks linked to the fact that those entities would not be considered investment firms or CSD, including in terms of regulatory arbitrage. As a final point, we note that the question refers to the possibility for CASPs to operate DLT TVs and/or DLT TSSs, while it does not refer to the possibility for CASPs to operate DLT SSs. This is consistent with Recital 77 and Article 9. Nevertheless, in light of the proposed amendments to Article 5 of the DLT Pilot Regime, we would appreciate clarification on the possibility for CASPs to also operate DLT SSs (see Article 5, paragraph 1, third subparagraph). LT (Comments): While CASP trading platforms and MTFs currently operate under different regulatory frameworks, we are open to considering CASPs that run trading

PCY Questions	Comments
	platforms in DLT TSS. However, MiFIR and its RTS (e.g. Regulation (EU) 2017/584) impose operational and resilience standards not mirrored in MICA, which is comparatively lighter on operations and business continuity. If CASPs are to be allowed to operate DLT TSS, we should carefully align applicable requirements to ensure comparable operational robustness and investor protection. LU (Comments): LU: we generally support integrating CASPs operating trading platforms into the pilot regime, as this would broaden market participation and foster innovation. CASP are showing interest in entering the pilot regime and have experience in DLT. The following elements need further consideration: Extending the pilot regime to CASPs could introduce additional operational and supervisory complexities. The interaction between MiCA-governed entities and the MiFID II/DLT pilot framework may create new layers of oversight challenges that need to be carefully assessed. Allowing CASPs to operate in markets for DLT-based traditional financial instruments, may have consequences for the overall supervisory architecture. Adjustments to the supervision of CASPs which LU strongly opposes would also affect the existing framework for DLT market operators and trading venues, potentially broadening ESMA's supervisory remit. Therefore, all interaction across the various components of the package should be carefully considered.] LV (Comments): A question in the context of evolving market with various new hybrid models need to be considered: How will the different requirements of two

PCY Questions	Comments
	different regulations (MiCA and MiFID II), be reconciled? Where one of the regulations has stricter requirements (e.g. prudential capital requirements, reporting, governance), Recent experience, where CASPs providing transfer services with EMT are also required to obtain a payment institution license, has demonstrated that the lack of clear regulation, requirements and framework creates an uneven playing field and uncertainty for both supervisors and market participants. PL (Comments): *In principle we agree with the possibility for CASPS to operate DLT TVs, however the conditions under which CASPs can run DLT infrastructure should be further analysed to make sure that CASPs entering into this activity are subject to equivalent prudential requirements as other institutions (for example investments firms) conducting such activity, to minimise potential for regulatory arbitrage.* PT (Comments): We are open to support the inclusion of CASPs as eligible operators, considering evolving market structures and the role of crypto-asset related services in the development of DLT applications to other financial instruments. Nevertheless, this should be conditional on ensuring functional equivalence between the fundamentals demanded to CASPs and the ones fulfilled by traditional operators authorised under MiFID/MiFIR. The pilot should not create a lighter regime for some entities that could undermine the level playing field with existing legacy operators. With this in mind, we would welcome concrete specification in the L1 text on which parts of the MiFID/MiFIR framework should be fulfilled by CASPs wishing to operate a DLT TV or DLT trading and settlement system.

PCY Questions	Comments
	RO (Comments): We have reserves because of investor protection issues, especially when it comes to complex instruments, different capital requirements in MiCA vs MiFID, CASP are not members of investors compensation schemes on Directive 97/9 SE (Comments): Yes, preliminarily. We consider the risks to be higher for these companies – they are often considerably younger companies and less experience to follow the relevant regulation. SK (Comments): Yes, we agree but only under certain conditions. CASPs should only be eligible if subject to the full regulatory framework (MiFID II, MiFIR, DORA, CSDR).
3. Do MS agree with the proposed MiFID II exemptions for CASPs operating trading platforms that are authorised to operate DLT TVs and DLT TSSs?	AT (Comments): See question above regarding our generally rather hesitant approach concerning the extension of the possibility of a CASP trading platform to operate a DLT TV. BE (Comments): BE: The proposed exemptions are not sufficiently justified, especially from an equivalence of regimes point of view. CASPs that apply or notify and operate a trading platform for crypto-assets are subject to the provisions of Art. 76 MiCAR (meant to mirror MiFID II

PCY Questions	Comments
	requirements to market operators), together with the provisions of Arts. 66-74 MiCAR, which also cover general governance and prudential aspects. However, a CASP operating a trading platform may also provide other crypto-asset services under the regular MiCAR regime (see Q2), and such additional services do not necessarily mirror fully their MiFID equivalents. We therefore wonder whether some CASPs operating a trading platform and offering multi-services might be incentivized to apply as a DLT market participant to benefit from the exemptions (potential "pull effect"). Whereas the Commission proposes that the DLT TV and TSS activities would be covered by the referenced (relevant) MiFID II / MiFIR requirements in DLTPR, a CASP would be subject to the general governance and prudential requirements from MiCAR. Whilst we appreciate that the intention is to avoid a duplication of applicable regimes, the Commission did not propose an analysis of the equivalence between MiCAR and MiFID II in terms of market operators in order to avoid a "framework shopping" between the two regimes. BG (Comments): BG: As we understand the current proposal, CASPs should comply with MiCA requirements namely licensing and organisational requirements. On the other hand, CASPs that are authorised to operate trading platforms may not have authorisation for financial instruments under MiFID II which are currently under the scope of DLT pilot. Again, before we have final views we would appreciate as suggested by the Commission a working paper clarifying the elements of MiFID and MiCA and the applicable exemptions under DLT pilot regime. CZ (Comments): CZ: We are still assessing the implications of proposed exemptions. At this stage, we consider that they could potentially increase risk to investors and weaken their protection.

PCY Questions	Comments
	DE (Comments): We agree with exempting CASPs from MiFID provisions only, if relevant provisions in MiCAR are equivalent (and do not lead to a lowering of requirements). According to our preliminary analysis, that would be the case for the envisaged MiFID exemptions. DK (Comments): DK views the proposal positively and finds the expansion of the scope to include CASP's to operate under the pilot regime a good addition. ES (Comments): We do not oppose the proposed exemptions, since they are in line with what it is established in the DLT PR for other entities (i.e. investment firms and CSDs). Nevertheless, we think it is necessary to guarantee investor protection, in this regard we would welcome clarifications to any doubts raised by other Members States. FI (Comments): FI: We agree to exemptions from MiFID II Articles 5 to 13 and article 15 as long as the CASP fulfils the similar requirements in MiCA FR (Comments): We consider that any MiFID II **exemptions granted to CASPs operating DLT trading platforms must remain strictly proportionate and conditional**.

PUBLIC

PCY Questions	Comments
	Given the lighter prudential framework applicable to CASPs under MiCA, exemptions should not result **in a de facto competitive advantage vis-à-vis MiFID investment firms or regulated market operators performing similar functions**. The regulatory perimeter must ensure that equivalent activities are subject to equivalent requirements. Accordingly, MiFID II exemptions should only be acceptable where: (i) robust compensatory safeguards are in place; and (ii) ESMA exercises direct supervision over the CASP concerned. IT (Comments): IT: As highlight above, we are still forming our view on the possibility for CASPs to operate DLT TVs and/or DLT TSSs. That said, we would appreciate additional clarification, first of all on the application of Article 14 of MiFID II to those entities. As known, that article requires that the competent authority shall verify that any entity seeking authorisation as an investment firm meets its obligations under Directive 97/9/EC concerning the membership of an authorised investor compensation scheme at the time of authorisation. The investment compensation schemes regulated by Directive 97/9/EC do not seem to cover the activity of a CASP. Therefore, it would be useful to clarify if and how Directive 97/9/EC would apply to a CASP operating a DLT TVs and/or a DLT TSS and what would be the regime applicable to the other services performed by that CASP in relation to crypto-assets. Additionally, as anticipated, we would ask for additional clarity on the rationale for exempting CASPs from MiFID II provisions that would be imposed to other DLT TVs. LU

PCY Questions	Comments
	(Comments): LU: We support the inclusion of CASPs in the pilot regime. CASPs operate in innovative finance, and access to the DLT pilot is a logical next step. The pilot relies on a complex exemption framework that is not always fit for purpose and creates administrative burden for market participants. CASPs are already subject to prudential, AML/CFT, operational, IT, and liquidity requirements. Regulatory alignment between MICA and MIFID/CSDR requirements should therefore be maximized to avoid overlapping or conflicting obligations. LV (Comments): Under consideration. PL (Comments): *We have reservations regarding the possibility for CASPs to benefit from the exemption from Article 15 of MiFID II concerning initial capital. Efforts should aim to limit the risk of regulatory arbitrage and ensure a level playing field; therefore, this exemption does not appear justified.* PT (Comments): At this stage, we can accept the proposed MiFID II exemptions for CASPs, as those mainly relate to authorisation. In our view, this avoids duplication since CASPs already required their own authorisation process. Nevertheless, as we said previously, we would seek enhanced clarity in the text of the DLT pilot regime on which requisites of MiFID/MiFIR should be applied to CASPs in order to promote legal certainty.

PUBLIC

PUBLIC

PCY Questions	Comments
	RO (Comments): See above SE (Comments): Yes, preliminarily. Open to discuss whether specific exceptions should be removed. SK (Comments): See answer to question no. 2.
1.2. Scope of eligible financial instruments	
Question	
4. Do MS agree with the proposal to remove limitations regarding the type of financial instruments allowed to be admitted to trading or recorded on a DLT market infrastructure? If not, what range of permissible instruments would MS consider?	AT (Comments): We agree with the proposal as well as the DE proposal of fast-tracking DLTPR (compared to the rest of MISP), as there is a broad agreement of the MS on the need of a review of DLTPR as well as an urgency in order to ensure compatibility with non-EU-markets (due to the fast development of DLT markets and business models as well as fast development in other legislations in the field of DLT and the limited uptake of the existing DLTPR). BE

PCY Questions	Comments
	(Comments): BE: We agree with extending the scope of eligible instruments to be admitted to a DLT-based market infrastructure. Such an amendment fulfils the purpose of the DLTPR and enhances its utility for market participants, regulators, and supervisors. Settlement of DLT-based platforms should be tested and observed for all types of instruments. We agree that too strict limits and scope may transform the DLTPR into an unattractive framework, providing limited incentives for large(r) market players to participate and innovate under its umbrella. In terms of value caps (thresholds) for the financial instruments traded or recorded on a DLT market infrastructure, these should be adequate to prevent the circumvention of CSDR, but sufficiently high to experiments representative for real-world use cases and turn the DLTPR into an attractive and useful framework for (new) market participants and innovation. BG (Comments): BG: We do not object to include all types of financial instruments. CZ (Comments): CZ: Yes, we support the removal of these limitations and would welcome opening the DLT market infrastructure to all types of financial instruments. DE (Comments): We agree with removing existing limitations, hindering emerging of business models. We see a clear market demand for these amendments. This amendment is needed urgently to foster European Competitiveness. DK

PCY Questions	Comments
	(Comments): DK agrees with the COM proposal to remove limitations on the type of financial instruments to be admitted to trading on DLT market infrastructure. ES (Comments): We do agree to remove limitations regarding the type of financial instruments. Our view is that this would foster the development of the DLT ecosystem, by increasing interest from operators, issuers and investors. Also, the expansion on the scope of assets would help foster a level playing field between DLT representation of financial instruments and book entry representation. While direct access by retail investors coupled with the expansion in assets' scope could raise questions about investor protection, this could be tackled through the application of MiFID provisions (appropriate assessment, for example). Building on this question, and recalling that the possibility of a fast track was raised during the meeting of 20th February, we understand the sense of urgency expressed by the industry. It is our view that in other circumstances a fast track for specific elements of the DLT PR reform could be explored, in particular regarding: I) raising of thresholds, II) expanding the scope of eligible assets; and III) removing the six-year limit for authorisations. There seems to be broad agreement that these changes are needed to have a DLT PR that is appealing to operators of MI and investors. However, given the political intention of moving forward the MISP package on an accelerated timeline (as expressed on the 3rd March policy debate paper), we would be inclined to maintain the DLT PR reform as a whole within the MISP package. It would be difficult to identify an alternative legislative vehicle to fast track the changes mentioned above.

PUBLIC

PCY Questions	Comments
	FI (Comments): FI: We agree. It is possible that all types of financial instruments cannot be tokenised, but as the operators are not obliged to offer all types of financial instruments, the suggested structure works. FR (Comments): **We support the proposal to remove product-specific limitations and to extend the regime to all financial instruments.** This is consistent with the principle of technological neutrality and is necessary for the industry to develop meaningful use cases and reach sufficient scale. At the same time, widening the perimeter raises operational and regulatory questions that should be addressed in parallel. First, the implications for clearing are not sufficiently clear at this stage ; which raises the open question of whether, and to what extent, the EMIR framework would also need to be adapted to accommodate DLT infrastructures. Second, beyond the Pilot Regime and CSDR adjustments, it is important to address practical "side constraints" elsewhere in the EU financial rulebook that can materially hinder tokenisation. By way of example, our analysis suggests that money market funds under the Money Market Funds Regulation (MMFR) cannot hold stablecoins (MiCA EMTs), which may significantly constrain the development of tokenised cash-management and settlement use cases. Therefore, in parallel to the Pilot Regime revision, we should screen other relevant frameworks (like MMFR, UCITS/AIFMD as relevant) to ensure the overall EU financial framework is adequate to support tokenisation end-to-end.

