European Parliament
2019-2024

Committee on Economic and Monetary Affairs

2020/0267(COD)

26.5.2021

AMENDMENTS
135 - 334

Draft report
Johan Van Overtveldt
(PE689.571v01-00)

Pilot regime for market infrastructures based on distributed ledger technology

Proposal for a regulation
(COM(2020)0594 – C9-0305/2020 – 2020/0267(COD))

Amendment 135
Stasys Jakeliūnas

Proposal for a regulation
–

Proposal for rejection

European Parliament rejects the proposal for a Regulation of the European Parliament and of the Council on a pilot regime for market infrastructures based on distributed ledger technology.

Or. en

Justification

The proposal is not technologically neutral and is redundant. The existing EU framework on financial services already enables innovation. In the proposed regulation, some requirements regarding investors' protection and market integrity have been eased. This may lead to higher market fragmentation and financial instability. There is also a substantial delegation of powers to national competent authorities. Since the EU financial supervision system is not yet harmonised, the proposed regulation could lead to regulatory arbitrage and further increase of market fragmentation.

Amendment 136
Johan Van Overtveldt

Draft legislative resolution
Citation 5

Draft legislative resolution	*Amendment*
— having regard to the opinion of the European Central Bank[2] ,	— having regard to the opinion of the European Central Bank ***of 28 April 2021***[2] ,
[2] OJ C xxx, xx.x.2021, p. xx.	[2] OJ C xxx, xx.x.2021, p. xx.

Or. en

Amendment 137
Johan Van Overtveldt

Draft legislative resolution

Citation 5 a (new)

Draft legislative resolution	*Amendment*
	— having regard to opinion 6/2021 of the European Data Protection Supervisor of 23 April 2021,

Or. en

Amendment 138
Jessica Polfjärd, Christophe Hansen

Proposal for a regulation
Recital 1

Text proposed by the Commission	*Amendment*
(1) The European Commission's communication on a Digital Finance Strategy[32] aims to ensure that the Union financial services legislation is fit for the digital age and contributes to a future-ready economy that works for the people, including by enabling the use of innovative technologies. The Union has a policy interest in developing and promoting the uptake of transformative technologies in the financial sector, such as blockchain and distributed ledger technology ('DLT'). Crypto-assets are one of the main DLT applications for finance.	(1) The European Commission's communication on a Digital Finance Strategy[32] aims to ensure that the Union financial services legislation is fit for the digital age and contributes to a future-ready economy that works for the people, including by enabling the use of innovative technologies. The Union has a policy interest in ***exploring,*** developing and promoting the uptake of transformative technologies in the financial sector, such as blockchain and distributed ledger technology ('DLT'). Crypto-assets are one of the main DLT applications for finance.
[32] Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee and the committee of the Regions on a Digital Finance Strategy for EU COM(2020)591	[32] Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee and the committee of the Regions on a Digital Finance Strategy for EU COM(2020)591

Or. en

Amendment 139
Eva Kaili

Proposal for a regulation
Recital 1

Text proposed by the Commission	*Amendment*
(1) The European Commission's communication on a Digital Finance Strategy[32] aims to ensure that the Union financial services legislation is fit for the digital age and contributes to a future-ready economy that works for the people, including by enabling the use of innovative technologies. The Union has a policy interest in developing and promoting the uptake of transformative technologies in the financial sector, such as blockchain and distributed ledger technology ('DLT'). Crypto-assets are one of the main DLT applications for finance.	(1) The European Commission's communication on a Digital Finance Strategy[32] aims to ensure that the Union financial services legislation is fit for the digital age and contributes to a future-ready economy that works for the people, including by enabling the use of innovative technologies. The Union has a policy interest in developing and promoting the uptake of transformative technologies in the financial sector, such as blockchain and distributed ledger technology ('DLT'). Crypto-assets are one of the main DLT applications for finance. ***DLT comprises a diverse set of solutions that combine database technology and cryptography in order to tackle malicious behavior and address the risk that different users rely on inconsistent versions of the data due to network latency or the validation of conflicting forks, by allowing ultimate cryptographic auditing of users' activity and by providing traditional and new mechanisms to achieve consensus among users on the status of the database over time.***
[32] Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee and the committee of the Regions on a Digital Finance Strategy for EU COM(2020)591	[32] Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee and the committee of the Regions on a Digital Finance Strategy for EU COM(2020)591

Or. en

Justification

Description of how DLTs work as derived from the ECB 2017 Report "The potential impact of DLTs on securities post-trading harmonisation and on the wider EU financial market integration" of the Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo)

Amendment 140
Jessica Polfjärd

Proposal for a regulation
Recital 2

Text proposed by the Commission	*Amendment*
(2) The majority of crypto-assets fall outside of the scope of EU legislation and raise, among others, challenges in terms of investor protection, market integrity and financial stability. They therefore require a dedicated regime at Union level. By contrast, other crypto-assets qualify as financial instruments within the meaning of Directive 2014/65/EU of the European Parliament and of the Council (Markets in Financial Instruments Directive, MiFID II)[33] . In so far as a crypto-asset qualifies as a financial instrument under that Directive, a full set of Union financial rules, including Regulation (EU) 2017/1129 of the European Parliament and of the Council (the Prospectus Regulation)[34] , Directive 2013/50/EU of the European Parliament and of the Council (the Transparency Directive)[35] , Regulation (EU) No 596/2014 of the European Parliament and of the Council (the Market Abuse Regulation)[36] , Regulation (EU) No 236/2012 of the European Parliament and of the Council (the Short Selling Regulation)[37] , Regulation (EU) No 909/2014 of the European Parliament and of the Council (the Central Securities Depositories Regulation)[38] and Directive 98/26/EC of the European Parliament and of the Council (the Settlement Finality Directive)[39] may apply to its issuer and firms conducting activities related to it. The so-called tokenisation of financial instruments, that is to say their transformation into crypto-assets to enable them to be issued, stored and transferred on a distributed ledger, is expected to open up opportunities for efficiency improvements in the ***entire*** trading and post-trading area.	(2) The majority of crypto-assets fall outside of the scope of EU legislation and raise, among others, challenges in terms of investor protection, market integrity and financial stability. They therefore require a dedicated regime at Union level. By contrast, other crypto-assets qualify as financial instruments within the meaning of Directive 2014/65/EU of the European Parliament and of the Council (Markets in Financial Instruments Directive, MiFID II)[33] . In so far as a crypto-asset qualifies as a financial instrument under that Directive, a full set of Union financial rules, including Regulation (EU) 2017/1129 of the European Parliament and of the Council (the Prospectus Regulation)[34] , Directive 2013/50/EU of the European Parliament and of the Council (the Transparency Directive)[35] , Regulation (EU) No 596/2014 of the European Parliament and of the Council (the Market Abuse Regulation)[36] , Regulation (EU) No 236/2012 of the European Parliament and of the Council (the Short Selling Regulation)[37] , Regulation (EU) No 909/2014 of the European Parliament and of the Council (the Central Securities Depositories Regulation)[38] and Directive 98/26/EC of the European Parliament and of the Council (the Settlement Finality Directive)[39] may apply to its issuer and firms conducting activities related to it. The so-called tokenisation of financial instruments, that is to say their transformation into crypto-assets to enable them to be issued, stored and transferred on a distributed ledger, is expected to open up opportunities for efficiency improvements in the trading and post-trading area.

[33] Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349).

[34] Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (OJ L 168, 30.6.2017, p. 12)

[35] Directive 2013/50/EU of the European Parliament and of the Council of 22 October 2013 amending Directive 2004/109/EC of the European Parliament and of the Council on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading and Commission Directive 2007/14/EC laying down detailed rules for the implementation of certain provisions of Directive 2004/109/EC (OJ L 294, 6.11.2013, p. 13)

[36] Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (OJ L 173, 12.6.2014, p. 1)

[37] Regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps (OJ L 86, 24.3.2012, p. 1).

[38] Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities

[33] Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349).

[34] Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (OJ L 168, 30.6.2017, p. 12)

[35] Directive 2013/50/EU of the European Parliament and of the Council of 22 October 2013 amending Directive 2004/109/EC of the European Parliament and of the Council on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading and Commission Directive 2007/14/EC laying down detailed rules for the implementation of certain provisions of Directive 2004/109/EC (OJ L 294, 6.11.2013, p. 13)

[36] Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (OJ L 173, 12.6.2014, p. 1)

[37] Regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps (OJ L 86, 24.3.2012, p. 1).

[38] Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities

settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (OJ L 257, 28.8.2014, p. 1)

[39] Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems (OJ L 166, 11.6.1998, p. 45)

settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (OJ L 257, 28.8.2014, p. 1)

[39] Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems (OJ L 166, 11.6.1998, p. 45)

Or. en

Amendment 141
Eva Kaili

Proposal for a regulation
Recital 2

Text proposed by the Commission	*Amendment*
(2) The majority of crypto-assets fall outside of the scope of EU legislation and raise, among others, challenges in terms of investor protection, market integrity and financial stability. They therefore require a dedicated regime at Union level. By contrast, other crypto-assets qualify as financial instruments within the meaning of Directive 2014/65/EU of the European Parliament and of the Council (Markets in Financial Instruments Directive, MiFID II)[33] . In so far as a crypto-asset qualifies as a financial instrument under that Directive, a full set of Union financial rules, including Regulation (EU) 2017/1129 of the European Parliament and of the Council (the Prospectus Regulation)[34] , Directive 2013/50/EU of the European Parliament and of the Council (the Transparency Directive)[35] , Regulation (EU) No 596/2014 of the European Parliament and of the Council (the Market Abuse Regulation)[36] , Regulation (EU) No 236/2012 of the European Parliament and of the Council (the Short Selling Regulation)[37] , Regulation (EU) No	(2) The majority of crypto-assets fall outside of the scope of EU legislation and raise, among others, challenges in terms of investor protection, market integrity and financial stability. They therefore require a dedicated regime at Union level. By contrast, other crypto-assets qualify as financial instruments within the meaning of Directive 2014/65/EU of the European Parliament and of the Council (Markets in Financial Instruments Directive, MiFID II)[33] . In so far as a crypto-asset qualifies as a financial instrument under that Directive, a full set of Union financial rules, including Regulation (EU) 2017/1129 of the European Parliament and of the Council (the Prospectus Regulation)[34] , Directive 2013/50/EU of the European Parliament and of the Council (the Transparency Directive)[35] , Regulation (EU) No 596/2014 of the European Parliament and of the Council (the Market Abuse Regulation)[36] , Regulation (EU) No 236/2012 of the European Parliament and of the Council (the Short Selling Regulation)[37] , Regulation (EU) No

909/2014 of the European Parliament and of the Council (the Central Securities Depositories Regulation)[38] and Directive 98/26/EC of the European Parliament and of the Council (the Settlement Finality Directive)[39] may apply to its issuer and firms conducting activities related to it. The so-called tokenisation of financial instruments, that is to say their ***transformation into crypto-assets*** to enable them to be issued, stored and transferred on a distributed ledger, is expected to open up opportunities for efficiency improvements in the ***entire*** trading and post-trading area.

909/2014 of the European Parliament and of the Council (the Central Securities Depositories Regulation)[38] and Directive 98/26/EC of the European Parliament and of the Council (the Settlement Finality Directive)[39] may apply to its issuer and firms conducting activities related to it. The so-called tokenisation of financial instruments, that is to say their ***digital representation on distributed ledgers or the issuance of traditional asset classes in tokenised form*** to enable them to be issued, stored and transferred on a distributed ledger, is expected to open up opportunities for efficiency improvements in the trading and post-trading area. ***Distributed ledger technology (DLT) has the potential of promoting the sharing of data and business processes beyond the level achieved by current distributed databases, which have been used to date in order to allow participants spread across locations to read the content of a collection of data managed by a single institution. DLT is intended to bring value to market participants by allowing different institutions to share the management of information in a distributed ledger and to follow the same procedures to update that information. Each entity involved in the processing of financial transactions currently keeps an independent central record of its clients' asset holdings and needs to reconcile that record with data kept in other centrally managed databases at different levels of the post-trading value chain. DLT could facilitate integration in post-trading by providing an infrastructure ensuring that every user has a consistent and updated view of the assets for which it is responsible and that the same assets can be transferred with a high degree of automation.***

[33] Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and

[33] Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and

Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349).

[34] Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (OJ L 168, 30.6.2017, p. 12)

[35] Directive 2013/50/EU of the European Parliament and of the Council of 22 October 2013 amending Directive 2004/109/EC of the European Parliament and of the Council on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading and Commission Directive 2007/14/EC laying down detailed rules for the implementation of certain provisions of Directive 2004/109/EC (OJ L 294, 6.11.2013, p. 13)

[36] Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (OJ L 173, 12.6.2014, p. 1)

[37] Regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps (OJ L 86, 24.3.2012, p. 1).

[38] Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (OJ L 257, 28.8.2014, p. 1)

Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349).

[34] Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (OJ L 168, 30.6.2017, p. 12)

[35] Directive 2013/50/EU of the European Parliament and of the Council of 22 October 2013 amending Directive 2004/109/EC of the European Parliament and of the Council on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading and Commission Directive 2007/14/EC laying down detailed rules for the implementation of certain provisions of Directive 2004/109/EC (OJ L 294, 6.11.2013, p. 13)

[36] Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (OJ L 173, 12.6.2014, p. 1)

[37] Regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps (OJ L 86, 24.3.2012, p. 1).

[38] Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (OJ L 257, 28.8.2014, p. 1)

[39] Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems (OJ L 166, 11.6.1998, p. 45)

[39] Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems (OJ L 166, 11.6.1998, p. 45)

Or. en

Justification

As per the broadly used definition (eg.OECD) – Abstract from the executive summary of ECB 2017 Report "The potential impact of DLTs on securities post-trading harmonization and on the wider EU financial market integration" of the Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo).

Amendment 142
Eero Heinäluoma, Paul Tang, Jonás Fernández, Pedro Marques

Proposal for a regulation
Recital 2

Text proposed by the Commission	*Amendment*
(2) The majority of crypto-assets fall outside of the scope of EU legislation and raise, among others, challenges in terms of investor protection, market integrity and financial stability. They therefore require a dedicated regime at Union level. By contrast, other crypto-assets qualify as financial instruments within the meaning of Directive 2014/65/EU of the European Parliament and of the Council (Markets in Financial Instruments Directive, MiFID II)[33] . In so far as a crypto-asset qualifies as a financial instrument under that Directive, a full set of Union financial rules, including Regulation (EU) 2017/1129 of the European Parliament and of the Council (the Prospectus Regulation)[34] , Directive 2013/50/EU of the European Parliament and of the Council (the Transparency Directive)[35] , Regulation (EU) No 596/2014 of the European Parliament and of the Council (the Market Abuse Regulation)[36] , Regulation (EU) No 236/2012 of the European Parliament and of the Council (the Short Selling	(2) The majority of crypto-assets fall outside of the scope of EU legislation and raise, among others, challenges in terms of investor protection, market integrity***, energy consumption*** and financial stability. They therefore require a dedicated regime at Union level. By contrast, other crypto-assets qualify as financial instruments within the meaning of Directive 2014/65/EU of the European Parliament and of the Council (Markets in Financial Instruments Directive, MiFID II)[33] . In so far as a crypto-asset qualifies as a financial instrument under that Directive, a full set of Union financial rules, including Regulation (EU) 2017/1129 of the European Parliament and of the Council (the Prospectus Regulation)[34] , Directive 2013/50/EU of the European Parliament and of the Council (the Transparency Directive)[35] , Regulation (EU) No 596/2014 of the European Parliament and of the Council (the Market Abuse Regulation)[36] , Regulation (EU) No 236/2012 of the European Parliament and

Regulation)[37] , Regulation (EU) No 909/2014 of the European Parliament and of the Council (the Central Securities Depositories Regulation)[38] and Directive 98/26/EC of the European Parliament and of the Council (the Settlement Finality Directive)[39] may apply to its issuer and firms conducting activities related to it. The so-called tokenisation of financial instruments, that is to say their transformation into crypto-assets to enable them to be issued, stored and transferred on a distributed ledger, is expected to open up opportunities for efficiency improvements in the ***entire*** trading and post-trading area.

of the Council (the Short Selling Regulation)[37] , Regulation (EU) No 909/2014 of the European Parliament and of the Council (the Central Securities Depositories Regulation)[38] and Directive 98/26/EC of the European Parliament and of the Council (the Settlement Finality Directive)[39] may apply to its issuer and firms conducting activities related to it. The so-called tokenisation of financial instruments, that is to say their transformation into crypto-assets to enable them to be issued, stored and transferred on a distributed ledger, is expected to open up opportunities for efficiency improvements in ***some parts of*** the trading and post-trading area ***provided that such crypto-assets are generated in an energy friendly way***. ***Furthermore, as the financial instrument and the related risks remain the same regardless of whether a DLT is used, the fundamental trade-offs involving credit risk and liquidity remain in a tokenised world. Therefore, the success of token-based systems will fully depend on how well they interact with traditional account-based systems.***

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[33] Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349).

[34] Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (OJ L 168, 30.6.2017, p. 12)

[35] Directive 2013/50/EU of the European Parliament and of the Council of 22 October 2013 amending Directive 2004/109/EC of the European Parliament and of the Council on the harmonisation of transparency requirements in relation to information about issuers whose securities

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[33] Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349).

[34] Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (OJ L 168, 30.6.2017, p. 12)

[35] Directive 2013/50/EU of the European Parliament and of the Council of 22 October 2013 amending Directive 2004/109/EC of the European Parliament and of the Council on the harmonisation of transparency requirements in relation to information about issuers whose securities

are admitted to trading on a regulated market, Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading and Commission Directive 2007/14/EC laying down detailed rules for the implementation of certain provisions of Directive 2004/109/EC (OJ L 294, 6.11.2013, p. 13)	are admitted to trading on a regulated market, Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading and Commission Directive 2007/14/EC laying down detailed rules for the implementation of certain provisions of Directive 2004/109/EC (OJ L 294, 6.11.2013, p. 13)
[36] Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (OJ L 173, 12.6.2014, p. 1)	[36] Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (OJ L 173, 12.6.2014, p. 1)
[37] Regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps (OJ L 86, 24.3.2012, p. 1).	[37] Regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps (OJ L 86, 24.3.2012, p. 1).
[38] Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (OJ L 257, 28.8.2014, p. 1)	[38] Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (OJ L 257, 28.8.2014, p. 1)
[39] Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems (OJ L 166, 11.6.1998, p. 45)	[39] Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems (OJ L 166, 11.6.1998, p. 45)

Or. en

Amendment 143
Sven Giegold
on behalf of the Verts/ALE Group

Proposal for a regulation
Recital 3

Text proposed by the Commission	*Amendment*
(3) The Union financial services legislation was not designed with DLT and crypto-assets in mind[40] , and there are provisions in existing EU financial services legislation that may preclude or limit the use of DLT in the issuance, trading and settlement of crypto-assets which qualify as financial instruments. There is also currently a lack of market infrastructures using DLT and providing trading and settlement services for crypto-assets that qualify as financial instruments. ***Without*** a secondary ***market able to provide liquidity and to enable investors to buy and sell such assets, the primary*** market for crypto-assets ***that qualify as financial instruments will never expand in a sustainable way***.	(3) The Union financial services legislation was not designed with DLT and crypto-assets in mind[40] , and there are provisions in existing EU financial services legislation that may preclude or limit the use of DLT in the issuance, trading and settlement of crypto-assets which qualify as financial instruments. There is also currently a lack of market infrastructures using DLT and providing trading and settlement services for crypto-assets that qualify as financial instruments. ***The development of*** a secondary market for crypto-assets ***and tokenised securities could bring multiple benefits in terms of enhanced efficiency, transparency and competition in relation to trading and settlement activities***.
[40] European Securities and Markets Authority's, Report with advice on Initial Coin Offerings and Crypto-Assets (ESMA50-157-1391)	[40] European Securities and Markets Authority's, Report with advice on Initial Coin Offerings and Crypto-Assets (ESMA50-157-1391)

Or. en

Amendment 144
Eva Kaili

Proposal for a regulation
Recital 3

Text proposed by the Commission	*Amendment*
(3) The Union financial services legislation was not designed with DLT and crypto-assets in mind[40] , and there are provisions in existing EU financial services legislation that may preclude or limit the use of DLT in the issuance, trading and settlement of crypto-assets which qualify as financial instruments. There is also currently a lack of market infrastructures using DLT and providing trading and settlement services for crypto-assets that	(3) The Union financial services legislation was not designed with DLT and crypto-assets in mind[40] , and there are provisions in existing EU financial services legislation that may preclude or limit the use of DLT in the issuance, trading and settlement of crypto-assets which qualify as financial instruments. There is also currently a lack of ***authorised financial*** market infrastructures using DLT and providing trading and settlement services

qualify as financial instruments. Without a secondary market able to provide liquidity and to enable investors to buy and sell such assets, the primary market for crypto-assets that qualify as financial instruments will never expand in a sustainable way.	for crypto-assets that qualify as financial instruments. Without a secondary market able to provide liquidity and to enable investors to buy and sell such assets, the primary market for crypto-assets that qualify as financial instruments will never expand in a sustainable way.
[40] European Securities and Markets Authority's, Report with advice on Initial Coin Offerings and Crypto-Assets (ESMA50-157-1391)	[40] European Securities and Markets Authority's, Report with advice on Initial Coin Offerings and Crypto-Assets (ESMA50-157-1391)

Or. en

Justification

Clarification

Amendment 145
Eva Kaili

Proposal for a regulation
Recital 3 a (new)

Text proposed by the Commission	*Amendment*
	(3 a) In order to achieve a uniform Union digital financial market of security tokens and tokenised assets in general, the differences that exist across the national regimes of the Member States should be taken into consideration, including differences in the transposition of Union directives, such as Directive 2014/65/EU of the European Parliament and the Council (MiFIDII). According to ESMA's January 2019 opinion on ICOs and crypto-assets, one of the main obstacles to regulating crypto-assets with investment characteristics in a uniform manner across the Union is the transposition divergencies of Union directives into national law, such as the definition of 'financial instrument' or of 'transferable security', or the legal analysis and requirements in respect of investment

services, activities and ancillary services, including the custody and administration of financial instruments on behalf of clients, or recordkeeping on behalf of security token issuers. It is of utmost importance to initiate discussions at Union level on the harmonisation of the national regimes in order to increase legal certainty and meet the goals of CMU while enabling the emergence of a competitive Union digital market of security tokens and tokenised assets in general.

Or. en

Justification

As already acknowledged in "ESMA Opinion on ICOs and crypto-assets", divergences between Member States national laws hinder the uniform application of EU financial framework with the result of risking the seamless cross-border operations in the context of CMU. In order to create a strong and competitive EU digital market of security tokens we need to provide for the elimination of said divergencies the soonest.

Amendment 146
Eva Kaili

Proposal for a regulation
Recital 3 b (new)

Text proposed by the Commission	*Amendment*
	(3 b) As regards the DLT landscape, at least the following specific types of DLT can be identified at present: (1) blockchains, where any changes to the identities of current users entitled to send an unspent transaction output (UTXO) representing asset holdings are processed in batches (blocks) which are then linked together via cryptographic techniques (hashing); (2) consensus ledgers, where snapshots of balances associated with each use are updated in rounds; and (3) synchronised bilateral ledgers, where counterparties can update the subset of information that refers directly to their bilateral activity, possibly with other

elected parties also accessing these records, and make some of that information available to a broader set of users. Smart contracts are another type of technology that can be associated with DLTs when they are processed across nodes in the network. Those contracts are written as executable code. Under the contracts, the counterparties certify that the respective assets are to be sent or received on their behalf via automated procedures that are processed when a set of pre-specified events happen either inside the ledger (for example, holding balance of a user) or outside the ledger (for example, asset price).

Or. en

Justification

It is proposed to consider including the description of DLT types as derived from the ECB 2017 Report "The potential impact of DLTs on securities post-trading harmonization and on the wider EU financial market integration" of the Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo)

Amendment 147
Eero Heinäluoma, Paul Tang, Pedro Marques

Proposal for a regulation
Recital 4

Text proposed by the Commission	*Amendment*
(4) At the same time, regulatory gaps exist due to legal, technological and operational specificities related to the use of DLT and crypto-assets that qualify as financial instruments. For instance, there are no transparency, reliability and safety requirements imposed on the protocols and smart contracts underpinning crypto-assets that qualify as financial instruments. The underlying technology could also pose some novel forms of cyber risks that are not appropriately addressed by existing rules. Several projects for the trading and post-trading of crypto-assets qualifying as	(4) At the same time, regulatory gaps exist due to legal, technological and operational specificities related to the use of DLT and crypto-assets that qualify as financial instruments. For instance, there are no transparency, reliability and safety requirements imposed on the protocols and smart contracts underpinning crypto-assets that qualify as financial instruments ***which is highly problematic***. The underlying technology could also pose some novel forms of cyber risks that are not appropriately addressed by existing rules. Several projects for the trading and post-

financial instruments have been developed in the Union, but few are already in operation or they have limited scale. Given this limited experience as regards the trading and post-trading of transactions in crypto-assets that qualify as financial instruments, it would ***currently*** be premature to bring significant modifications to the Union financial services legislation to enable the full deployment of such crypto-assets and their underlying technology. ***At the same time, the creation of financial market infrastructures for crypto-assets that qualify as financial instruments is currently constrained by some requirements embedded in the Union's financial services legislation that would not be fully adapted to crypto-assets qualifying as financial instruments and to the use of DLT. For instance, trading platforms for crypto-assets usually give direct access to retail investors, while traditional trading venues usually give access through financial intermediaries.***

trading of crypto-assets qualifying as financial instruments have been developed in the Union, but few are already in operation or they have limited scale. ***Furthermore, as highlighted by the ECB advisory groups on market infrastructures for securities and collateral and for payments, the use of DLT would entail similar challenges to those faced by solutions relying on conventional technology (such as fragmentation and interoperability issues) and would at the same time potentially create new ones (for example, relating to the legal validity of tokens).*** Given this limited experience as regards the trading and post-trading of transactions in crypto-assets that qualify as financial instruments ***as well as the risks highlighted by the ECB***, ***a very cautious approach is needed and*** it would be ***very*** premature to bring significant modifications to the Union financial services legislation to enable the full deployment of such crypto-assets and their underlying technology.

Or. en

Amendment 148
Eva Kaili

Proposal for a regulation
Recital 4

Text proposed by the Commission	*Amendment*
(4) At the same time, regulatory gaps exist due to legal, technological and operational specificities related to the use of DLT and crypto-assets that qualify as financial instruments. For instance, there are no transparency, reliability and safety requirements imposed on the protocols and smart contracts underpinning crypto-assets that qualify as financial instruments. The underlying technology could also pose some novel forms of cyber risks that are not appropriately addressed by existing	(4) At the same time, regulatory gaps exist due to legal, technological and operational specificities related to the use of DLT and crypto-assets that qualify as financial instruments. For instance, there are no transparency, reliability and safety requirements imposed on the protocols and smart contracts underpinning crypto-assets that qualify as financial instruments. The underlying technology could also pose some novel forms of cyber risks that are not appropriately addressed by existing

rules. Several projects for the trading and post-trading of crypto-assets qualifying as financial instruments have been developed in the Union, but few are already in operation or they have limited scale. Given this limited experience as regards the trading and post-trading of transactions in crypto-assets that qualify as financial instruments, it would currently be premature to bring significant modifications to the Union financial services legislation to enable the full deployment of such crypto-assets and their underlying technology. At the same time, the creation of financial market infrastructures for crypto-assets that qualify as financial instruments is currently constrained by some requirements embedded in the Union's financial services legislation that ***would not be*** fully adapted to crypto-assets qualifying as financial instruments and to the use of DLT. For instance, trading platforms for crypto-assets usually give direct access to retail investors, while traditional trading venues usually give access through financial intermediaries.	rules. Several projects for the trading and post-trading of crypto-assets qualifying as financial instruments have been developed in the Union, but few are already in operation or they have limited scale. Given this limited experience as regards the trading and post-trading of transactions in crypto-assets that qualify as financial instruments, it would currently be premature to bring significant modifications to the Union financial services legislation to enable the full deployment of such crypto-assets and their underlying technology. At the same time, the creation of financial market infrastructures for crypto-assets that qualify as financial instruments is currently constrained by some requirements embedded in the Union's financial services legislation that ***are not*** fully adapted to crypto-assets qualifying as financial instruments and to the use of DLT. For instance, trading platforms for crypto-assets usually give direct access to retail investors, while traditional trading venues usually give access through financial intermediaries.

