ADAN

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Position Paper

On the Market Infrastructure and Supervision Package

The current DLT Pilot Regime struggled to deliver its expected benefits due to its scope limitations and lack of sufficient proportionality. The prudential requirements did not fully consider the experimental nature of the activities, and when coupled with the narrowed scope and disproportionately high costs, discouraged participation. This severely restricted the profitability and viability of potential projects. Additionally, the regime's temporary nature is also a disincentive, as firms are hesitant to invest such resources into activities with an uncertain future beyond the pilot phase.

A more ambitious version of the regime is essential. We welcome the proposed changes. Yet, some important gaps have to be further considered. We are at a crucial time, where competitive jurisdictions are moving fast and strategically. Europe has a vital opportunity to make bold decisions and establish a market-driven, future-forward DLT regime that will not become obsolete in a few years. It is imperative to create a framework that enables EU capital markets to adopt innovation and to remain competitive globally to prevent liquidity from migrating to more efficient jurisdictions.

This paper details our views as regards how to further improve the current DLT Pilot Regime.

SUMMARY

Tokenization: Amendments to the DLT Pilot Regime

1. FAST-FORWARD THE REGIME

The industry is highly concerned that the integration of the targeted amendments to the DLT Pilot Regime into the wider Master Regulation could cause excessive delays in their approval, undermining the prompt changes needed to keep EU capital markets competitive globally and prevent liquidity from migrating to more efficient jurisdictions.

While the EU remains preoccupied with foundational, sandbox-level regulatory hurdles, the US is already transitioning towards institutional tokenization through its established infrastructure via the DTCC. Europe is at a crucial point: without greater clarity and flexibility in the DLT Pilot Regime, we risk the digital asset activity will migrate to more agile jurisdictions.

The current Pilot struggled to deliver its expected benefits due to its narrow scope and lack of proportionality. Conversely, the DTCC, authorized by the SEC, is progressing towards a 2026 production launch for wholesale tokenization, establishing a robust, high-performance, and standardized framework that contrasts with the European regulatory environment. SEC's No-Action Letter to DTCC, setting the conditions for large-scale tokenization in the U.S., paving the way for a fully digital zero-threshold, T+0 settlement market by 2026.

Time matters. The large number of other issues and significant high-political considerations inherent in the Master Proposal and the entire Package are likely to hinder a prompt approval of the DLT Pilot provisions. This could substantially delay their implementation, potentially pushing their effective date to around 2030. If Europe remains constrained until 2030, and awaits to lift current restrictions, European infrastructure risks becoming obsolete before it is even launched. Global liquidity will not wait, it will shift to U.S. markets, undermining the Euro's competitiveness.

This will also constrain European "first movers" due to the experimental limitations they face with the current Regime while their US competitors could operate at scale. Liquidity will naturally gravitate toward these most efficient jurisdictions.

To avoid this, it is imperative that the EU acts decisively now. **We thus urge to fast-forward the approval of the full DLT Pilot Regime provisions to ensure EU capital markets are competitive globally and prevent liquidity from migrating to more efficient jurisdictions.**

2. THRESHOLDS

The current Pilot Regime imposes low thresholds on the size of permitted DLT-based issuances and the total market value of instruments allowed within the regime. This significantly limited the scalability and the potential for profitability and viability of projects, especially for players who need to see substantial volumes to justify the heavy investment in new infrastructure.

While we welcome the increase in the cap from €6 billion to up to €100 billion, it still remains too restrictive and proves insufficient, considering current capital market volumes. A single

large company issuing bonds typically exceeds €1 billion. For example, the Project Pythagore, where Euroclear and the Banque de France are working to tokenize the entire NeuCP market (a segment involving short-term financing instruments issued by European firms), holds a volume already reaching €350 billion and plans for further growth.

A €100 billion cap would hinder such developments under the pilot scheme. The cap would impede investments in market infrastructure, as there would be no viable business model.
Removing these thresholds aligns with the regime's primary goal of promoting large-scale innovation within European financial markets. The risks linked to removing these thresholds are minimal, given the already stringent regulatory framework overseeing DLT TSS entities, which ensures strong market integrity and investor protection.