PUBLIC

PCY Questions	Comments
	GR (Comments): On Q4 Yes, we share the rational explained on the presidency paper, both when referring to technological neutrality and in terms of the risk and Dlt per se, and we are supportive. IT (Comments): IT: We reiterate our openness to the proposed amendments to Article 3, including the extension of the Pilot Regime's scope to any type of financial instrument, as this would broaden the market perimeter and potentially generate efficiency gains. Nevertheless, given the expansion of eligible assets, that now would cover also complex financial instruments, we believe it should be better clarified how adequate protection of retail investors would be ensured. With regard to those complex financial instruments, the possibility for retail investors to be admitted by a DLT TV operator to deal on their own account as members or participants would lead to a reduction in protections for this category of investors (due to the removal of the investor protection safeguards guaranteed by the presence of a supervised financial intermediary). We wonder whether it is appropriate that, when dealing with complex financial instruments, retail investors can access a DLT TV also without the intervention of a supervised intermediary and would therefore propose to consider that mandatory intermediation is introduced for retail investors willing to trade complex DLT financial instruments.

PUBLIC

PCY Questions	Comments
	LT (Comments): We can support the proposal. LU (Comments): LU: We agree with the Commission's statement in the Presidency paper affirming that "the use of DLT does not, in itself, render the financial instruments concerned riskier." This reflects the principle of technological neutrality. Hence we can agree with the proposal to remove the limitations regarding the type of financial instruments allowed to be admitted to trading or recorded on a DLT market infrastructure. LV (Comments): Yes. PL (Comments): *In principle we support the removal of product limitations, as this aligns with technological neutrality and enables broader testing of DLT in financial instruments. However, the expanded scope could make almost any instrument a "DLT financial instrument", creating a risk that CSDs authorised under the CSDR would fall under the pilot regime solely due to using DLT.* *Therefore, lifting the limits should be accompanied by clear clarification that CSDs authorised under the CSDR may use DLT for primary recording and central account maintenance without DLTPR authorisation, unless they seek exemptions under that regime.*

PUBLIC

PUBLIC

PCY Questions	Comments
	PT (Comments): We agree that broadening the scope enhances the relevance and testing value of the pilot. This being said, we are still assessing whether the proposed approach is adequate. For instance, we believe it may be worth reassessing the equal application of certain exemptions, such as the own account dealing, in exposures to highly complex financial instruments, in an attempt to ensure adequate safeguards for retail investors. RO (Comments): We have reserves regarding derivatives /complex instruments, leverage, better to keep the pilot regime for spot markets SE (Comments): Yes, generally positive. We should consider whether limitations for complex products should be retained, mainly from a consumer-protection perspective. SK (Comments): Yes. The existing limitations on the types of financial instruments admissible to trading or recording have reduced the attractiveness of the DLT Pilot Regime for potential participants. Removing these limitations is therefore justified to allow the regime to scale in a commercially viable manner.
1.3. Scale	
Questions	

PUBLIC

PCY Questions	Comments
5. Do MS agree with the proposed aggregate thresholds, including their application at group level?	AT (Comments): We agree that the thresholds have to be raised in order to allow for the DLTPR to gain further traction. BE (Comments): BE: Yes - in line with the answer for Question 4, the thresholds must be sufficient to enable commercial viability of the experiments, but adequate to prevent or demotivate circumventions of CSDR. In consequence, we consider that the four thresholds (for the standard regime and simplified regime), applied at group level, are sufficient to reflect the nature of DLTPR and make it useful for the industry. In addition, the current experience shows that none of the authorised market infrastructures under the DLTPR is anywhere near the thresholds, which indicates that a further increase may not be demanded by the market or sufficiently justified. BG (Comments): BG: We do not object. CZ (Comments): CZ: The aggregate market value (AMV) criterium can fall short of being sufficiently effective in some cases. Additional criteria could be discussed, as trading volume, settlement exposure and transaction structures in combination may serve as more accurate indicators of actual risk. These capture operational and conduct risk much better than AMV alone. A low AMV and

PCY Questions	Comments
	yet very high turnover may result in bigger market integrity risks than just high AMV as intraday liquidity stress is not visible in AMV. It is also worth noting that CSDR relies on activity- and exposure-based metrics, complemented by qualitative risk assessment and does not use AMV when evaluating systemic relevance. DE (Comments): We support to raise these thresholds. The thresholds should not apply to TVs or CSDs, which do not use any of the DLTPR-exemptions (see "Transition from the regular regime to the MiFID II/MiFIR and CSDR regime"). This amendment is needed urgently (see above). We could accept a group-wide assessment, but consider it necessary to have clarity on how groups are defined and how the group wide assessment will be applied. DK (Comments): DK agrees with the COM proposal to increase the thresholds of the aggregate market values that can be admitted to trading or recorded on DLT market infrastructure. The increase should enable firms to reap the benefits of economies of scale, however DK also see potential benefits to removing the upper thresholds entirely or alternatively it should be discussed to increase the upper limit. ES (Comments): We agree with the need of raising the thresholds as well as its application at group level. FI (Comments):

PCY Questions	Comments
	FI: We have no strong opinion on the thresholds. FR (Comments): **We strongly support a more ambitious increase in the thresholds**. However, we consider that the levels proposed by the Commission may still confine the regime to **medium-scale experimentation**, while international competitors are moving rapidly towards large-scale infrastructures. **At a minimum, we believe the aggregate market value threshold for the regular regime should be increased to EUR 500 billion**. This is consistent with the scale of ongoing initiatives in France, including the Pythagore project between Euroclear France and Banque de France on commercial paper – aiming at a 300 billion market. **More fundamentally, we also question whether the aggregate market value threshold for the regular regime should be maintained at all**. DLT - without technical failures since its introduction - is not inherently riskier than legacy systems, and in any case DLT-based infrastructures would remain subject to strict supervision, including robust contingency and wind-down arrangements. GR (Comments): On Q5 We can agree with the proposed aggregate threshold. IT (Comments): IT: We reiterate our support for the European Commission's proposal to raise the caps on the aggregate market value of DLT financial instruments that are

PCY Questions	Comments
	admitted to trading or recorded on a DLT market infrastructure. This proposal is indeed in line with the joint position paper published by Consob and the AMF in April 2025, where the low level of the current caps was identified as one of the main factors that have limited the attractiveness of the Pilot Regime to date. With regard to the specific value of the new cap proposed by the European Commission (€100 billion), we wonder whether it isn't a bit too high, given that it exceeds the median size of a European CSD (€80 billion). We also note that larger players can also fit well in principle within the standard regulatory framework of MiFID II/MiFIR and CSDR, therefore their participation in the Pilot Regime does not appear strictly necessary. This is also consistent with the highlights reported in the Impact Assessment of the European Commission, which refers that several European CSDs have already begun using DLTs, some within the regulatory framework of the Pilot Regime and others within that of CSDR. Furthermore, we observe that one of the objectives of the EU legislation associated with the Pilot Regime is to facilitate, through an adequate set of derogations, the entry of new players into the world of DLT finance. This includes entities that—at least initially—will have a relatively limited volume of activity and, therefore, are compatible with thresholds lower than €100 billion, even if higher than the current ones. Given all of the above, it is advisable that the assessment of the new value proposed for the cap be subject to further investigation, particularly to determine whether a downward adjustment may be appropriate. LT (Comments): We can support the proposal.

PCY Questions	Comments
	LU (Comments): LU: We support increasing the total threshold. The current limitation has constrained market participants from entering the pilot regime. However, we are less comfortable with the group-level threshold. We do not fully understand the rationale, and we believe the threshold should be applied at individual level or on a project by project basis. Group-level thresholds would penalize firms operating multiple infrastructures without reflecting operational or financial risk at the entity level. The text is also silent on how the group-level assessment would be applied. Finally, as also mentioned in the Presidency paper, we would welcome clarification on how short-term market fluctuations and temporary spikes will be treated. What happens if the aggregate market value briefly exceeds the threshold but then falls below it again? Would the transition strategy still need to be activated? Is there a mechanism to reverse or suspend it in such cases? We could be open to considering the introduction of a defined timeframe during which the limit may be exceeded, as suggested in the WP. LV (Comments): We do not object to the aggregate thresholds and their application at group level. PT (Comments): We believe that increasing the thresholds may be useful to scaling of pilot projects, so, while we are still assessing, we are open to the proposed

PCY Questions	Comments
	approach. Regarding the application of the thresholds on a group-wide basis, it should be clear in the legal text that such approach is adopted both for the valuation during admission and for the triggering of the transition strategy. RO (Comments): We agree with the proposed aggregate thresholds SE (Comments): Preliminarily yes. We are not yet convinced that the proposed thresholds suit MS of all sizes (potentially too low for large countries and too high for small countries) and are happy to discuss other levels of thresholds. SK (Comments): Yes.
6. Do MS agree with the possibility for the Commission to adopt a delegated act to adjust the thresholds?	AT (Comments): We oppose the possibility for the Commission to adopt a delegated act to adjust the thresholds. BE (Comments): BE: The DLTPR should be as dynamic and flexible as possible, in order to enable tailoring based on market developments. However, the DLTPR requires also a degree of legal certainty, both for market financial market infrastructures and national supervisors. Considering the limited horizon of the DLTPR (see answer to Question 9 below), we see limited use of modifying the thresholds on a short-term basis. Adjustments to the aggregate thresholds could have significant impact for existing experiments:

PUBLIC

PCY Questions	Comments
	• should either threshold be decreased, it would trigger an immediate transition from the simplified to the regular regime or from the DLTPR to CSDR; • further increases may no longer reflect the exploratory nature of activities undertaken under the DLTPR. As such, Level 2 interventions from the Commission would not be aligned with the purpose and safeguards of the DLTPR. BG (Comments): BG: We do not object. CZ (Comments): CZ: We believe that keeping the number of delegated acts to a minimum should remain our objective. At this stage, the inclusion of appropriate corrective metrics on Level 1 appears to be the most suitable approach. DE (Comments): We are open to raise thresholds by a delegated act. DK (Comments): DK agrees with COM proposal to give a mandate for the Commission delegated act on adjusting the thresholds. However, we believe it should be further clarified under what circumstances the Commission can adjust the thresholds. For instance, point c where a reference to market demand is made seem to be overly broad. Any changes

PCY Questions	Comments
	can impose uncertainty for companies when planning business decisions. Therefore, adjustments should be duly justified, and when not related to financial stability, companies should have sufficient time to adjust. While Denmark would prefer removing the upper threshold for the pilot regime as mentioned in our answer for Q5, if the threshold is kept, a delegated act should of course not be an indirect way of expanding the pilot regime outside the scope of what should be agreed between the co-legislators. If we want the pilot regime to be expanded it should be agreed between the co-legislators. ES (Comments): We agree with the possibility to adjust the thresholds through a Commission delegated act. While the proposed new thresholds represent a significant increase, the possibility of further adjustments would provide the DLT PR with greater flexibility, the absence of which has limited its appeal in the past. On a technical note, we have noticed that the adjustment provision in paragraph 7a of Article 3, is contemplated for the thresholds on paragraphs 2 and 2b of Article 3. We wonder whether the threshold adjustment should also include those on paragraphs 2a and 3, regarding the thresholds that would trigger the obligation to activate the transition strategy. FI (Comments): FI: We would prefer to either have a ceiling in the mandate or to explore the limits in context with the review.