Or. en

Justification

Editorial comment

Amendment 149
Jessica Polfjärd, Christophe Hansen

Proposal for a regulation
Recital 4

Text proposed by the Commission	*Amendment*
(4) At the same time, regulatory gaps exist due to legal, technological and operational specificities related to the use of DLT and crypto-assets that qualify as financial instruments. For instance, there are no transparency, reliability and safety	(4) At the same time, regulatory gaps exist due to legal, technological and operational specificities related to the use of DLT and crypto-assets that qualify as financial instruments. For instance, there are no transparency, reliability and safety

requirements imposed on the protocols and smart contracts underpinning crypto-assets that qualify as financial instruments. The underlying technology could also pose some novel forms of cyber risks that are not appropriately addressed by existing rules. Several projects for the trading and post-trading of crypto-assets qualifying as financial instruments have been developed in the Union, but few are already in operation or they have limited scale. Given this limited experience as regards the trading and post-trading of transactions in crypto-assets that qualify as financial instruments, it would currently be premature to bring significant modifications to the Union financial services legislation to enable the full deployment of such crypto-assets and their underlying technology. At the same time, the creation of financial market infrastructures for crypto-assets that qualify as financial instruments is currently constrained by some requirements embedded in the Union's financial services legislation that would not be fully adapted to crypto-assets qualifying as financial instruments and to the use of DLT. For instance, trading platforms for crypto-assets usually give direct access to retail investors, while traditional trading venues usually give access through financial intermediaries.	requirements imposed on the protocols and smart contracts underpinning crypto-assets that qualify as financial instruments. The underlying technology could also pose some novel forms of cyber risks that are not appropriately addressed by existing rules ***and practices***. Several projects for the trading and post-trading of crypto-assets qualifying as financial instruments have been developed in the Union, but few are already in operation or they have limited scale. Given this limited experience as regards the trading and post-trading of transactions in crypto-assets that qualify as financial instruments, it would currently be premature to bring significant modifications to the Union financial services legislation to enable the full deployment of such crypto-assets and their underlying technology. At the same time, the creation of financial market infrastructures for crypto-assets that qualify as financial instruments is currently constrained by some requirements embedded in the Union's financial services legislation that would not be fully adapted to crypto-assets qualifying as financial instruments and to the use of DLT. For instance, trading platforms for crypto-assets usually give direct access to retail investors, while traditional trading venues usually give access through financial intermediaries.
	Or. en

Amendment 150
Johan Van Overtveldt

Proposal for a regulation
Recital 5

Text proposed by the Commission	*Amendment*
(5) In order to allow for the development of crypto-assets that qualify as financial instruments ***and*** DLT, while preserving a high level of financial	(5) In order to allow for the development of crypto-assets that qualify as financial instruments ***based on*** DLT, while preserving a high level of financial

stability, market integrity, transparency and investor protection, it would be useful to create a pilot regime for DLT market infrastructures. A pilot regime for DLT market infrastructures should allow such DLT market infrastructures to be temporarily exempted from some specific requirements under the Union financial services legislation that could otherwise prevent them from developing solutions for the trading and settlement of transactions in crypto-assets that qualify as financial instruments. The pilot regime should also enable the European Securities and Markets Authorities (ESMA) and competent authorities to gain experience on the opportunities and specific risks created by crypto-assets that qualify as financial instruments, and by their underlying technology.

stability, market integrity, transparency and investor protection, it would be useful to create a pilot regime for DLT market infrastructures. A pilot regime for DLT market infrastructures should allow such DLT market infrastructures to be temporarily exempted from some specific requirements under the Union financial services legislation that could otherwise prevent them from developing solutions for the trading and settlement of transactions in crypto-assets that qualify as financial instruments. The ***creation of the pilot regime should be without prejudice to the tasks and responsibilities of the European Central Bank (ECB) and the national central banks in the European System of Central Banks (ESCB), set out in the Treaty on the Functioning of the European Union and in the statutes of the ESCB and of the ECB, to promote the smooth operation of payment systems and to ensure efficient and sound clearing and payment systems within the Union and with third countries. The*** pilot regime should also enable the European Securities and Markets Authorities (ESMA) and competent authorities to gain experience on the opportunities and specific risks created by crypto-assets that qualify as financial instruments, and by their underlying technology. ***The experience gained with the pilot regime should therefore help to identify possible practical proposals for a suitable regulatory framework in order to make targeted adjustments to existing Union law involving the issuance, safekeeping and asset servicing, trading and settlement of financial instruments based on DLT.***

Or. en

Justification

This amendment aims at taking into account a suggestion made in the ECB opinion. In view of the overlap between the proposed regulation and the basic ESCB tasks to promote the smooth operation of payments systems and to ensure efficient and sound clearing and payment systems within the Union and with other countries, it should be expressly stated that the proposed regulation is without prejudice to that ESCB task.

Amendment 151
Eva Kaili

Proposal for a regulation
Recital 5

Text proposed by the Commission	*Amendment*
(5) In order to allow for the development of crypto-assets that qualify as financial instruments and DLT, while preserving a high level of financial stability, market integrity, transparency and investor protection, it would be useful to create a pilot regime for DLT market infrastructures. A pilot regime for DLT market infrastructures should allow such DLT market infrastructures to be temporarily exempted from some specific requirements under the Union financial services legislation that could otherwise prevent them from developing solutions for the trading and settlement of transactions in crypto-assets that qualify as financial instruments. The pilot regime should also enable the European Securities and Markets Authorities (ESMA) and competent authorities to gain experience on the opportunities and specific risks created by crypto-assets that qualify as financial instruments, and by their underlying technology.	(5) In order to allow for the development of crypto-assets that qualify as financial instruments and DLT, while preserving a high level of financial stability, market integrity, transparency and investor protection, it would be useful to create a pilot regime for DLT market infrastructures. A pilot regime for DLT market infrastructures should allow such DLT market infrastructures to be temporarily exempted from some specific requirements under the Union financial services legislation that could otherwise prevent them from developing solutions for the trading and settlement of transactions in crypto-assets that qualify as financial instruments. The ***main contribution of the pilot regime should be to test the avoidance of "intermediation" through CSDs when registering securities, by allowing registration on the blockchain. Much of the regulatory rationale behind Regulation (EU) No 909/2014 (CSDR) is to ensure trust, regarding investor protection and market integrity, following a trusted third party (TTP) approach. The aim of the pilot regime should be to allow for that approach to be redefined to one of confidence, by helping understand how new models of blockchain or DLT-based confidence should be built. The*** pilot regime should also enable the European Securities and Markets Authorities (ESMA) and competent authorities to gain experience on the opportunities and specific risks created by crypto-assets that qualify as financial instruments, and by their underlying technology***, with a view to identifying the necessary targeted amendments to the existing Union legal***

framework as regards the issuance, safekeeping and asset servicing, trading and settlement of financial instruments based on DLT.

Or. en

Justification

Editorial comment. Furthermore, it is appropriate to explicitly mention that the pilot regime is key to test the disintermediation when registering securities by allowing the registration to take place on the blockchain. The experience gained with the DLT pilot regime should inform future legislative developments.

Amendment 152
Antonio Maria Rinaldi, Francesca Donato, Valentino Grant, Marco Zanni

Proposal for a regulation
Recital 5

Text proposed by the Commission	*Amendment*
(5) In order to allow for the development of crypto-assets that qualify as financial instruments and DLT, while preserving a high level of financial stability, market integrity, transparency and investor protection, it would be useful to create a pilot regime for DLT market infrastructures. A pilot regime for DLT market infrastructures should allow such DLT market infrastructures to be temporarily exempted from some specific requirements under the Union financial services legislation that could otherwise prevent them from developing solutions for the trading and settlement of transactions in crypto-assets that qualify as financial instruments. The pilot regime should also enable the European Securities and Markets Authorities (ESMA) and competent authorities to gain experience on the opportunities and specific risks created by crypto-assets that qualify as financial instruments, and by their underlying technology.	(5) In order to allow for the development of crypto-assets that qualify as financial instruments and DLT, while preserving a high level of financial stability, market integrity, transparency and investor protection, it would be useful to create a pilot regime for DLT market infrastructures. A pilot regime for DLT market infrastructures should allow such DLT market infrastructures to be temporarily exempted from some specific requirements under the Union financial services legislation that could otherwise prevent them from developing solutions for the trading and settlement of transactions in crypto-assets that qualify as financial instruments. The ***establishment of the pilot regime should not adversely affect the tasks and responsibilities of the European Central Bank (ECB) and national central banks in the European System of Central Banks (ESCB), as provided for in the Treaty on the Functioning of the European Union and the Statute of the ESCB and of the ECB, to promote the smooth operation of payment systems and***

to ensure efficient and reliable clearing and payment systems within the Union and with other countries. The pilot regime should also enable the European Securities and Markets Authorities (ESMA) and competent authorities to gain experience on the opportunities and specific risks created by crypto-assets that qualify as financial instruments, and by their underlying technology.

Or. it

Amendment 153
Jonás Fernández, Eero Heinäluoma

Proposal for a regulation
Recital 5

Text proposed by the Commission	*Amendment*
(5) In order to allow for the development of crypto-assets that qualify as financial instruments and DLT, while preserving a high level of financial stability, market integrity, transparency and investor protection, it would be useful to create a pilot regime for DLT market infrastructures. A pilot regime for DLT market infrastructures should allow such DLT market infrastructures to be temporarily exempted from some specific requirements under the Union financial services legislation that could otherwise prevent them from developing solutions for the trading and settlement of transactions in crypto-assets that qualify as financial instruments. The pilot regime should also enable the European Securities and Markets Authorities (ESMA) and competent authorities to gain experience on the opportunities and specific risks created by crypto-assets that qualify as financial instruments, and by their underlying technology.	(5) In order to allow for the development of crypto-assets that qualify as financial instruments and DLT, while preserving a high level of financial stability, market integrity, transparency and investor protection, it would be useful to create a pilot regime for DLT market infrastructures***. The creation of the pilot regime should be without prejudice to the tasks and responsibilities of the European Central Bank (ECB) and the national central banks in the European System of Central Banks (ESCB), set out in the Treaty on the Functioning of the European Union and the Statutes of the ESCB and of the ECB, to promote the smooth operation of payment systems and to ensure efficient and sound clearing and payment systems within the Union and with third countries***. A pilot regime for DLT market infrastructures should allow such DLT market infrastructures to be temporarily exempted from some specific requirements under the Union financial services legislation that could otherwise prevent them from developing solutions for the trading and settlement of transactions

in crypto-assets that qualify as financial instruments. The pilot regime should also enable the European Securities and Markets Authorities (ESMA) and competent authorities to gain experience on the opportunities and specific risks created by crypto-assets that qualify as financial instruments, and by their underlying technology.

Or. en

Justification

As per the ECB' opinion.

Amendment 154
Sven Giegold
on behalf of the Verts/ALE Group

Proposal for a regulation
Recital 5

Text proposed by the Commission	*Amendment*
(5) In order to allow for the development of crypto-assets that qualify as financial instruments and DLT, while preserving a high level of financial stability, market integrity, transparency and investor protection, it would be useful to create a pilot regime ***for*** DLT market infrastructures. A pilot regime for DLT market infrastructures should allow such DLT market infrastructures to be temporarily exempted from some specific requirements under the Union financial services legislation that could otherwise prevent them from developing solutions for the trading and settlement of transactions in crypto-assets that qualify as financial instruments. The pilot regime should also enable the European Securities and Markets Authorities (ESMA) and competent authorities to gain experience on the opportunities and specific risks created by crypto-assets that qualify as financial instruments, and by their underlying	(5) In order to allow for the development of crypto-assets that qualify as financial instruments and DLT, while preserving a high level of financial stability, market integrity, transparency and investor protection ***and avoiding regulatory arbitrage***, it would be useful to create a pilot regime ***to test*** DLT market infrastructures. A pilot regime for DLT market infrastructures should allow such DLT market infrastructures to be temporarily exempted from some specific requirements under the Union financial services legislation that could otherwise prevent them from developing solutions for the trading and settlement of transactions in crypto-assets that qualify as financial instruments***, without weakening any existing requirements and safeguards applied to traditional market infrastructures. In addition, DLT market infrastructures should have in place adequate safeguards to ensure effective***

technology.

protection of investors related to the use of DLT and define clear lines of responsibility and be liable to clients for any losses due to operational failures. The pilot regime should also enable the European Securities and Markets Authorities (ESMA) and competent authorities to ***draw lessons from and*** gain experience on the opportunities and specific risks created by crypto-assets that qualify as financial instruments, and by their underlying technology.

Or. en

Amendment 155
Jessica Polfjärd, Christophe Hansen

Proposal for a regulation
Recital 5

Text proposed by the Commission	*Amendment*
(5) In order to allow for the development of crypto-assets that qualify as financial instruments and DLT, while preserving a high level of financial stability, market integrity, transparency and investor protection, it would be useful to create a pilot regime for DLT market infrastructures. A pilot regime for DLT market infrastructures should allow such DLT market infrastructures to be temporarily exempted from some specific requirements under the Union financial services legislation that could otherwise prevent them from developing solutions for the trading and settlement of transactions in crypto-assets that qualify as financial instruments. The pilot regime should also enable the European Securities and Markets Authorities (ESMA) and competent authorities to gain experience on the opportunities and specific risks ***created by*** crypto-assets that qualify as financial instruments, and by their underlying technology.	(5) In order to allow for the development of crypto-assets that qualify as financial instruments and DLT, while preserving a high level of financial stability, market integrity, transparency and investor protection, it would be useful to create a pilot regime for DLT market infrastructures. A pilot regime for DLT market infrastructures should allow such DLT market infrastructures to be temporarily exempted from some specific requirements under the Union financial services legislation that could otherwise prevent them from developing solutions for the trading and settlement of transactions in crypto-assets that qualify as financial instruments. The pilot regime should also enable the European Securities and Markets Authorities (ESMA) and competent authorities to gain experience on the opportunities and specific risks ***related to*** crypto-assets that qualify as financial instruments, and by their underlying technology. ***The experience gained with the pilot regime is intended to identify***

possible practical proposals for a suitable regulatory framework in order to make targeted adjustments to existing Union law regulating the issuance, safekeeping and asset servicing, trading and settlement of financial instruments based on DLT.

Or. en

Amendment 156
Stéphanie Yon-Courtin, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Recital 5

Text proposed by the Commission	*Amendment*
(5) In order to allow for the development of crypto-assets that qualify as financial instruments and DLT, while preserving a high level of financial stability, market integrity, transparency and investor protection, it would be useful to create a pilot regime for DLT market infrastructures. A pilot regime for DLT market infrastructures should allow such DLT market infrastructures to be temporarily exempted from some specific requirements under the Union financial services legislation that could otherwise prevent them from developing solutions for the trading and settlement of transactions in crypto-assets that qualify as financial instruments. The pilot regime should also enable the European Securities and Markets Authorities (ESMA) and competent authorities to gain experience on the opportunities and specific risks created by crypto-assets that qualify as financial instruments, and by their underlying technology.	(5) In order to allow for the development of crypto-assets that qualify as financial instruments and DLT, while preserving a high level of financial stability, market integrity, transparency and investor protection, it would be useful to create a pilot regime for DLT market infrastructures. A pilot regime for DLT market infrastructures should allow such DLT market infrastructures to be temporarily exempted from some specific requirements under the Union financial services legislation that could otherwise prevent them from developing solutions for the trading and settlement of transactions in crypto-assets that qualify as financial instruments. The pilot regime should also enable the European Securities and Markets Authorities (ESMA) and competent authorities to gain experience on the opportunities and specific risks created by crypto-assets that qualify as financial instruments, and by their underlying technology. ***At the same time, the pilot regime should only introduce targeted adjustments to existing Union law, without resulting in a fundamental overhaul of the separation of trading and post-trading functions and of the landscape of financial market***

infrastructures.

Or. en

Justification

The DLT Pilot Regime should not act as a precedent setter for more fundamental review of the MiFID/R framework and of the CSD Regulation, notably on the categorisation of financial market infrastructures. Linking the pilot regime to OTFs and SIs should not be pursued.

Amendment 157
Eero Heinäluoma, Paul Tang, Jonás Fernández, Pedro Marques

Proposal for a regulation
Recital 5

Text proposed by the Commission	*Amendment*
(5) In order to allow for the development of crypto-assets that qualify as financial instruments and DLT, while preserving a high level of financial stability, market integrity, transparency ***and*** investor protection, it would be useful to create a pilot regime for DLT market infrastructures. A pilot regime for DLT market infrastructures should allow such DLT market infrastructures to be temporarily exempted from some specific requirements under the Union financial services legislation that could otherwise prevent them from developing solutions for the trading and settlement of transactions in crypto-assets that qualify as financial instruments. The pilot regime should also enable the European Securities and Markets Authorities (ESMA) and competent authorities to gain experience on the opportunities and specific risks created by crypto-assets that qualify as financial instruments, and by their underlying technology.	(5) In order to allow for the development of crypto-assets that qualify as financial instruments and DLT, while preserving a high level of financial stability, market integrity, transparency***,*** investor protection ***and a low consumption of energy***, it would be useful to create a pilot regime for DLT market infrastructures. A pilot regime for DLT market infrastructures should allow such DLT market infrastructures to be temporarily exempted from some specific requirements under the Union financial services legislation that could otherwise prevent them from developing solutions for the trading and settlement of transactions in crypto-assets that qualify as financial instruments. The pilot regime should also enable the European Securities and Markets Authorities (ESMA) and competent authorities to gain experience on the opportunities and specific risks created by crypto-assets that qualify as financial instruments, and by their underlying technology***, which should be characterised by a low level of energy consumption***.

Or. en

Amendment 158
Markus Ferber

Proposal for a regulation
Recital 5 a (new)

Text proposed by the Commission	*Amendment*
	(5 a) The pilot regime for DLT-based market infrastructure should not result in the creation of regulatory arbitrage and loopholes. The general principle of 'same activity, same risk, same rules' should therefore be applied.

Or. en

Amendment 159
Eva Kaili

Proposal for a regulation
Recital 6

Text proposed by the Commission	*Amendment*
(6) To meet this objective, a new Union status of DLT market infrastructures should be created. This status of DLT market infrastructure should be optional and should not prevent financial market infrastructures, such as trading venues, central securities depositories and central counterparties, from developing trading and post-trading services and activities for crypto-assets which qualify as financial instruments or are based on DLT, under the existing Union financial services legislation.	(6) To meet this objective, a new Union status of DLT market infrastructures should be created ***in order to ensure that the Union is able to maintain its competitive lead regarding tokenised assets and to contribute to the development of a secondary market for those assets***. This status of DLT market infrastructure should be optional and should not prevent financial market infrastructures, such as trading venues, central securities depositories and central counterparties, from developing trading and post-trading services and activities for crypto-assets which qualify as financial instruments or are based on DLT, under the existing Union financial services legislation.

Or. en

Justification

It is important to stress the need for EU to stay in the lead of a new global DLT based economy that will allow for economies of scale and efficiencies in tokenized assets' markets.

Amendment 160
Jonás Fernández, Eero Heinäluoma

Proposal for a regulation
Recital 6 a (new)

Text proposed by the Commission	*Amendment*
	(6 a) Where CSDs operated by members of the ESCB, by Member States' national bodies performing similar functions, or by other public bodies charged with or intervening in the management of public debt in the Union, operate a DLT securities settlement system, they should not be required to seek specific exemptions or permissions from a competent authority, since such CSDs are not required to report to competent authorities or to comply with their orders, and are subject to a limited set of requirements under Regulation (EU) No 909/2014, in accordance with Article 1(4) of that Regulation.

Or. en

Justification

As per the ECB' opinion.

Amendment 161
Johan Van Overtveldt

Proposal for a regulation
Recital 6 a (new)

Text proposed by the Commission	*Amendment*
	(6 a) Where CSDs operated by members of the ESCB, by Member States' national bodies performing similar functions, or by

other public bodies charged with or intervening in the management of public debt in the Union, operate a DLT SSS, they should not be required to seek specific exemptions or permissions from a competent authority, since such CSDs are not required to report to competent authorities or to comply with their orders, and are subject to a limited set of requirements under Regulation (EU) No 909/2014, in accordance with Article 1(4) of that Regulation.

Or. en

Justification

This amendment aims at taking into account a suggestion made in the ECB opinion. For the sake of legal certainty, the ECB proposes to state expressly that CSDs operated by ESCB central banks which operate a DLT securities settlement system are exempt from the provisions of the proposed regulation concerning the process of granting exemptions and withdrawing permissions.

Amendment 162
Eva Kaili

Proposal for a regulation
Recital 7

Text proposed by the Commission	*Amendment*
(7) A DLT market infrastructure should be defined either as a DLT multilateral trading facility (DLT MTF) or a DLT securities settlement system.	(7) A DLT market infrastructure should be defined either as a DLT multilateral trading facility (DLT MTF) or a DLT securities settlement system. ***Those DLT market infrastructures should be able to cooperate with other market participants to find innovative solutions based on DLT on each segment of the value chain of the financial services.***

Or. en

Justification

The pilot regime should give the room to market participants that may not wish to become DLT market infrastructure themselves but wish to join forces by cooperating with DLT market infrastructures, to test new models for storing information on the blockchain.

Amendment 163
Eva Kaili

Proposal for a regulation
Recital 8

Text proposed by the Commission	*Amendment*
(8) A DLT MTF should be a multilateral trading facility that is operated by an investment firm or a market operator that operate the business ***or*** a regulated market and maybe the regulated market itself, authorised under Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II), and that has received a specific permission under this Regulation. ***Such*** a DLT MTF should be subject to all the requirements applicable to a multilateral trading facility under the framework of Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II), Regulation EU No 600/2014 of the European Parliament and of the Council (the Markets in Financial Instruments Regulation, MiFIR)[41] , or any other ***EU*** financial services legislation, except if ***it*** has been granted one or several exemptions by its national competent authority, in accordance with this Regulation and Directive (EU) .../... of the European Parliament and of the Council[42] .	(8) A DLT MTF should be a multilateral trading facility that is operated by an investment firm or a market operator that operate the business ***of*** a regulated market and maybe the regulated market itself, authorised under Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II), and that has received a specific permission under this Regulation. A DLT MTF ***and its operator*** should be subject to all the requirements applicable to a multilateral trading facility ***and its operator*** under the framework of Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II), Regulation EU No 600/2014 of the European Parliament and of the Council (the Markets in Financial Instruments Regulation, MiFIR)[41] , or any other ***applicable Union*** financial services legislation, except if ***the DLT MTF*** has been granted one or several exemptions by its national competent authority, in accordance with this Regulation and Directive (EU) .../... of the European Parliament and of the Council[42] . ***New market participants or regulated entities, such as investment firms or credit institutions, that wish to operate a DLT MTF under this Regulation, should be allowed to follow a one-step application procedure by applying to their national competent authority to be authorised under Directive 2014/65/EU(MiFID II) and stating at the same time any exemption that they wish to be granted, in accordance with this Regulation and with Directive (EU) .../... of the European Parliament and of the Council.***

[41] Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (OJ L 173, 12.6.2014, p. 84)

[42] Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2009/65/EC, 2009/138/EU, 2011/61/EU, EU/2013/36, 2014/65/EU, (EU) 2015/2366 and EU/2016/2341 - COM(2020)596

[41] Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (OJ L 173, 12.6.2014, p. 84)

[42] Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2009/65/EC, 2009/138/EU, 2011/61/EU, EU/2013/36, 2014/65/EU, (EU) 2015/2366 and EU/2016/2341 - COM(2020)596

Or. en

Justification

Some requirements are applicable to the operator of the market infrastructure. Moreover, it is of utmost importance to provide for a one-step authorization procedure for new entrants that would wish to participate to the pilot regime by becoming DLT MTF. The aim is to avoid a resource and time-consuming double authorization procedure that would represent an important burden for a new market participant.