Jurisdictions like Switzerland and Singapore demonstrate the advantages of less restrictive frameworks, evidenced by higher market activity and innovation levels, positioning them strongly on the international stage. Developments in the US must not be overlooked. In January 2026 and September last year, Intercontinental Exchange (ICE) and Nasdaq announced the development of platforms for 24/7 tokenized security trading, with the goal of removing traditional market hour restrictions and settlement delays to enable instant, continuous peer-to-peer trading. ICE intends to facilitate trading of tokenized stocks, while Nasdaq aims for 23/5 trading through digital tokens. Crucially, both of these major tokenization initiatives are not limited by thresholds.

To remain competitive with the US, the European Union must adopt a regulatory approach that is bold and ambitious. Europe needs to demonstrate its willingness to lead and innovate. An overly conservative and restrictive stance would result in a slower pace compared to other jurisdictions, hindering the EU's ability to compete on a global scale. This could put European projects at a disadvantage, as their US counterparts operate at larger scales, leading to liquidity to naturally gravitate towards these most efficient jurisdictions. Europe faces a significant risk of falling behind not only in the race but also in establishing a substantial European infrastructure needed to build our Savings and Investments Union. It's not too late to react.

In parallel, the possibility of changing the €100 billion cap through delegated acts by the Commission would not significantly alter market perceptions or dynamics- raising the cap above €100 billion would likely require a lengthy approval process, negatively impacting the growth of DLT market infrastructure.

Thus, removing or (as a minimum) substantially increasing these thresholds is crucial to fostering meaningful innovation, attracting substantial investments, and allowing DLT-based solutions to compete on equal terms with other jurisdictions.

We thus recommend to:
1. <u>Remove the cap</u> on the total value of financial instruments admitted to trading on DLT infrastructure.

Or, if a complete removal of thresholds is not pursued, we advocate for:
2. An **hybrid flexibility model:**

- ➔ **As a minimum, increase the ceiling from €100 billion to €500 billion.** This provides the industry with the "breathing room" to transition to viable business projects.
  +
- ➔ **ESMA Flexibility Mechanism: Grant ESMA the mandate to waive thresholds for specific projects on a case-by-case basis. ESMA could give green-light to lift caps** for infrastructures that demonstrate robust risk management, provided they do not pose a threat to financial stability or market integrity. This will also create a practical testing ground for cap removal and its supervision within the pilot environment.

Yet, Operators of DLT market infrastructures should submit regular reports to their competent authorities, which also allow a close monitoring of the risks. This ensures that National Competent Authorities (NCAs) and ESMA maintain a real-time view of systemic risks, allowing for a "supervise-as-you-grow" approach.

3. FINANCIAL INSTRUMENTS/SCOPE

Currently, the DLTPR is limited to shares, plain vanilla bonds, and select investment fund units, which considerably restricts its utility and attractiveness. We thus welcome the extension of the list of eligible financial assets to encompass all types of financial instruments, rather than limiting the regime to specific product categories. This inclusive approach would prevent restrictive, product-specific limitations and foster a dynamic environment, including commonly traded products in traditional markets. Widening the scope of eligible assets would significantly boost transaction diversity and volume, contributing to a more vibrant and innovative market landscape, thereby enhancing Europe's financial sovereignty and market resilience.

4. TEMPORALITY

The Commission proposal provides an extension of the Pilot until 2030 (Article 14 (2), and mandates the Commission *"to **assess** whether the pilot regime should be integrated into other sectoral legislation and submit, where appropriate, a legislative proposal"*.
The extension of the Pilot until 2030 followed by an option from the Commission to integrate the Regime into sectorial legislation doesn't provide the necessary clarity and legal certainty needed. It is crucial to establish long-term regulatory clarity by formally solidifying the Pilot Regime on a permanent basis. Europe needs a DLT (not a pilot) regime. Time limit should be thus permanently removed to provide participants with the long-term stability and predictability needed to launch innovative projects.

The regime's temporary nature has been seen as a disincentive, as firms are hesitant to pour resources into developing systems that have an uncertain future beyond the pilot period. The

existing restriction of license validity hampers long-term strategic investments and introduces unnecessary legal uncertainty.

Removing this limitation would provide reassurance to market participants, encouraging significant investments in technological development and infrastructure. It would send a strong signal of regulatory stability, vital for fostering a sustainable digital capital markets ecosystem.

In its Report on the Functioning and Review of the DLT Pilot Regime (June, 2025), ESMA Advises *"codifying the DLT Pilot Regime permanently into law and removing the maximum six-year license duration for authorised DLT MIs"*.

While Europe seems to focus on a "long-term architecture" that keeps tokenization projects within a pilot phase, the United States is moving straight into immediate production, supporting high-volume, scalable, institutional, and in some cases, "real-time" trading of tokenized assets.