PCY Questions	Comments
	There seems to be a typing error in Article 15a as it refers to 3(7) instead of 3(7a). This seems to be corrected in the consolidated version FR (Comments): **We agree that thresholds should be adjustable over time, but we consider that relying on delegated acts may be too rigid and slow in view of the pace of market and technological developments.** We would therefore support **a more flexible governance mechanism**. In particular, we suggest **ESMA could be empowered to adjust thresholds by decision, on a case-by-case basis, taking into account project-specific characteristics and risk profiles** (notably to avoid applying the same approach to incumbent CSDs and smaller fintech-type entrants). GR (Comments): On Q6 and Q7: Same goes with delegated acts, but the elements to be taken into consideration should be noted on L1. IT (Comments): IT: We understand the rationale behind the proposed EC regulatory mandate to revise the value of the thresholds. However, we are cautious about this proposal, given the significant increase in the aggregate market cap already envisaged by the current proposal and the fact that a comprehensive review of the framework is planned by 2030. Since defining the threshold is a key aspect of the regime, co-legislators might be better placed to conduct such an evaluation. We also wonder whether any further increases in the thresholds would interplay with the exemptions that DLT operators can be

PCY Questions	Comments
	granted. We should avoid a situation where DLT operators would be exempted from relevant requirements while being allowed to operate larger and larger volumes, thus creating an un-level playing field with traditional operators which do not benefit from the same exemptions and potentially resulting in excessive risk taking. Further assessments seem necessary. LT (Comments): We can support the proposal. LU (Comments): LU: We are not supportive of conferring this power to the Commission. We have a preference to leave this to the co-legislators in the L1 text for the sake of legal certainty and predictability. The threshold should be part of the review scheduled for 2030. In addition, the current drafting is not sufficiently framed and would, in any case, need to be better calibrated. LV (Comments): Yes. PT (Comments): While we understand the objective is to ensure some degree of flexibility, we do not agree on granting this empowerment to the Commission. We are open to discuss other solutions to ensure the text is flexible enough, but not by allowing it to be changed via delegated act. RO (Comments):

PUBLIC

PCY Questions	Comments
	We agree SE (Comments): Yes. SK (Comments): Yes. Allowing the Commission to adjust the thresholds through a delegated act is appropriate, as it enhances the efficiency and flexibility of the framework in situations of rapid market or technological developments.
7. Do MS agree with the elements that the Commission would need to take into consideration when preparing the delegated act adjusting the thresholds?	AT (Comments): In our view the elements the Commission would need to take into consideration are not defined at L1 to the extent necessary. BE (Comments): BE: Not applicable (in line with the answer to Question 6). BG (Comments): BG: In our understanding the empowerment is not quite clear as to some notions used such as in point b) “or other rules” and in point c “ market conditions and demonstrated market demand”. CZ (Comments): CZ: We agree in principle; however, we would welcome further refinement and clarification of these elements.

PCY Questions	Comments
	DE (Comments): The criteria for adopting a RTS should be defined more clearly at level I. The criteria should make it possible to react to changes in the market demand and enable scaling, as long as an assessment of risks does not preclude this ("in light of market developments" seems to be too open and unprecise). DK (Comments): DK agrees with the COM proposal and the elements which need to be considered when preparing the delegated act. ES (Comments): Yes, we agree with the elements that have been proposed, nevertheless following the opinions expressed by some Member States on the February 20th WP, we would not oppose to have further clarification of these elements in level 1. FI (Comments): FI: Has it been considered whether point (c) referring to market demand may expose the commission to lobbying by DLT operators FR (Comments): **Yes, we agree with the proposed elements that should be taken into account**. In addition, it should be explicitly stated that **international developments and market practices outside the Union must be considered when adjusting thresholds**. This is critical to avoid the EU

PUBLIC

PCY Questions	Comments
	regime becoming structurally less competitive than third-country approaches in a context of accelerating global tokenization. GR (Comments): See Q6 IT (Comments): IT: Please, see our response to the previous question. LT (Comments): We can support the proposal though greater clarity when the Commission would be able to adopt DA would be appreciated. LU (Comments): LU: see reply to Q6. LV (Comments): We see merit in providing clarity regarding “market developments”. PT (Comments): Please refer to our answer to Q6. RO (Comments):

PUBLIC

PCY Questions	Comments
	We agree SE (Comments): Generally, yes. Open to discuss well-justified adjustments. SK (Comments): Yes, we consider the elements set out in Article 3(7)(a) to be sufficient.
8. How do MS assess the use of aggregate market value as the metric for the definition of thresholds and the sole trigger for transition between the simplified and regular regimes? In particular, do MS consider that this metric ensures sufficient stability and predictability, or should alternative or complementary indicators, such as trading volume or settlement exposure, be examined?	AT (Comments): While preliminarily this seems to be a useful metric to us, we are open/interested to assess the announced further information by the Commission on potential metrics, which could be introduced in addition to the aggregated market value. BE (Comments): BE: The purpose of the simplified regime under the DLTPR, and the standard regime (in contrast with CSDR) is to have reduced complexity and easier compliance with regulatory and prudential requirements for (new or smaller) market participants under this framework, whilst testing the commercial, legal, and operational viability of new technologies (applied to existing regulated activities). Conceptually, size-based (volume) triggers reflect financial and operational risk considerations, which render them an adequate criterion for transitioning from the simplified to the regular regime, and consequently further from the regular regime to CSDR. It would prove useful insight for NCAs to obtain information and assess trading and/or settlement volumes, in particular for understanding the systemic nature of DLT-based financial market infrastructures. In this sense, we concur with the suggestion of the CY

PCY Questions	Comments
	Presidency to include, as complementary or alternative indicators, the trading volume or settlement exposure. However, a size-based threshold may be crossed several times – during any timeframe – without representing a crystallised or consolidated level of activity recorded for the market participants. In other words, it may be exceptional that the thresholds are triggers, but may not reflect the average volume of activity on the DLT TV or TSS. In line with the answer to Question 5 above, the primary purpose of the thresholds and triggers is to prevent circumvention of the stricter regime and ensure a level playing field. In subsidiary, the purpose of the DLTPR should also be – for the participants – to evolve from one regime through another in order to achieve preparedness and ultimately transition to CSDR. The proposal puts forward the Early Notification Mechanism and the Transition Plan, which are meant to signal operators the need to prepare and progress towards the regular regime under DLTPR. Such indicators should also be part of the triggers and transition assessment undertaken by the NCA (in line with the answer to Question 17 below). As such, we believe that the buffers provided (equivalent of 50% of the thresholds) should be used by national supervisors to monitor and trigger the transition. Solely volume-based (*aggregate market value*) may not reflect all obstacles faced by (new or smaller) market entrants, which justify the application of the simplified regime. In this sense, the DLTPR could envisage a case-by-case assessment performed by the national competent authority, with a central element being the value of traded or recorded financial instruments, once the aggregate market value (€ 10 billion or € 100 billion) are reached, to apply a *comply or explain* principle to the market participant. This would allow the necessary flexibility, within a buffer zone, for domestic supervisors to evaluate whether the transition is (yet) needed or not.

PCY Questions	Comments
	Moreover, we would not oppose to more additional metrics being linked to market risk. BG (Comments): BG: We would not object to include complementary indicators such as trading volume and we welcome the Commission suggestion to prepare a non-paper on this matter. CZ (Comments): CZ: We would support the introduction of supplementary metrics to allow for some degree of flexibility in the event of unpredictable and unusual development on the financial market. DE (Comments): The aggregated market value should be retained as metric, but trading volume and settlement exposure should be used additionally. DK (Comments): Preliminarily, DK agrees with the COM proposal. (However, we could potentially be open to other thresholds as well. But to support other kinds of thresholds, we would need to see convincing arguments for using other metrics for the threshold) ES (Comments):

PUBLIC

PCY Questions	Comments
	We agree to maintain the aggregate market value as the metric for defining thresholds. However, we think it would be reasonable to include additional metrics, such as trading volume or settlement exposure. This would prevent price volatility, particularly in low trading or settlement volume scenarios, from being the sole cause of triggering the transition strategy. Alternatively, in relation to the trigger for transition between the simplified and regular regimes or the activation of the transition strategy, a valuation period could be included. For example, the market value of all DLT-based financial instruments could be considered over a continuous period of six months before triggering the transition strategy. This would mitigate the risk of market fluctuations affecting the activation of the transition strategy. FI (Comments): FI: We have no strong opinion on the metrics. As long as they are not overly complex, we agree. FR (Comments): **We acknowledge that aggregate market value is not a perfect metric**. It does not capture all dimensions of risk (complexity, liquidity, interconnectedness, etc.). **That said, it provides a simple, transparent, and predictable benchmark, which is important for market participants to design investment plans and scale projects**. At this stage, we do not see a more operational alternative that would be equally readable and workable. However, **we should avoid cliff effects between the simplified and regular regimes**, that could disrupt scaling trajectories.

PCY Questions	Comments
	IT (Comments): IT: We believe that, at this stage, the aggregate market value may be kept as a reference metric for the Pilot Regime. In any case, we would not oppose the use of alternative measures such as trading volume or settlement exposure as additional variables that trigger the transition between the simplified and regular regimes, but we do note that the methodological aspects would need to be assessed. LT (Comments): We can support the proposal. We would suggest to leave the metric as currently is because no issues were identified with it. Adding complimentary criteria would make the system burdensome with limited added value. LU (Comments): LU: Aggregated market value is a simple and easy-to-apply metric. However, it is subject to short-term fluctuations and does not reflect operational, liquidity, or settlement risks. We are open to considering the threshold within a certain period of time and within a range of values (e.g during a period of 3 months the aggregated market value was x% higher than the threshold during 25 days) ***Please note that this a random example which is not based on any kind of scientifical evidence***. LV (Comments):

PUBLIC

PCY Questions	Comments
	We are open to discussing alternative metrics; however, aggregate market value appears to be a more stable and predictable indicator. It is generally less exposed to significant short-term fluctuations and therefore provides a more consistent basis for regulatory thresholds. In contrast, metrics such as turnover tend to be more volatile and sensitive to temporary business cycles or one-off events. This makes them more difficult to calibrate and less reliable as a trigger for regime transitions. PL (Comments): *To reduce unintended "volatility" of requirements, a smoothing mechanism could be applied, for example expressing the thresholds (especially the threshold of maximum scale of activity that, when breached, prohibits admission of new instruments) in terms of average capitalisation over a one year period (other timeframes can also be considered).* PT (Comments): We believe the consideration of aggregate market value as the sole trigger for regime transitions may be insufficient given its volatility and pro-cyclicality. In our view, other complementary indicators should be considered in parallel to justify a transition. One approach could be tying aggregate market value threshold surpasses/lags within a minimal time horizon, only prompting a transition if the variation is sustained throughout the specified timeframe. Additionally, it may also be reflected the possibility to attribute competent authority or operator discretion in requesting or conducting a transition. RO (Comments): Not sufficient/relevant in cases of derivatives/leverage instruments SE

PCY Questions	Comments
	(Comments): Generally support COM's proposal. Open to discuss other metrics, but it should be sufficiently, simple, transparent and predictable. SK (Comments): The aggregate market value is acceptable as the primary metric; however, for greater stability and predictability we recommend complementing it with two simple parameters: trading volume and settlement volume, which better reflect the actual activity and risk profile of the infrastructure. On its own, aggregate market value is insufficient, as it can fluctuate sharply due to external price movements that are unrelated to the operational load or risk of the system.
2. Duration of the Pilot	
Relevant Articles: Articles 8, 9, 10, 14 and 15	
9. Do MS agree to remove the existing ambiguity regarding the time-limit for the pilot regime and replace this with a report by ESMA and an assessment by the Commission? If not, what do MS suggest?	AT (Comments): We support the abolishment of the automatic lapse after six years as well as the reduction of the frequency of ESMA's interim reporting on the functioning of the pilot regime from annual to bi-annual. The duration of the negotiations shall be taken into consideration when setting the date (currently 2030) of the ESMA report. BE (Comments):

PUBLIC

PCY Questions	Comments
	BE: The DLTPR should follow its initial purpose, that of being a temporary testing and learning ground for amendments to the (existing) traditional frameworks (CSDR and MiFID II), reason for which it must have a maturity date. In addition, CSDR aims to be technology-neutral, and having parallel regimes for the same types of market infrastructures, differentiated based on the technology used, may affect the level-playing field by creating inconsistencies and unfair advantages. We note also that uncertainty about the duration of the DLTPR creates legal uncertainty and, as such, undermine incentives to invest in setting up DLT market infrastructures In this sense, the ambiguity of the time-limit should be eliminated. The DLPTR should have a clear sunset, not longer than six years, after which an ESMA report and Commission assessment should constitute the basis for the necessary CSDR/MiFID II amendments. The appropriateness of a six years sunset should also be re-assessed. BG (Comments): BG: We support the proposal. We could also support extending the timeframe set to 2030 for ESMAs report given the concerns raised during last WP. CZ (Comments): CZ: We welcome the proposed clarification. DE (Comments):

PCY Questions	Comments
	We support to remove the existing time limit and to give market participants necessary certainty. This amendment is needed urgently ~~and should be fast-tracked~~ (see above). Instead of a time limit for the pilot regime an ESMA report and a review by the Commission (regarding thresholds, its relation to CSDR and MiFID/MiFIR and the ultimate rules to be applied) after a sufficiently long period are appropriate. DK (Comments): DK is overall in favour in of the proposal. ES (Comments): Yes, there is agreement with the removal of the time-limit established in DLT PR, since the nature of a pilot with a time-limit is considered a barrier for investment in the development of DLT market infrastructures. While the technology and the market landscape might be evolving, EU entities have expressed interest in the DLT ecosystem, an interest that can be seen in other jurisdictions. Therefore, we understand that the proposed transition from a pilot regime coupled with the intended flexibility for the DLT PR is the appropriate way to go. However, we share doubts on whether 2030 is too soon for the Commission to decide whether the pilot regime should be integrated into the permanent EU regulatory framework, notably into MiFID II and CSDR. This would require ESMA to prepare and deliver its report in 2029, when experience and knowledge regarding the effects of the many modifications intended to be included in the DLT PR might still be limited. An alternative approach could be that the Commission assesses the conditions under which the regime would transition to a permanent framework 4 years after the entry into force of the amending regulation.