Amendment 164
Sven Giegold
on behalf of the Verts/ALE Group

Proposal for a regulation
Recital 8

Text proposed by the Commission	*Amendment*
(8) A DLT MTF should be a multilateral trading facility that is operated by an investment firm or a market operator that operate the business or a regulated market and maybe the regulated market itself, authorised under Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II)**,** and that has received a specific permission under this Regulation. Such a DLT MTF should be subject to all the requirements applicable to a multilateral trading facility under the framework of Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II),	(8) A DLT MTF should be a multilateral trading facility that is operated by an investment firm or a market operator that operate the business or a regulated market and maybe the regulated market itself, authorised under Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II) and that has received a specific permission under this Regulation. Such a DLT MTF should be subject to all the requirements applicable to a multilateral trading facility under the framework of Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II),

Regulation EU No 600/2014 of the European Parliament and of the Council (the Markets in Financial Instruments Regulation, MiFIR)[41] **,** or any other EU financial services legislation, except ***if it*** has been granted ***one or several exemptions by its national competent authority,*** in accordance with this Regulation ***and*** Directive ***(EU) .../... of the European Parliament and of the Council***[42] .	Regulation EU No 600/2014 of the European Parliament and of the Council (the Markets in Financial Instruments Regulation, MiFIR)[41] or any other EU financial services legislation, except ***for the requirements from which an exemption*** has been granted ***by ESMA*** in accordance with this Regulation***. In order to allow competition, while preserving a level playing field and high standards in terms of investor protection, market integrity and financial stability, new entrants should be able to access the pilot regime, as long as they comply with the same requirements applicable to authorised investment firms under*** Directive ***2014/65/EU (MiFID) and any other Union financial services legislation, except for any exemptions granted in accordance with this Regulation***.
[41] Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (OJ L 173, 12.6.2014, p. 84)	[41] Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (OJ L 173, 12.6.2014, p. 84)
[42] Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2009/65/EC, 2009/138/EU, 2011/61/EU, EU/2013/36, 2014/65/EU, (EU) 2015/2366 and EU/2016/2341 - COM(2020)596	

Or. en

Amendment 165
Stéphanie Yon-Courtin, Ondřej Kovařík, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Recital 8

Text proposed by the Commission	*Amendment*
(8) A DLT MTF should be a multilateral trading facility that is operated by an investment firm or a market operator that operate the business or a regulated	(8) A DLT MTF should be a multilateral trading facility that is operated by ***an entity, including but not limited to*** an investment firm or a market operator

market and maybe the regulated market itself, authorised under Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II), ***and*** that has received a specific permission under this Regulation. Such a DLT MTF should be subject to all the requirements applicable to a multilateral trading facility under the framework of Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II), Regulation EU No 600/2014 of the European Parliament and of the Council (the Markets in Financial Instruments Regulation, MiFIR)[41] , or any other EU financial services legislation, except if it has been granted one or several exemptions by its national competent authority, in accordance with this Regulation and Directive (EU) .../... of the European Parliament and of the Council[42] .	that operate the business or a regulated market and maybe the regulated market itself, authorised under Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II), that has received a specific permission under this Regulation. Such a DLT MTF should be subject to all the requirements applicable to a multilateral trading facility under the framework of Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II), Regulation EU No 600/2014 of the European Parliament and of the Council (the Markets in Financial Instruments Regulation, MiFIR)[41] , or any other EU financial services legislation, except if it has been granted one or several exemptions by its national competent authority, in accordance with this Regulation and Directive (EU) .../... of the European Parliament and of the Council[42] .
_____	_____
[41] Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (OJ L 173, 12.6.2014, p. 84)	[41] Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (OJ L 173, 12.6.2014, p. 84)
[42] Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2009/65/EC, 2009/138/EU, 2011/61/EU, EU/2013/36, 2014/65/EU, (EU) 2015/2366 and EU/2016/2341 - COM(2020)596	[42] Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2009/65/EC, 2009/138/EU, 2011/61/EU, EU/2013/36, 2014/65/EU, (EU) 2015/2366 and EU/2016/2341 - COM(2020)596

Or. en

Justification

Openness of the pilot regime to new entrants

Amendment 166
Gunnar Beck, Maximilian Krah

Proposal for a regulation
Recital 8

Text proposed by the Commission	*Amendment*
(8) A DLT MTF should be a multilateral trading facility that is operated by an investment firm or a market operator that operate the business or a regulated market and maybe the regulated market itself, authorised under Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II), and that has received a specific permission under this Regulation. Such a DLT MTF should be subject to all the requirements applicable to a multilateral trading facility under the framework of Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II), Regulation EU No 600/2014 of the European Parliament and of the Council (the Markets in Financial Instruments Regulation, MiFIR)[41] , or any other EU financial services legislation, except if it has been granted one or several exemptions by its national competent authority, in accordance with this Regulation and Directive (EU) .../... of the European Parliament and of the Council[42] .	(8) A DLT MTF should be a multilateral trading facility that is operated by an investment firm***, an issuer of crypto-assets,*** or a market operator that operate the business or a regulated market and maybe the regulated market itself, authorised under Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II), and that has received a specific permission under this Regulation. Such a DLT MTF should be subject to all the requirements applicable to a multilateral trading facility under the framework of Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II), Regulation EU No 600/2014 of the European Parliament and of the Council (the Markets in Financial Instruments Regulation, MiFIR)[41] , or any other EU financial services legislation, except if it has been granted one or several exemptions by its national competent authority, in accordance with this Regulation and Directive (EU) .../... of the European Parliament and of the Council[42] .
[41] Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (OJ L 173, 12.6.2014, p. 84)	[41] Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (OJ L 173, 12.6.2014, p. 84)
[42] Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2009/65/EC, 2009/138/EU, 2011/61/EU, EU/2013/36, 2014/65/EU, (EU) 2015/2366 and EU/2016/2341 - COM(2020)596	[42] Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2009/65/EC, 2009/138/EU, 2011/61/EU, EU/2013/36, 2014/65/EU, (EU) 2015/2366 and EU/2016/2341 - COM(2020)596

Or. en

Amendment 167
Jessica Polfjärd

Proposal for a regulation

Recital 8

Text proposed by the Commission	*Amendment*
(8) A DLT MTF should be a multilateral trading facility that is operated by an investment firm or a market operator that ***operate*** the business ***or*** a regulated market and maybe the regulated market itself, authorised under Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II), and that has received a specific permission under this Regulation. Such a DLT MTF should be subject to all the requirements applicable to a multilateral trading facility under the framework of Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II), Regulation EU No 600/2014 of the European Parliament and of the Council (the Markets in Financial Instruments Regulation, MiFIR)[41] , ***or*** any other ***EU*** financial services legislation, except if it has been granted one or several exemptions by its national competent authority, in accordance with this Regulation and Directive (EU) .../... of the European Parliament and of the Council[42] .	(8) A DLT MTF should be a multilateral trading facility that is operated by an investment firm or a market operator that ***operates*** the business ***of*** a regulated market and maybe the regulated market itself, authorised under Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II), and that has received a specific permission under this Regulation. Such a DLT MTF should be subject to all the requirements applicable to a multilateral trading facility under the framework of Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II), Regulation EU No 600/2014 of the European Parliament and of the Council (the Markets in Financial Instruments Regulation, MiFIR)[41] , ***and*** any other ***applicable Union*** financial services legislation, except if it has been granted one or several exemptions by its national competent authority, in accordance with this Regulation and Directive (EU) .../... of the European Parliament and of the Council[42] .
[41] Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (OJ L 173, 12.6.2014, p. 84)	[41] Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (OJ L 173, 12.6.2014, p. 84)
[42] Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2009/65/EC, 2009/138/EU, 2011/61/EU, EU/2013/36, 2014/65/EU, (EU) 2015/2366 and EU/2016/2341 - COM(2020)596	[42] Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2009/65/EC, 2009/138/EU, 2011/61/EU, EU/2013/36, 2014/65/EU, (EU) 2015/2366 and EU/2016/2341 - COM(2020)596

Or. en

Amendment 168
Stéphanie Yon-Courtin, Ondřej Kovařík, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Recital 8 a (new)

Text proposed by the Commission	*Amendment*
	(8 a) Entities that are not authorised under Directive 2014/65/EU should be allowed to apply for a specific permission under this Regulation to operate a DLT MTF, following a fast-track procedure.

Or. en

Justification

Fast track procedure for new entrants not authorised as an MTF as the time of the application

Amendment 169
Eva Kaili

Proposal for a regulation
Recital 9

Text proposed by the Commission	*Amendment*
(9) The use of distributed ledger technology, with all transactions recorded in a decentralised ***ledger***, can expedite and condense trading and settlement to nearly real-time and could enable the merger of trading and post-trading activities. However, the current rules envisage the performance of trading and settlement activities by separate market infrastructures. Regulation (EU) No 909/2014 of the European Parliament and of the Council (the Central Securities Depositories Regulation) requires that financial instruments admitted to trading on a trading venue within the meaning of Directive 2014/65/EU (Market in Financial Instruments Directive, MiFID II) be recorded with a central securities depositary ('CSD'), while a distributed ledger could be potentially used as a decentralised ***version*** of such a depository.	(9) The use of distributed ledger technology, with all transactions recorded in a decentralised ***digital database***, can expedite and condense trading and settlement to nearly real-time and could enable the merger of trading and post-trading activities. However, the current rules envisage the performance of trading and settlement activities by separate market infrastructures. Regulation (EU) No 909/2014 of the European Parliament and of the Council (the Central Securities Depositories Regulation) requires that financial instruments admitted to trading on a trading venue within the meaning of Directive 2014/65/EU (Market in Financial Instruments Directive, MiFID II) be recorded with a central securities depositary ('CSD'), while a distributed ledger could be potentially used as a decentralised ***database*** of such a

Therefore, it would be justified to allow a DLT ***MTF to perform*** some activities normally performed by ***a CSD***. Therefore, when granted the relevant exemption(s), a DLT ***MTF*** should be allowed to ensure the initial recording of DLT transferable securities, the settlement of transactions in DLT transferable securities and the safekeeping of DLT transferable securities.

depository. Therefore, it would be justified to allow a DLT ***market infrastructure to combine*** some activities normally performed by ***both MTFs and CSDs***. Therefore, when granted the relevant exemption(s) ***and resulting permission***, a DLT ***market infrastructure*** should be allowed to ensure the initial recording ***and trading*** of DLT transferable securities, the settlement of transactions in DLT transferable securities and the safekeeping of DLT transferable securities ***leveraging distributed ledger technology***.

Or. en

Amendment 170
Jessica Polfjärd

Proposal for a regulation
Recital 9

Text proposed by the Commission	*Amendment*
(9) The use of distributed ledger technology, with all transactions recorded in a ***decentralised*** ledger, can expedite and condense trading and settlement to nearly real-time and could enable the merger of trading and post-trading activities. However, the current rules envisage the performance of trading and settlement activities by separate market infrastructures. Regulation (EU) No 909/2014 of the European Parliament and of the Council (the Central Securities Depositories Regulation) requires that financial instruments admitted to trading on a trading venue within the meaning of Directive 2014/65/EU (Market in Financial Instruments Directive, MiFID II) be recorded with a central securities depositary ('CSD'), while a distributed ledger could be potentially used as a decentralised version of such a depository. Therefore, it would be justified to allow a DLT MTF to perform some activities normally performed by a CSD. Therefore,	(9) The use of distributed ledger technology, with all transactions recorded in a ***distributed*** ledger, can expedite and condense trading and settlement to nearly real-time and could enable the merger of trading and post-trading activities. However, the current rules envisage the performance of trading and settlement activities by separate market infrastructures. Regulation (EU) No 909/2014 of the European Parliament and of the Council (the Central Securities Depositories Regulation) requires that financial instruments admitted to trading on a trading venue within the meaning of Directive 2014/65/EU (Market in Financial Instruments Directive, MiFID II) be recorded with a central securities depositary ('CSD'), while a distributed ledger could be potentially used as a decentralised version of such a depository. Therefore, it would be justified to allow a DLT MTF to perform some activities normally performed by a CSD. Therefore,

when granted the relevant exemption(s), a DLT MTF should be allowed to ensure the initial recording of DLT transferable securities, the settlement of transactions in DLT transferable securities and the safekeeping of DLT transferable securities.

when granted the relevant exemption(s), a DLT MTF should be allowed to ensure the initial recording of DLT transferable securities, the settlement of transactions in DLT transferable securities and the safekeeping of DLT transferable securities.

Or. en

Amendment 171
Sven Giegold
on behalf of the Verts/ALE Group

Proposal for a regulation
Recital 10

Text proposed by the Commission	*Amendment*
(10) A DLT securities settlement system should be a securities settlement system operated by a CSD authorised under Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation) that has received a specific permission under this Regulation. A DLT securities settlement system, and the CSD operating it, should be subject to the relevant requirements of Regulation (EU) No 909/2014 (the Central Securities Depository Regulation), except ***where the national competent authority has*** granted the CSD operating the DLT securities settlement system ***with one or several exemptions***, in accordance with this Regulation.	(10) A DLT securities settlement system should be a securities settlement system operated by a CSD authorised under Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation) that has received a specific permission under this Regulation. A DLT securities settlement system, and the CSD operating it, should be subject to the relevant requirements of Regulation (EU) No 909/2014 (the Central Securities Depository Regulation), except ***for the requirements from which an exemption has been*** granted ***by ESMA to*** the CSD operating the DLT securities settlement system, in accordance with this Regulation. ***In order to allow competition, while preserving a level playing field and high standards in terms of investor protection, market integrity and financial stability, new entrants should be able to access the pilot regime, as long as they comply with the requirements applicable to an authorised CSD under Regulation (EU) No 909/2014, in a manner proportionate to the nature, scale and risks of their business, and with any other Union financial services legislation, except for the exemptions granted in accordance with this Regulation. In order to ensure***

business continuity, while also ensuring fair competition, new entrants should make arrangements with authorised CDS, which should offer to conclude such arrangements in a non-discriminatory manner against a reasonable commercial fee based on actual costs.

Or. en

Amendment 172
Jessica Polfjärd

Proposal for a regulation
Recital 10

Text proposed by the Commission	*Amendment*
(10) A DLT securities settlement system should be a securities settlement system operated by a CSD authorised under Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation) that has received a specific permission under this Regulation. A DLT securities settlement system, and the CSD operating it, should be subject to the relevant requirements of Regulation (EU) No 909/2014 (the Central Securities Depository Regulation)**,** except where the national competent authority has granted the CSD operating the DLT securities settlement system with one or several exemptions, in accordance with this Regulation.	(10) A DLT securities settlement system should be a securities settlement system operated by a CSD authorised under Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation) that has received a specific permission under this Regulation. A DLT securities settlement system, and the CSD operating it, should be subject to the relevant requirements of Regulation (EU) No 909/2014 (the Central Securities Depository Regulation) ***and any other applicable Union financial services legislation*** except where the national competent authority has granted the CSD operating the DLT securities settlement system with one or several exemptions, in accordance with this Regulation.

Or. en

Amendment 173
Stéphanie Yon-Courtin, Ondřej Kovařík, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Recital 10

Text proposed by the Commission	*Amendment*
(10) A DLT securities settlement system should be a securities settlement system operated by a CSD authorised under Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation) that has received a specific permission under this Regulation. A DLT securities settlement system, and the ***CSD*** operating it, should be subject to the relevant requirements of Regulation (EU) No 909/2014 (the Central Securities Depository Regulation), except where the national competent authority has granted the ***CSD*** operating the DLT securities settlement system with one or several exemptions, in accordance with this Regulation.	(10) A DLT securities settlement system should be ***an entity, including but not limited to*** a securities settlement system operated by a CSD authorised under Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation) that has received a specific permission under this Regulation. A DLT securities settlement system, and the ***entity*** operating it, should be subject to the relevant requirements of Regulation (EU) No 909/2014 (the Central Securities Depository Regulation), except where the national competent authority has granted the ***entity*** operating the DLT securities settlement system with one or several exemptions, in accordance with this Regulation.

Or. en

Justification

Openness of the pilot regime to new entrants

Amendment 174
Eva Kaili

Proposal for a regulation
Recital 10

Text proposed by the Commission	*Amendment*
(10) A DLT securities settlement system should be a securities settlement system operated by a CSD authorised under Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation) that has received a specific permission under this Regulation. A DLT securities settlement system, and the CSD operating it, should be subject to the relevant requirements of Regulation (EU) No 909/2014 (the Central Securities Depository Regulation), except where the national competent authority has granted	(10) A DLT securities settlement system should be a securities settlement system operated by a CSD authorised under Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation) that has received a specific permission under this Regulation. A DLT securities settlement system, and the CSD operating it, should be subject to the relevant requirements of Regulation (EU) No 909/2014 (the Central Securities Depository Regulation), except where the national competent authority has granted

the CSD operating the DLT securities settlement system with one or several exemptions, in accordance with this Regulation.	the CSD operating the DLT securities settlement system with one or several exemptions, in accordance with this Regulation. ***New market participants or regulated entities, such as investment firms or credit institutions, that wish to operate a DLT SSS under this Regulation should be allowed to follow a one-step application procedure by applying to their national competent authority to be authorised under Regulation (EU) No 909/2014 (CSDR) and stating at the same time any exemption that they wish to be granted, in accordance with this Regulation and with Directive (EU) .../... of the European Parliament and of the Council.***

Or. en

Justification

Editorial comment. Some requirements are applicable to the operator of the market infrastructure. Moreover, it is of utmost importance to provide for a one-step authorization procedure for new entrants that would wish to participate to the pilot regime by operating a DLT SSS. The aim is to avoid a resource and time-consuming double authorization procedure that would represent an important burden for a new market participant.

Amendment 175
Eero Heinäluoma, Paul Tang, Jonás Fernández, Pedro Marques

Proposal for a regulation
Recital 10

Text proposed by the Commission	*Amendment*
(10) A DLT securities settlement system should be a securities settlement system operated by a CSD authorised under Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation) that has received a specific permission under this Regulation. A DLT securities settlement system, and the CSD operating it, should be subject to the relevant requirements of Regulation (EU) No 909/2014 (the Central Securities Depository Regulation), except where the	(10) A DLT securities settlement system should be a securities settlement system operated by a CSD authorised under Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation) that has received a specific permission under this Regulation. A DLT securities settlement system, and the CSD operating it, should be subject to the relevant requirements of Regulation (EU) No 909/2014 (the Central Securities Depository Regulation), except where the

national competent authority has granted the CSD operating the DLT securities settlement system with one or several exemptions, in accordance with this Regulation.	national competent authority has granted the CSD operating the DLT securities settlement system with one or several exemptions, in accordance with this Regulation. ***Such an exemption can only be granted provided the DLT securities settlement system operates in an energy friendly way.***

Or. en

Amendment 176
Stéphanie Yon-Courtin, Ondřej Kovařík, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Recital 10 a (new)

Text proposed by the Commission	*Amendment*
	(10 a) Entities that are not authorised under Regulation (EU) No 909/2014 should be allowed to apply for a specific permission under this Regulation to operate a DLT securities settlement system, following a fast-track procedure.

Or. en

Justification

Fast track procedure for new entrants not authorised as a CSD as the time of the application

Amendment 177
Eva Kaili

Proposal for a regulation
Recital 11

Text proposed by the Commission	*Amendment*
(11) A DLT MTF or a CSD operating a DLT ***securities settlement system*** should only admit to trading or record DLT transferable securities on ***their*** distributed ledger. DLT transferable securities should be crypto-assets that qualify as	(11) A DLT MTF or a CSD operating a DLT ***SSS*** should only admit to trading or record DLT transferable securities on ***a*** distributed ledger. DLT transferable securities should be crypto-assets that qualify as 'transferable securities' within

‘transferable securities’ within the meaning of Directive 2014/65/EU (the Market in Financial Instruments Directive, MiFID II) and that are issued, transferred and stored on a distributed ledger.	the meaning of Directive 2014/65/EU (the Market in Financial Instruments Directive, MiFID II) and that are issued, transferred and stored on a distributed ledger. ***This Regulation should specify the DLT transferrable securities eligible to be traded or recorded.***

Or. en

Justification

As the definition of “DLT transferable securities” refers to Article 4 (1) (44) (a) and (b) of MiFID II, which includes more than what is envisaged in Art. 3(1) of this Regulation.

Amendment 178
Jessica Polfjärd, Christophe Hansen

Proposal for a regulation
Recital 11

Text proposed by the Commission	*Amendment*
(11) A DLT MTF or a CSD operating a DLT securities settlement system should only admit to trading or record DLT transferable securities on ***their*** distributed ledger. DLT transferable securities should be crypto-assets that qualify as ‘transferable securities’ within the meaning of Directive 2014/65/EU (the Market in Financial Instruments Directive, MiFID II) and that are issued, transferred and stored on a distributed ledger.	(11) A DLT MTF or a CSD operating a DLT securities settlement system should only admit to trading or record DLT transferable securities on ***a*** distributed ledger. DLT transferable securities should be crypto-assets that qualify as ‘transferable securities’ within the meaning of Directive 2014/65/EU (the Market in Financial Instruments Directive, MiFID II) and that are issued, transferred and stored on a distributed ledger.

Or. en

Amendment 179
Stéphanie Yon-Courtin, Ondřej Kovařík, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Recital 11

Text proposed by the Commission	*Amendment*
(11) A DLT MTF or ***a CSD*** operating a	(11) A DLT MTF or ***an entity*** operating

DLT securities settlement system should only admit to trading or record DLT transferable securities on their distributed ledger. DLT transferable securities should be crypto-assets that qualify as 'transferable securities' within the meaning of Directive 2014/65/EU (the Market in Financial Instruments Directive, MiFID II) and that are issued, transferred and stored on a distributed ledger.	a DLT securities settlement system should only admit to trading or record DLT transferable securities on their distributed ledger. DLT transferable securities should be crypto-assets that qualify as 'transferable securities' within the meaning of Directive 2014/65/EU (the Market in Financial Instruments Directive, MiFID II) and that are issued, transferred and stored on a distributed ledger.

Or. en

Justification

Openness of the pilot regime to new entrants

Amendment 180
Eero Heinäluoma, Jonás Fernández, Pedro Marques

Proposal for a regulation
Recital 11

Text proposed by the Commission	*Amendment*
(11) A DLT MTF or a CSD operating a DLT securities settlement system should only admit to trading or record DLT transferable securities on their distributed ledger. DLT transferable securities should be crypto-assets that qualify as 'transferable securities' within the meaning of Directive 2014/65/EU (the Market in Financial Instruments Directive, MiFID II) and that are issued, transferred and stored on a distributed ledger.	(11) A DLT MTF or a CSD operating a DLT securities settlement system should only admit to trading or record DLT transferable securities on their distributed ledger. DLT transferable securities should be crypto-assets that qualify as 'transferable securities' within the meaning of Directive 2014/65/EU (the Market in Financial Instruments Directive, MiFID II) and that are issued, transferred and stored on a distributed ledger. ***DLT market infrastructures should bear the liability for risks related to the functioning of the DLT they operate, notably ledger transparency risks, cyber risks and operational risks.***

Or. en

Amendment 181
Eva Kaili

Proposal for a regulation
Recital 12

Text proposed by the Commission	*Amendment*
(12) In order to allow innovation and experimentation in a sound regulatory environment while preserving financial stability, the type of transferable securities admitted to trading ***on a DLT MTF*** or recorded ***in a CSD operating*** a DLT ***securities settlement system*** should be limited to securities, such as shares ***and*** bonds ***that are not liquid***. In order to determine whether a share ***or bond*** is liquid or not, this Regulation should set some value thresholds. To avoid the creation of any risk to financial stability, the total market value of DLT transferable securities recorded by a CSD operating a DLT ***securities settlement system***, or admitted to trading by a DLT MTF, should also be limited***. DLT market infrastructures should also be prevented from admitting to trading or recording on the distributed ledger sovereign bonds***. To verify that the DLT transferable securities traded on or recorded by a DLT market infrastructure ***meets*** the conditions imposed under this Regulation, national competent authorities should be allowed to require such DLT market infrastructures to submit reports.	(12) In order to allow innovation and experimentation in a sound regulatory environment while preserving financial stability, the type of transferable securities admitted to trading or recorded ***on*** a DLT ***market infrastructure*** should be limited to securities, such as shares***,*** bonds***, including sovereign bonds, and exchange-traded funds (ETFs) up to the value of the thresholds set out in this Regulation***. In order to determine whether a share***, bond, ETF, UCIT or AIF*** is liquid or not, this Regulation should set some value thresholds. To avoid the creation of any risk to financial stability, the total market value of DLT transferable securities recorded by a CSD operating a DLT ***SSS***, or admitted to trading by a DLT MTF, should also be limited. To verify that the DLT transferable securities traded on or recorded by a DLT market infrastructure ***meet*** the conditions imposed under this Regulation ***throughout the period of their permitted participation in the pilot regime***, national competent authorities should be allowed to require such DLT market infrastructures to submit reports ***on a regular basis, as provided for in this Regulation***.

Or. en

Justification

It is suggested to extend the scope of the admissible transferable securities so as to include ETFs that invest in DLT transferable securities and/or are traded, settled and stored deploying DLT in order to allow a broader experimentation perimeter, respecting the thresholds set out herein. Last but not least, it should be explicitly stated that DLT market infrastructures must respect said thresholds on a permanent basis, as long as they operate under the permission envisaged herein.

Amendment 182

Jessica Polfjärd

Proposal for a regulation
Recital 12

Text proposed by the Commission	*Amendment*
(12) In order to allow innovation and experimentation in a sound regulatory environment while preserving financial stability, the type of transferable securities admitted to trading on a DLT MTF or recorded in a CSD operating a DLT securities settlement system should be limited to securities, such as shares and bonds ***that are not liquid***. In order to determine whether a share or bond is liquid or not, this Regulation should set some value thresholds. To avoid the creation of any risk to financial stability, the total market value of DLT transferable securities recorded by a CSD operating a DLT securities settlement system, or admitted to trading by a DLT MTF, should also be limited. DLT market infrastructures should also be prevented from admitting to trading or recording on the distributed ledger sovereign bonds. To verify that the DLT transferable securities traded on or recorded by a DLT market infrastructure meets the conditions imposed under this Regulation, national competent authorities should be allowed to require such DLT market infrastructures to submit reports.	(12) In order to allow innovation and experimentation in a sound regulatory environment while preserving financial stability, the type of transferable securities admitted to trading on a DLT MTF or recorded in a CSD operating a DLT securities settlement system should be limited to securities, such as shares and bonds***, subject to value thresholds set out in this Regulation***. In order to determine whether a share or bond is liquid or not, this Regulation should set some value thresholds. To avoid the creation of any risk to financial stability, the total market value of DLT transferable securities recorded by a CSD operating a DLT securities settlement system, or admitted to trading by a DLT MTF, should also be limited. DLT market infrastructures should also be prevented from admitting to trading or recording on the distributed ledger sovereign bonds. To verify that the DLT transferable securities traded on or recorded by a DLT market infrastructure meets the conditions imposed under this Regulation, national competent authorities should be allowed to require such DLT market infrastructures to submit reports.

Or. en

Amendment 183
Stéphanie Yon-Courtin, Ondřej Kovařík, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Recital 12

Text proposed by the Commission	*Amendment*
(12) In order to allow innovation and experimentation in a sound regulatory	(12) In order to allow innovation and experimentation in a sound regulatory

environment while preserving financial stability, the type of transferable securities admitted to trading on a DLT MTF or recorded in ***a CSD*** operating a DLT securities settlement system should be limited to securities, such as shares and bonds that are not liquid. In order to determine whether a share or bond is liquid or not, this Regulation should set some value thresholds. To avoid the creation of any risk to financial stability, the total market value of DLT transferable securities recorded by ***a CSD*** operating a DLT securities settlement system, or admitted to trading by a DLT MTF, should also be limited. DLT market infrastructures should also be prevented from admitting to trading or recording on the distributed ledger sovereign bonds. To verify that the DLT transferable securities traded on or recorded by a DLT market infrastructure meets the conditions imposed under this Regulation, national competent authorities should be allowed to require such DLT market infrastructures to submit reports.

environment while preserving financial stability, the type of transferable securities admitted to trading on a DLT MTF or recorded in ***an entity*** operating a DLT securities settlement system should be limited to securities, such as shares and bonds that are not liquid. In order to determine whether a share or bond is liquid or not, this Regulation should set some value thresholds. To avoid the creation of any risk to financial stability, the total market value of DLT transferable securities recorded by ***an entity*** operating a DLT securities settlement system, or admitted to trading by a DLT MTF, should also be limited. DLT market infrastructures should also be prevented from admitting to trading or recording on the distributed ledger sovereign bonds. To verify that the DLT transferable securities traded on or recorded by a DLT market infrastructure meets the conditions imposed under this Regulation, national competent authorities should be allowed to require such DLT market infrastructures to submit reports.

Or. en

Justification

Openness of the pilot regime to new entrants

Amendment 184
Jessica Polfjärd

Proposal for a regulation
Recital 13

Text proposed by the Commission	*Amendment*
(13) In order to ensure a level playing field with transferable securities admitted to trading on a traditional trading venue within the meaning of Directive 2014/65/EU (the Market in Financial Instruments Directive, MiFID II) and ***a high level*** of market integrity, the DLT transferable securities admitted to trading	(13) In order to ensure a level playing field with transferable securities admitted to trading on a traditional trading venue within the meaning of Directive 2014/65/EU (the Market in Financial Instruments Directive, MiFID II) and ***to ensure high levels*** of market integrity***, investor protection and financial stability***,

on a DLT MTF should always be subject to the provisions prohibiting market abuse in Regulation (EU) No 596/2014 (the Market Abuse Regulation).

the DLT transferable securities admitted to trading on a DLT MTF should always be subject to the provisions prohibiting market abuse in Regulation (EU) No 596/2014 (the Market Abuse Regulation).

Or. en

Amendment 185
Eero Heinäluoma, Jonás Fernández, Pedro Marques

Proposal for a regulation
Recital 13

Text proposed by the Commission	*Amendment*
(13) In order to ensure a level playing field with transferable securities admitted to trading on a traditional trading venue within the meaning of Directive 2014/65/EU (the Market in Financial Instruments Directive, MiFID II) and ***a high level*** of market integrity, the DLT transferable securities admitted to trading on a DLT MTF should always be subject to the provisions prohibiting market abuse in Regulation (EU) No 596/2014 (the Market Abuse Regulation).	(13) In order to ensure a level playing field with transferable securities admitted to trading on a traditional trading venue within the meaning of Directive 2014/65/EU (the Market in Financial Instruments Directive, MiFID II) and ***to ensure high levels*** of market integrity***, investor protection and financial stability***, the DLT transferable securities admitted to trading on a DLT MTF should always be subject to the provisions prohibiting market abuse in Regulation (EU) No 596/2014 (the Market Abuse Regulation).