PCY Questions	Comments
	FI (Comments): FI: We agree with removing the time limit. When approaching year 2030 and the review, one should bear in mind that the ultimate goal should rather be technology neutrality in the sectoral laws instead of an eternal pilot. FR (Comments): **We support the removal of the time limitation of the Pilot Regime**. Eliminating the sunset clause improves legal certainty and is necessary to support long-term investment decisions, particularly for infrastructures requiring significant upfront capital expenditure and technological deployment. **However, the review mechanism must not create legal uncertainty, and should not signal that the regime remains de facto temporary or reversible.** Exemptions already granted should not be reopened, except in case of serious supervisory concerns. It is important for its credibility and efficacy that the regime should not appear de facto temporary or reversible. Predictability is essential for long-term investment and operational transformation. GR (Comments): We acknowledge that dlt and Fintech regime are in their nature dynamic that could hold on a pilot regime. Though, we have to look to the direction towards the regime must be integrated into a flexible, but permanent, EU regulatory framework. We also support the interim report to on a bi-annual basis. IT

PUBLIC

PCY Questions	Comments
	(Comments): IT: We appreciate the proposal that goes in the right direction by allowing market operators to invest in projects that can have a longer time horizon. We agree that maintaining the experimental nature of the regulation remains appropriate in light of the evolving technological and market landscape. We also support the removal of the six-year automatic lapse of authorizations, as this is likely to enhance legal certainty under the DLT Pilot framework and encourage investment in this market segment. As regards the ESMA report to the EC, we believe that the current deadline (March 24, 2030) may not allow sufficient time to adequately assess the impact of the legislation, given the timeframe for negotiations and the entry into application of the revised version of the DLT Pilot Regulation. Furthermore, in view of the increased complexity of the revised Regulation, we consider that ESMA could be empowered to report more frequently than on a biannual basis, for example in the event of significant market developments. LT (Comments): We can support the idea to remove current time limit and could support the idea of ESMA report and subsequent COM assessment but that should happen much later than 2030 because 2030 would allow only a few years of application. From a practical perspective it takes at least 2 years to get an authorization and since applicant is not sure if the authorization will be granted, it cannot set all processes while waiting for an authorization. Therefore, it takes at least 1 more year to start operations. LU

PCY Questions	Comments
	(Comments): LU: We see merit in removing the automatic expiry of the pilot regime, in order to provide predictability and promote market uptake. LV (Comments): We do not object to the proposal. However removing time limit does not correspond to pilot nature of regime, more appropriate name would be "special regime", not "pilot regime". PL (Comments): *As in Q4, removing the fixed time limit could improve regulatory predictability and support investment in DLT-based infrastructure. However, it also shifts the pilot from an experimental tool toward a more permanent regulatory element.* *This makes it essential to clarify the relationship between the DLTPR and existing sectoral rules, particularly the CSDR, and to confirm that CSDR-authorised entities using DLT are not automatically subject to the DLTPR unless they rely on its exemptions.* PT (Comments): We are open to removing the potential expiry of the pilot to enhance legal certainty and investment incentives. We also agree with having ESMA drafting the report to back a potential future integration of the pilot into existing financial services sectoral legislation.

PUBLIC

PCY Questions	Comments
	Nevertheless, this ESMA exercise and the Commission subsequent assessment should, in our view, be delayed beyond 2030, as we believe the time between the formal adoption of the new regime and that year may not be enough to adequately allow for complete market experimentation and needed periodical monitoring through the interim reports. An alternative approach would be to tie the presentation of the ESMA report to the date of adoption of the amendments to the pilot regulation, with the report being drafted 3 or 4 years after such date. Moreover, it would also be worth the effort to reflect and anticipate a set of baseline conditions that would guarantee the transition to a permanent framework. RO (Comments): Yes SE (Comments): Yes. SK (Comments): Yes, removing the time limit for DLTR is motivating for creating stable DLT MI.
3. Ad hoc Exemptions	
Relevant Articles: Articles 4a and 5a	
Questions	

PCY Questions	Comments
10. Do MS agree with the proposal to leave flexibility to the operators of DLT TV and DLT SSs to request additional exemptions from some of the requirements under the relevant sectoral law, beyond the requirements already allowed to be disapplied under the pilot regime?	AT (Comments): We are open to adding more flexibility to the regime and therefore in general also open to the idea of ad-hoc exemptions. Yet further and more detailed requirements/principles, as to when and to which extent such an ad-hoc exemption can be granted by an NCA, are needed. BE (Comments): BE: Additional regulatory relief mechanisms create divergent regulatory practices and uneven playing field. In addition, the DLTPR is already, in itself, a regulatory relief regime, which comprises and additional sub-regime (simplified regime). As such, further "flexibility" under the DLTPR should not be allowed. More precisely, we do not agree to leave out the pre-trade transparency requirements as this could lead to an increase in the number of dark pools. We also want to avoid regulatory arbitrage that there is too much leeway on whether a DLT MTF would be lit or dark. The same reasoning applies for article 25 on MiFID II on record keeping. We do also not agree with giving flexibility for title VI regarding non-discriminatory access. BG (Comments): BG: We do not have specific objections given the explanation provided by the Commission. DE (Comments): In general, we do not see an urgent need for additional exemptions. In any case additional exemptions should be granted only in the simplified regime

PUBLIC

PCY Questions	Comments
	(as long as these exemptions would be probably required by yet unknown business models). DK (Comments): DK is overall in favour of the proposals on the flexibility for the additional exemptions ES (Comments): Yes, we agree with possibility for DLT TV and DLT SS to request additional exemptions. Nevertheless, the modifications of the Pilot Regime should aim to strike a balance between the ad hoc exemptions a DLT infrastructure could request and a convergence in the application of the Regulation. FI (Comments): FI: We agree with some flexibility. However there are certain requirements where no exemptions should be given. One example is that the management body shall be of sufficiently good repute. FR (Comments): **Yes.** GR (Comments): We agree to leave flexibility HU

PUBLIC

PCY Questions	Comments
	(Comments): Regarding the exemptions we have some concerns related to investor protection which we raise here. CSDR exemptions – in particular the suspension of penalties for settlement delays and mandatory buy-in mechanisms, and the removal of detailed rules on client asset segregation – may weaken the investor protection guarantees on which retail clients' confidence is based. IT (Comments): IT: We welcome the general spirit of the proposal underlying the new Articles 4a and 5a of the Pilot Regime, which reflects the European Commission's intention to integrate elements of flexibility into the relevant regulation. However, the considerable potential scope of the additional exemptions obtainable should be carefully assessed. LT (Comments): We can support the proposed list of additional exemptions. We would prefer as prescribed list as possible to avoid divergent interpretations and applications. Since many MSs raised concerns regarding level playing field, a non paper from the Commission explaining what requirements of MIFID would be applicable to the entities under DLTR and traditional entities would be helpful in assessing whether and what additional safeguards would be needed. LU (Comments):

PCY Questions	Comments
	LU: We support giving operators greater flexibility to request exemptions and allowing NCAs to grant them under the relevant sectoral legislation. We are still at an early stage of deploying a new technology, led by innovative entities with diverse business models. Innovation requires a certain degree of agility and supervisory discretion. Some predefined exemptions might be insufficient or not fit for purpose, particularly for innovative projects. This flexibility is therefore important for the long-term uptake of the pilot regime. LV (Comments): We see merit in maintaining flexibility, particularly given that it is not always feasible to define a precise and exhaustive list of requirements/exemptions ex-ante. Considering the scrutiny exercised by NCAs and the involvement of ESMA, we believe that adequate safeguards are in place to ensure that such flexibility is not misused. However, we share concerns arising from the experience to date regarding the speed with which ESMA has delivered its opinions. ESMA-led coordination has at times proven to be slow in the context of a rapidly evolving industry. In this regard, it may be appropriate to consider safeguards that would prevent situations in which ESMA could, in practice, pressure an NCA to delay the declaration of completeness of an application. PT (Comments): We have concerns regarding the proposed approach, namely in view of the unlevel playing field it may foster. Moreover, we have some doubts regarding technical aspects, such as what should be considered as “incompatible or highly disproportionate” and what compensatory measures could be imposed in this context.

PCY Questions	Comments
	In our view, a more circumscribed approach may be beneficial to enhance clarity and promote minimal harmonisation across the various participant projects. RO (Comments): Yes SE (Comments): Preliminarily yes, as long as the compensatory measures are sufficient to ensure that overall risks do not increase. SK (Comments): Yes.
If yes, do MS agree with the proposed approach to introduce a broad list of requirements from which exemptions may be requested or do MS prefer a more targeted list of requirements from which exemptions may be requested?	AT (Comments): See above. BE (Comments): BE: Not applicable (in line with the answer to Question 10). CZ (Comments):

PUBLIC

PCY Questions	Comments
	CZ: We acknowledge the rationale for allowing a degree of flexibility; however, we maintain a reserved position at this stage. In any event, we would favour a more targeted list of requirements from which exemptions may be requested, as this approach would help minimise potential divergence in supervisory practices among NCAs. DE (Comments): We would prefer clarity and a harmonised approach on exemptions to be granted. ES (Comments): We could favour a more targeted approach, for example through the establishment of lists of non-exempt items, ensuring a common understanding of those requirements which cannot be exempted under any circumstances. FI (Comments): FI: We have no strong opinion whether a positive list (of exemptions that may be given) or a negative list (of exemptions that may not be given) would be better, but there need to be some limits to potential exemptions. One solution might be a mandate for an RTS on this regard. FR (Comments): **We support the possibility for operators of DLT TVs and DLT SSs to request additional exemptions from a broad list of requirements from which exemptions may be requested**, subject to appropriate safeguards.

PCY Questions	Comments
	This flexibility is justified. **DLT-based infrastructures are unlikely to replicate existing market structures, while the current sectoral framework remains largely designed around legacy architectures**. Certain provisions may prove technically incompatible or disproportionate in a DLT context. **In this regard, we favour a sufficiently broad list of potentially disapplied requirements, rather than an overly restrictive and targeted list, in order to preserve adaptability**. At the same time, the assessment of exemptions should explicitly take into account **evolving market practices**, including developments in third countries. **We also note that, despite the broad scope proposed, it is not certain that all relevant areas have been captured**. The framework should remain capable of accommodating further adjustments as business models evolve. For instance, Title IV CSDR requirements are calibrated for fully-fledged CSD banking services and may be disproportionate for entities whose sole function would be to provide EMT-based settlement services in a DLT environment. This could de facto restrict EMT settlement to a very limited number of institutions. GR (Comments): No strong view, we believe it is more appropriate to have a targeted list. IT (Comments): IT:

PCY Questions	Comments
	As previously noted, given the potential scope of the additional exemptions, it may worth considering whether it would be preferable to identify a closed set of rules that can be derogated upon request, more extensive than that currently envisaged and, in parallel, identify the nature of the compensatory measures that must be adopted to obtain the exemption. This alternative, indeed, would have the benefit of avoiding the risk of creating an asymmetric system between jurisdictions that would undermine the maximum harmonization of sectoral regulations and favor regulatory arbitrage. The definition of a more targeted list of requirements should help strike an appropriate balance between granting additional operational flexibility and preserving adequate safeguards and prudential standards. Overall, we believe that a harmonized approach should be preserved, and we do not favor ending up with a patchwork of different national approaches to the exemptions. So, we favor solutions that would avoid this outcome. RO (Comments): We prefer a targeted list of requirements SE (Comments): No position yet. Concerned about risk of unlevel playing field and regulatory arbitrage.
11. Do MS agree with the proposed conditions that need to be met before granting an additional exemption as set out in Article 4a(1) and Article 5a(1)?	AT (Comments): See answer to question 10. BE (Comments): BE: Not applicable (in line with the answer to Question 10).

PCY Questions	Comments
	BG (Comments): BG: We do not have specific objections and we support the possibility for NCAs to request compensatory measures. CZ (Comments): CZ: In light of the previous response, we could generally support the proposed conditions. DE (Comments): The conditions as set out in Art. 4a par. 1 and Art. 5a par. 1 seem to be appropriate. DK (Comments): DK agrees with the proposal ES (Comments): In this issue we hold some reservations. The experience with the DLT PR to date suggests that making the exemptions subject to compensatory measures is not always possible. To impose the obligation to come up with compensatory measures in all exemptions may involve the need to look for compensatory measures which are either useless or non-existent. It could be suggested to request compensatory measures when available and reasonable. Also, on a technical note, we would like to point out that, as financial stability, market integrity and investor protection are the main objectives of

PUBLIC

PCY Questions	Comments
	MiFID II and MiFIR, letters c) and d) of article 4a (1) could be redundant which may cause confusion. In fact, such reiteration does not appear in article 5a (1). FI (Comments): FI: The condition in 4a(1) (c) is missing from Article 5a. However, conditions (c) and (e) might overlap. FR (Comments): We agree in principle with the proposed conditions set out in Articles 4a(1) and 5a(1), in particular the requirements of proportionality, investor protection, market integrity and financial stability. **However, these conditions should be applied in a manner that does not reintroduce, in practice, the rigidity that the reform seeks to remove**. The assessment should remain outcome-based, focusing on whether equivalent safeguards are achieved, rather than formal compliance with legacy requirements. IT (Comments): IT: We generally agree with the proposed conditions, apart for that one regarding the compensatory measures that (as said in the previous answer) should be identified ex ante at the EU level rather than left to the discretion of the competent authorities. As said, we also consider that identifying a more targeted list of requirements eligible for derogation would enhance legal certainty and provide greater clarity and predictability for prospective applicants.

PUBLIC

PCY Questions	Comments
	LU (Comments): LU: Yes. we agree with the conditions listed in this Article LV (Comments): We agree with conditions proposed in Article 4a(1) and Article 5a(1) PT (Comments): At this stage we do not identify specific constraints with the conditions suggested. RO (Comments): Yes SE (Comments): Preliminarily positive. SK (Comments): Yes. The weak points are: • the ESMA opinion is only non-binding, • no explicit time limit for the exemption is defined, • there is no clearly established “necessity test” methodology. This means that the framework is workable, but it requires rigorous oversight.

PUBLIC

PCY Questions	Comments
12. Do MS agree with the proposal to require a non-binding opinion from ESMA on the ad hoc exemptions from MiFID II/MiFIR and CSDR requirements granted by NCAs?	AT (Comments): We agree that an opinion of ESMA to ensure a minimum level of convergence is useful here. We would like to ensure that the process and timelines regarding the interplay of ESMA and NCAs are as efficient as possible. BE (Comments): BE: In line with the answer to Question 10 above, further regulatory or supervisory relief mechanisms (*ad-hoc exemptions granted to NCAs*) are not warranted and the benefits do not counter-balance the risk of divergent supervisory practices and uneven playing field between jurisdictions. As such, the non-binding opinion of ESMA would not serve its purpose. BG (Comments): BG: We could support non-binding opinion by ESMA. CZ (Comments): CZ: Yes, we could support such an approach. DE (Comments): Indeed, we see here an involvement of ESMA as necessary to ensure supervisory convergence. DK (Comments):

PUBLIC

PCY Questions	Comments
	DK agrees with the proposal ES (Comments): Yes, we agree with the requirement of a non-binding opinion from ESMA, as it would help to promote supervisory convergence and to limit regulatory arbitrage. Nonetheless, as it was suggested on question 10, it could be interesting to have a list of non-exempt items. FI (Comments): FI: We agree. In the case ESMA is the competent authority of the applicant, it is not clear whether it asks for an opinion from itself and how to ensure the integrity of such an opinion. The timelines for the opinion make sense. However they are not consistent with timelines in e.g. Article 8(1). We would be in favour of prolonging the timelines for the permission to operate a DLT TV/TSS/SS as they are currently quite short and lead to unofficial pre-application phases. FR (Comments): **We support the involvement of ESMA in the form of an opinion on ad hoc exemptions granted by NCAs.** **However, given the risks of fragmentation and divergent supervisory practices, there is a strong case for reinforcing ESMA's role**. A purely non-binding opinion may prove insufficient to ensure consistency across Member States.

PUBLIC

PCY Questions	Comments
	ESMA's opinion therefore be binding. In the longer term, a more integrated supervisory approach would better safeguard the level playing field and the coherence of the Union framework. GR (Comments): Yes, we agree with the proposal. IT (Comments): IT: To ensure a level-playing-field and avoid differences among jurisdictions and potential forum shopping phenomena, it would be appropriate to strengthen ESMA's involvement by making its opinion binding. LT (Comments): We understand the concerns a number of MS were raising regarding possible supervisory arbitrage. COM's suggested role for ESMA is suitable and should ensure supervisory consistency. So, we can support such approach. LU (Comments): LU: We are very skeptical about the involvement of the ESAs in assessing exemptions. This raises clear concerns around coordination with NCAs, additional administrative burden, second-guessing of NCA decisions, and delays. For the new exemptions under Articles 4a and 5a, the proposal foresees two months for the NCA review and a further two months for ESMA's opinion.

PCY Questions	Comments
	We do not understand why these timelines are longer than under the existing Pilot Regime, where the review periods are significantly shorter (i.e. 30 days). These concerns are well reflected in the Presidency paper, and we would welcome clarification on how they will be addressed. LV (Comments): We agree that process for consultation on exemptions should be aligned. PL (Comments): *Regarding questions 10-12 we believe that a targeted list of requirements where additional exemptions may be requested at the national level is warranted. An open list of exemptions could lead to unlimited optionality and supervisory arbitrage in the application of revised DLTPR implementations across Member States. We see a need for strong coordination and convergence of supervisory practices among NCAs at the level of ESAs, otherwise there is a risk of supervisory patchwork of divergent approaches within the EU.* PT (Comments): We support seeking ESMA's involvement through a non-binding opinion to promote supervisory convergence and mitigate fragmentation of the pilot regime. RO (Comments): Yes

PCY Questions	Comments
	SE (Comments): Yes. SK (Comments): Yes.
4. The Simplified Regime	
Relevant Article: Article 7a	
Questions:	GR (Comments): On Q13-16 we are not in favour of a simplified regime. Our concerns are related to unlevel playing field issues.
13. Do MS support the introduction of a simplified regime under the DLT Pilot framework?	AT (Comments): Regarding the introduction of a simplified regime within the DLTPR: While we on the one hand welcome simplifications for smaller market participants, we also see the risk that a general simplified regime (as proposed now) could undermine a level-playing field. Hence, while addressing risks on an individual basis within the DLTPR is important, maintaining a level playing field has to be effectively safeguarded as well. BE (Comments):

PUBLIC

PCY Questions	Comments
	BE: We agree with the stated objective, proposed by the European Commission, to introduce greater proportionality into the DLT Pilot framework, reduce regulatory burden for smaller and innovative operators, and facilitate market participation, while maintaining essential safeguards for investor protection, market integrity and financial stability. One of the main observations after the launch of the DLTPR was that the current thresholds do not enable sufficient scaling of "experiments" in order to test commercial viability and be balanced with the regulatory costs (i.e. to preserve flexibility for the operators and reduced regulatory burden). Increased thresholds will create a more realistic experimental environment, making it more attractive for operators of trading venues and settlement schemes. Importantly, the simplified regime would lower compliance costs during the early stages of experimentation, which was a remark shared by several other Member States during the first hearings on the topic. In the very early stages (*grassroot*) of experimentation, focus should be more on interoperability, scalability, and resilience of the DLT-based activity, rather than on regulatory compliance. This would also enable NCAs to gain useful insight and data on operational risks, settlement efficiency and investor / user experiences. In order to break barriers to entry and help new or smaller market participants prepare and navigate the regulatory framework, further reduced requirements may be fit-for-purpose, whilst preserving (maintaining) the most important CSDR-provisions related to well-functioning of the market. BG (Comments): BG: We support the proposal. CZ (Comments):

PCY Questions	Comments
	CZ: In general, we support the simplified regime. DE (Comments): We support the introduction of a simplified regime to create suitable proportionality. DK (Comments): DK is positive of the Commission's proposal. We see merit in providing a simplified regime in which firms can grow into the regular regime. ES (Comments): Yes, we can support the introduction of a simplified regime as it can be way to facilitate access to DLT MI for entities that, while smaller, could help foster innovation. FI (Comments): FI: No strong opinion. In a way they make sense, but on the other hand they create exemptions from exemptions. Unnecessary complexity is unlikely to boost the markets. FR (Comments): **We support, in principle, the introduction of a simplified regime as a tool to facilitate market entry and innovation, particularly for smaller or early-stage projects**. However, the practical design raises concerns. **If the regulatory gap between the simplified and regular regimes is too wide, or if transition**

PUBLIC

PCY Questions	Comments
	requirements are too abrupt or operationally complex, this could create a lock-in effect. Such an outcome would discourage scaling and undermine the objective of market development. The simplified regime should therefore function as a **scaling pathway**, not as a structurally separate operating model. IT (Comments): IT: We welcome the proposal to introduce the possibility of accessing a simplified regime for smaller operators. The proposal goes in the right direction with respect to the need to integrate elements of flexibility into the current regulatory framework, in application of the principle of proportionality. Furthermore, the measure would lower barriers to entry and make the pilot regime more consistent with the idea of experimentation for SMEs and new entrants. LT (Comments): We can support this proposal. LU (Comments): LU: We see merit in the Commission's proposal, as it is aligned with the principles of proportionality and burden reduction for smaller entities. At the same time, creating a simplified regime within the pilot regime—added on top of the MiFID/CSDR framework—introduces an additional regulatory layer. Additionally, the proposal to unbundle certain core CSDR services will

PCY Questions	Comments
	increase complexity. In our view, further assessment is still necessary. Particularly, it would also be useful to understand whether this simplified regime is expected to be widely used and whether there is data available to assess its likely uptake. LV (Comments): We support the idea of a simplified regime, however we are still in scrutiny process as regards detailed answers. PL (Comments): *In principle we support the introduction. A simplified regime may support innovative financial-market entities, but this cannot come at the expense of consumer protection. In our view, it is important to maintain minimum capital and operational safeguards against outages (by analogy to DORA). Consumers must be protected to the same standard as under the full regime.* PT (Comments): We are not convinced on the pertinence of foreseeing a simplified regime, fearing it will add an undue layer of complexity to the pilot's regulatory framework. To our understanding, all the exempted provisions disclosed in Article 7a(5) can be granted pursuant to an operator's specific requests in accordance with Article 5a, which makes us question the value added of having a reduced set of those applicable by default in a simplified framework. With this perceived reduced value added in mind, we notice that the establishment of a simplified regime may run counter its intended effort of simplification, as it results in additional burdens for competent authority in having to supervise different predetermined sets of CSDR requirements,

PCY Questions	Comments
	whose distinction can ultimately be entirely blurred away, given the potential additional requests for exemptions. Going forward with a simplified regime also implies extra efforts for ESMA and EBA in amending existing or drafting new RTS. On a final note, we believe the DLT pilot regime should not promote significant deviations from the rules included in existing sectoral legislation to avoid favouring specific technologies or infrastructures. Exemptions granted should be duly justified by the operator and depend on the specificities of its DLT project, rather than following a "one-size-fits-all approach" with little verifiable market experience. RO (Comments): We agree in principle SE (Comments): Yes, preliminarily. SK (Comments): Yes.
14. In the view of MS, does the proposed simplified regime strike an appropriate balance between proportionality and the preservation of adequate safeguards?	AT (Comments): See question 13. BE (Comments):

PCY Questions	Comments
	BE: This proportional approach recognises the compliance and supervisory burden facing smaller or newer entrants, and should therefore stimulate innovation under the DLTPR. At the same time, there should be a clear intention to transition at least to the "regular regime", in order to ensure that exemptions under the simplified regime are justified. Yes, we believe that the current proposals, adjusted with the relevant comments made under this paper, would strike the appropriate balance between adequate safeguards and proportionality and deliver the purpose of the DLTPR. CZ (Comments): CZ: In principle, the proposed regime appears proportionate. However, its effectiveness and the appropriateness of the balance will ultimately need to be assessed in light of actual market developments and practical experience. DE (Comments): We could accept the approach as proposed. DK (Comments): DK sees the simplified regime as striking an acceptable balance. ES (Comments): We think that in principle such a balance can be reached in the proposal. However, while there is room to apply a lighter version of CSDR, some of

PCY Questions	Comments
	the requirements that will not be enforceable (at least until ESAs' RTSs become applicable) appear too broad. At the same time, certain simplified requirements seem not to be an excessive burden or cost, while providing transparency for the users of the service. Care should therefore be taken to ensure that simplification does not unduly weaken safeguards. FI (Comments): FI: As many of the safeguards are to be defined in L2, it is not possible to say whether they are adequate. FR (Comments): **We recognise the objective of proportionality**. However, safeguards must remain outcome-based and ensure adequate levels of investor protection, market integrity and operational resilience. **In this respect, we note that it is unclear whether NCAs - or ESMA - have a sufficiently clear legal basis to impose compensatory or mitigating measures in relation to the broader set of exemptions granted under the simplified regime**. This should be clarified to avoid regulatory gaps. IT (Comments): IT: We note that the number and the nature of many exemptions that would apply by default to entities operating under the simplified regime may have