Or. en

Amendment 186
Eva Kaili

Proposal for a regulation
Recital 14

Text proposed by the Commission	*Amendment*
(14) A DLT MTF should be able to request one or several exemptions on a temporary basis, as listed under this Regulation, to be granted by the competent authority, if it complies with the conditions attached to such exemptions as well as	(14) A DLT MTF should be able to request one or several exemptions on a temporary basis, as listed under this Regulation, to be granted by the competent authority***, following a recommendation issued by ESMA***, if it complies with the

additional requirements set under this Regulation to address novel forms of risks raised by the use of DLT. The DLT MTF should also comply with any compensatory measure imposed by the competent authority in order to meet the objectives pursued by the provision for which an exemption has been requested.	conditions attached to such exemptions as well as additional requirements set under this Regulation to address novel forms of risks raised by the use of DLT. The DLT MTF should also comply with any compensatory ***or corrective*** measure imposed by the competent authority***, or recommended by ESMA,*** in order to meet the objectives pursued by the provision for which an exemption has been requested.

Or. en

Justification

With a view to supervisory convergence, consistency and proportionality of the exemptions granted under this Regulation by different NCAs across the Union, that may not share the same level of tech savviness, and thus fostering the level playing field and discourage regulatory arbitrage, it is suggested a more strengthened role for ESMA. In line with Action 16 of the Commission's CMU New Action Plan.

Amendment 187
Eero Heinäluoma, Paul Tang, Jonás Fernández, Pedro Marques

Proposal for a regulation
Recital 14

Text proposed by the Commission	*Amendment*
(14) A DLT MTF should be able to request one or several exemptions on a temporary basis, as listed under this Regulation, to be granted by the competent authority, if it complies with the conditions attached to such exemptions as well as additional requirements set under this Regulation to address novel forms of risks raised by the use of DLT. ***The*** DLT MTF should also comply with any compensatory measure imposed by the competent authority in order to meet the objectives pursued by the provision for which an exemption has been requested***.***	(14) A DLT MTF should be able to request one or several exemptions on a temporary basis, as listed under this Regulation, to be granted by the competent authority ***after ESMA has issued its recommendation***, if it complies with the conditions attached to such exemptions as well as additional requirements set under this Regulation to address novel forms of risks raised by the use of DLT. ***A*** DLT MTF should also comply with any compensatory ***or corrective*** measure imposed by the competent authority in order to meet the objectives pursued by the provision for which an exemption has been requested

Or. en

Amendment 188
Christophe Hansen, Lídia Pereira

Proposal for a regulation
Recital 14

Text proposed by the Commission	*Amendment*
(14) A DLT MTF should be able to request one or several exemptions on a temporary basis, as listed under this Regulation, to be granted by the competent authority, if it complies with the conditions attached to such exemptions as well as additional requirements set under this Regulation to address novel forms of risks raised by the use of DLT. The DLT MTF should also comply with any compensatory measure imposed by the competent authority in order to meet the objectives pursued by the provision for which an exemption has been requested.	(14) A DLT MTF should be able to request one or several exemptions on a temporary basis, as listed under this Regulation, to be granted by the competent authority ***after ESMA has issued a non-binding opinion***, if it complies with the conditions attached to such exemptions as well as additional requirements set under this Regulation to address novel forms of risks raised by the use of DLT. The DLT MTF should also comply with any compensatory measure imposed by the competent authority in order to meet the objectives pursued by the provision for which an exemption has been requested.

Or. en

Amendment 189
Eva Kaili

Proposal for a regulation
Recital 15

Text proposed by the Commission	*Amendment*
(15) Where a financial instrument is admitted to trading on an MTF, it is to be recorded with an authorised Central Securities Depository in accordance with Regulation (EU) No 909/2014 (the ***Central Securities Depository Regulation***). While the recording of a transferable security and the settlement of related transactions could potentially take place on a distributed ledger, Regulation (EU) No 909/2014 imposes an intermediation by a CSD and would oblige to replicate the recording on	(15) Where a financial instrument is admitted to trading on an MTF, it is to be recorded with an authorised Central Securities Depository ***(CSD)*** in accordance with Regulation (EU) No 909/2014 (the ***CSDR***). While the recording of a transferable security and the settlement of related transactions could potentially take place on a distributed ledger, Regulation (EU) No 909/2014 imposes an intermediation by a CSD and would oblige to replicate the recording on the distributed

the distributed ledger at the CSD level, potentially imposing a functionally redundant overlay to the trade lifecycle of a financial instrument handled by DLT market infrastructures subject to this Regulation. Therefore, a DLT MTF should be able to request an exemption of the book-entry requirement and the recording with a CSD set by Regulation (EU) No 909/2014, where the DLT MTF complies with equivalent requirements to those applying to a CSD. The DLT MTF should record the transferable securities on ***its*** distributed ledger, ensure the integrity of the issues on the distributed ledger, establish and maintain procedures to ensure the safekeeping of the DLT transferable securities, complete the settlement of transactions, and prevent settlement fails.	ledger at the CSD level, potentially imposing a functionally redundant overlay to the trade lifecycle of a financial instrument handled by DLT market infrastructures subject to this Regulation. Therefore, a DLT MTF should be able to request an exemption of the book-entry requirement and the recording with a CSD set by Regulation (EU) No 909/2014, where the DLT MTF complies with equivalent requirements to those applying to a CSD. The DLT MTF should record the transferable securities on ***a*** distributed ledger, ensure the integrity of the issues on the distributed ledger, establish and maintain procedures to ensure the safekeeping of the DLT transferable securities, complete the settlement of transactions, and prevent settlement fails.

Or. en

Justification

The possibility to use public, permissioned or consortia blockchain, that have already been used in European DLT projects, would allow the pilot regime to test and develop new models/roles and be future proof. For each kind of DLT chosen (whether public, consortium or private), during the authorization process by the NCAs and the ESMA, the DLT MTF or the DLT SSS would have to document & ensure investor protection, market integrity and financial stability.

Amendment 190
Jessica Polfjärd

Proposal for a regulation
Recital 15

Text proposed by the Commission	*Amendment*
(15) Where a financial instrument is admitted to trading on an MTF, it is to be recorded with an authorised Central Securities Depository in accordance with Regulation (EU) No 909/2014 (the Central Securities Depository Regulation). While the recording of a transferable security and the settlement of related transactions could potentially take place on a distributed	(15) Where a financial instrument is admitted to trading on an MTF, it is to be recorded with an authorised Central Securities Depository in accordance with Regulation (EU) No 909/2014 (the Central Securities Depository Regulation). While the recording of a transferable security and the settlement of related transactions could potentially take place on a distributed

ledger, Regulation (EU) No 909/2014 imposes an intermediation by a CSD and would oblige to replicate the recording on the distributed ledger at the CSD level, potentially imposing a functionally redundant overlay to the trade lifecycle of a financial instrument handled by DLT market infrastructures subject to this Regulation. Therefore, a DLT MTF should be able to request an exemption of the book-entry requirement and the recording with a CSD set by Regulation (EU) No 909/2014, where the DLT MTF complies with equivalent requirements to those applying to a CSD. The DLT MTF should record the transferable securities on ***its*** distributed ledger, ensure the integrity of the issues on the distributed ledger, establish and maintain procedures to ensure the safekeeping of the DLT transferable securities, complete the settlement of transactions, and prevent settlement fails.

ledger, Regulation (EU) No 909/2014 imposes an intermediation by a CSD and would oblige to replicate the recording on the distributed ledger at the CSD level, potentially imposing a functionally redundant overlay to the trade lifecycle of a financial instrument handled by DLT market infrastructures subject to this Regulation. Therefore, a DLT MTF should be able to request an exemption of the book-entry requirement and the recording with a CSD set by Regulation (EU) No 909/2014, where the DLT MTF complies with equivalent requirements to those applying to a CSD. The DLT MTF should record the transferable securities on ***a*** distributed ledger, ensure the integrity of the issues on the distributed ledger, establish and maintain procedures to ensure the safekeeping of the DLT transferable securities, complete the settlement of transactions, and prevent settlement fails.

Or. en

Amendment 191
Eva Kaili

Proposal for a regulation
Recital 16

Text proposed by the Commission	*Amendment*
(16) Where performing the settlement of transactions in DLT transferable securities, the DLT MTF should ensure that the payment for DLT transferable securities from the buyer occurs at the same time as DLT transferable securities are delivered from the seller (delivery versus payment). Where practicable and available, the ***cash payments*** should be settled through central bank money and, where not practicable or available, through commercial bank money. In order to test innovative solutions and to allow for the ***cash payments*** to occur on a distributed ledger, the DLT MTFs should also be allowed to use so-	(16) Where performing the settlement of transactions in DLT transferable securities, the DLT MTF should ensure that the payment for DLT transferable securities from the buyer occurs at the same time as DLT transferable securities are delivered from the seller (Delivery versus Payment***,*** ***DvP***). Where practicable and available, the ***payment leg*** should be settled through central bank money and, where not practicable or available, through commercial bank money. In order to test innovative solutions and to allow for the ***payment leg*** to occur on a distributed ledger, the DLT MTFs should also be

called settlement coins, that is to say commercial bank money in a tokenised form, or e-money tokens as defined in the Regulation No 2021/XX on Markets in Crypto-Assets[43] . Where using commercial bank money for ***cash payments***, the DLT MTF should limit counterparty risk by establishing and monitoring adherence by the credit institutions used for the settlement of cash payments to strict criteria, such as their regulation and supervision, creditworthiness, capitalisation, access to liquidity and operational reliability.

allowed to use so-called settlement coins, that is to say commercial bank money in a tokenised form, or e-money tokens ***(EMTs)*** as defined in the Regulation No 2021/XX on Markets in Crypto-Assets. Where using commercial bank money for ***the payment leg***, the DLT MTF should limit counterparty risk by establishing and monitoring adherence by the credit institutions used for the settlement of cash payments to strict criteria, such as their regulation and supervision, creditworthiness, capitalisation, access to liquidity and operational reliability. ***Where using EMTs for the payment leg, participants in a DLT MTF should be able to open accounts directly with the DLT MTF for the purposes of settling the payment leg in EMTs, or alternatively the DLT MTF and its participants should be able to open an account with a third party providing services relating to EMTs. In those cases, the DLT MTF or the third party should be the issuer of EMTs and should ensure that settlement of the payment leg takes place in EMTs. Since EMTs can only be issued either by credit institutions or e-money institutions under Regulation No2021/XX on Markets in Crypto-Assets, the exemption provided under this Regulation with respect to the payment settlement provisions of the CSDR is not intended to exempt a DLT MTF, or a third party issuing EMTs and settling the payment leg of securities transactions through its own accounts, from the licensing requirements under Regulation No 2021/XX on Markets in Crypto-Assets.***

[43] Proposal for a Regulation of the European Parliament and of the Council on Markets in Crypto-assets, and amending Directive (EU) 2019/1937– COM(2020)593

Or. en

Justification

Editorial comment. Furthermore, it is suggested to incorporate point 3.3.7 of the Opinion of the ECB on the DLT pilot regime of April 28thas regards the settlement in EMTs.

Amendment 192
Eva Kaili

Proposal for a regulation
Recital 18

Text proposed by the Commission	*Amendment*
(18) To be granted an exemption under this Regulation, the DLT MTF should demonstrate that the exemption is proportionate and limited to the use of DLT as described in its business plan and that the ***exemption*** requested is limited to the DLT MTF and not extended to any other MTF operated by the same investment firm or market operator.	(18) To be granted an exemption under this Regulation, the DLT MTF should demonstrate that the ***requested*** exemption is proportionate and limited to the use of DLT as described in its business plan and that the requested ***exemption*** is limited to the DLT MTF and not extended to any other MTF operated by the same investment firm or market operator. ***Furthermore, if the operator of the DLT MTF operates any other MTF, it should be demonstrated that the operations of the DLT MTF will not affect, under any circumstances, the operations and robustness of any other MTF, for instance, where one or more entities participate in both a regular MTF and a DLT MTF operated by the same operator. In those circumstances, the DLT MTF operator should clearly explain the insolvency and settlement finality risks to which its participants are exposed, as well as any measures that it has put in place in order to mitigate such risks.***

Or. en

Justification

Editorial comments. Moreover, it is suggested to incorporate the second remark of point 3.4 of the "ECB Opinion on the DLT pilot regime" of April 28th in order to provide for "ring-fencing" DLT MTFs in case their operator operates other MTF(s), as well.

Amendment 193

Stéphanie Yon-Courtin, Ondřej Kovařík, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Recital 18

Text proposed by the Commission	*Amendment*
(18) To be granted an exemption under this Regulation, the DLT MTF should demonstrate that the exemption is proportionate and limited to the use of DLT as described in its business plan and that the exemption requested is limited to the DLT MTF and not extended to any other MTF operated by the same investment firm or market operator.	(18) To be granted an exemption under this Regulation, the DLT MTF should demonstrate that the exemption is proportionate and limited to the use of DLT as described in its business plan and that the exemption requested is limited to the DLT MTF and***, where the entity operating the DLT MTF is an investment firm or a market operator,*** not extended to any other MTF operated by the same investment firm or market operator.

Or. en

Justification

Openness of the pilot regime to new entrants

Amendment 194
Eva Kaili

Proposal for a regulation
Recital 19

Text proposed by the Commission	*Amendment*
(19) A CSD operating a DLT ***securities settlement system*** should be able to request one or several exemptions on a temporary basis, as listed under this Regulation, to be granted by the relevant competent authority, if it ***complied*** with the conditions to such exemptions as well as additional requirements to address novel forms of risks raised by the use of DLT. The CSD operating the DLT ***securities settlement system*** should comply with any compensatory measure imposed by the competent authority in order to meet the objectives pursued by the provision for which an exemption has been requested.	(19) A CSD operating a DLT ***SSS*** should be able to request one or several exemptions on a temporary basis, as listed under this Regulation, to be granted by the relevant competent authority ***following the recommendation issued by ESMA***, if it ***complies*** with the conditions ***attached*** to such exemptions as well as additional requirements ***set out under this Regulation*** to address novel forms of risks raised by the use of DLT. The CSD operating the DLT ***SSS*** should ***also*** comply with any compensatory ***or corrective*** measure imposed by the competent authority***, or recommended by ESMA,*** in order to meet

the objectives pursued by the provision for which an exemption has been requested.

Or. en

Amendment 195
Stéphanie Yon-Courtin, Ondřej Kovařík, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Recital 19

Text proposed by the Commission	*Amendment*
(19) ***A CSD*** operating a DLT securities settlement system should be able to request one or several exemptions on a temporary basis, as listed under this Regulation, to be granted by the relevant competent authority, if it complied with the conditions to such exemptions as well as additional requirements to address novel forms of risks raised by the use of DLT. The ***CSD*** operating the DLT securities settlement system should comply with any compensatory measure imposed by the competent authority in order to meet the objectives pursued by the provision for which an exemption has been requested.	(19) ***An entity*** operating a DLT securities settlement system should be able to request one or several exemptions on a temporary basis, as listed under this Regulation, to be granted by the relevant competent authority, if it complied with the conditions to such exemptions as well as additional requirements to address novel forms of risks raised by the use of DLT. The ***entity*** operating the DLT securities settlement system should comply with any compensatory measure imposed by the competent authority in order to meet the objectives pursued by the provision for which an exemption has been requested.

Or. en

Justification

Openness of the pilot regime to new entrants

Amendment 196
Eva Kaili

Proposal for a regulation
Recital 20

Text proposed by the Commission	*Amendment*
(20) A CSD operating a ***securities settlement system*** should be allowed to request exemptions from different	(20) A CSD operating a ***SSS*** should be allowed to request exemptions from different provisions that are likely to create

provisions that are likely to create regulatory obstacles for the development of settlement securities systems for transferable securities. For instance, a CSD should be able to request an exemption from some definitions of Regulation (EU) 909/2014 (the Central Securities Depositories Regulation), such as the notion of 'dematerialised form', 'security account', 'transfer orders' as well as exemptions from provisions which refers to the notion of 'security account', such as the rules on the recording of securities, integrity of issue or segregation of accounts. CSDs operate ***securities settlement system*** by crediting and debiting the securities accounts of its participants. However, double-entry (or multiple-entry) book keepings securities accounts may not always exist in a DLT system. Therefore, a CSD operating a DLT ***securities settlements system*** should be able to request an exemption from the rules referring to the notion of 'securities account' or 'book-entry form' should it be necessary to allow the recording of DLT transferable securities on a distributed ledger, to ensure the integrity of the DLT transferable security issue on the distributed ledger and the segregation of the DLT transferable securities belonging to various participants.	regulatory obstacles for the development of settlement securities systems for transferable securities. For instance, a CSD should be able to request an exemption from some definitions of Regulation (EU) 909/2014 (the Central Securities Depositories Regulation), such as the notion of 'dematerialised form', 'security account', 'transfer orders' as well as exemptions from provisions which refers to the notion of 'security account', such as the rules on the recording of securities, integrity of issue or segregation of accounts. CSDs operate ***SSS*** by crediting and debiting the securities accounts of its participants. However, double-entry (or multiple-entry) book keepings securities accounts may not always exist in a DLT system. Therefore, a CSD operating a DLT ***SSS*** should be able to request an exemption from the rules referring to the notion of 'securities account' or 'book-entry form' should it be necessary to allow the recording of DLT transferable securities on a distributed ledger***. However***, ***any CSD operating a DLT SSS should still be required*** to ensure the integrity of the DLT transferable security issue on the distributed ledger and the segregation of the DLT transferable securities belonging to various participants.

Or. en

Justification

Editorial comment. It must be ensured that CSDs operating DLT SSSs are mandated to ensure the integrity of the DLT transferable security issue by any other means if they do not use security accounts, as it is respectively required for MTFs.

Amendment 197
Jessica Polfjärd

Proposal for a regulation
Recital 20

Text proposed by the Commission	*Amendment*
(20) A CSD operating a securities settlement system should be allowed to request exemptions from ***different*** provisions that are likely to create regulatory obstacles for the development of settlement securities systems for transferable securities. For instance, a CSD should be able to request an exemption from some definitions of Regulation (EU) 909/2014 (the Central Securities Depositories Regulation), such as the notion of 'dematerialised form', 'security account', 'transfer orders' as well as exemptions from provisions which refers to the notion of 'security account', such as the rules on the recording of securities, integrity of issue or segregation of accounts. CSDs operate securities settlement system by crediting and debiting the securities accounts of its participants. However, double-entry (or multiple-entry) book keepings securities accounts may not always exist in a DLT system. Therefore, a CSD operating a DLT securities settlements system should be able to request an exemption from the rules referring to the notion of 'securities account' or 'book-entry form' should it be necessary to allow the recording of DLT transferable securities on a distributed ledger, to ensure the integrity of the DLT transferable security issue on the distributed ledger and the segregation of the DLT transferable securities belonging to various participants.	(20) A CSD operating a securities settlement system should be allowed to request exemptions from ***certain*** provisions that are likely to create regulatory obstacles for the development of settlement securities systems for transferable securities. For instance, a CSD should be able to request an exemption from some definitions of Regulation (EU) 909/2014 (the Central Securities Depositories Regulation), such as the notion of 'dematerialised form', 'security account', 'transfer orders' as well as exemptions from provisions which refers to the notion of 'security account', such as the rules on the recording of securities, integrity of issue or segregation of accounts. CSDs operate securities settlement system by crediting and debiting the securities accounts of its participants. However, double-entry (or multiple-entry) book keepings securities accounts may not always exist in a DLT system. Therefore, a CSD operating a DLT securities settlements system should be able to request an exemption from the rules referring to the notion of 'securities account' or 'book-entry form' should it be necessary to allow the recording of DLT transferable securities on a distributed ledger, to ensure the integrity of the DLT transferable security issue on the distributed ledger and the segregation of the DLT transferable securities belonging to various participants.

Or. en

Amendment 198
Eva Kaili

Proposal for a regulation
Recital 21

Text proposed by the Commission	*Amendment*

(21) Under Regulation (EU) No 909/2014 (the ***Central Securities Depositories Regulation***), a CSD can only outsource one of its core activities, after receiving an authorisation from the competent authority. The CSD is also required to respect several conditions, so that the outsourcing does not result in a delegation of its responsibility or in a modification of the obligations of the CSD towards its participants or issuers. Depending on its business plan, a CSD operating a DLT ***securities settlement system*** could be willing to share the responsibility of ***running*** its distributed ledger on which the transferable securities are recorded with other entities, including with its participants. The ***DLT securities settlement system*** should be able to request an exemption from the outsourcing requirements to develop such innovative business models. In such a case, they should demonstrate that the provisions on outsourcing are incompatible with the use of DLT as envisaged in their business plan and they should also demonstrate that some minimum requirements on outsourcing are met.

(21) Under Regulation (EU) No 909/2014 (the ***CSDR***), a CSD can only outsource one of its core activities, after receiving an authorisation from the competent authority. The CSD is also required to respect several conditions, so that the outsourcing does not result in a delegation of its responsibility or in a modification of the obligations of the CSD towards its participants or issuers. Depending on its business plan, a CSD operating a DLT ***SSS*** could be willing to share the responsibility of ***operating*** its distributed ledger on which the transferable securities are recorded with other entities, including with its participants. The ***CSD operating a DLT SSS*** should be able to request an exemption from the outsourcing requirements to develop such innovative business models. In such a case, they should demonstrate that the provisions on outsourcing are incompatible with the use of DLT as envisaged in their business plan and they should also demonstrate that some minimum requirements on outsourcing are met.

Or. en

Amendment 199
Stéphanie Yon-Courtin, Ondřej Kovařík, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Recital 21

Text proposed by the Commission	*Amendment*
(21) Under Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation), a CSD can only outsource one of its core activities, after receiving an authorisation from the competent authority. The CSD is also required to respect several conditions, so that the outsourcing does not result in a delegation of its responsibility or in a	(21) Under Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation), a CSD can only outsource one of its core activities, after receiving an authorisation from the competent authority. The CSD is also required to respect several conditions, so that the outsourcing does not result in a delegation of its responsibility or in a

modification of the obligations of the CSD towards its participants or issuers. Depending on its business plan, ***a CSD*** operating a DLT securities settlement system could be willing to share the responsibility of running ***its*** distributed ledger on which the transferable securities are recorded with other entities, including with its participants. The DLT securities settlement system should be able to request an exemption from the outsourcing requirements to develop such innovative business models. In such a case, they should demonstrate that the provisions on outsourcing are incompatible with the use of DLT as envisaged in their business plan and they should also demonstrate that some minimum requirements on outsourcing are met.	modification of the obligations of the CSD towards its participants or issuers. Depending on its business plan, ***an entity*** operating a DLT securities settlement system could be willing to share the responsibility of running ***the*** distributed ledger on which the transferable securities are recorded with other entities, including with its participants. The DLT securities settlement system should be able to request an exemption from the outsourcing requirements to develop such innovative business models. In such a case, they should demonstrate that the provisions on outsourcing are incompatible with the use of DLT as envisaged in their business plan and they should also demonstrate that some minimum requirements on outsourcing are met.

Or. en

Justification

Openness of the pilot regime to new entrants & technological neutrality in relation to proprietary and public DLTs

Amendment 200
Jessica Polfjärd

Proposal for a regulation
Recital 21

Text proposed by the Commission	*Amendment*
(21) Under Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation), a CSD can only outsource one of its core activities, after receiving an authorisation from the competent authority. The CSD is also required to respect several conditions, so that the outsourcing does not result in a delegation of its responsibility or in a modification of the obligations of the CSD towards its participants or issuers. Depending on its business plan, a CSD operating a DLT securities settlement	(21) Under Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation), a CSD can only outsource one of its core activities, after receiving an authorisation from the competent authority. The CSD is also required to respect several conditions, so that the outsourcing does not result in a delegation of its responsibility or in a modification of the obligations of the CSD towards its participants or issuers. Depending on its business plan, a CSD operating a DLT securities settlement

system could be willing to share the responsibility of ***running its*** distributed ledger on which the transferable securities are recorded with other entities, including with its participants. The DLT securities settlement system should be able to request an exemption from the outsourcing requirements to develop such innovative business models. In such a case, they should demonstrate that the provisions on outsourcing are incompatible with the use of DLT as envisaged in their business plan and they should also demonstrate that some minimum requirements on outsourcing are met.

system could be willing to share the responsibility of ***operating the*** distributed ledger on which the transferable securities are recorded with other entities, including with its participants. The DLT securities settlement system should be able to request an exemption from the outsourcing requirements to develop such innovative business models. In such a case, they should demonstrate that the provisions on outsourcing are incompatible with the use of DLT as envisaged in their business plan and they should also demonstrate that some minimum requirements on outsourcing are met.

Or. en

Amendment 201
Eva Kaili

Proposal for a regulation
Recital 22

Text proposed by the Commission	*Amendment*
(22) The obligation of intermediation through a credit institution or an investment firm so that retail investors are not able to obtain direct access to the settlement and delivery systems operated by a CSD could potentially create a regulatory obstacle to the development of alternative models of settlement based on a DLT that allow direct access by retail clients. Therefore, the CSD operating a DLT ***securities settlement system*** should be allowed to request an exemption from the notion of participant, as set out by Regulation (EU) No 909/2014 (the ***Central Securities Depositories Regulation***). Where seeking an exemption from the obligation of intermediation under Regulation (EU) No 909/2014 (the ***Central Securities Depositories Regulation***), the CSD operating a ***securities settlement system*** should ensure that these persons are of sufficient good repute and fit and proper	(22) The obligation of intermediation through a credit institution or an investment firm so that retail investors are not able to obtain direct access to the settlement and delivery systems operated by a CSD could potentially create a regulatory obstacle to the development of alternative models of settlement based on a DLT that allow direct access by retail clients. Therefore, the CSD operating a DLT ***SSS*** should be allowed to request an exemption from the notion of participant, as set out by Regulation(EU) No 909/2014 (the ***CSDR***). Where seeking an exemption from the obligation of intermediation under Regulation (EU) No 909/2014 (the ***CSDR***), the CSD operating a ***SSS*** should ensure that these persons are of sufficient good repute and fit and proper for the purpose of anti-money laundering and combatting the financing of terrorism. The CSD operating the ***SSS*** should also ensure that these

for the purpose of anti-money laundering and combatting the financing of terrorism. The CSD operating the ***securities settlement system*** should also ensure that these participants have sufficient level of ability, competence, experience and knowledge of post-trading and the functioning of DLTs.

participants have sufficient level of ability, competence, experience and knowledge of post-trading and the functioning of DLTs.

Or. en

Amendment 202
Eva Kaili

Proposal for a regulation
Recital 23

Text proposed by the Commission	*Amendment*
(23) The entities that are eligible to participate in a CSD covered by Regulation (EU) No 909/2014 (the ***Central Securities Depositories Regulation***) are based on the entities that are eligible to participate in a ***securities settlement system*** that is designated and notified in accordance with Directive 98/26/EC (the Settlement Finality Directive) because Regulation (EU) No 909/2014 (the ***Central Securities Depositories Regulation***) requires securities settlement systems operated by CSDs to be designated and notified under Directive 98/26/EC. A DLT ***securities settlement system*** that applies to be exempted from the participation requirements of Regulation (EU) No 909/2014 (the ***Central Securities Depositories Regulation***) would not be compliant with the participation requirements of ***Directive 98/26/EC***. Consequently, such a DLT ***securities settlement system*** could not be designated and notified under that Directive. However, this would not preclude a DLT ***securities settlement system*** that complies with all of the requirements of Directive 98/26/EC from being so designated and notified.	(23) The entities that are eligible to participate in a CSD covered by Regulation (EU) No 909/2014 (the ***CSDR***) are based on the entities that are eligible to participate in a ***SSS*** that is designated and notified in accordance with Directive 98/26/EC (the Settlement Finality Directive***, SFD*****),** because Regulation (EU) No 909/2014 (the ***CSDR***) requires securities settlement systems operated by CSDs to be designated and notified under Directive 98/26/EC. A DLT ***SSS*** that applies to be exempted from the participation requirements of Regulation (EU) No 909/2014 (the ***CSDR***) would not be compliant with the participation requirements of ***Directive98/26/EC***. Consequently, such a DLT ***SSS*** could not be designated and notified under that Directive. However, this would not preclude a DLT ***SSS*** that complies with all of the requirements of Directive 98/26/EC from being so designated and notified. ***Moreover, if a DLT SSS does not equate to the operation of a 'system' as defined under the Settlement Finality Directive, not least because natural persons are eligible participants in a DLT SSS, the insolvency protections thereunder should***

not be able to apply to the DLT SSS itself. Moreover, if the operator of the DLT SSS operates any other CSD, it should be demonstrated that the operations of the DLT SSS will not affect, under any circumstances, the operations and robustness of any other CSD, for instance, where one or more entities participate in both a regular SSS and a DLT SSS operated by the same CSD. In those circumstances, the CSD operating the DLT SSS should clearly explain the insolvency and settlement finality risks to which its participants are exposed, as well as the measures that have been put in place in order to mitigate such risks.