PCY Questions	Comments
	potential impacts on investor protection, market integrity, and financial stability and therefore should be further assessed. Such considerations may also take account of the experience gained in the first years of application of the Pilot Regime: to date, all the entities that have obtained authorization to operate a DLT SS or a DLT TSS still have a rather small volume of activity, so they would all benefit from the generous exemptions from the CSDR rules set out in Article 7a. PL (Comments): *It is not clear to us what is the rationale for excluding the application in simplified regime of requirements on transparency, including the disapplication in the DLTPR simplified regime of the CSDR requirement (Article 34 of CSDR) to publicly disclose the prices and fees associated with the CSD services provided. In out view price transparency does not appear to be an excessive burden that would hamper innovative business models.* PT (Comments): As stated in Q13, we believe the simplified regime complexifies the DLT Pilot regulatory regime without evident added benefits. Nevertheless, we would welcome further clarification on how the provisions listed in Article 7a(5) were gathered and if its specific RO (Comments): We are evaluating the implications SE (Comments):

PCY Questions	Comments
	Yes, generally and preliminarily. Further analysis needed to establish whether proportionality, sufficient safeguards and costs is reasonably balanced. One issue that we are considering to retain as a safeguard is assessment of suitability of shareholders and members, which is a useful instrument without substantial cost. SK (Comments): Yes, but the core requirements relating to investor protection and risk management must remain preserved.
15. Do MS agree with the proposal for EBA regulatory technical standards on prudential requirements for CSDs under the simplified regime?	BE (Comments): BE: To reduce the risk of regulatory arbitrage, we agree that the European Banking Authority (EBA) should develop technical standards specifying capital requirements and related safeguards, ensuring a proportionate and harmonised approach across MS, as well as the adjustment of the relevant CSDR RTS proportionally with the reduced scale and risk profile of simplified-regime entities. CZ (Comments): CZ: At this stage, we do not oppose this approach. DE (Comments): We could accept a RTS on prudential requirements, as far as this issue is handled in the CSDR on Level-2 as well. DK

PCY Questions	Comments
	(Comments): DK agrees with the proposal ES (Comments): There is agreement, provided that proportionality is maintained for entities operating under the simplified regime, while also ensuring appropriate safeguards. FI (Comments): FI: We have no strong opinion, but EBA will have a difficult task taking into account that the prudential frameworks for market operators, CSDs and IFs all differ from each other. FR (Comments): We agree in principle with the development of tailored prudential standards, provided that they remain **proportionate and risk-based.** Any RTS should ensure that simplified entities remain sound while avoiding requirements that would neutralise the very purpose of the regime. IT (Comments): IT: Yes, in principle we agree, we would welcome more details on the possible contents of such RTS. PT (Comments):

PUBLIC

PCY Questions	Comments
	We do not favour the possibility of completely establishing prudential requirements in L2. We believe that if a simplified regime is to be adopted, then minimal baseline capital requirements (inspired on the ones depicted in CSDR) should be evidenced directly in L1. RO (Comments): We support the proposal SK (Comments): Yes.
16. Do MS agree with the proposal to mandate ESMA to draft or adjust CSDR RTS to better suit the needs of entities authorised under the simplified regime?	BE (Comments): BE: Yes, as mentioned under Question 13 above, we agree with ESMA drafting or adjusting the RTS to better suit the needs of entities authorised under the simplified regime. BG (Comments): BG: We do not object to this empowerment. CZ (Comments): CZ: Yes, we consider this approach potentially beneficial given the future possible market development. DE (Comments):

PCY Questions	Comments
	We support the adjustment of existing CSDR RTS to make it proportional for entities falling under the simplified regime. DK (Comments): DK agrees with the proposal ES (Comments): There are divergent considerations regarding the proposal to mandate ESMA to adjust CSDR RTS under the simplified regime. On the one hand, concerns have been raised about the potential risk of regulatory arbitrage between entities operating under the simplified regime and those subject to the full CSDR framework, as well as about added complexity without clear benefits, particularly in light of the already simplified framework under the DLT Regulation. On the other hand, adjusting RTS could help ensure proportional yet robust prudential and operational safeguards and maintain a level playing field between traditional and DLT-based infrastructures, provided that NCAs and market infrastructures are closely involved in the drafting process. All in all, we would not oppose this proposal provided that enough safeguards are in place to avoid the emergence of an uneven playing field between the regular and the simplified regime. FI (Comments): FI: Agree. FR (Comments):

PUBLIC

PCY Questions	Comments
	We support **mandating ESMA to draft or adjust CSDR RTS to better accommodate entities authorised under the simplified regime**. IT (Comments): IT: To properly assess the proposal, we would appreciate additional clarification on the scope of the RTS and in particular on the interplay between paragraphs 5 and 6 of Article 7a. On the one hand, Article 7a, paragraph 5, states that entities operating in the simplified regime shall not be subject (without need of a prior request of exemption to the competent authority) to the provisions of CSDR listed in letters (a) to (d) of Article 7a, paragraph 5. On the other hand, Article 7a(6) delegates ESMA to develop RTS to further specify the requirements applicable to entities operating in the simplified regime set out in paragraph 5 of that article. In light of the above, it may be necessary to better clarify the coordination between the provisions contained in paragraphs 4 to 6 of Article 7a. PT (Comments): If a simplified regime is to be adopted, we believe CSDR RTS need indeed to be adjusted accordingly but would again reiterate our perceived scepticism in foreseeing this additional burden for an approach that does not embody clear benefits. RO (Comments): Yes we support the proposal SK (Comments): Yes.

PUBLIC

PUBLIC

PCY Questions	Comments
5. Rules on Transitioning	
Relevant Article: Article 7a(7) to (10) and (12) of DLTPR	
5.1 Transition from the simplified regime to the regular regime	
Question	
17. Do MS agree with the proposed transition between the simplified and regular regimes?	BE (Comments): BE: To begin with, we agree with the possibility of the NCA to apply the supervisory safeguard or requiring the temporary or permanent cessation of the activities in question where it has sufficient evidence pointing that the operator may not be able to complete the transition and progress, orderly, to th next regime, in order to safeguard orderly market functioning and investor protection. However, in accordance with the answer to Question 8 above, the question on the Early Notification Mechanism and Transition Plan must be evaluated against the purpose of the simplified regime and their potential benefits. As stated by the European Commission and the CY Presidency, the purpose of the simplified regime is to reduce the regulatory compliance burden for new or small market entrants. As such, requiring "early" notifications and transition plans must be foreseen in a manner that does not overburden the operator, otherwise going against the rationale of the simplified regime. Therefore, in principle, we agree both with the Early Notification Mechanism and the Transition Plan, but these must be designed in a way that enables the

PCY Questions	Comments
	adequate information gathering for the NCA, the dialogue with the operator, and not creating bureaucratic burdens on the latter. BG (Comments): BG: We support the proposal. CZ (Comments): CZ: In general, we agree. DE (Comments): We do not have any objections. DK (Comments): DK is in general open toward the proposal. DK would, however, need further time to evaluate the proposed notification mechanisms. ES (Comments): We agree with the proposal, while the metric to assess the obligations of the operator can be refined and discussed (as it was previously pointed out), the different steps for the transition process going from the €8 to the €15bn marks should give operators room to adapt and appropriately transition to the regular regime. FI (Comments):

PUBLIC

PCY Questions	Comments
	FI: No strong opinion. In the long run it would be worth amending CSDR to be as technology neutral as possible, to make the transition smooth and/or possible. FR (Comments): **The transition should operate as a continuum, not as a binary shift. Abrupt regulatory jumps would discourage growth and potentially incentivise infrastructures to remain artificially below thresholds.** **As no exemption available under the regular regime has been removed in the proposal, infrastructures already authorised under the current DLT Pilot Regime should be automatically grandfathered into the regular regime, without additional procedural burden**. GR (Comments): On Q17, as prementioned we are reluctant to support a simplified regime. More clarifications are welcome. IT (Comments): N/A LT (Comments): We agree with the concerns raised by MSs that frequent shifts between the simplified and regular regimes as a result of short-term market fluctuations should be avoided. In our view certain continuity of the growth trend could be foreseen. This additional timeframe could also be exploited by the

PUBLIC

PCY Questions	Comments
	possibly transiting entity to prepare for the compliance with the enhanced requirements. Please also note that the requirements under subparagraph 2 and 3 of Article 7a(10) need clarification as the timing of compliance with the requirements of regular regime and timing of submission of a plan to transition to the regular regime to the competent authority overlap and, therefore, the latter action might not be relevant or overdue. LU (Comments): LU: We share the concern that reliance solely on the aggregate market value threshold as the trigger for transition could lead to frequent shifts between the simplified and regular regimes as a result of short-term market fluctuations, thereby increasing operational complexity. Please also refer to our answer to Question 8 LV (Comments): We generally support the proposed transition regime. With regard to the aggregate market value threshold, it may be appropriate to incorporate a time-based component. For example, requiring that the threshold be reached and maintained for a defined period would help mitigate concerns that the transition could be triggered by short-term market fluctuations. PT (Comments): We can agree in principle with the structured transition mechanism and phased capital requirements, but considers that smoothing mechanisms, such as complementary indicators or minimal time horizons, should be examined to reduce volatility-driven regime shifts. In this regard, we question whether there is available data that would allow us to assess volatility and, consequently, the importance of establishing time horizons.

PUBLIC

PCY Questions	Comments
	RO (Comments): Yes SE (Comments): Yes, preliminarily. SK (Comments): Yes, we agree with the transition proposal, provided robust planning and investor notification obligations are in place. The transition should be predictable and operationally feasible. In this respect, timely supervisory notification, a clear transition plan and adequate implementation periods are important.
5.2 Transition from the regular regime to the MiFID II/MiFIR and CSDR regime	
Questions	GR (Comments): On Q18-20, overall we agree with the rational behind. Greece, in general supports technological neutral solutions. To be more specific: • We welcome efforts to clarify how existing sectoral legislation applies to DLT-based financial instruments and infrastructures. • It is important that amendments remain technology-neutral and focus on outcomes rather than specific technical solutions. • Clear definitions and consistent terminology will be essential to avoid legal fragmentation across Member States.

PCY Questions	Comments
18. Do MS agree with the proposed transition between the DLT pilot and the regular applicable legal frameworks?	AT (Comments): We agree with the proposed transition. BE (Comments): BE: We agree and support the objective of clarifying and strengthening the "transition" obligations under the DLTPR, but not creating a "no-way-out" requirement. The purpose of the DLTPR is to experiment, which should allow market participants to decide whether to stop or to transition to the next regime (simplified to regular, regular to standard). We believe that, if adequate safeguards to avoid the circumvention of CSDR are put in place (for instance, the transition triggers mentioned under Questions 8 and 17, and the time-limit under Question 9), a balance will be struck between the orderly functioning of financial markets, investor protection, and innovation and exploration freedom for participants. As such, we support amending the DLTPR and subjecting the operators to the orderly transfer of activities and assets, as per Art. 20(5) CSDR. In line with the transition triggers and measures for the simplified regime, in cases where a transition is sought from DLTPR to CSDR or MiFID II, the transition planning and notification system to the NCA should be used for the regular regime as well. BG (Comments): BG: We support the proposal. CZ (Comments):

PUBLIC

PCY Questions	Comments
	CZ: Yes, we agree with the proposed transition framework. However, we believe that further discussion on certain aspects would be beneficial. In particular, we consider that the use of "strong indications" as a criterion for allowing an NCA to temporarily suspend the activities of an operator may be too subjective. Greater specification and clarification of the proportional use of this power would therefore be desirable. DE (Comments): In general, we believe, it is important to enable the use of DLT also above the foreseen thresholds for CSDs licenced under CSDR. This would enable established CSDs to use DLT and to participate from efficiency gains. DLT Infrastructure within DLTPR would have the possibility to grow. We prefer a principle-based solution to solve this issue. From our view either (1) the possibility to operate a DLT TSS or DLT SS should be granted under CSDR and MiFID/MiFIR or (2) entities, which fully comply with CSRD-requirements/MiFID/MiFIR-requirements and do not use any exemptions offered by DLTPR, should be exempted from threshold requirements. DK (Comments): DK agrees that the transition regime should be amended. The current requirements pose a particular challenge for companies that do not originate from the existing infrastructure and thus do not have a connection to existing players in the market. We do, however, have a scrutiny reservation in relation to the suggested solution as we are still analysing it. ES (Comments):

PCY Questions	Comments
	We find that maintaining the approach for transitioning from the regular regime to full CSDR compliance is appropriate from a risk-standpoint, taking into account the increase of the thresholds. In addition, DLT operators fully complying with MiFID II, MiFIR and CSDR would underscore the technological neutrality of these norms as well as that of the EU's approach to capital markets. FI (Comments): FI: No strong opinion. In the long run it would be worth amending CSDR to be as technology neutral as possible, to make the transition smooth and/or possible. FR (Comments): **Again, cliff effects must be avoided.** GR (Comments): Yes, we support. IT (Comments): IT: We would appreciate additional clarification as regards the transition between the DLT pilot and the regular regime for DLT MTF and DLT OTF. Under the current regime (see article 7(8)) the operator of a DLT MTF should conclude arrangements with investment firms or market operators operating a multilateral trading facility under Directive 2014/65/EU to take over its operations. This provision will be deleted by the proposal. It is not clear how the transition would be granted for those entities under the new

PCY Questions	Comments
	regime, since Article 20(5) of CSDR does not seem relevant for their operation. LT (Comments): Even though we do not object to the general requirement to have a transition strategy, further clarity is needed on the following aspects: - When shall a transition strategy to enter regular applicable framework be developed? According to proposed changes to Article 7 of the DLTR, compliance with requirements under Article 20(5) of Regulation (EU) No 909/2014 (CSDR) shall form a part of the transition strategy of an operator of DLT SS or a DLT TSS. Proposed new Article 7a of the DLTR does not foresee any exemptions as regards application of Article 7 and/or Article 20(5) of the CSDR, while Articles 3(2a) and 3(3) requires activation of the relevant transition strategy. Therefore, it is to be understood that transition strategy to the regular applicable legal frameworks covering the compliance with requirements under Article 20(5) of the CSDR shall be developed in the authorisation process. If this is the case, we consider that it is hardly possible for the entity which does not yet even have a license to develop a valid and mature transition strategy fulfilling the proposed requirements under Article 7 of DLTR (i. e., compliance with Article 20(5) of the CSDR). Therefore, in our view a reasonable timeframe shall be given for the licenced entities to supplement the transition strategy with the relevant and meaningful measures ensuring the compliance with Article 20(5) of the CSDR. LU (Comments): LU: We support further consideration of making the CSDR framework more technologically neutral, to allow smoother transitions from the pilot regime to the sectoral framework.

PUBLIC

PCY Questions	Comments
	We agree with the wording of Article 7 on the transition strategy, as it provides flexibility and allows for case-by-case assessment rather than a one-size-fits-all approach. The requirement to update the transition strategy "on an ongoing basis" should be further clarified. PT (Comments): We agree with the suggested transition process, largely kept from the original pilot regime. RO (Comments): We agree with the proposed transition SE (Comments): Yes, generally. SK (Comments): Yes, we agree, but stress the importance of legal certainty, a binding timeline, and preserving investor rights during transition.
19. Do MS agree with the proposed change regarding the takeover of assets of a DLT SS or DLT TSS that is to be wound down as part of its transition strategy?	AT (Comments): Yes, we agree with the proposed change regarding the takeover of assets of a DLT SS or DLT TSS and to establish, implement and maintain adequate procedures ensuring the timely and orderly settlement and transfer of the assets of clients and participants. BE

PCY Questions	Comments
	(Comments): BE: Yes, we support this proposal (in line with Question 18 above). BG (Comments): BG: We support the proposal. CZ (Comments): CZ: We are not against this proposal. DE (Comments): No objections. DK (Comments): DK is positive towards the removal of the requirement that a DLT-operator, who do not intend to seek authorisation as a CSD under CSDR as part of their transition strategy, must be able to move financial instruments from its system to another multilateral trading facility (MTF) and CSD. We believe the inclusion of the possibility to transition to another operator of a DLT-market infra-structure is a step in the right direction. We do, however, have a scrutiny reservation in relation to the suggested solution as we are still analysing it. ES (Comments): Yes we agree, we find that replacing the expression "*making their best efforts to arrange for an authorised CSD to assume their operations*", with a

PUBLIC

PCY Questions	Comments
	requirement to comply with Article 20(5) of CSDR strengthens the legal certainty. FI (Comments): FI: No strong opinion. In practise, for entities not belonging to a group of CSDs, the implementation of CSDR 20(5) may be difficult as it might mean entities to maintain agreements with their competitors. IT (Comments): IT: Please see our response to question 18. LU (Comments): LU: We can support this approach. LV (Comments): We do not object to the introduction of a reference to Article 20(5). However, we would like to recall that the practical implementation of Article 20(5) has, to date, proven challenging for non-group CSDs. PT (Comments): We favour the clear reference to Article 20(5) CSDR, an approach that enhances legal certainty and investor protection during wind-down or transition scenarios. RO (Comments):

PUBLIC

PCY Questions	Comments
	Yes SE (Comments): Yes, preliminarily. SK (Comments): Yes. This issue requires clarification as to whether it is within the competence of the NCA to suspend the activities of a DLT MI if the requirements for the regular DLT MI regime are not met during the transition. We agree, with clear responsibilities for asset continuity, ownership and legal effectiveness.
20. Do MS consider that further adjustments to the CSDR could facilitate the effective functioning of, and transition from, the DLT Pilot Regime?	BE (Comments): BE: For the moment, such an amendment would render ineffective the DLTPR. We reiterate the purpose of this regime, namely to observe and learn in order to "feed" into future amendments to CSDR and MiFID II. As such, we see no reason to impose further adjustments – for the time being – to CSDR. BG (Comments): BG: We do not object to such adjustments CZ (Comments): CZ: We are not considering further adjustments to CSDR at the moment.

PUBLIC

PCY Questions	Comments
	DE (Comments): Indeed, we see a potential shortcoming by the regular regime not being sufficiently prepared for running a DLT TSS or DLT SS. DK (Comments): We have no further suggestions on this point but as mentioned above, we are still analysing the proposal for adjusting the CSDR to be more technology neutral. ES (Comments): No, further substantive adjustments to CSDR do not appear necessary, as the framework should be as technologically neutral as possible. However, clarifications (under article 4 of the Master Regulation — CSDR modifications) on the application of key concepts in a DLT context would be adequate. FI (Comments): FI: likely yes. GR (Comments): No clear view. IT (Comments): IT: Please see our response to question 18.

PUBLIC

PCY Questions	Comments
	LT (Comments): In order to ensure a level playing field and smooth transitioning from the DLTR Pilot regime to the CSDR, we believe that provisions regarding the usage of e-money tokens (EMTs) as a means of settlement should be further aligned. As other alternatives are still missing, entities currently authorised to operate DLT TSS/SS under the DLTR chooses to settle in EMTs issued by the e-money institutions. Such option is not foreseen in the proposed changes to the CSDR and, therefore, might make transition from DLTR Pilot regime to CSDR impossible for such entities without major business model changes and relevant investments. LU (Comments): LU: Updating the CSDR to make definitions and requirements DLT-compatible is a step in the right direction. It supports convergence between traditional and DLT frameworks. In the long term, systems should converge or allow seamless transitions between traditional and DLT infrastructures. Another major step toward fully enabling existing frameworks to support DLT technologies, is the updating of CSDR to recognize EMTs and other MICA compliant stablecoins to be used for settlement purposes. LV (Comments): CSDR is a technologically neutral piece of legislation. The fact that a CSD has already been established on the basis of DLT under the existing CSDR framework demonstrates that CSDR itself does not contain provisions that explicitly prohibit the use of DLT technology.

PUBLIC

PCY Questions	Comments
	Nevertheless, we would welcome further analysis to identify which specific CSDR provisions may constitute obstacles to the transition of DLT TSSs from the Pilot Regime to the regular CSDR regime. Any future adjustments should be based on the findings of such an assessment to ensure a well-founded and proportionate approach. PT (Comments): At this stage, and besides the already mentioned constraints with the sole reliance on aggregate market value thresholds, we do not identify the need to preview additional adjustments to pursue an effective and seamless transition. RO (Comments): We are still analysing the implications SE (Comments): No position yet. SK (Comments): Yes.
6. Provision of Individual CSD Services	
Relevant Articles: Articles 10a, 10b, 10f	
Questions	
21. Do MS agree in principle with the proposal to allow for the provision of individual CSD services in the form of notary and central maintenance?	AT (Comments):

PCY Questions	Comments
	Yes, we agree with the proposal to allow for the provision of individual CSD services in the form of notary and central maintenance. Particularly, since the proposal to allow for the provision of individual CSD services increase the regime flexibility, accommodate new business models and leverage DLT advantages for post-trading operations. BE (Comments): BE: Yes, we support the "unbundling" of the core CSD services. We consider it a necessary step in order to stimulate innovation and competitiveness in the EU post-trade landscape. One of the main "frictions" in the post-trade market is the strict aggregation in the recording, account keeping, and settlement services (vertical integration) with CSDs. The proposed option to allow individual core CSD services to be provided by DLT notaries, account keepers, and the establishment of DLT settlement schemes, would support a more realistic experimentation and reduces reliance on traditional players, thus eliminating barriers to entry and improving competitiveness. The "unbundling" must be done with adequate safeguards in order to preserve legal certainty, investor protection, and systemic stability. The necessary requirements on operational resilience, governance, and the enforceability of records when these services are provided by entities operating under a simplified regime, and dissociated one from another, must be included in the DLTPR. The provision of individual CSD services must remain within strict limits, as it is foreseen today. As such, we cautiously support the "unbundling" of CSD core services: whilst it would make the DLTPR more meaningful and better aligned with objectives, supervisory oversight, liability frameworks, and interoperability requirements must be imposed to match the critical nature of these services.

PCY Questions	Comments
	BG (Comments): BG: We welcome the preparation of a non-paper on this topic as suggested by the Commission during the last WP. CZ (Comments): CZ: In principle, we do not oppose this proposal. However, we would appreciate further clarification of the rationale for separating these individual services, a clearer practical distinction between notary and central maintenance functions, and a more detailed explanation of the expected benefits. DE (Comments): In general, we welcome the unbundling of CSD services and the newly introduced individual services as DLT notaries and DLT account keepers. DK (Comments): Yes, we agree to allow for the provision of individual CSD services in the form of notary and central maintenance. This is because new technology in the form of DLT may function in a different way than well-known technology, and we are of the opinion that this could justify allowing the provision of individual CSD services (such as notary and central maintenance). We would also like to underline that we believe it is important that the provision of settlement services should not be subject to a simplified regime. ES (Comments):

PUBLIC

PCY Questions	Comments
	There is agreement. However, it is important to ensure that functional separation does not increase operational risk or complexity, particularly where services are interdependent. Under the CSDR framework, the three core services (and the related auxiliary ones) are provided together. This could foster innovation and competition in DLT environments, however, appropriate safeguards must be included so it does not turn into a mechanism to avoid CSDR compliance. In addition, further clarification would be welcomed regarding the rationale for the proposed unbundling of core CSD services and the provision of individual services, as allowing individual services could increase fragmentation and operational complexity. In addition, clarification would be useful as to whether those services refer only to securities negotiated in TV or to any security (i.e. including non-traded ones). In the latter case, they would resemble the Spanish "ERIR", which is a credit institution or investment firm holding the custody license and acting as "DLT notary" and "DLT Account Keeper" for non-traded DLT financial instruments. Under Spanish law, there is currently no obligation for non-traded DLT securities to settle in a CSD or TSS. FI (Comments): FI: In theory we agree. However we do not have a view on the necessity of introducing such unbundled services. Due to the experimental nature of the framework, the 20 and 40 working days limits in 10a (3) and (4) seem quite short FR (Comments): We consider the **possibility to provide individual CSD-type services under the Pilot framework to be a pragmatic and useful innovation**. It

PCY Questions	Comments
	reflects the specific architecture of DLT-based systems and allows for functional unbundling where appropriate. In addition, where entities provide services functionally equivalent to central registration or account-keeping under robust regulatory supervision, the framework should ensure that their securities are not disadvantaged in terms of: • on-venue trading eligibility, • use as financial collateral, • eligibility for central bank operations **We also welcome the objective of enabling settlement schemes and allowing DLT central account keepers to assume a more active role in settlement coordination**. However, certain design elements appear unnecessarily restrictive. Limiting settlement schemes to the simplified regime (eg. EUR 10bn threshold) would materially constrain scalability. Settlement schemes should not be structurally confined to small-scale experimentation. Similarly, quantitative caps - such as a maximum number of schemes per DLT central account keeper - should be prudentially justified or removed. Absent a clear risk rationale, such limits may unduly constrain business model development. HU (Comments): We consider it important to clearly understand where the two regulatory concepts of CSDR and DLT Pilot Regime diverge or converge from the

PCY Questions	Comments
	perspective of a CSD that already holds a license. It is not clear from the current provisions whether a licensed CSD can provide DLT notary services and DLT central maintenance services for DLT-based financial instruments on the basis of its existing CSD license, or whether it shall first obtain a license under the DLT Pilot Regime. We would like to ask the Commission for clarification on this. IT (Comments): IT: We have some preliminary reservations concerning the proposal to allow for the provision of individual CSD services. We reiterate our request to receive additional clarifications on the rationale and needs underlying the proposal, in order to properly assess it and move further the discussion. According to CSDR a legal person qualifies as a CSD when it operates a securities settlement system referred to in point (3) of Section A of the Annex and provides at least one other core service listed in Section A of the Annex (i.e. notary and central maintenance service). At the same time, in the current European financial framework the notary service and the central maintenance service can be provided on a stand-alone basis (i.e. when not coupled with the settlement service) without any authorization. In practice, most EU CSDs provide the three services altogether, also because the experience of the last decades highlighted that there are inherent efficiencies in the joint provision of the three services. Given the context described above, we believe that it would be useful, in order to properly assess the proposal of the European Commission, to understand whether – with regard to DLT financial instruments and to the set-up of the Pilot Regime – there are concrete examples or instances that signal the need for a separate provision of the three services. Considerations

PCY Questions	Comments
	in this regard would be crucial for deepening the discussions on the proposal. Secondly, a proper assessment of the proposal might also benefit from examining whether the introduction of specific regulation on the provision of such services on an individual basis, when they concern DLT financial instruments, could have implications for operators in terms of regulatory complexity or compliance burden, especially in a broader context where simplification and burden reduction are significant transversal drivers of the policy activity. Finally, it may be useful to further investigate whether the fragmentation of CSD core services across multiple entities could introduce challenges in defining the scope of operators' responsibilities and in supervision. To sum up, we consider that a thorough assessment of the proposal is still necessary and should also examine the advantages and potential drawbacks of a service-based - rather than entity-based - regulatory approach, including from the perspective of supervisory authorities and their oversight responsibilities. LT (Comments): We have no objections to the proposal to allow the provision of individual CSD services. On the other hand, this could increase fragmentation and may not be relevant considering how custody and settlement under DLT work. In order to ensure atomic settlement DLT assets should be in custody in the same DLT TSS. Otherwise, there would be no benefit of the use of distributed ledger technology. Commission non paper further explaining the benefits and added value of such regime would be appreciated.