Or. en

Justification

Editorial comments. Moreover, it is suggested to incorporate certain context of point 3.4 of the "ECB Opinion on the DLT pilot regime" of April 28th in order to provide for "ring-fencing" DLT SSSs in case their operator operates other CSD(s), as well.

Amendment 203
Eva Kaili

Proposal for a regulation
Recital 24

Text proposed by the Commission	*Amendment*
(24) Regulation (EU) No 909/2014 (the ***Central Securities Depositories Regulation***) encourages the settlement of transactions in central bank money. Where the settlement of ***cash payments*** in central bank money is not available and practicable, this settlement can take place in commercial bank money. That provision can be difficult to apply for a CSD operating a DLT ***securities settlement system***, as such a CSD would have to effect movements in cash accounts at the same time as the delivery of securities on the ***DLT***. A CSD operating a DLT ***securities settlement system*** should be allowed to	(24) Regulation(EU) No 909/2014 (the ***CSDR***) encourages the settlement of transactions in central bank money. Where the settlement of ***the payment leg*** in central bank money is not available and practicable, this settlement can take place in commercial bank money. That provision can be difficult to apply for a CSD operating a DLT ***SSS***, as such a CSD would have to effect movements in cash accounts at the same time as the delivery of securities on the ***distributed ledger***. A CSD operating a DLT ***SSS*** should be allowed to request an exemption from the rules of Regulation (EU) No 909/2014(the Central

request an exemption from the rules of Regulation (EU) No 909/2014 (the Central Securities Depositories Regulation) on cash settlement in order to develop innovative solutions, such as the use of settlement coins or 'e-money tokens' as defined in the Regulation No 2021/XX on Markets in Crypto-Assets[45] .

Securities Depositories Regulation) on cash settlement in order to develop innovative solutions, such as the use of settlement coins or 'e-money tokens' ***(EMTs)*** as defined in the Regulation No 2021/XX on Markets in Crypto-Assets***. Where using EMTs for the payment leg, participants in a DLT SSS should be able to open accounts***.

[45] Proposal for a Regulation of the European Parliament and of the Council on markets in crypto-assets, and amending Directive (EU) 2019/1937 – COM(2020)593

Or. en

Justification

Editorial comment. Furthermore, it is suggested to incorporate point 3.3.7 of the Opinion of the ECB on the DLT pilot regime of April 28th as regards the settlement in EMTs.

Amendment 204
Eva Kaili

Proposal for a regulation
Recital 24 a (new)

Text proposed by the Commission	*Amendment*
	(24 a) Natural persons could directly participate in DLT market infrastructures and if the payment leg of DLT transferable securities transactions were to occur on the books of a person who is not a licensed credit institution, the result would be cash accounts being held by natural persons as well by legal persons such as micro, small and medium-sized enterprises, with DLT market infrastructures not benefiting from the deposit guarantee scheme protection under Directive 2014/49/EU of the European Parliament and of the Council (the Deposit Guarantee Schemes Directive, DGSD) and from the depositor

preference under Directive 2014/59/EU of the European Parliament and of the Council (the 'BRRD'). The DGSD and the depositor preference under the BRRD only apply to deposits in the form of a credit balance which results from funds left in an account or from temporary situations deriving from normal banking transactions and which a credit institution is required to repay. In those circumstances, DLT market infrastructures should explicitly disclose to their participants that they are not protected under the relevant DGSD and BRRD provisions.

Or. en

Justification

Based on point 3.3.9 of the ECB Opinion on DLT of 28th April, it is of utmost importance in the spirit of enhanced investor protection, market integrity and financial stability provisions, to make explicit to DLT market infrastructures the obligation to disclose all cases where deposit guarantee schemes may not be in effect.

Amendment 205
Eva Kaili

Proposal for a regulation
Recital 25

Text proposed by the Commission	*Amendment*
(25) Regulation (EU) No 909/2014 (the ***Central Securities Depositories Regulation***) requires that a CSD gives access to another CSD or to other market infrastructures. The access to a CSD operating a DLT ***securities settlement system*** can be burdensome or difficult to achieve, as the interoperability of legacy systems with DLT has not been tested yet. A DLT ***securities settlement system*** should also be able to request an exemption from such rules, if it can demonstrate that the application of such rules ***are*** disproportionate to the size of the DLT ***securities settlement system***.	(25) Regulation(EU) No 909/2014 (the ***CSDR***) requires that a CSD gives access to another CSD or to other market infrastructures. The access to a CSD operating a DLT ***SSS*** can be ***technically more challenging,*** burdensome or difficult to achieve, as the interoperability of legacy systems with DLT has not been tested yet. A DLT ***SSS*** should also be able to request an exemption from such rules, if it can demonstrate that the application of such rules ***is*** disproportionate to the size of the DLT ***SSS***.

Or. en

Justification

Editorial comments. Moreover, it is proposed to consider potential standardisation of data definitions or messaging protocols that are necessary to facilitate access to different systems and promote interoperability.

Amendment 206
Eva Kaili

Proposal for a regulation
Recital 26

Text proposed by the Commission	*Amendment*
(26) Irrespective of the rule for which an exemption is requested, a CSD operating a DLT ***securities settlement system*** should demonstrate that the exemption requested is proportionate and justified by the use of DLT. The exemption should also be limited to the DLT ***securities settlement system*** and not cover other ***securities settlement systems*** operated by the same CSD.	(26) Irrespective of the rule for which an exemption is requested, a CSD operating a DLT ***SSS*** should demonstrate that the exemption requested is proportionate and justified by the use of DLT. The exemption should also be limited to the DLT ***SSS*** and not cover other ***SSSs*** operated by the same CSD.

Or. en

Amendment 207
Eva Kaili

Proposal for a regulation
Recital 27

Text proposed by the Commission	*Amendment*
(27) DLT market infrastructures should also be subject to additional requirements, compared to traditional market infrastructures. These requirements are necessary to avoid risks raised by the use of DLT or by the new way the DLT market infrastructure would carry out its activities. Therefore, DLT market ***infrastructure*** should establish a clear business plan that details how the DLT would be used and the	(27) DLT market infrastructures ***and their operators*** should also be subject to additional requirements, compared to traditional market infrastructures. These requirements are necessary to avoid risks raised by the use of DLT or by the new way the DLT market infrastructure would carry out its activities. Therefore, DLT market ***infrastructures and their operators*** should establish a clear business plan that

legal arrangements put in place.	details how the DLT would be used and the legal arrangements put in place.

Or. en

Justification

Some requirements are applicable to the operator of the DLT market infrastructure.

Amendment 208
Jessica Polfjärd

Proposal for a regulation
Recital 27

Text proposed by the Commission	*Amendment*
(27) DLT market infrastructures should also be subject to additional requirements, compared to traditional market infrastructures. These requirements are necessary to avoid risks ***raised by*** the use of DLT or by the new way the DLT market infrastructure would carry out its activities. Therefore, DLT market infrastructure should establish a clear business plan that details how the DLT would be used and the legal arrangements put in place.	(27) DLT market infrastructures should also be subject to additional requirements, compared to traditional market infrastructures. These requirements are necessary to avoid risks ***related to*** the use of DLT or by the new way the DLT market infrastructure would carry out its activities. Therefore, DLT market infrastructure should establish a clear business plan that details how the DLT would be used and the legal arrangements put in place.

Or. en

Amendment 209
Stéphanie Yon-Courtin, Ondřej Kovařík, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Recital 28

Text proposed by the Commission	*Amendment*
(28) ***A CSD*** operating a DLT securities settlement system, or DLT MTF where they are permitted to settle the transactions in DLT transferable securities themselves, should establish the rules on the functioning of the proprietary DLT they operate, including the rules to access and	(28) ***Where they use a proprietary DLT, an entity*** operating a DLT securities settlement system, or DLT MTF where they are permitted to settle the transactions in DLT transferable securities themselves, should establish the rules on the functioning of the proprietary DLT they

admission on the DLT, the rules for the participating nodes and the rules to address potential conflicts of interest, as well as risk management measures.	operate, including the rules to access and admission on the DLT, the rules for the participating nodes and the rules to address potential conflicts of interest, as well as risk management measures. ***Where they use a public DLT, an entity operating a DLT securities settlement system, or DLT MTF where they are permitted to settle the transactions in DLT transferable securities themselves, should properly describe to the relevant competent authority the functioning of the DLT they use, the way they address potential conflicts of interest, as well as risk management measures.***

Or. en

Justification

Openness of the pilot regime to new entrants & technological neutrality in relation to proprietary and public DLTs.

Amendment 210
Eva Kaili

Proposal for a regulation
Recital 28

Text proposed by the Commission	*Amendment*
(28) A CSD operating a DLT ***securities settlement system, or*** DLT MTF where they are permitted to settle the transactions in DLT transferable securities themselves, should establish the rules on the functioning of the proprietary ***DLT*** they operate, including the rules to access and admission on the ***DLT***, the rules for the participating nodes and the rules to address potential conflicts of interest, as well as risk management measures.	(28) A CSD operating a DLT ***SSS, or a*** DLT MTF where they are permitted to settle the transactions in DLT transferable securities themselves, should establish ***or document*** the rules on the functioning of the proprietary ***distributed ledger*** they operate, including the rules to access and admission on the ***distributed ledger***, the rules for the participating nodes and the rules to address potential conflicts of interest, as well as risk management measures.

Or. en

Justification

Technology neutrality principle should be respected in order to leave room for various DLT models to be tested. Proper governance of any market infrastructure is important to ensure its safety and efficiency. Need to ensure responsibilities regarding data handling are clear and that a cyber resilience framework can be adopted in a way that ensures full commitment by all. Liability for the functioning of DLT used should remain with the DLT market infrastructure regardless of the DLT type.

Amendment 211
Jessica Polfjärd

Proposal for a regulation
Recital 28

Text proposed by the Commission	*Amendment*
(28) A CSD operating a DLT securities settlement system, or DLT MTF where they are permitted to settle the transactions in DLT transferable securities themselves, should establish the rules on the functioning of the ***proprietary*** DLT they ***operate***, including the rules to access and admission on the DLT, the rules for the participating nodes and the rules to address potential conflicts of interest, as well as risk management measures.	(28) A CSD operating a DLT securities settlement system, or DLT MTF where they are permitted to settle the transactions in DLT transferable securities themselves, should establish ***or document, as appropriate,*** the rules on the functioning of the DLT they ***use***, including the rules to access and admission on the DLT, the rules for the participating nodes and the rules to address potential conflicts of interest, as well as risk management measures.

Or. en

Amendment 212
Eva Kaili

Proposal for a regulation
Recital 29

Text proposed by the Commission	*Amendment*
(29) A DLT market infrastructure should be required to inform members, participants, issuers and clients on how ***they intend*** to perform ***their*** activities and how the use of DLT will create deviations compared to the way the service is normally provided by a traditional MTF or a CSD operating ***a securities settlement***	(29) A DLT market infrastructure should be required to inform members, participants, issuers and clients on how ***it intends*** to perform ***its*** activities and how the use of DLT will create deviations compared to the way the service is normally provided by a traditional MTF or

system.	a CSD operating ***an SSS***.

Or. en

Amendment 213
Eero Heinäluoma, Paul Tang, Pedro Marques

Proposal for a regulation
Recital 30

Text proposed by the Commission	*Amendment*
(30) A DLT market infrastructure should have specific and robust IT and cyber arrangements related to the use of DLT. These arrangements should be proportionate to the nature, scale and complexity of the DLT market infrastructure's business plan. These arrangements should also ensure the continued reliability, continuity and security of the services provided, including the reliability of smart contracts that are potentially used. DLT market infrastructures should also ensure the integrity, security, confidentiality, availability and accessibility of data stored on the DLT. ***The competent authority of a DLT market infrastructure should be allowed to request an audit to ensure that the overall IT and cyber arrangements are fit for purpose. The costs of such an audit should be borne by the DLT market infrastructure.***	(30) A DLT market infrastructure should have specific and robust IT and cyber arrangements related to the use of DLT. These arrangements should be ***audited by the competent authority before any exemption is given, in order to check whether they are fit for purpose and*** proportionate to the nature, scale and complexity of the DLT market infrastructure's business plan***. The costs of such an audit should be borne by the DLT market infrastructure***. These arrangements should also ensure the continued reliability, continuity and security of the services provided, including the reliability of smart contracts that are potentially used. DLT market infrastructures should also ensure the integrity, security, confidentiality, availability and accessibility of data stored on the DLT.

Or. en

Amendment 214
Antonio Maria Rinaldi, Francesca Donato, Valentino Grant, Marco Zanni, Gunnar Beck

Proposal for a regulation
Recital 30

Text proposed by the Commission	*Amendment*

(30) A DLT market infrastructure should have specific and robust IT and cyber arrangements related to the use of DLT. These arrangements should be proportionate to the nature, scale and complexity of the DLT market infrastructure's business plan. These arrangements should also ensure the continued reliability, continuity and security of the services provided, including the reliability of smart contracts that are potentially used. DLT market infrastructures should also ensure the integrity, security, confidentiality, availability and accessibility of data stored on the DLT. The competent authority of a DLT market infrastructure should be allowed to request an audit to ensure that the overall IT and cyber arrangements are fit for purpose. The costs of such an audit should be borne by the DLT market infrastructure.	(30) A DLT market infrastructure should have specific and robust IT and cyber arrangements related to the use of DLT. These arrangements should be proportionate to the nature, scale and complexity of the DLT market infrastructure's business plan. These arrangements should also ensure the continued reliability, continuity and security of the services provided, including the reliability of smart contracts that are potentially used. DLT market infrastructures should also ensure the integrity, security, confidentiality, availability and accessibility of data stored on the DLT. ***These measures should be in line with the obligations set out in Article 32 of Regulation (EU) 2016/679 ('the General Data Protection Regulation') concerning the implementation of technical and organisational security measures that can ensure a level of security appropriate to the risk. With regard to smart contracts, the provisions of Article 22(1) of the General Data Protection Regulation should apply, according to which a data subject shall have the right not to be subject to a decision based solely on automated processing, including profiling, which produces legal effects concerning him or her or similarly significantly affects him or her.*** The competent authority of a DLT market infrastructure should be allowed to request an audit to ensure that the overall IT and cyber arrangements are fit for purpose. The costs of such an audit should be borne by the DLT market infrastructure.

Or. it

Amendment 215
Eva Kaili

Proposal for a regulation
Recital 30

Text proposed by the Commission	*Amendment*
(30) A DLT market infrastructure should have specific and robust IT and cyber arrangements related to the use of DLT. These arrangements should be proportionate to the nature, scale and complexity of the DLT market infrastructure's business plan. These arrangements should also ensure the continued reliability, continuity and security of the services provided, including the reliability of smart contracts that are potentially used. DLT market infrastructures should also ensure the integrity, security, confidentiality, availability and accessibility of data stored on the DLT. The competent authority of a DLT market infrastructure should be allowed to ***request*** an audit to ensure that the overall IT and cyber arrangements are fit for purpose. The costs of such an audit should be borne by the DLT market infrastructure.	(30) A DLT market infrastructure should have specific and robust IT and cyber arrangements related to the use of DLT. These arrangements should be proportionate to the nature, scale and complexity of the DLT market infrastructure's business plan. These arrangements should also ensure the continued reliability, continuity and security of the services provided, including the reliability of smart contracts that are potentially used***, either created by the DLT market infrastructure itself or by a third party following contractual outsourcing procedures***. DLT market infrastructures should also ensure the integrity, security, confidentiality, availability and accessibility of data stored on the DLT. The competent authority of a DLT market infrastructure should be allowed to ***mandate compliance with certain standards fit for DLT operations or*** an audit to ensure that the overall IT and cyber arrangements are fit for purpose. The costs of such ***compliance with standards or of such*** an audit should be borne by the DLT market infrastructure.

Or. en

Justification

It must be ensured that the liability stemming from a smart contract used by the DLT market infrastructure remains with it, no matter if that smart contract is created by the DLT market infrastructure itself or by a third party following contractual outsourcing procedures. Moreover, it is proposed to envisage compliance to certain standards, such as SOC2 or ISO27001, fit for DLT operations.

Amendment 216
Antonio Maria Rinaldi, Francesca Donato, Valentino Grant, Marco Zanni, Gunnar Beck

Proposal for a regulation
Recital 30 a (new)

Text proposed by the Commission	*Amendment*
	(30a) In the event of a personal data breach, the DLT market infrastructure operator should also notify the relevant data protection supervisory authority, in accordance with the General Data Protection Regulation. The notification referred to in Article 9(1)(b) should not be construed as an alternative to, or substitute for, the notification referred to in Article 33 of the aforementioned Regulation.

Or. it

Amendment 217
Eva Kaili

Proposal for a regulation
Recital 31

Text proposed by the Commission	*Amendment*
(31) Where the business plan of a DLT market infrastructure would involve the safekeeping of clients' funds, such as cash or cash equivalent, or DLT transferable securities, or the means of access to such DLT transferable securities, including in the form of cryptographic keys, the DLT market infrastructure should have adequate arrangements in place to safeguard their clients' assets. ***They*** should not use clients' assets on own account, except with prior express consent from their clients. The DLT market infrastructure should segregate clients' funds or DLT transferable securities, or the means of access to such assets, from its own assets or other clients' assets. The overall IT and cyber arrangements of DLT market infrastructures should ensure that clients' assets are protected against fraud, cyber threats or other malfunctions.	(31) Where the business plan of a DLT market infrastructure would involve the safekeeping of clients' funds, such as cash or cash equivalent, or DLT transferable securities, or the means of access to such DLT transferable securities, including in the form of cryptographic keys, the DLT market infrastructure should have adequate arrangements in place to safeguard their clients' assets. ***Those arrangements shall minimise the risk of loss of clients' funds, such as cash or cash equivalents, or DLT transferrable securities or the rights related to them, or the means of access to them, due to fraud, cyber threats or negligence. DLT market infrastructures*** should not use clients' assets on own account, except with prior express consent from their clients. The DLT market infrastructure should segregate clients' funds or DLT transferable securities, or the means of access to such assets, from its own assets or other clients' assets. The overall IT and cyber arrangements of DLT

market infrastructures should ensure that clients' assets are protected against fraud, cyber threats or other malfunctions.

Or. en

Justification

It must be ensured that said arrangements shall minimize the risk of a loss of clients' funds, such as cash or cash equivalents or DLT transferrable securities or the rights related to those or the means of access to them, due to frauds, cyber threats or negligence.

Amendment 218
Eero Heinäluoma, Paul Tang, Jonás Fernández, Pedro Marques

Proposal for a regulation
Recital 31

Text proposed by the Commission	*Amendment*
(31) Where the business plan of a DLT market infrastructure would involve the safekeeping of clients' funds, such as cash or cash equivalent, or DLT transferable securities, or the means of access to such DLT transferable securities, including in the form of cryptographic keys, the DLT market infrastructure should have adequate arrangements in place to safeguard their clients' assets. They should not use clients' assets on own account, except with prior express consent from their clients. The DLT market infrastructure should segregate clients' funds or DLT transferable securities, or the means of access to such assets, from its own assets or other clients' assets. The overall IT and cyber arrangements of DLT market infrastructures should ensure that clients' assets are protected against fraud, cyber threats or other malfunctions.	(31) Where the business plan of a DLT market infrastructure would involve the safekeeping of clients' funds, such as cash or cash equivalent, or DLT transferable securities, or the means of access to such DLT transferable securities, including in the form of cryptographic keys, the DLT market infrastructure should have adequate arrangements in place to safeguard their clients' assets***, which should be approved by the competent authority before any exemption is given***. They should not use clients' assets on own account, except with prior express consent from their clients. The DLT market infrastructure should segregate clients' funds or DLT transferable securities, or the means of access to such assets, from its own assets or other clients' assets. The overall IT and cyber arrangements of DLT market infrastructures should ensure that clients' assets are protected against fraud, cyber threats or other malfunctions.

Or. en

Amendment 219
Eva Kaili

Proposal for a regulation
Recital 32

Text proposed by the Commission	*Amendment*
(32) At the time where the specific permission is granted, DLT market infrastructures should also have a credible exit strategy ***in place*** in case the regime on DLT market infrastructures should be discontinued or the specific permission or some of the exemptions granted should be withdrawn.	(32) At the time where the specific permission is granted, DLT market infrastructures should also have ***in place*** a credible exit strategy***, including the transition or reversion of their DLT operations to traditional infrastructures,*** in case the regime on DLT market infrastructures should be discontinued or the specific permission or some of the exemptions granted should be withdrawn ***or the thresholds envisaged in this Regulation have been reached***.

Or. en

Justification

In all cases, DLT market infrastructures must be in place to revert to traditional market infrastructures, following a clear exit and reversion/transition strategy.

Amendment 220
Stéphanie Yon-Courtin, Ondřej Kovařík, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Recital 33

Text proposed by the Commission	*Amendment*
(33) The specific permission granted to a DLT market infrastructure should follow the same procedures as the authorisation of a traditional MTF, or a CSD where such a CSD is seeking to operate a new securities settlement system. However, when applying for a permission, the applicant DLT infrastructure should indicate the exemptions it would be seeking. ***Before granting a permission to a DLT market infrastructure, the competent authority should consult ESMA. ESMA should***	(33) The specific permission granted to a DLT market infrastructure should follow the same procedures as the authorisation of a traditional MTF, ***where the entity operating the DLT MTF is an investment firm or a market operator,*** or a CSD where such a CSD is seeking to operate a new securities settlement system. However, ***competent authorities should put in place fast track procedures for entities not authorised as an MTF or as a CSD at the time of their application for a specific***

issue a non-binding opinion and make any recommendations on the application or the exemptions requested. ESMA should also consult the competent authorities of the other Member States. Where issuing its non-binding opinion, ESMA should aim at ensuring financial stability, market integrity and investor protection. In order to ensure the level-playing field and fair competition across the single market, ESMA's non-binding opinion should also aim at ensuring the consistency and proportionality of the exemptions granted by different competent authorities across the Union.

permission under this Regulation. When applying for a permission, the applicant DLT infrastructure should indicate the exemptions it would be seeking.

Or. en

Justification

Fast track procedure for new entrants not authorised as an MTF or as a CSD as the time of the application

Amendment 221
Sven Giegold
on behalf of the Verts/ALE Group

Proposal for a regulation
Recital 33

Text proposed by the Commission	*Amendment*
(33) The specific permission granted to a DLT market infrastructure should follow the same procedures as the authorisation of a traditional MTF, or a CSD where such a CSD is seeking to operate a new securities settlement system. However, when applying for a permission, the applicant DLT infrastructure should indicate the exemptions it would be seeking. ***Before*** granting a permission to a DLT market infrastructure***, the competent authority*** should consult ***ESMA. ESMA should issue a non-binding opinion and make any recommendations on*** the application ***or*** the exemptions requested***. ESMA should also consult the competent authorities of the***	(33) The specific permission granted to a DLT market infrastructure should follow the same procedures as the authorisation of a traditional MTF, or a CSD where such a CSD is seeking to operate a new securities settlement system. However, when applying for a permission, the applicant DLT infrastructure should indicate the exemptions it would be seeking. ***In line with the Union objective to progress towards a true Capital Markets Union and in order to ensure a consistent and uniform application of the pilot regime, while preventing supervisory fragmentation, ESMA should have a direct supervisory mandate for*** granting a

other Member States. Where issuing its non-binding opinion, ESMA should aim at ensuring financial stability, market integrity and investor protection***. In order to ensure*** the level-playing field and fair competition across the single market***, ESMA's non-binding opinion should also aim at ensuring the consistency and proportionality of the exemptions granted by different competent authorities across the Union***.

permission to a DLT market infrastructure ***and any exemptions under this Regulation. In order to ensure effective cooperation and exchange of relevant information, ESMA*** should consult ***the national competent authorities and other relevant authorities, where appropriate, on the operators of DLT market infrastructures authorised in their Member States. Where assessing*** the application ***and*** the exemptions requested, ESMA should aim at ensuring financial stability, market integrity and investor protection ***as well as*** the level-playing field and fair competition across the single market.

Or. en

Amendment 222
Eva Kaili

Proposal for a regulation
Recital 33

Text proposed by the Commission	*Amendment*
(33) The specific permission granted to a DLT market infrastructure should follow the same procedures as the authorisation of a traditional MTF, or a CSD where such a CSD is seeking to operate a new ***securities settlement system***. However, when applying for a permission, the applicant DLT infrastructure should indicate the exemptions it ***would be seeking***. Before granting a permission to a DLT market infrastructure, the competent authority should consult ESMA. ESMA should issue a ***non-binding opinion and make any recommendations*** on the application or the exemptions requested. ESMA should also consult the competent authorities of the other Member States. Where issuing its ***non-binding opinion***, ESMA should aim at ensuring financial stability, market integrity ***and*** investor protection. In order to ensure the level-playing field and fair	(33) The specific permission granted to a DLT market infrastructure should follow the same procedures as the authorisation of a traditional MTF, or a CSD where such a CSD is seeking to operate a new ***SSS***. However, when applying for a permission, the applicant DLT ***market*** infrastructure should ***also*** indicate the exemptions it ***intends to seek***. Before granting a permission to a DLT market infrastructure, the competent authority should consult ESMA. ESMA should issue a ***recommendation*** on the application or the exemptions requested. ESMA should also consult the competent authorities of the other Member States. Where issuing its ***recommendation***, ESMA should aim at ensuring financial stability, market integrity***,*** investor protection. In order to ensure the level-playing field and fair competition across the single market,

competition across the single market, ESMA's ***non-binding opinion*** should also aim at ensuring ***the*** consistency and proportionality of the exemptions granted by different competent authorities across the Union.

ESMA's ***recommendation*** should also aim at ensuring ***supervisory convergence,*** consistency and proportionality of the exemptions granted by different competent authorities across the Union.

Or. en

Justification

A strengthened role of ESMA is required in order to avoid regulatory arbitrage and ensure supervisory convergence and uniform application/enforcement across EU. In this regard, it is of utmost importance that ESMA issues a recommendation ("comply or explain") instead of a non-binding opinion. This is more relevant considering that not all member states/NCAs share the same level of tech literacy and savviness, as already explained in Recital 14.

Amendment 223
Christophe Hansen, Lídia Pereira

Proposal for a regulation
Recital 33

Text proposed by the Commission	*Amendment*
(33) The specific permission granted to a DLT market infrastructure should follow the same procedures as the authorisation of a traditional MTF, or a CSD where such a CSD is seeking to operate a new securities settlement system. However, when applying for a permission, the applicant DLT infrastructure should indicate the exemptions it would be seeking. Before granting a permission to a DLT market infrastructure, the competent authority should consult ESMA. ESMA should issue a non-binding opinion and make any recommendations on the application or the exemptions requested. ESMA should also consult the competent authorities of the other Member States. Where issuing its non-binding opinion, ESMA should aim at ensuring financial stability, market integrity and investor protection. In order to ensure the level-playing field and fair competition across the single market, ESMA's non-binding opinion should also	(33) The specific permission granted to a DLT market infrastructure should follow the same procedures as the authorisation of a traditional MTF, or a CSD where such a CSD is seeking to operate a new securities settlement system. However, when applying for a permission, the applicant DLT infrastructure should indicate the exemptions it would be seeking. Before granting a permission to a DLT market infrastructure, the competent authority should consult ESMA. ESMA should issue a non-binding opinion and make any ***non-binding*** recommendations on the application or the exemptions requested. ESMA should also consult the competent authorities of the other Member States. Where issuing its non-binding opinion, ESMA should aim at ensuring financial stability, market integrity and investor protection. In order to ensure the level-playing field and fair competition across the single market, ESMA's non-binding

aim at ensuring the consistency and proportionality of the exemptions granted by different competent authorities across the Union.	opinion should also aim at ensuring the consistency and proportionality of the exemptions granted by different competent authorities across the Union.

Or. en

Amendment 224
Stéphanie Yon-Courtin, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Recital 33 a (new)

Text proposed by the Commission	*Amendment*
	(33 a) Before granting a permission to a DLT market infrastructure, the competent authority should consult ESMA. ESMA should issue a non-binding opinion and make any recommendations on the application or the exemptions requested. ESMA should also consult the competent authorities of the other Member States. When issuing its non-binding opinion, ESMA should aim to ensure financial stability, market integrity and investor protection. In order to ensure a level-playing field and fair competition across the internal market, ESMA's non-binding opinion should also aim to ensure the consistency and proportionality of the exemptions granted by different competent authorities across the Union. ESMA may adopt guidelines to further specify the conditions for granting exemptions and requiring compensatory measures, based on relevant experience from competent authorities and on its non-binding opinions.

Or. en

Justification

New recital for clarity. In addition to non-binding opinions, ESMA may wish to adopt additional guidance in the form of guidelines, in case of a lack of common, uniform and consistent application of the pilot regime across the Union.

Amendment 225
Jessica Polfjärd, Christophe Hansen

Proposal for a regulation
Recital 33 a (new)

Text proposed by the Commission	*Amendment*
	(33 a) Access to the pilot regime should not be limited to incumbents, but instead should be open to new entrants. Thus, where an entity that is not authorised under MIFID II or under the Central Securities Depositories Regulation applies for an authorisation under those legal acts and, at the same time, applies for a specific permission under this Regulation, the competent authority should, in assessing the application for authorisation under MIFID II or under the Central Securities Depositories Regulation, only verify compliance with requirements in respect of which an exemption has not been requested and granted under the pilot regime. In such cases, authorisation under MIFID II or under the Central Securities Depositories Regulation should be given only for the purpose of operating a DLT market infrastructure under this Regulation.

Or. en

Amendment 226
Eero Heinäluoma, Paul Tang, Jonás Fernández, Pedro Marques

Proposal for a regulation
Recital 34

Text proposed by the Commission	*Amendment*
(34) The competent authority which would examine the application submitted by a prospective DLT market infrastructure should ***have the possibility to*** refuse a permission if there were reasons to believe	(34) The competent authority which would examine the application submitted by a prospective DLT market infrastructure should refuse a permission if there were reasons to believe that the DLT market

that the DLT market infrastructure would pose a threat to financial stability, investor protection or market integrity or if the application were an attempt to circumvent existing requirements.

infrastructure would pose a threat to financial stability, investor protection or market integrity or if the application were an attempt to circumvent existing requirements.

Or. en

Amendment 227
Eva Kaili

Proposal for a regulation
Recital 34

Text proposed by the Commission	*Amendment*
(34) The competent authority which ***would*** examine the application submitted by a prospective DLT market infrastructure should have the possibility to refuse a permission if there were reasons to believe that the DLT market infrastructure would pose a threat to financial stability, investor protection or market integrity or if the application were an attempt to circumvent existing requirements.	(34) The competent authority which ***will*** examine the application submitted by a prospective DLT market infrastructure should have the possibility to refuse a permission if there were reasons to believe that the DLT market infrastructure would pose a threat to financial stability, investor protection or market integrity or if the application were an attempt to circumvent existing requirements.

Or. en

Amendment 228
Eva Kaili

Proposal for a regulation
Recital 35

Text proposed by the Commission	*Amendment*
(35) The specific permission given by a competent authority to a given DLT market infrastructure should indicate the exemptions granted to that DLT market infrastructure. Such a permission should be valid for the Union. ESMA should publish on its website the list of DLT market infrastructures and the list of exemptions granted to each of them.	(35) The specific permission given by a competent authority to a given DLT market infrastructure should indicate the exemptions granted to that DLT market infrastructure. Such a permission should be valid for the Union ***and only for the period of time during which the DLT pilot regime would be operating***. ESMA should publish on its website the list of DLT

market infrastructures and the list of exemptions granted to each of them.

Or. en

Justification

It should be explicit that the permission is subject to the period that the pilot regime will be operating, without prejudice to the early exit assessment described in Recital 36.

Amendment 229
Eva Kaili

Proposal for a regulation
Recital 36

Text proposed by the Commission	*Amendment*
(36) The specific permission and the exemptions granted by national competent authorities should be granted on a temporary basis, for a period of up to six years from the date of the specific permission. After a five-year period from the entry into application of ***the*** Regulation, ESMA and the Commission ***would be required to make an*** assessment of ***this*** pilot regime ***for market infrastructures based on digital ledger technology***. The aforementioned six-year period provides DLT market infrastructures sufficient time to adapt their business models to any modifications of this regime and operate under the pilot in a commercially viable manner. It would allow ESMA and the Commission to gather a useful data set encompassing around three calendar years of the operation of the pilot regime following the grant of a critical mass of specific permissions and related exemptions and to report ***thereon***. It would also allow time for DLT market infrastructures to take the necessary steps either to wind down their operations or to transition to a new regulatory framework following ESMA's and the Commission's reports.	(36) The specific permission and the exemptions granted by national competent authorities***, following an ESMA recommendation,*** should be granted on a temporary basis, for a period of up to six years from the date of the specific permission ***and should be valid only for the duration of the operation of the DLT pilot regime, following the ESMA and the Commission envisaged assessments***. After ***a three-year period and*** a five-year period from the ***date of*** entry into application of ***this*** Regulation, ESMA and the Commission ***should conduct, respectively, an early-exit assessment and a final*** assessment of ***the DLT*** pilot regime***. The three-year period assessment for the early-exit assessment should be calculated from the date of entry into force of this Regulation, thereby including the 12-month period needed for the preparation of the draft regulatory technical standards, as envisaged in this Regulation***. The aforementioned six-year period provides DLT market infrastructures sufficient time to adapt their business models to any modifications of this regime and operate under the pilot in a commercially viable manner. It would allow ESMA and the Commission to

gather a useful data set encompassing around three calendar years of the operation of the pilot regime following the grant of a critical mass of specific permissions and related exemptions and to report ***hereon***. It would also allow time for DLT market infrastructures to take the necessary steps either to wind down their operations or to transition to a new regulatory framework ***which should envisage, amongst others, the procedure of adapting the permanent permissions fit for the new regulatory framework,*** following ESMA's and the Commission's reports.

Or. en

Justification

Given the rapid pace of tech evolution and in order to keep pace with developments and create a future proof legal framework, we see merit in introducing an early-exit assessment by the ESMA that would inform and advice the Commission, to submit to the European Parliament and the Council an initial assessment on a potential adjustment or discontinuation of the DLT pilot regime after three years.

Amendment 230
Eva Kaili

Proposal for a regulation
Recital 37

Text proposed by the Commission	*Amendment*
(37) Without prejudice to the relevant provisions of Directive 2014/65/EU (***Markets in Financial Instruments Directive,*** MiFID II) or Regulation (EU) No 909/2014 (the ***Central Securities Depositories Regulation***), the competent authorities should have the power to withdraw the specific permission or any exemptions granted to the DLT market infrastructure, where a flaw has been discovered in the underlying technology or the services or activities provided by the DLT market infrastructure, and provided that this flaw outweighs the benefits	(37) Without prejudice to the relevant provisions of Directive 2014/65/EU (MiFID II) or Regulation (EU) No 909/2014 (the ***CSDR***), the competent authorities should have the power to withdraw the specific permission or any exemptions granted to the DLT market infrastructure, where a flaw has been discovered in the underlying technology or the services or activities provided by the DLT market infrastructure, and provided that this flaw outweighs the benefits provided by the service at stake, or where the DLT market infrastructure has

provided by the service at stake, or where the DLT market infrastructure has breached any conditions attached to the exemptions imposed by the competent authority at the time of the granting of the specific permission, or where the DLT market infrastructure has recorded financial instruments that do not meet the conditions of DLT transferrable securities under this Regulation. In the course of its activity, a DLT market infrastructure should have the possibility to ask for additional exemptions to those requested at the time of the permission. In such a case, these additional exemptions requested ***by the DLT market infrastructures should be subject to a specific permission by*** the competent authorities, in the same way as those requested at the time of the initial permission of the DLT market infrastructure.	breached any conditions attached to the exemptions imposed by the competent authority at the time of the granting of the specific permission, or where the DLT market infrastructure has recorded financial instruments that ***exceed the thresholds or*** do not meet the conditions of DLT transferrable securities under this Regulation. In the course of its activity, a DLT market infrastructure should have the possibility to ask for additional exemptions to those requested at the time of the ***initial*** permission. In such a case, these additional exemptions ***should be*** requested ***from*** the competent authorities, in the same way as those requested at the time of the initial permission of the DLT market infrastructure.

Or. en

Amendment 231
Eero Heinäluoma, Jonás Fernández, Pedro Marques

Proposal for a regulation
Recital 38

Text proposed by the Commission	*Amendment*
(38) Since DLT market infrastructures could receive temporary exemptions from existing Union legislation, they should closely cooperate with competent authorities and the European Securities and Markets Authority (ESMA) during the time of their specific permission. DLT market infrastructures should inform the competent authorities and ESMA about any material change to its business plan and its critical staff, any evidence of cyber threats or attacks, fraud or serious malpractice, of any change in the information provided at the time of the initial application for permission, of any technical difficulties, and in particular	(38) Since DLT market infrastructures could receive temporary exemptions from existing Union legislation, they should closely cooperate with competent authorities and the European Securities and Markets Authority (ESMA) during the time of their specific permission. DLT market infrastructures should inform the competent authorities and ESMA about any material change to its business plan and its critical staff, any evidence of cyber threats or attacks, fraud or serious malpractice, of any change in the information provided at the time of the initial application for permission, of any technical difficulties, and in particular

those linked to the use of DLT, and of any new risks to investor protection, market integrity and financial stability that was not envisaged at the time where the specific permission was granted. Where notified of such a material change, the competent authority should request the DLT market infrastructure to apply for a new permission or exemption or it should take any corrective measures it deems appropriate. DLT market infrastructures should also provide any relevant data to competent authorities and ESMA, whenever such data is requested. To ensure investor protection, market integrity and financial stability, the competent authority which granted the specific permission to the DLT market infrastructure should be able to recommend any corrective measures, after ***consultation with*** ESMA.	those linked to the use of DLT, and of any new risks to investor protection, market integrity and financial stability that was not envisaged at the time where the specific permission was granted. Where notified of such a material change, the competent authority should request the DLT market infrastructure to apply for a new permission or exemption or it should take any corrective measures it deems appropriate. DLT market infrastructures should also provide any relevant data to competent authorities and ESMA, whenever such data is requested. To ensure investor protection, market integrity and financial stability, ***where notified of such a material change, the competent authority should request ESMA to issue a recommendation and, on that basis, request the DLT market infrastructure to apply for a new permission or exemption or to take any corrective measures that ESMA deems appropriate. DLT market infrastructures should also provide any relevant data to competent authorities and to ESMA, whenever such data is requested.*** The competent authority which granted the specific permission to the DLT market infrastructure should be able to recommend any corrective measures, after ***a recommendation has been issued by*** ESMA.
	Or. en

Amendment 232
Eva Kaili

Proposal for a regulation
Recital 38

Text proposed by the Commission	*Amendment*
(38) Since DLT market infrastructures could receive temporary exemptions from existing Union legislation, they should closely cooperate with competent authorities and the European Securities and	(38) Since DLT market infrastructures could receive temporary exemptions from existing Union legislation, they should closely cooperate with competent authorities and the European Securities and

Markets Authority (ESMA) during the time ***of*** their specific permission. DLT market infrastructures should inform the competent authorities and ESMA about any material change to ***its*** business plan and ***its*** critical staff, any evidence of cyber threats or attacks, fraud or serious malpractice, of any change in the information provided at the time of the initial application for permission, of any technical difficulties, and in particular those linked to the use of DLT, and of any new risks to investor protection, market integrity and financial stability that ***was*** not envisaged at the time ***where*** the specific ***permission was*** granted. Where notified of such a material change, the competent authority should request the DLT market infrastructure to apply for a new permission or exemption or ***it should*** take any corrective measures ***it deems appropriate***. DLT market infrastructures should also provide any relevant data to competent authorities and ESMA, whenever such data is requested. ***To ensure investor protection, market integrity and financial stability***, the competent authority which granted the specific permission to the DLT market infrastructure should be able to ***recommend any*** corrective ***measures, after consultation with ESMA***.

Markets Authority (ESMA) during the time their specific permission ***is valid***. DLT market infrastructures should inform the competent authorities and ESMA about any material change to ***their*** business plan and ***their*** critical staff, any evidence of cyber threats or attacks, fraud or serious malpractice, of any change in the information provided at the time of the initial application for permission, of any technical difficulties, and in particular those linked to the use of DLT, and of any new risks to investor protection, market integrity and financial stability that ***were*** not envisaged at the time ***when*** the specific ***permissions were*** granted. ***To ensure investor protection, market integrity and financial stability,*** where notified of such a material change, the competent authority should ***notify the competent authorities of the Member States in which the DLT market infrastructure operates and request ESMA to issue a recommendation, and on that basis*** request the DLT market infrastructure ***either*** to apply for a new permission or exemption or ***to*** take any corrective measures ***following ESMA's recommendation***. DLT market infrastructures should also provide any relevant data to competent authorities and ESMA, whenever such data is requested. ***After consultation with ESMA***, the competent authority which granted the specific permission to the DLT market infrastructure should be able to ***require the DLT market infrastructure to take a temporary*** corrective ***measure until such time as ESMA issues a recommendation***.

Or. en

Justification

Editorial comments and clarifications. Moreover, in the event of the material changes described hereto, the host member states' competent authorities should be notified and ESMA should be consulted for a recommendation. In case it deemed necessary, competent authorities should be able to require – and not only "recommend" in cases where investor protection, market integrity and financial stability issues arise - from the DLT market infrastructure to take any temporary measure until the issuance of ESMA recommendation.

Amendment 233
Eva Kaili

Proposal for a regulation
Recital 38 a (new)

Text proposed by the Commission	*Amendment*
	(38 a) ESMA should create an ad hoc consultative committee, in the form of a stakeholders' group, which would bring together representatives of both public and private stakeholders for a limited period of time equivalent to the duration of the operation of the pilot regime. Such ad hoc consultive committee should be mandated to undertake the preparatory and consultive work needed to support ESMA when issuing the recommendations envisaged under this Regulation, by transmitting a written statement to ESMA setting out the reasons for a refusal of an exemption, or for a permission that the committee considers to be insufficiently reasoned or ill-suited in relation to the requirements of this Regulation. Additionally, such ad hoc consultive committee should examine complaints submitted directly to ESMA in cases where an applicant considers that its exemption request or permission to participate under the pilot regime has been inappropriately denied by its relevant national competent authority. However, to avoid the submission of abusive complaints to ESMA by applicants, a specific procedure should be adopted to analyse only complete and well-documented complaints transmitted to the consultative committee. That procedure should provide for a shortened delay of transmission at the request of the consultative committee after the response of the relevant NCA and for a set of documentation to be transmitted to the consultative committee which would include in particular a summary of the

applicant's activities and the requested exemption(s). The relevant documents submitted, as well as the decision of the NCA refusing the requested exemption(s) or permissions, should be translated into English.

Or. en

Justification

Witha view to ensuring the supervisory convergence, consistency and proportionalityof the exemptions granted under this Regulation by different NCAs across the Union, that may notshare the same level of tech savviness, and thus fostering the level playing fieldand discourage regulatory arbitrage, it is suggested a more strengthened rolefor ESMA. In line with Action16 of the Commission's CMU New Action Plan.

Amendment 234
Eva Kaili

Proposal for a regulation
Recital 39

Text proposed by the Commission	*Amendment*
(39) DLT market infrastructures should also make regular reports to their competent authorities and ESMA. ESMA should organise discussions on ***these*** reports to enable all competent authorities across the Union to gain experience on the impact of the use of DLT and on any adaptations to the Union financial services legislation that could be necessary to allow for the use of DLT on a greater scale.	(39) DLT market infrastructures should also make regular reports to their competent authorities and ESMA. ***National competent authorities that have established an innovation hub or a regulatory sandbox should organise discussions among their competent departments in order to gain understanding and disseminate the knowledge they have gained. Additionally, through their participation in the European Forum for Innovation Facilitators (the EFIF), national competent authorities should be able to discuss cases with a view to exchanging knowledge and establishing best practices.*** ESMA should organise discussions on ***those*** reports to enable all competent authorities across the Union to gain experience on the impact of the use of DLT ***in financial markets*** and on any adaptations to the Union financial services legislation that could be necessary to allow

for the use of DLT on a greater scale.

Or. en

Justification

It is proposed to leverage innovation facilitators (innovation hubs and regulatory sandboxes) established by national competent authorities, as well as the EFIF established by the Commission with the cooperation of the three ESAs to enhance common understanding, knowledge sharing and technology transfer between NCAs and ESAs, with a view of a swift adaptation to the EU financial services regulation.

Amendment 235
Eva Kaili

Proposal for a regulation
Recital 40

Text proposed by the Commission	*Amendment*
(40) ***Five years*** after the ***entry into*** application of this Regulation, ESMA should report to the Commission ***on this*** pilot regime for DLT market infrastructures***, including on the*** potential benefits linked to the use of DLT, the risks raised and ***the*** technical difficulties. Based on ***ESMA's*** report***,*** the Commission should report to the ***Council and*** European Parliament***.*** ***This*** report should assess the costs and benefits of extending ***this*** regime on DLT market infrastructures for ***another*** period of time, extending ***this*** regime to new ***type*** of financial instruments, making ***this*** regime permanent with or without modifications, bringing modifications to ***the*** Union financial services legislation or terminating ***this*** regime.	(40) ***By … [36 months*** after the ***date of*** application of this Regulation***]***, ESMA should ***present an early-exit assessment*** report to the Commission ***to enable the latter to decide whether to extend the*** pilot regime for DLT market infrastructures ***to... [five years after the date of application of this Regulation]. The early-exit assessment report should include*** potential benefits linked to the use of DLT, the risks raised and ***any*** technical difficulties ***encountered***. ***The early-exit assessment report should be produced on the basis of annual interim reports, the first of which should be produced 12 months after the publication of the regulatory technical standards envisaged in this Regulation. The early-exit assessment report should provide an opportunity for evaluation and for interpretive communications that enhance legal certainty and regulatory clarity*** based on ***information collected on, among others, market size, lessons learned, and the evolution of DLT technology. In the event that the pilot regime is extended by the Commission, ESMA should provide the Commission with its final*** report ***on the DLT pilot***

regime by ... [five years after the date of application of this Regulation]. The final report should be prepared along the same lines as the early-exit assessment report. The Commission should ***present a*** report to the European Parliament ***and the Council based on ESMA's early-exit assessment report and subsequently, where applicable, a report based on ESMA's final report. The Commission's*** report should ***in each case*** assess the costs and benefits of extending ***the pilot*** regime on DLT market infrastructures for ***a further*** period of time, extending ***the*** regime to new ***types*** of financial instruments, making ***the*** regime permanent with or without modifications, bringing modifications to Union financial services legislation***,*** or terminating ***the*** regime. ***Moreover, either the early-exit assessment or the final assessment should clarify how the transition from the pilot regime to a fully harmonised DLT securities regulatory regime should be managed, how risks should be mitigated, how instruments that mature following the end of the transition period should be treated, and how the separation of MTFs, which provide a number of functions that are separated at present, should be conducted following the termination of the pilot regime.***

Or. en

Justification

Given the rapid evolution of technology and financial innovation, it is proposed that ESMA should submit to the Commission a detailed early-exit assessment report on a potential adjustment or discontinuation of the pilot regime after a three-year period. The Commission, following the ESMA early-exit assessment report, should submit its own to the European Parliament and the Council. If the pilot regime is not terminated, then the ESMA and Commission second assessment reports should be submitted after five years.

Amendment 236
Chris MacManus
on behalf of the The Left Group

Proposal for a regulation

Recital 40

Text proposed by the Commission	*Amendment*
(40) ***Five*** years after the entry into application of this Regulation, ESMA should report to the Commission on this pilot regime for DLT market infrastructures, including on the potential benefits linked to the use of DLT, the risks raised and the technical difficulties. Based on ESMA's report, the Commission should report to the Council and European Parliament. This report should ***assess the costs and benefits of extending this regime on DLT market infrastructures for another period of time, extending this regime to new type of financial instruments, making this regime permanent with or without modifications, bringing modifications to the Union financial services*** legislation ***or terminating this regime***.	(40) ***Two*** years after the entry into application of this Regulation, ESMA should report to the Commission on this pilot regime for DLT market infrastructures, including on the potential benefits linked to the use of DLT, the risks raised and the technical difficulties. Based on ESMA's report, the Commission should report to the Council and European Parliament. This report should ***show how it intends to incorporate the lessons learned into existing*** legislation.

Or. en

Amendment 237
Christophe Hansen, Lídia Pereira

Proposal for a regulation
Recital 40

Text proposed by the Commission	*Amendment*
(40) Five years after the entry into application of this Regulation, ESMA should report to the Commission on this pilot regime for DLT market infrastructures, including on the potential benefits linked to the use of DLT, the risks raised and the technical difficulties. Based on ESMA's report, the Commission should report to the Council and European Parliament. This report should assess the costs and benefits of extending this regime on DLT market infrastructures for another period of time, extending this regime to new type of financial instruments, making	(40) Five years after the entry into application of this Regulation, ESMA***, after consulting the national competent authorities,*** should report to the Commission on this pilot regime for DLT market infrastructures, including on the potential benefits linked to the use of DLT, the risks raised and the technical difficulties. Based on ESMA's report, the Commission should report to the Council and European Parliament. This report should assess the costs and benefits of extending this regime on DLT market infrastructures for another period of time,

this regime permanent with or without modifications, bringing modifications to the Union financial services legislation or terminating this regime.	extending this regime to new type of financial instruments, making this regime permanent with or without modifications, bringing modifications to the Union financial services legislation or terminating this regime.

Or. en

Amendment 238
Jessica Polfjärd

Proposal for a regulation
Recital 40 a (new)

Text proposed by the Commission	*Amendment*
	(40 a) ESMA should publish annual reports in order to provide market participants with a better understanding of the functioning and development of the markets and to provide clarification on the application of the pilot regime. The reports should also include an update on the progress of the pilot regime regarding trends and emerging risks and be submitted to the European Parliament, the Council and the Commission.

Or. en

Amendment 239
Markus Ferber

Proposal for a regulation
Recital 40 a (new)

Text proposed by the Commission	*Amendment*
	(40 a) It would be undesirable to have two parallel regimes for DLT-based and non-DLT-based market infrastructures. If the pilot regime provided for in this Regulation is successful, it could be made permanent by amending the relevant Union financial services legislation in

such a a way that establishes a single, coherent framework.

Or. en

Amendment 240
Markus Ferber

Proposal for a regulation
Recital 40 b (new)

Text proposed by the Commission	*Amendment*
	(40 b) In order to monitor the progress of the pilot regime, ESMA should provide the Commission, the European Parliament and the Council with an annual report about the most important trends, risks and vulnerabilities in relation to the pilot regime.

Or. en

Amendment 241
Johan Van Overtveldt

Proposal for a regulation
Recital 44 a (new)

Text proposed by the Commission	*Amendment*
	(44 a) The operation of DLT market infrastructures could involve the processing of personal data. Any processing of personal data under this Regulation should be carried out in accordance with applicable Union law on the protection of personal data. This Regulation is without prejudice to the rights and obligations under Regulations (EU) 2016/679[1a] and (EU) 2018/1725[1b].
	[1a] Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of

natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ L 119, 4.5.2016, p. 1).

[1b] Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC (OJ L 295, 21.11.2018, p. 39).

Or. en

Justification

This amendment aims at taking into account the core message of opinion 6/2021 of the European Data Protection Supervisor (EDPS), namely the need for compliance with the General Data Protection Regulation (GDPR).

Amendment 242
Eva Kaili

Proposal for a regulation
Article 1 – paragraph 1

Text proposed by the Commission	*Amendment*
(1) This Regulation lays down requirements on ***multilateral trading facilities and securities settlement systems using distributed ledger technology*** **'**DLT market infrastructures**'**, which are granted with a specific ***permissions*** to operate in accordance with Article 7 and Article 8.	(1) This Regulation lays down requirements on DLT market infrastructures, which are granted with a specific ***permission*** to operate in accordance with Article 7 and Article 8.

Or. en

Justification

Article 2 defines DLT market infrastructures

Amendment 243
Jessica Polfjärd, Christophe Hansen

Proposal for a regulation
Article 1 – paragraph 1

Text proposed by the Commission	*Amendment*
(1) This Regulation lays down requirements on ***multilateral trading facilities and securities settlement systems using distributed ledger technology*** 'DLT market infrastructures', which are granted with a specific permissions to operate in accordance with Article 7 and Article 8.	(1) This Regulation lays down requirements on 'DLT market infrastructures', which are granted with a specific permissions to operate in accordance with Article 7 and Article 8.

Or. en

Amendment 244
Stéphanie Yon-Courtin, Ondřej Kovařík, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Article 1 – paragraph 1

Text proposed by the Commission	*Amendment*
(1) This Regulation lays down requirements on ***multilateral trading facilities and securities settlement*** systems using distributed ledger technology 'DLT market infrastructures', which are granted with a specific permissions to operate in accordance with Article 7 and Article 8.	(1) This Regulation lays down requirements on ***entities*** systems using distributed ledger technology 'DLT market infrastructures', which are granted with a specific permissions to operate in accordance with Article 7 and Article 8.

Or. en

Justification

Openness of the pilot regime to new entrants

Amendment 245
Eva Kaili

Proposal for a regulation
Article 1 – paragraph 2 – point f

Text proposed by the Commission	*Amendment*
(f) cooperation between operators of DLT market infrastructures, competent authorities and ESMA.	(f) cooperation between operators of DLT market infrastructures, ***national*** competent authorities and ESMA.

Or. en

Amendment 246
Jessica Polfjärd, Christophe Hansen

Proposal for a regulation
Article 1 – paragraph 2 – point f

Text proposed by the Commission	*Amendment*
(f) cooperation between operators of DLT market infrastructures, competent authorities and ESMA.	(f) cooperation between operators of DLT market infrastructures, ***national*** competent authorities and ESMA.

Or. en

Amendment 247
Markus Ferber

Proposal for a regulation
Article 2 – paragraph 1 – point 1

Text proposed by the Commission	*Amendment*
(1) 'distributed ledger technology' or 'DLT' means a ***class of technologies which support the distributed recording of encrypted data***;	(1) 'distributed ledger technology' or 'DLT' means a ***type of technology that refers to the protocols and supporting infrastructure that allow computers in different locations to propose and validate transactions and update records in a synchronised way across a network***;

Or. en

Justification

To be future-proof, we should opt for a definition that is technologically neutral and internationally agreed on. Hence, it is suggested to use the Bank for International Settlement's definition of DLT (cf. BIS Quarterly Review, September 2017).