PCY Questions	Comments
	LU (Comments): LU: We would welcome further clarification on the rationale for this proposal. In particular, we wonder whether the unbundling of services is appropriate in the context of a platform-as-a-service model, where trading and post-trading functions are integrated. We also question whether the applicable thresholds are appropriate or unduly restrictive. LV (Comments): We do not see a business rationale for introducing the possibility to separate the provision of notary services from central maintenance services. We share the view that such a separation would lead to unnecessary market fragmentation. Furthermore, we do not identify any clear benefits that this change would bring to the functioning or development of the capital market. In this context, it would be useful for the Commission to further explain the underlying rationale for this proposal. PL (Comments): *Allowing entities already authorised under CSDR to be recognised as DLT notaries or DLT account keepers raises doubts. In particular, it is unclear whether a CSD providing services for DLT instruments would be subject to DLTPR if it does not use the simplified regime.* *The text should clarify that a CSD authorised under CSDR may provide initial registration and central maintenance for DLT financial instruments on the basis of that authorisation alone, and that DLTPR does not apply in such cases.*

PCY Questions	Comments
	PT (Comments): We hold some reservations regarding the intent to unbundle core CSD services through the introduction of new permitted entities. While the objective of fostering innovation is acknowledged, this approach raises concerns about increased regulatory complexity, fragmentation of responsibilities and supervisory oversight, as well as the potential to distort the level playing field with traditional CSDs. We question whether this separation is necessary or proportionate to achieve the objectives of the pilot and would seek further clarification on the underlying policy rationale and expected efficiency gains. RO (Comments): More clarifications needed in respect to competitiveness issues, potential equal treatment issues, conflict of interest, fragmentation and complexity induced SE (Comments): Further analysis required. Concerned about risk of supervision becoming overly complex. SK (Comments): Yes.
22. Do MS agree with the proposed applicable thresholds in relation to the activities of DLT account keepers?	AT (Comments):

PCY Questions	Comments
	Yes, we agree with the proposal to raise the thresholds in relation to the activities of DLT account keepers. BE (Comments): BE: The thresholds imposed to DLT account keepers are necessary to reflect the exploratory nature of such activities in a contained environment. We believe that the thresholds, as provided today, are adequate, and should not be increased, otherwise raising the levels of systemic risk. CZ (Comments): CZ: At this stage, we do not oppose the proposed thresholds. DE (Comments): We see a need for higher thresholds. EUR 10 bln seem to be too low. Regarding SME Securities: In this case, there would be no need for separate thresholds for SME securities. DK (Comments): We are open to considering what would be the most appropriate threshold for DLT account keepers. ES (Comments): There is agreement in principle with the proposed applicable thresholds as an initial safeguard to limit systemic relevance, provided they are subject to

PUBLIC

PCY Questions	Comments
	periodic review and complemented by supervisory discretion when the growth of activity or concentration of risks may lead to other thresholds. FI (Comments): FI: no strong opinion. However, along the lines of the suggestion being of experimental nature, we prefer keeping the thresholds low than increasing them a lot. The higher threshold for SME transferable securities increases complexity. Would securitized derivatives be also considered to be transferable securities? FR (Comments): **The proposed thresholds appear too restrictive, particularly for credit institutions** already subject to robust prudential and supervisory frameworks. Applying overly conservative caps may unduly constrain scalability and reduce the attractiveness of the regime. **We therefore support a significant increase in the thresholds applicable to these services**, in line with a risk-based and proportionate approach. GR (Comments): Yes, we could agree with. IT (Comments): IT: Please see our response to question 21. LT (Comments):

PCY Questions	Comments
	Yes LU (Comments): LU: see reply to Q21. PT (Comments): We would welcome further explanation on the definition of these thresholds and what sustains the increase for concerned instruments relating with SMEs. Is the proposed alignment with the threshold for the simplified regime intentional? RO (Comments): See above SK (Comments): Yes.
23. Do MS agree to have DLT notaries and DLT account keepers benefit from passporting?	AT (Comments): Yes, we agree to have DLT notaries and DLT account keepers benefit from passporting. BE (Comments): BE: To be successful, DLT notaries and account keepers must benefit from passporting rights, in order to provide cross-border services and the provision

PCY Questions	Comments
	of core CSD functions along national lines. As such, we agree with the proposal. CZ (Comments): CZ: Yes, we agree. DE (Comments): We do not have any objections. DK (Comments): We support not limiting the provision of services within the EU (and EEA). This includes the provision of DLT notaries and DLT account keeping services subject to common EU rules i.e., DLTR and CSDR. Therefore, we support the proposal to allow DLT notaries and account keepers benefit from passporting. ES (Comments): There is agreement in principle. However, supervisory cooperation and information-sharing arrangements between NCAs should be robust to ensure consistent oversight. In such cases in which the provision of the services in a different MS from the one that granted the license is considered relevant, if the NCA of such MS perceives potential risks, it could involve ESMA to ensure convergence of criteria. FI (Comments):

PUBLIC

PCY Questions	Comments
	FI: Yes FR (Comments): **We strongly support granting DLT notaries and DLT account keepers the benefit of passporting rights**. Passporting is essential to enable cross-border scalability, avoid fragmentation, and ensure that DLT-based market infrastructures can operate efficiently at Union level. LT (Comments): Yes LU (Comments): LU: see reply to Q21. PT (Comments): Since under CSDR CSDs are able to provide notary and central maintenance services on a cross-border basis, the potential creation of the DLT notaries and DLT account keepers should, in our view, be coupled with a passporting possibility. RO (Comments): We have reserves, it introduces complexity, cooperation issues not needed for a pilot, it seems beyond the scope and role of a pilot SK (Comments): Yes.

PUBLIC

PUBLIC

PCY Questions	Comments
24. Do MS agree with the proposal on the segregation of liabilities of DLT notaries, DLT account keepers and entities providing settlement services, respectively? Do MS agree with the proposal to require a binding written agreement regarding those liabilities and do they share the view that the liability allocation should be explicitly disclosed to the end investor?	AT (Comments): Yes, we agree with the proposal on the segregation of liabilities and the proposal to require a binding written agreement. BE (Comments): BE: At this early stage, even with limited thresholds, new entrants exploring a new business activity raise significant risks in terms of financial risk. As such, we support the proposals to ring-fence the liabilities of the three types of DLT-based individual services providers. To ensure harmonisation and move towards an integrated market, we believe that binding written agreements are necessary, and we are of the view that the fundamental clauses (such as the explicit allocation of liabilities) must be harmonised at EU-level. This will create legal certainty, predictability, and foster confidence for cross-border issuance, investments, and settlement. In addition, harmonisation should also preclude certain waivers and limitations of liability, so as to enforce sound and prudent business activities in these newly created markets. CZ (Comments): CZ: We would not favour this approach. In particular, we oppose requirement for a binding written agreement. DE

PCY Questions	Comments
	(Comments): If DLT notary or DLT account keeper services are provided with other entities, legally binding written agreements should specify responsibilities. DK (Comments): Traditionally, we believe that the clarity already follows from the fact that each entity is responsible – and liable – for those activities it carries out. In general, we are looking forward to learning more about the reasoning behind this requirement to form a firm opinion about the proposal and whether such clarity is needed in the regulation. However, if such arguments are elaborated, we could after further analysis potentially be open to considering matters related to the provision of in-dividual CSD services to provide for clarity about liabilities. If a binding written agreement about segregation of liabilities is in place such an agreement should be subject to a requirement to be disclosed to the end investor. ES (Comments): There is agreement in principle. However, it could introduce complexity. In this regard, an ESMA RTS could be considered to detail the content and form of these agreements. An alternative could be that one of the parties remained fully liable to the investors/issuers, while it may contractually subsidiarily discharges its liabilities against the other parties. Therefore, only one party would be fully liable to the users of the services, in order to reduce such complexity, and would contribute to maintain certain degree if equality vis-à-vis the current requirements for CSDs. FI

PUBLIC

PCY Questions	Comments
	(Comments): FI: Giving the service providers flexibility to define the legal limits of their liability, sounds like a dangerous concept. Disclosing the roles and responsibilities would be a minimum safeguard, but probably not enough. GR (Comments): Liability is of key importance. So, it should be clear the liabilities of each. IT (Comments): IT: Please see our response to question 21. LT (Comments): Yes LU (Comments): LU: see reply to Q21. PT (Comments): We believe a clear segregation of liabilities is a necessary precondition for the safe unbundling of functions but consider further strengthening might be warranted to avoid legal uncertainty. In this vein, we question whether the requirement for a legally binding written agreement governing the allocation of responsibilities is sufficient to achieve this purpose. For this reason, we would welcome discussing whether such arrangements should be subject to supervisory review and approval, while being drafted based on minimum

PUBLIC

PCY Questions	Comments
	harmonised standards. It is crucial to ensure enforceability and consistency across DLT projects. Moreover, we also support explicit disclosure of liability allocation to end investors in a clear manner, as this is essential to preserve investor confidence and prevent the perception of diminished protections compared to the traditional integrated CSD model. RO (Comments): More clarifications needed SK (Comments): Yes.
25. Do MS agree with the proposal to require ESMA to develop draft regulatory technical standards on the core requirements for DLT notaries and DLT account keepers?	AT (Comments): No, the core requirements for DLT notaries and DLT account keepers should be laid down on Level 1. BE (Comments): BE: Yes, to foster supervisory convergence, ESMA should be mandated to develop RTS specifying the limits and conditions for providing individual core CSD services by DLT notaries and account keepers. CZ (Comments): CZ: We understand the objective of the proposed empowerment but for now maintain a reserved position. One of our priorities is limiting the use of Level

PCY Questions	Comments
	2 measures and ensuring that the majority of the core components of the regulation are addressed directly at Level 1. DE (Comments): The core regulatory requirements for DLT notary and DLT account keeping should be determined on Level-1 and not by RTS on level 2. DK (Comments): We find it important to carefully consider each mandate for additional draft regulatory technical standards. If a mandate is added to the DLTR the mandate should be as clear and simple as possible. In general, Denmark is not open to considering new mandates but need to reflect more on its justification. ES (Comments): Yes, we agree with the mandate proposal. Given the passporting contemplated for DLT notaries and DLT it is our view that there must be a basic common approach to the authorization process. Also, we think that it could be interesting to consider the inclusion of the European System of Central Banks in the developing of the RTS. FI (Comments): FI: No strong opinion, but the 8 months deadline for ESMA seems highly optimistic. Quality should be a preference higher than speed when drafting legislation. GR

PUBLIC

PCY Questions	Comments
	(Comments): Yes, we support. IT (Comments): IT: Please see our response to question 21. LT (Comments): Yes LU (Comments): LU: see reply to Q21. PT (Comments): We have concerns related with leaving this matter to L2, and we wonder whether L1 could provide specification or at least further guidance on what is intended to be included in L2. RO (Comments): We prefer level 1 SK (Comments): Yes. Harmonization is necessary, otherwise there is a risk of fragmentation of procedures between Member States.

PUBLIC