Amendment 248
Eva Kaili

Proposal for a regulation
Article 2 – paragraph 1 – point 1

Text proposed by the Commission	*Amendment*
(1) 'distributed ledger technology' or 'DLT' means a class of technologies which ***support*** the distributed recording of ***encrypted*** data;	(1) 'distributed ledger technology' or 'DLT' means a class of technologies which ***enable*** the distributed recording of data ***through secure mechanisms such as cryptography***;

Or. en

Justification

It is suggested to use the broader term of cryptography which captures encryption, hashing and other techniques, while being for future-proof. E.g. encryption is a two-way function; what is encrypted can be decrypted with the proper key. Hashing, however, is a one-way function that scrambles plain text to produce a unique message digest. ... An attacker who steals a file of hashed passwords must then guess the password. Both, amongst others, are being used in DLT. Furthermore, we should be cautious to align definitions uses in this regulation with the ones of the proposed MiCA.

Amendment 249
Sven Giegold
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 2 – paragraph 1 – point 1

Text proposed by the Commission	*Amendment*
(1) 'distributed ledger technology' or 'DLT' means a ***class of technologies which support the*** distributed ***recording of encrypted data***;	(1) 'distributed ledger technology' or 'DLT' means a distributed ***ledger technology as defined in Regulation xxx (MiCA)***;

Or. en

Amendment 250
Christophe Hansen, Lídia Pereira

Proposal for a regulation
Article 2 – paragraph 1 – point 1 a (new)

Text proposed by the Commission	*Amendment*
	(1 a) the owner and accountable entity in charge of the DLT network should provide the information related to the underlying technical approach of DLT infrastructure and be liable in the event of any issues or disruptions. A delineation between permissioned and permission-less DLT infrastructures should be introduced in the text as liabilities linked to the two types of DLT infrastructures could be different;

Or. en

Amendment 251
Stéphanie Yon-Courtin, Ondřej Kovařík, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Article 2 – paragraph 1 – point 3 – introductory part

Text proposed by the Commission	*Amendment*
(3) 'DLT multilateral trading facility' or 'DLT MTF' means a 'multilateral trading facility'***, operated by an investment firm or a market operator,*** that only admits to trading DLT transferable securities and that may be permitted, on the basis of transparent, non-discretionary, uniform rules and procedures, to:	(3) 'DLT multilateral trading facility' or 'DLT MTF' means a 'multilateral trading facility' that only admits to trading DLT transferable securities and that may be permitted, on the basis of transparent, non-discretionary, uniform rules and procedures, to:

Or. en

Justification

Openness of the pilot regime to new entrants

Amendment 252
Eva Kaili

Proposal for a regulation

Article 2 – paragraph 1 – point 3 – introductory part

Text proposed by the Commission	*Amendment*
(3) 'DLT multilateral trading facility' or 'DLT MTF' means a 'multilateral trading facility', operated by an investment firm or a market operator, that only admits to trading DLT transferable securities and that may be permitted, on the basis of transparent, non-discretionary, uniform rules and procedures, to:	(3) 'DLT multilateral trading facility' or 'DLT MTF' means a 'multilateral trading facility', operated by an investment firm or a market operator, that only admits to trading DLT transferable securities ***referred in Article 3*** and that may be ***licensed or*** permitted, on the basis of transparent, non-discretionary, uniform rules and procedures, to:

Or. en

Justification

Cross-reference to Article 3. Clarification to capture new market participants that would wish to apply for a license to become operators of MTF accompanied with a permission to operate a DLT MTF, according to what is envisaged herein for DLT MTFs.

Amendment 253
Stéphanie Yon-Courtin, Ondřej Kovařík, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Article 2 – paragraph 1 – point 4

Text proposed by the Commission	*Amendment*
(4) 'DLT securities settlement system' means a securities settlement system***, operated by a 'central securities depository',*** that settles transactions in DLT transferable securities against payment;	(4) 'DLT securities settlement system' means a securities settlement system that settles transactions in DLT transferable securities against payment;

Or. en

Justification

Openness of the pilot regime to new entrants

Amendment 254
Eva Kaili

Proposal for a regulation

Article 2 – paragraph 1 – point 4

Text proposed by the Commission	*Amendment*
(4) 'DLT securities settlement system' means a securities settlement system, operated by a 'central securities depository', that ***settles*** transactions in DLT transferable securities against payment;	(4) 'DLT securities settlement system' means a securities settlement system, operated by a 'central securities depository', that ***only admits DLT transferable securities and that is licensed or permitted, on the basis of transparent, non-discretionary, uniform rules and procedures, to:*** ***(a) ensure the initial recording of DLT transferable securities;*** ***(b) settle*** transactions in DLT transferable securities against payment; ***and*** ***(c) provide safekeeping services in relation to DLT transferable securities, or where applicable, to related payments and collateral, provided using the DLT MTF;***

Or. en

Justification

Cross-reference to Article 3. Clarification to capture new market participants that would wish to apply for a license to become operators of CSD accompanied with a permission to operate a DLT SSS according to what is envisaged herein. Furthermore, as DLT MTFs are allowed to provide CSD services in this pilot context, it is proposed to allow, respectively, DLT SSSs to provide, respectively, MTF services under the conditions described herein.

Amendment 255
Eero Heinäluoma, Jonás Fernández, Pedro Marques

Proposal for a regulation
Article 2 – paragraph 1 – point 5

Text proposed by the Commission	*Amendment*
(5) 'DLT transferable securities' means 'transferable securities' within the meaning of Article 4(1)(44) (a) and (b) of Directive 2014/65/EU that are issued, recorded, transferred and stored using a DLT;	(5) 'DLT transferable securities' means 'transferable securities' within the meaning of Article 4(1)(44) (a) and (b) of Directive 2014/65/EU that are issued, recorded, transferred and stored using a DLT***, which is not built or based on a proof of work consensus mechanism***;

Or. en

Amendment 256
Christophe Hansen, Lídia Pereira

Proposal for a regulation
Article 2 – paragraph 1 – point 5

Text proposed by the Commission	*Amendment*
(5) 'DLT transferable securities' means 'transferable securities' within the meaning of Article 4(1)(44) (a) and (b) of Directive 2014/65/EU that are issued, recorded, transferred and stored using a DLT;	(5) 'DLT transferable securities' means 'transferable securities' within the meaning of Article 4(1)(44) (a) and (b) of Directive 2014/65/EU***, including depositary receipts,*** that are issued, recorded, transferred and stored using a DLT;

Or. en

Amendment 257
Jessica Polfjärd

Proposal for a regulation
Article 2 – paragraph 1 – point 5 a (new)

Text proposed by the Commission	*Amendment*
	(5 a) 'DLT exchange-traded fund units' or 'DLT ETF units' means units or shares of an exchange-traded fund within the meaning of Article 4(1)(46) of Directive 2014/65/EU that are issued, recorded, transferred and stored using DLT;

Or. en

Amendment 258
Eva Kaili

Proposal for a regulation
Article 2 – paragraph 1 – point 5 a (new)

Text proposed by the Commission	*Amendment*

(5 a) 'DLT exchange-traded fund units' or 'DLT ETF units' means units or shares of an exchange-traded fund within the meaning of Article 4(1)(46) of Directive 2014/65/EU that are issued, recorded, transferred and stored using DLT;

Or. en

Justification

We see merit in broadening the scope of DLT transferable securities to ETFs in order to allow for a more accommodative pilot environment that will provide to more market participants the ability to gain experience with DLT models. It is also suggested that these DLT ETFs should be best invest in DLT shares and bonds.

Amendment 259
Christophe Hansen, Lídia Pereira

Proposal for a regulation
Article 2 – paragraph 1 – point 6 a (new)

Text proposed by the Commission	*Amendment*
	(6 a) "DLT units of collective investment undertakings" means units of collective investment undertakings mentioned in Annex III, section C, item 3 of Directive 2014/65/EU that are issued, recorded, transferred and stored using a DLT;

Or. en

Amendment 260
Eva Kaili

Proposal for a regulation
Article 2 – paragraph 1 – point 12 a (new)

Text proposed by the Commission	*Amendment*
	(12 a) 'settlement coin' means commercial bank money in a tokenised form;

Or. en

Justification

The definition may need to be aligned to the one that may be included in the proposed MiCAR.

Amendment 261
Eva Kaili

Proposal for a regulation
Article 2 – paragraph 1 – point 13 – introductory part

Text proposed by the Commission	*Amendment*
(13) ‘sovereign bond’ means a bond issued by a sovereign issuer which is either:	(13) 'sovereign bond’ means a bond issued by a sovereign issuer ***as defined in Article 4(1) point (60) points (i) and (ii) of Directive 2014/65/EU of the European Parliament and of the Council (the MiFID II)*** which is either:

Or. en

Justification

For the sake of legal certainty and clarity, definition (13) should be aligned to the one of Art. 4 of Directive 2014/65/EU of the European Parliament and of the Council (the MiFID II). The proposed regulation introduces the definitions of “sovereign bond” and “other public bond” with respective issuer being “sovereign entity” and “public entity”, while under Art. 4 of MiFID II the public entities described in this proposal are defined as “sovereign entities.

Amendment 262
Stéphanie Yon-Courtin, Ondřej Kovařík, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Article 2 – paragraph 1 – point 13 – introductory part

Text proposed by the Commission	*Amendment*
(13) ‘sovereign bond’ means a bond issued by a sovereign issuer ***which is either:***	(13) ‘sovereign bond’ means a bond issued by a sovereign issuer ***within the meaning of Article 4(1) point (60) of Directive 2014/65/EU;***

Or. en

Justification

Alignment with the MiFID definition of sovereign issuer

Amendment 263
Stéphanie Yon-Courtin, Ondřej Kovařík, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Article 2 – paragraph 1 – point 13 – point a

Text proposed by the Commission	*Amendment*
(a) the Union;	***deleted***

Or. en

Justification

Alignment with the MiFID definition of sovereign issuer

Amendment 264
Stéphanie Yon-Courtin, Ondřej Kovařík, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Article 2 – paragraph 1 – point 13 – point b

Text proposed by the Commission	*Amendment*
(b) a Member State including a government department, an agency or a special purpose vehicle of a Member State or another sovereign entity;	***deleted***

Or. en

Justification

Alignment with the MiFID definition of sovereign issuer

Amendment 265
Stéphanie Yon-Courtin, Ondřej Kovařík, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Article 2 – paragraph 1 – point 13 – point c

Text proposed by the Commission	*Amendment*
(c) a sovereign entity which is not listed under points (a) and (b);	***deleted***

Or. en

Justification

Alignment with the MiFID definition of sovereign issuer

Amendment 266
Eva Kaili

Proposal for a regulation
Article 2 – paragraph 1 – point 13 – point c

Text proposed by the Commission	*Amendment*
(c) a sovereign entity which is not listed under points (a) and (b);	***deleted***

Or. en

Amendment 267
Eva Kaili

Proposal for a regulation
Article 2 – paragraph 1 – point 14 – introductory part

Text proposed by the Commission	*Amendment*
(14) 'other public bond' means a bond issued by any of the following ***public*** issuers:	(14) 'other public bond' means a bond issued by any of the following ***sovereign*** issuers***, as defined in Article 4(1) point (60) points (iii), (iv), (v) and (vi) of Directive 2014/65/EU of the European Parliament and of the Council (MiFID II)***:

Or. en

Justification

For the sake of legal certainty and clarity, definition (14) should be aligned to the one of Art. 4 of Directive 2014/65/EU of the European Parliament and of the Council (the MiFID II).

The proposed regulation introduces the definitions of "sovereign bond" and "other public bond" with respective issuer being "sovereign entity" and "public entity", while under Art. 4 of MiFID II the public entities described in this proposal are defined as "sovereign entities".

Amendment 268
Eva Kaili

Proposal for a regulation
Article 2 – paragraph 1 – point 14 – point e

Text proposed by the Commission	*Amendment*
(e) a public entity which is not an issuer of a sovereign bond as specified in point (13).	***deleted***

Or. en

Amendment 269
Sven Giegold
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 2 – paragraph 1 – point 21 – point c

Text proposed by the Commission	*Amendment*
(c) ***otherwise designated by the Member States*** for the purposes of overseeing the application of this Regulation.	(c) ***ESMA*** for the purposes of overseeing the application of this Regulation.

Or. en

Justification

ESMA shall have a direct supervisory mandate under this Regulation. This amendment is meant to apply horizontally throughout the text.

Amendment 270
Stéphanie Yon-Courtin, Ondřej Kovařík, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Article 2 – paragraph 1 – point 22 – point b a (new)

Text proposed by the Commission	*Amendment*
	(b a) an entity operating a DLT MTF that is neither an investment firm nor a market operator, the Member State in which the entity is registered or, if under the law of that Member State it has no registered office, the Member State in which the head office of the operator is situated;

Or. en

Justification

Openness of the pilot regime to new entrants.

Amendment 271
Stéphanie Yon-Courtin, Ondřej Kovařík, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Article 2 – paragraph 1 – point 22 – point c a (new)

Text proposed by the Commission	*Amendment*
	(c a) an entity operating a DLT securities settlement system that is not a CSD, the Member State in which the operator is registered or, if under the law of that Member State it has no registered office, the Member State in which the head office of the operator is situated;

Or. en

Justification

Openness of the pilot regime to new entrants

Amendment 272
Jessica Polfjärd, Christophe Hansen

Proposal for a regulation
Article 3 – paragraph 1 – point a

Text proposed by the Commission	*Amendment*

(a) shares, the issuer of which has a market capitalisation or a tentative market capitalisation of less than EUR ***200*** million; or	(a) shares, the issuer of which has a market capitalisation or a tentative market capitalisation of less than EUR ***500*** million; or

Or. en

Amendment 273
Eero Heinäluoma, Paul Tang, Pedro Marques

Proposal for a regulation
Article 3 – paragraph 1 – point a

Text proposed by the Commission	*Amendment*
(a) shares, the issuer of which has a market capitalisation or a tentative market capitalisation of less than EUR ***200*** million; or	(a) shares, the issuer of which has a market capitalisation or a tentative market capitalisation of less than EUR ***100*** million; or

Or. en

Amendment 274
Jessica Polfjärd, Christophe Hansen

Proposal for a regulation
Article 3 – paragraph 1 – point b

Text proposed by the Commission	*Amendment*
(b) convertible bonds, covered bonds, corporate bonds, other public bonds and other bonds, with an issuance size of less than EUR 500 million.	(b) convertible bonds, covered bonds, corporate ***bonds, sovereign*** bonds, other public bonds and other bonds, with an issuance size of less than EUR 500 million.

Or. en

Amendment 275
Stéphanie Yon-Courtin, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Article 3 – paragraph 1 – point b

Text proposed by the Commission	*Amendment*
(b) convertible bonds, covered bonds, corporate bonds, other public bonds and other bonds, with an issuance size of less than EUR 500 million.	(b) convertible bonds, covered bonds, corporate ***bonds, sovereign*** bonds, other public bonds and other bonds, with an issuance size of less than EUR 500 million.

Or. en

Justification

Inclusion of sovereign bonds in the scope of the pilot regime

Amendment 276
Eva Kaili

Proposal for a regulation
Article 3 – paragraph 1 – point b

Text proposed by the Commission	*Amendment*
(b) convertible bonds, covered bonds, corporate bonds, other public bonds and other bonds, with an issuance size of less than EUR 500 million.	(b) convertible ***bonds, sovereign*** bonds, covered bonds, corporate bonds, other public bonds and other bonds, with an issuance size of less than EUR 500 million.

Or. en

Amendment 277
Eero Heinäluoma, Paul Tang, Pedro Marques

Proposal for a regulation
Article 3 – paragraph 1 – point b

Text proposed by the Commission	*Amendment*
(b) convertible bonds, covered bonds, corporate bonds, other public bonds and other bonds, with an issuance size of less than EUR ***500*** million.	(b) convertible bonds, covered bonds, corporate bonds, other public bonds and other bonds, with an issuance size of less than EUR ***250*** million.

Or. en

Amendment 278
Christophe Hansen, Lídia Pereira

Proposal for a regulation
Article 3 – paragraph 1 – point b a (new)

Text proposed by the Commission	*Amendment*
	(b a) DLT ETF units, UCITS units, investing in the types of instruments referred to in points (a) and (b).

Or. en

Amendment 279
Jessica Polfjärd

Proposal for a regulation
Article 3 – paragraph 1 – point b a (new)

Text proposed by the Commission	*Amendment*
	(b a) DLT ETF units, investing in the types of instruments referred to in points (a) and (b).

Or. en

Amendment 280
Eva Kaili

Proposal for a regulation
Article 3 – paragraph 1 – point b a (new)

Text proposed by the Commission	*Amendment*
	(b a) DLT ETF units, with an issuance size of less than EUR 500 million.

Or. en

Amendment 281
Sven Giegold
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 3 – paragraph 1 – point b a (new)

Text proposed by the Commission	*Amendment*
	(b a) units in collective investment undertakings, with an issuance size of less than EUR 500 million.

Or. en

Amendment 282
Eva Kaili

Proposal for a regulation
Article 3 – paragraph 2

Text proposed by the Commission	*Amendment*
2. An investment firm or market operator operating a DLT MTF shall not admit to trading sovereign bonds under this Regulation. A CSD operating a DLT securities settlement system, or an investment firm or market operator that is permitted to record DLT transferable securities on a DLT MTF, in accordance with paragraphs 2 and 3 of Article 4, shall not record sovereign bonds under this Regulation.	***deleted***

Or. en

Justification

It is proposed to include sovereign bonds as eligible instrument in order to provide for Member States wishing to gain experience with DLT market infrastructures.

Amendment 283
Jessica Polfjärd, Christophe Hansen

Proposal for a regulation
Article 3 – paragraph 2

Text proposed by the Commission	*Amendment*

2. An investment firm or market operator operating a DLT MTF shall not admit to trading sovereign bonds under this Regulation. A CSD operating a DLT securities settlement system, or an investment firm or market operator that is permitted to record DLT transferable securities on a DLT MTF, in accordance with paragraphs 2 and 3 of Article 4, shall not record sovereign bonds under this Regulation.	***deleted***

Or. en

Amendment 284
Markus Ferber

Proposal for a regulation
Article 3 – paragraph 2

Text proposed by the Commission	*Amendment*
2. An investment firm or market operator operating a DLT MTF shall not admit to trading sovereign bonds under this Regulation. A CSD operating a DLT securities settlement system, or an investment firm or market operator that is permitted to record DLT transferable securities on a DLT MTF, in accordance with paragraphs 2 and 3 of Article 4, shall not record sovereign bonds under this Regulation.	***deleted***

Or. en

Amendment 285
Stéphanie Yon-Courtin, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Article 3 – paragraph 2

Text proposed by the Commission	*Amendment*
2. An investment firm or market operator operating a DLT MTF shall not	***deleted***

admit to trading sovereign bonds under this Regulation. A CSD operating a DLT securities settlement system, or an investment firm or market operator that is permitted to record DLT transferable securities on a DLT MTF, in accordance with paragraphs 2 and 3 of Article 4, shall not record sovereign bonds under this Regulation.

Or. en

Justification

Inclusion of sovereign bonds in the scope of the pilot regime

Amendment 286
Gunnar Beck, Maximilian Krah

Proposal for a regulation
Article 3 – paragraph 2

Text proposed by the Commission	*Amendment*
2. An investment firm or market operator operating a DLT MTF shall not admit to trading sovereign bonds under this Regulation. A CSD operating a DLT securities settlement system, or an investment firm or market operator that is permitted to record DLT transferable securities on a DLT MTF, in accordance with paragraphs 2 and 3 of Article 4, shall not record sovereign bonds under this Regulation.	2. An investment firm***, issuer of crypto-assets,*** or market operator operating a DLT MTF shall not admit to trading sovereign bonds under this Regulation. A CSD operating a DLT securities settlement system, or an investment firm or market operator that is permitted to record DLT transferable securities on a DLT MTF, in accordance with paragraphs 2 and 3 of Article 4, shall not record sovereign bonds under this Regulation.

Or. en

Amendment 287
Sven Giegold
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 3 – paragraph 3

Text proposed by the Commission	*Amendment*
3. The total market value of DLT transferable securities recorded ***in a CSD operating a DLT securities settlement system shall not exceed*** EUR 2.5 billion. Where a DLT MTF records the DLT transferable securities instead of a CSD, in accordance with paragraphs 2 and 3 of Article 4, the total market value of the DLT transferable securities recorded by the investment firm or market operator operating the DLT MTF ***shall not exceed*** EUR 2.5 billion.	3. ***A CSD operating a DLT securities settlement system may admit new securities until*** the total market value of DLT transferable securities recorded ***reaches*** EUR 2.5 billion. Where a DLT MTF records the DLT transferable securities instead of a CSD, in accordance with paragraphs 2 and 3 of Article 4, ***it may admit new securities until*** the total market value of the DLT transferable securities recorded by the investment firm or market operator operating the DLT MTF ***reaches*** EUR 2.5 billion.

Or. en

Amendment 288
Gunnar Beck, Maximilian Krah

Proposal for a regulation
Article 3 – paragraph 3

Text proposed by the Commission	*Amendment*
3. The total market value of DLT transferable securities recorded in a CSD operating a DLT securities settlement system shall not exceed EUR 2.5 billion. Where a DLT MTF records the DLT transferable securities instead of a CSD, in accordance with paragraphs 2 and 3 of Article 4, the total market value of the DLT transferable securities recorded by the investment firm or market operator operating the DLT MTF shall not exceed EUR 2.5 billion.	3. The total market value of DLT transferable securities recorded in a CSD operating a DLT securities settlement system shall not exceed EUR 2.5 billion. Where a DLT MTF records the DLT transferable securities instead of a CSD, in accordance with paragraphs 2 and 3 of Article 4, the total market value of the DLT transferable securities recorded by the investment firm***, issuer of crypto-assets,*** or market operator operating the DLT MTF shall not exceed EUR 2.5 billion.

Or. en

Amendment 289
Eva Kaili

Proposal for a regulation
Article 3 – paragraph 3

Text proposed by the Commission	*Amendment*
3. The total market value of DLT transferable securities recorded in a CSD operating a DLT ***securities settlement system*** shall not exceed EUR ***2.5*** billion. Where a DLT MTF records the DLT transferable securities instead of a CSD, in accordance with paragraphs 2 and 3 of Article 4, the total market value of the DLT transferable securities recorded by the investment firm or market operator operating the DLT MTF shall not exceed EUR ***2.5*** billion.	3. The total market value of DLT transferable securities recorded in a CSD operating a DLT ***SSS*** shall not exceed EUR ***7.5*** billion. Where a DLT MTF records the DLT transferable securities instead of a CSD, in accordance with paragraphs 2 and 3 of Article 4, the total market value of the DLT transferable securities recorded by the investment firm or market operator operating the DLT MTF shall not exceed EUR ***7.5*** billion.

Or. en

Justification

*Although we support Commission proposed thresholds, we believe that the 2.5b threshold of total market value is low considering that it could be reached with e.g. the issuance of 5 bonds*500m. In this context and in order allow larger market participants who possess the necessary capital to test more projects, we propose increasing the total market value to 7.5b.*

Amendment 290
Stéphanie Yon-Courtin, Ondřej Kovařík, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Article 3 – paragraph 3

Text proposed by the Commission	*Amendment*
3. The total market value of DLT transferable securities recorded in ***a CSD*** operating a DLT securities settlement system shall not exceed EUR 2.5 billion. Where a DLT MTF records the DLT transferable securities instead of a CSD, in accordance with paragraphs 2 and 3 of Article 4, the total market value of the DLT transferable securities recorded by the ***investment firm or market operator*** operating the DLT MTF shall not exceed EUR 2.5 billion.	3. The total market value of DLT transferable securities recorded in ***an entity*** operating a DLT securities settlement system shall not exceed EUR 2.5 billion. Where a DLT MTF records the DLT transferable securities instead of a CSD, in accordance with paragraphs 2 and 3 of Article 4, the total market value of the DLT transferable securities recorded by the ***entity*** operating the DLT MTF shall not exceed EUR 2.5 billion.

Or. en

Justification

Openness of the pilot regime

Amendment 291
Eero Heinäluoma, Paul Tang, Pedro Marques

Proposal for a regulation
Article 3 – paragraph 3

Text proposed by the Commission	*Amendment*
3. The total market value of DLT transferable securities recorded in a CSD operating a DLT securities settlement system shall not exceed EUR ***2.5*** billion. Where a DLT MTF records the DLT transferable securities instead of a CSD, in accordance with paragraphs 2 and 3 of Article 4, the total market value of the DLT transferable securities recorded by the investment firm or market operator operating the DLT MTF shall not exceed EUR ***2.5*** billion.	3. The total market value of DLT transferable securities recorded in a CSD operating a DLT securities settlement system shall not exceed EUR ***2*** billion. Where a DLT MTF records the DLT transferable securities instead of a CSD, in accordance with paragraphs 2 and 3 of Article 4, the total market value of the DLT transferable securities recorded by the investment firm or market operator operating the DLT MTF shall not exceed EUR ***2*** billion.

Or. en

Amendment 292
Chris MacManus
on behalf of the The Left Group

Proposal for a regulation
Article 3 – paragraph 3

Text proposed by the Commission	*Amendment*
3. The total market value of DLT transferable securities recorded in a CSD operating a DLT securities settlement system shall not exceed EUR ***2.5*** billion. Where a DLT MTF records the DLT transferable securities instead of a CSD, in accordance with paragraphs 2 and 3 of Article 4, the total market value of the DLT transferable securities recorded by the investment firm or market operator operating the DLT MTF shall not exceed	3. The total market value of DLT transferable securities recorded in a CSD operating a DLT securities settlement system shall not exceed EUR ***1.5*** billion. Where a DLT MTF records the DLT transferable securities instead of a CSD, in accordance with paragraphs 2 and 3 of Article 4, the total market value of the DLT transferable securities recorded by the investment firm or market operator operating the DLT MTF shall not exceed

EUR ***2.5*** billion.	EUR ***1.5*** billion.

Or. en

Amendment 293
Stéphanie Yon-Courtin, Ondřej Kovařík, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Article 3 – paragraph 3 a (new)

Text proposed by the Commission	*Amendment*
	3 a. By way of derogation, corporate bonds issued by issuers whose market capitalisation did not exceed EUR 1 billion at the time of their issuance shall be excluded from the calculation of the threshold set out in paragraphs (1)(b) and (3).

Or. en

Justification

Additional flexibility to promote SME financing through the pilot regime, in line with the threshold on SME research as part of the capital markets recovery package.

Amendment 294
Stéphanie Yon-Courtin, Ondřej Kovařík, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Article 3 – paragraph 4 – point a

Text proposed by the Commission	*Amendment*
(a) determined daily, either by the ***CSD or the investment firm or market operator*** concerned; and	(a) determined daily, either by the ***entity*** concerned; and

Or. en

Justification

Openness of the pilot regime to new entrants

Amendment 295
Gunnar Beck, Maximilian Krah

Proposal for a regulation
Article 3 – paragraph 4 – point a

Text proposed by the Commission	*Amendment*
(a) determined daily, either by the CSD or the investment firm or market operator concerned; and	(a) determined daily, either by the CSD or the investment firm***, issuer of crypto-assets,*** or market operator concerned; and

Or. en

Amendment 296
Sven Giegold
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 3 – paragraph 5 – subparagraph 1

Text proposed by the Commission	*Amendment*
Where the total market value of the DLT transferable securities reported under paragraph 1, has reached EUR ***2.25*** billion, the investment firm or market operator operating the DLT MTF concerned, or the CSD operating the DLT securities settlement system concerned shall activate the transition strategy, referred to in Article 6(6). They shall notify the competent authority of the activation of their transition strategy, in their monthly report and of the time-horizon for such transition.	Where the total market value of the DLT transferable securities reported under paragraph 1, has reached EUR ***3.5*** billion, the investment firm or market operator operating the DLT MTF concerned, or the CSD operating the DLT securities settlement system concerned shall activate the transition strategy, referred to in Article 6(6). They shall notify the competent authority of the activation of their transition strategy, in their monthly report and of the time-horizon for such transition.

Or. en

Amendment 297
Chris MacManus
on behalf of the The Left Group

Proposal for a regulation
Article 3 – paragraph 5 – subparagraph 1

Text proposed by the Commission	*Amendment*
Where the total market value of the DLT transferable securities reported under paragraph 1, has reached EUR ***2.25*** billion, the investment firm or market operator operating the DLT MTF concerned, or the CSD operating the DLT securities settlement system concerned shall activate the transition strategy, referred to in Article 6(6). They shall notify the competent authority of the activation of their transition strategy, in their monthly report and of the time-horizon for such transition.	Where the total market value of the DLT transferable securities reported under paragraph 1, has reached EUR ***1.25*** billion, the investment firm or market operator operating the DLT MTF concerned, or the CSD operating the DLT securities settlement system concerned shall activate the transition strategy, referred to in Article 6(6). They shall notify the competent authority of the activation of their transition strategy, in their monthly report and of the time-horizon for such transition.

Or. en

Amendment 298
Sven Giegold
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 3 – paragraph 5 – subparagraph 2

Text proposed by the Commission	*Amendment*
The competent authority concerned may permit the DLT market infrastructure concerned to continue to operate until the total market value of the DLT transferable securities reported under paragraph 1 reaches EUR 2.75 billion provided that such leeway is requested by the operator of the DLT market infrastructure concerned and that it is objectively necessary for the orderly implementation of the transition strategy.	***deleted***

Or. en

Amendment 299
Chris MacManus
on behalf of the The Left Group

Proposal for a regulation
Article 3 – paragraph 5 – subparagraph 2

Text proposed by the Commission	*Amendment*
The competent authority concerned may permit the DLT market infrastructure concerned to continue to operate until the total market value of the DLT transferable securities reported under paragraph 1 reaches EUR ***2.75*** billion provided that such leeway is requested by the operator of the DLT market infrastructure concerned and that it is objectively necessary for the orderly implementation of the transition strategy.	The competent authority concerned may permit the DLT market infrastructure concerned to continue to operate until the total market value of the DLT transferable securities reported under paragraph 1 reaches EUR ***1.75*** billion provided that such leeway is requested by the operator of the DLT market infrastructure concerned and that it is objectively necessary for the orderly implementation of the transition strategy.

Or. en

Amendment 300
Sven Giegold
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 4 – paragraph 1 – introductory part

Text proposed by the Commission	*Amendment*
1. A DLT MTF shall be subject to all the requirements applicable to an MTF under Directive 2014/65/EU and Regulation (EU) No 2014/600, ***except if*** the investment firm or the market operator operating the DLT MTF:	1. A DLT MTF shall be subject to all the requirements applicable to an MTF under Directive 2014/65/EU***, except in relation to an exemption granted in accordance with paragraph 1a (new),*** and Regulation (EU) No 2014/600, ***and in addition*** the investment firm or the market operator operating the DLT MTF:

Or. en

Justification

Clarifies that all requirements apply with one possible derogation from MiFID as referred to in the following paragraph.

Amendment 301
Jessica Polfjärd

Proposal for a regulation

Article 4 – paragraph 1 – introductory part

Text proposed by the Commission	*Amendment*
1. A DLT MTF shall be subject to all the requirements applicable to an MTF under Directive 2014/65/EU ***and*** Regulation (EU) No 2014/600**,** except if the investment firm or the market operator operating the DLT MTF:	1. A DLT MTF shall be subject to all the requirements applicable to an MTF under Directive 2014/65/EU**,** Regulation (EU) No 2014/600 ***and any other applicable Union financial services legislation*** except if the investment firm or the market operator operating the DLT MTF:

Or. en

Amendment 302
Eva Kaili

Proposal for a regulation
Article 4 – paragraph 1 – introductory part

Text proposed by the Commission	*Amendment*
1. A DLT MTF shall be subject to all the requirements applicable to an MTF under Directive 2014/65/EU and Regulation (EU) No 2014/600, except if the investment firm or the market operator operating the DLT MTF:	1. A DLT MTF ***and its operator*** shall be subject to all the requirements applicable to an MTF under Directive 2014/65/EU and Regulation (EU) No 2014/600, except if the investment firm or the market operator operating the DLT MTF:

Or. en

Justification

Some requirements are applicable to the operator of the market infrastructure

Amendment 303
Stéphanie Yon-Courtin, Ondřej Kovařík, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Article 4 – paragraph 1 – introductory part

Text proposed by the Commission	*Amendment*
1. A DLT MTF shall be subject to all the requirements applicable to an MTF	1. A DLT MTF shall be subject to all the requirements applicable to an MTF

under Directive 2014/65/EU and Regulation (EU) No 2014/600, except if the ***investment firm or the market operator*** operating the DLT MTF:	under Directive 2014/65/EU and Regulation (EU) No 2014/600, except if the ***entity*** operating the DLT MTF:

Or. en

Justification

Openness of the pilot regime to new entrants

Amendment 304
Sven Giegold
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 4 – paragraph 1 – point a

Text proposed by the Commission	*Amendment*
(a) has requested an exemption as specified in paragraph 2 or under Directive (EU) .../...[53] and has been granted such an exemption by the competent authority that granted the specific permission in accordance with Article 7; and	***deleted***

[53] Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2009/65/EC, 2009/138/EU, 2011/61/EU, EU/2013/36, 2014/65/EU, (EU) 2015/2366 and EU/2016/2341 - COM(2020)596 - - COM(2020)596

Or. en

Amendment 305
Sven Giegold
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 4 – paragraph 1 a (new)

Text proposed by the Commission	*Amendment*
	1 a. At its request, an investment firm or market operator operating a DLT MTF may be exempted by ESMA from the application of Article 19 of Directive 2014/65/EU (MiFID) and may be permitted, under the rules governing access referred to in Article 18(3) of Directive 2014/65/EU (MiFID) and for a maximum of four years, to admit natural persons to the DLT MTF as members or participants, provided that those persons fulfil the following requirements:
	(a) they are of sufficiently good repute and are fit and proper;
	(b) they have sufficient level of trading ability, competence and experience, including knowledge of the trading and the functioning of DLT;and
	(c) they have given informed consent to be included in the pilot regime and are adequately informed of its experimental nature and the potential risks associated with it.
	Where ESMA grants the exemption referred to in the first subparagraph, it may impose additional investor protection measures for the protection of natural persons admitted as members of, or participants in, the DLT MTF. Such measures shall be proportionate to the risk profile of the participants or members.

Or. en

Justification

The exemption from MiFID is inserted in this Regulation, instead via an ad hoc amendment to MiFID.

Amendment 306
Sven Giegold
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 4 – paragraph 1 b (new)

Text proposed by the Commission	*Amendment*
	1 b. ESMA shall develop draft regulatory technical standards to specify:
	(a) the criteria for assessing the fitness and propriety of natural persons for the purposes of anti-money laundering and combatting the financing of terrorism;
	(b) the criteria for assessing the ability, competence and experience required under Article 4(1a) and Article 5(4);
	(c) the investor protection measures referred to in Article 4(1).
	ESMA shall submit those draft regulatory technical standards to the Commission by... [six months after the date of entry into force of this Regulation].
	Power is conferred on the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Article 15 of Regulation (EU) No 1095/2010.

Or. en

Amendment 307
Stéphanie Yon-Courtin, Ondřej Kovařík, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Article 4 – paragraph 2 – introductory part

Text proposed by the Commission	*Amendment*
2. At its request, an ***investment firm or a market operator*** operating a DLT MTF may be permitted to admit to trading DLT transferable securities that are not recorded in a CSD in accordance with Article 3(2) of Regulation (EU) 909/2014 but instead recorded on the DLT ***MTF's distributed ledger***.	2. At its request, an ***entity*** operating a DLT MTF may be permitted to admit to trading DLT transferable securities that are not recorded in a CSD in accordance with Article 3(2) of Regulation (EU) 909/2014 but instead recorded on the DLT ***used by the DLT MTF***.

Or. en

Justification

Openness of the pilot regime to new entrants & technological neutrality in relation to proprietary and public DLTs

Amendment 308
Jessica Polfjärd

Proposal for a regulation
Article 4 – paragraph 2 – introductory part

Text proposed by the Commission	*Amendment*
2. At its request, an investment firm or a market operator operating a DLT MTF may be permitted to admit to trading DLT transferable securities that are not recorded in a CSD in accordance with Article 3(2) of Regulation (EU) 909/2014 but instead recorded on the ***DLT MTF's*** distributed ledger.	2. At its request, an investment firm or a market operator operating a DLT MTF may be permitted to admit to trading DLT transferable securities that are not recorded in a CSD in accordance with Article 3(2) of Regulation (EU) 909/2014 but instead recorded on the distributed ledger ***used by the DLT MTF***.

Or. en

Amendment 309
Stéphanie Yon-Courtin, Ondřej Kovařík, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Article 4 – paragraph 2 – subparagraph 1 – introductory part

Text proposed by the Commission	*Amendment*
An ***investment firm or market operator*** requesting an exemption pursuant to paragraph 1 shall propose compensatory measures to meet the objectives pursued by the provisions from which an exemption is requested, and ensure at a minimum:	An ***entity*** requesting an exemption pursuant to paragraph 1 shall propose compensatory measures to meet the objectives pursued by the provisions from which an exemption is requested, and ensure at a minimum:

Or. en

Justification

Openness of the pilot regime to new entrants

Amendment 310
Stéphanie Yon-Courtin, Ondřej Kovařík, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Article 4 – paragraph 2 – subparagraph 1 – point c

Text proposed by the Commission	*Amendment*
(c) that the DLT MTF keeps records which enable the ***investment firm or market operator*** operating the DLT MTF, without delay at any given time, to segregate the DLT transferable securities of a member, participant, issuer or client from those of any other member, participant, issuer or client.	(c) that the DLT MTF keeps records which enable the ***entity*** operating the DLT MTF, without delay at any given time, to segregate the DLT transferable securities of a member, participant, issuer or client from those of any other member, participant, issuer or client.

Or. en

Justification

Openness of the pilot regime to new entrants

Amendment 311
Eva Kaili

Proposal for a regulation
Article 4 – paragraph 2 – subparagraph 1 – point c a (new)

Text proposed by the Commission	*Amendment*
	(c a) that the operations of the DLT MTF do not affect the operations and robustness of any other MTF operated by the operator of the DLT MTF, for instance, where one or more entities participate in both a regular and a DLT MTF operated by the same operator. In those circumstances, the DLT MTF operator shall clearly explain the insolvency and settlement finality risks to which its participants are exposed, as well as any measures that have been put in place in order to mitigate such risks.

Or. en

Justification

It is suggested to incorporate the second remark of point 3.4 of the "ECB Opinion on the DLT pilot regime" of April 28th in order to provide for "ring-fencing" DLT MTFs in case their operator operates other MTF(s), as well.

Amendment 312
Jessica Polfjärd

Proposal for a regulation
Article 4 – paragraph 2 – subparagraph 2

Text proposed by the Commission	*Amendment*
Where no request for an exemption has been made by the DLT MTF in accordance with the first subparagraph, the DLT transferable securities shall either be recorded in book-entry form in a CSD or on ***the*** distributed ledger ***technology of*** a CSD operating a DLT securities settlement system.	Where no request for an exemption has been made by the DLT MTF in accordance with the first subparagraph, the DLT transferable securities shall either be recorded in book-entry form in a CSD or on ***a*** distributed ledger ***used by*** a CSD operating a DLT securities settlement system.

Or. en

Amendment 313
Eva Kaili

Proposal for a regulation
Article 4 – paragraph 2 – subparagraph 2

Text proposed by the Commission	*Amendment*
Where no request for an exemption has been made by the DLT MTF in accordance with the first subparagraph, the DLT transferable securities shall either be recorded in book-entry form in a CSD or on the distributed ledger technology of a CSD operating a DLT ***securities settlement system***.	Where no request for an exemption has been made by the DLT MTF ***operator*** in accordance with the first subparagraph, the DLT transferable securities shall either be recorded in book-entry form in a CSD or on the distributed ledger technology of a CSD operating a DLT ***SSS***.

Or. en

Justification

The request for an exemption is made by the operator of the DLT MTF in the first

subparagraph (and not the DLT MTF)

Amendment 314
Sven Giegold
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 4 – paragraph 3 – introductory part

Text proposed by the Commission	*Amendment*
3. Where an investment firm or a market operator operating a DLT MTF has requested ***an exemption*** under paragraph 2, it shall ensure, by means of robust procedures and arrangements that, the DLT MTF:	3. Where an investment firm or a market operator operating a DLT MTF has requested ***a permission*** under paragraph 2, it ***shall ensure compliance with all the requirements applicable to a CSD operating a DLT under Regulation (EU) No 909/2014 in a manner proportionate to the nature, scale and risks of its business and*** shall ensure, by means of robust procedures and arrangements that, the DLT MTF:

Or. en

Justification

To ensure appropriate alignment with the safeguards applied to CSD services under Union legislation and preserve a level playing field among different DLT market infrastructures. See also ECB opinion.

Amendment 315
Stéphanie Yon-Courtin, Ondřej Kovařík, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Article 4 – paragraph 3 – introductory part

Text proposed by the Commission	*Amendment*
3. Where an ***investment firm or a market operator*** operating a DLT MTF has requested an exemption under paragraph 2, it shall ensure, by means of robust procedures and arrangements that, the DLT MTF:	3. Where an ***entity*** operating a DLT MTF has requested an exemption under paragraph 2, it shall ensure, by means of robust procedures and arrangements that, the DLT MTF:

Or. en

Justification

Openness of the pilot regime to new entrants

Amendment 316
Johan Van Overtveldt

Proposal for a regulation
Article 4 – paragraph 3 – point a

Text proposed by the Commission	*Amendment*
(a) guarantees that the number of DLT transferable securities in an issue or in part of an issue admitted by the investment firm or market operator operating the DLT ***MTF***, is equal to the sum of DLT transferable securities making up such an issue or part of an issue, recorded on the DLT, at any given time;	(a) guarantees***, in accordance with Article 37(2) and (3) of Regulation (EU) No 909/2014,*** that the number of DLT transferable securities in an issue or in part of an issue admitted by the investment firm or market operator operating the DLT ***TSS***, is equal to the sum of DLT transferable securities making up such an issue or part of an issue, recorded on the DLT, at any given time;

Or. en

Justification

This amendment aims at taking into account a suggestion made in the ECB opinion. The unlevel playing field concern raised by the ECB between a DLT MTF providing core CSD services and a DLT SSS is addressed by the introduction of the DLT TSS concept. It is however relevant to further clarify in this article that the requirements on the provision of core CSD services by an operator of a DLT market infrastructure should be aligned with the relevant provisions of Regulation (EU) No 909/2014.

Amendment 317
Jonás Fernández, Eero Heinäluoma

Proposal for a regulation
Article 4 – paragraph 3 – point a

Text proposed by the Commission	*Amendment*
(a) guarantees that the number of DLT transferable securities in an issue or in part of an issue admitted by the investment firm	(a) guarantees***, in accordance with Article 37(2) and (3) of Regulation (EU) No 909/2014,*** that the number of DLT

or market operator operating the DLT MTF, is equal to the sum of DLT transferable securities making up such an issue or part of an issue, recorded on the DLT, at any given time;	transferable securities in an issue or in part of an issue admitted by the investment firm or market operator operating the DLT MTF, is equal to the sum of DLT transferable securities making up such an issue or part of an issue, recorded on the DLT, at any given time;

Or. en

Justification

As per the ECB' opinion.

Amendment 318
Stéphanie Yon-Courtin, Ondřej Kovařík, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Article 4 – paragraph 3 – point a

Text proposed by the Commission	*Amendment*
(a) guarantees that the number of DLT transferable securities in an issue or in part of an issue admitted by the ***investment firm or market operator*** operating the DLT MTF, is equal to the sum of DLT transferable securities making up such an issue or part of an issue, recorded on the DLT, at any given time;	(a) guarantees that the number of DLT transferable securities in an issue or in part of an issue admitted by the ***entity*** operating the DLT MTF, is equal to the sum of DLT transferable securities making up such an issue or part of an issue, recorded on the DLT, at any given time;

Or. en

Justification

Openness of the pilot regime to new entrants

Amendment 319
Johan Van Overtveldt

Proposal for a regulation
Article 4 – paragraph 3 – point d

Text proposed by the Commission	*Amendment*
(d) provides clear, accurate and timely information in relation to the settlement of	(d) provides***, in accordance with Article 39(5) of Regulation (EU) No***

transactions, including settlement finality, by defining the moment from which transfer orders or other pre-identified instructions may not be revoked by a member, participant, issuer or client;	***909/2014,*** clear, accurate and timely information in relation to the settlement of transactions, including settlement finality, by defining the moment from which transfer orders or other pre-identified instructions may not be revoked by a member, participant, issuer or client;

Or. en

Justification

This amendment aims at taking into account a suggestion made in the ECB opinion. The unlevel playing field concern raised by the ECB between a DLT MTF providing core CSD services and a DLT SSS is addressed by the introduction of the DLT TSS concept. It is however relevant to further clarify in this article that the requirements on the provision of core CSD services by an operator of a DLT market infrastructure should be aligned with the relevant provisions of Regulation (EU) No 909/2014.

Amendment 320
Jonás Fernández, Eero Heinäluoma

Proposal for a regulation
Article 4 – paragraph 3 – point d

Text proposed by the Commission	*Amendment*
(d) provides clear, accurate and timely information in relation to the settlement of transactions, including settlement finality, by defining the moment from which transfer orders or other pre-identified instructions may not be revoked by a member, participant, issuer or client;	(d) provides***, in accordance with Article 39(5) of Regulation (EU) No 909/2014,*** clear, accurate and timely information in relation to the settlement of transactions, including settlement finality, by defining the moment from which transfer orders or other pre-identified instructions may not be revoked by a member, participant, issuer or client;

Or. en

Justification

As per the ECB' opinion.

Amendment 321
Sven Giegold
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 4 – paragraph 3 – point d

Text proposed by the Commission	*Amendment*
(d) provides clear, accurate and timely information in relation to the settlement of transactions, including settlement finality, by defining the moment from which transfer orders or other pre-identified instructions may not be revoked by a member, participant, issuer or client;	(d) provides clear, accurate and timely information in relation to the settlement of transactions, including settlement finality, by defining the moment from which transfer orders or other pre-identified instructions may not be revoked by a member, participant, issuer or client***, in accordance with Article 39 of Regulation (EU) No 909/2014***;

Or. en

Amendment 322
Eva Kaili

Proposal for a regulation
Article 4 – paragraph 3 – point f – paragraph 1

Text proposed by the Commission	*Amendment*
The settlement of ***payments*** may be carried out through central bank money where practicable and available, or where not practicable and available, through commercial bank money, including commercial bank money in a token-based form, or in e-money tokens.	The settlement of ***the payment leg*** may be carried out through central bank money where practicable and available, or where not practicable and available, through commercial bank money, including commercial bank money in a token-based form, or in e-money tokens.

Or. en

Amendment 323
Eva Kaili

Proposal for a regulation
Article 4 – paragraph 3 – point f – paragraph 2

Text proposed by the Commission	*Amendment*
Where settlement occurs through commercial bank money or e-money	Where settlement occurs through commercial bank money or e-money

tokens, the investment firm or market operator operating the DLT MTF shall identify, measure, monitor, manage, and minimise any counterparty risk arising from the use of such money; and	tokens, the investment firm or market operator operating the DLT MTF shall identify, measure, monitor, manage, and minimise any counterparty risk arising from the use of such money***. Where settlement occurs through e-money tokens for the payment leg, participants in a DLT MTF may open accounts directly with the DLT MTF for the purposes of settling the payment leg in e-money tokens, or alternatively the DLT MTF and its participants may open an account with a third party providing services relating to e-money tokens. In those cases, the DLT MTF or the third party shall be the issuer of e-money tokens and shall ensure that settlement of the payment leg takes place in e-money tokens. Since e-money tokens can only be issued either by credit institutions or e-money institutions under Regulation No 2021/XX on Markets in Crypto-Assets, the exemption provided under this Regulation with respect to the cash settlement provisions of Regulation (EU) No 909/2014 (CSDR) shall not exempt a DLT MTF, or a third party issuing e-money tokens and settling the payment leg of securities transactions through its own accounts, from the licensing requirements under the Regulation No 2021/XX on Markets in Crypto-Assets***; and

Or. en

Justification

Editorial comment. Furthermore, it is suggested to incorporate point 3.3.7 of the Opinion of the ECB on the DLT pilot regime of April 28thas regards the settlement in EMTs.

Amendment 324
Stéphanie Yon-Courtin, Ondřej Kovařík, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Article 4 – paragraph 3 – point f – paragraph 2

Text proposed by the Commission	*Amendment*

Where settlement occurs through commercial bank money or e-money tokens, the ***investment firm or market operator*** operating the DLT MTF shall identify, measure, monitor, manage, and minimise any counterparty risk arising from the use of such money; and	Where settlement occurs through commercial bank money or e-money tokens, the ***entity*** operating the DLT MTF shall identify, measure, monitor, manage, and minimise any counterparty risk arising from the use of such money; and

Or. en

Justification

Openness of the pilot regime to new entrants

Amendment 325
Sven Giegold
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 4 – paragraph 3 – point g

Text proposed by the Commission	*Amendment*
(g) either prevents or, if not possible, addresses settlement fails.	(g) either prevents or, if not possible, addresses settlement fails***, in accordance with Articles 6 and 7 of Regulation (EU) No 909/2014 and Commission Delegated Regulation (EU) 2018/1229, mutatis mutandis***.

Or. en

Amendment 326
Jonás Fernández, Eero Heinäluoma

Proposal for a regulation
Article 4 – paragraph 3 – point g

Text proposed by the Commission	*Amendment*
(g) either prevents or, if not possible, addresses settlement fails.	(g) either prevents or, if not possible, addresses settlement fails***, in accordance with Article 7 of Regulation (EU) No 909/2014 and Commission Delegated Regulation (EU) 2018/1229[1a]***.

_____

[1a] Commission Delegated Regulation (EU) 2018/1229 of 25 May 2018 supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on settlement discipline (OJL 230, 13.9.2018, p.1)

Or. en

Justification

As per the ECB' opinion.

Amendment 327
Johan Van Overtveldt

Proposal for a regulation
Article 4 – paragraph 3 – point g

Text proposed by the Commission	*Amendment*
(g) either prevents or, if not possible, addresses settlement fails.	(g) either prevents or, if not possible, addresses settlement fails***, in accordance with Article 7 of Regulation (EU) No 909/2014 and Commission Delegated Regulation (EU) 2018/1229****. _____ *** Commission Delegated Regulation (EU) 2018/1229 of 25 May 2018 supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on settlement discipline (OJ L 230, 13.9.2018, p. 1).***

Or. en

Justification

This amendment aims at taking into account a suggestion made in the ECB opinion. The unlevel playing field concern raised by the ECB between a DLT MTF providing core CSD services and a DLT SSS is addressed by the introduction of the DLT TSS concept. It is however relevant to further clarify in this article that the requirements on the provision of core CSD services by an operator of a DLT market infrastructure should be aligned with the relevant provisions of Regulation (EU) No 909/2014.

Amendment 328
Stéphanie Yon-Courtin, Ondřej Kovařík, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Article 4 – paragraph 4 – introductory part

Text proposed by the Commission	*Amendment*
4. Where an ***investment firm or a market operator*** operating a DLT MTF requests an exemption in accordance with paragraph 2 or with Directive (EU) .../...[54] , it shall in any case demonstrate that the exemption requested is:	4. Where an ***entity*** operating a DLT MTF requests an exemption in accordance with paragraph 2 or with Directive (EU) .../...[54] , it shall in any case demonstrate that the exemption requested is:
[54] Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2009/65/EC, 2009/138/EU, 2011/61/EU, EU/2013/36, 2014/65/EU, (EU) 2015/2366 and EU/2016/2341 - - COM(2020)596	[54] Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2009/65/EC, 2009/138/EU, 2011/61/EU, EU/2013/36, 2014/65/EU, (EU) 2015/2366 and EU/2016/2341 - - COM(2020)596

Or. en

Justification

Openness of the pilot regime to new entrants

Amendment 329
Stéphanie Yon-Courtin, Ondřej Kovařík, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Article 4 – paragraph 4 – point b

Text proposed by the Commission	*Amendment*
(b) limited to the DLT MTF and does not extended to any other MTF operated by the said ***investment firm or market operator***.	(b) limited to the DLT MTF and does not extended to any other MTF operated by the said ***entity***.

Or. en

Justification

Openness of the pilot regime to new entrants

Amendment 330
Stéphanie Yon-Courtin, Ondřej Kovařík, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Article 4 – paragraph 4 a (new)

Text proposed by the Commission	*Amendment*
	4 a. An entity that is not subject to all the requirements applicable to an MTF under Directive 2014/65/EU and Regulation (EU) No 2014/600 at the time of its application for a specific permission shall be allowed to apply in accordance with paragraphs 1 to 4 of this Article. Competent authorities shall put in place specific procedures for entities that are not subject to all the requirements applicable to an MTF under Directive 2014/65/EU and Regulation (EU) No 2014/600 at the time of their application.

Or. en

Justification

Fast-track procedure for entities not regulated as an MTF at the time of application.

Amendment 331
Jessica Polfjärd

Proposal for a regulation
Article 5 – paragraph 1 – introductory part

Text proposed by the Commission	*Amendment*
1. A CSD operating a DLT securities settlement system shall be subject to the requirements applicable to a CSD under Regulation (EU) No 909/2014, except if such a CSD:	1. A CSD operating a DLT securities settlement system shall be subject to the requirements applicable to a CSD under Regulation (EU) No 909/2014 ***and any other applicable Union financial services legislation***, except if such a CSD:

Or. en

Amendment 332
Stéphanie Yon-Courtin, Ondřej Kovařík, Gilles Boyer, Olivier Chastel

Proposal for a regulation
Article 5 – paragraph 1 – introductory part

Text proposed by the Commission	*Amendment*
1. ***A CSD*** operating a DLT securities settlement system shall be subject to the requirements applicable to a CSD under Regulation (EU) No 909/2014, except if such ***a CSD***:	1. ***An entity*** operating a DLT securities settlement system shall be subject to the requirements applicable to a CSD under Regulation (EU) No 909/2014, except if such ***an entity***:

Or. en

Justification

Openness of the pilot regime

Amendment 333
Christophe Hansen, Lídia Pereira

Proposal for a regulation
Article 5 – paragraph 1 – point c

Text proposed by the Commission	*Amendment*
(c) complies with the conditions set out in paragraphs 2 to 7 and with any additional compensatory measures that the competent authority which granted the specific permission may deem appropriate in order to meet the objectives pursued by the provisions from which an exemption is requested or to ensure investor protection, market integrity and/or financial stability.	(c) complies with the conditions set out in paragraphs 2 to 7 and with any additional compensatory measures that the competent authority ***or ESMA after consulting the national competent authority,*** which granted the specific permission may deem appropriate in order to meet the objectives pursued by the provisions from which an exemption is requested or to ensure investor protection, market integrity and/or financial stability.

Or. en

Amendment 334
Eva Kaili

Proposal for a regulation

Article 5 – paragraph 1 – point c

Text proposed by the Commission	*Amendment*
(c) complies with the conditions set out in paragraphs 2 to 7 and with any additional compensatory measures that the competent authority which granted the specific permission may deem appropriate in order to meet the objectives pursued by the provisions from which an exemption is requested or to ensure investor protection, market integrity and/or financial stability.	(c) complies with the conditions set out in paragraphs 2 to 7 and with any additional compensatory ***or corrective*** measures that ***ESMA or*** the competent authority which granted the specific permission may deem appropriate in order to meet the objectives pursued by the provisions from which an exemption is requested or to ensure investor protection, market integrity and/or financial stability.

Or. en

Justification

ESMA should be mentioned in the context of the strengthened role proposed.