This adjustment would align Europe with international practices such as the UK's Digital Securities Sandbox, which emphasizes the importance of continuity and long-term viability for digital market initiatives. UK's Digital Securities Sandbox is designed from the outset with a "glidepath" structure, with the objective of allowing successful participants to transition from the sandbox to a permanent, updated regulatory regime, expected by 2029.

DLTPR participants should not face indefinite participation in a 'pilot'. It is crucial to establish long-term regulatory clarity by formally solidifying the Pilot Regime on a permanent basis. The regime should thus define a pathway from pilot state to full, live production state with permanent regulatory modifications.

5. SETTLEMENT EMTs

A. Exempt CSDs from Title IV of CSDR to ensure both Credit Institutions and Electronic Money Institutions can do settlement with EMTs that comply with MiCAR (Art. 40 (3))

According to the Markets in Crypto-assets Regulation (MiCAR), entities can issue Electronic Money Tokens (EMTs) under two types of licensing arrangements: Credit Institutions (CIs) or Electronic Money Institutions (EMIs)- in addition to the prudential and operational requirements established in Title IV of MiCAR which apply regardless of their holding licenses.

We welcome that the framework set out for the settlement of the cash leg of a securities transaction is amended to allow settlement, under specific conditions, with e-money tokens authorised under MiCAR. However, the current proposal restricts the type of entities that can perform settlement with EMTs.

Particularly, we identify that the targeted amendments to the Pilot Regime and the CSDR under the Master Regulation (which clarify the use of EMTs for settlement purposes) establish a restrictive framework which only permits credit institutions to conduct settlement utilizing EMTs. Consequently, EMIs are excluded from executing EMT-based settlements.

Excluding EMIs from the ability to conduct settlement results in an arbitrary differentiation between two entities that, under the strict prudential and operational standards of MiCA, are authorized to issue EMTs. This legal inconsistency establishes a regulatory paradox: although EMIs are permitted to issue the digital assets intended to function as settlement instruments, they are categorically prohibited from enabling the finality of transactions those assets are meant to facilitate.

Currently, most European stablecoin issuers are EMIs according to the official ESMA register, thus, by limiting settlement activities to Credit Institutions, the regulation excludes the majority of the current market participants.
Moreover, this creates market distortion. If only CIs are permitted to carry out settlement, they will naturally prioritize their own EMTs.

This creates a competitive discrimination and results in an unlevel playing field, contradicting the fundamental principles of MiCA and the regulatory rationale underpinning its EMT framework. This lack of proportionality undermines the level playing field intended by the Master Regulation and may disincentivize EMIs from investing in large-scale DLT infrastructure within the Union.

Legal Rationale

The settlement of transactions in tokenized financial instruments on the DLT market infrastructure falls under the the framework in CSDR provided that these operations are to be carried out by CSDs that are operators of either DLT SSs or DLT TSSs.

The structural imbalance that we previously outlined stems from the application of Title IV of the CSDR, which governs the authorization of DLT SSs and DLT TSSs for carrying out EMT settlement. In accordance with Article 40 (3) on 'Cash and e-money token settlement of CSDR', *"a CSD wishing to settle the cash payments shall obtain an authorisation to do so in accordance with (...) requirements set out in Title IV."*

However, it's important to note that Title IV imposes very rigorous and high demanding economic requirements, rendering compliance impossible for entities operating under EMI arrangements, and even very hard for CIs. To illustrate the severity of these barriers into perspective, currently, only two entities in the entire European market- Euroclear Bank and Clearstream Banking- comply with Title IV requirements.

Therefore, in practice, the application of CSDR's Title IV creates market consolidation and poses a significant barrier to entry that favors established players and makes it difficult for new, innovative firms to compete in the DLT space. This would contradict the objectives of the proposed modifications to the DLTPR, which aim to ensure clarity and flexibility for settlement in EMTs.

Under the simplified regime: Article 5(8c) of the DLTPR indicates that *"Title IV of Regulation (EU) No 909/2014 shall not apply to a credit institution when it provides the settlement of*

payments using commercial bank money to a DLT market infrastructure operated under the simplified regime."

While Article 7a(5)(d) of the DLTPR creates exemptions from CSDR requirements for DLT SS and DLT TSS under the simplified regime, these exemptions do not extend to Title IV of CSDR itself.

In practice, this means that only Credit Institutions would be able to conduct settlement with EMTs and that EMIs are not permitted to perform settlement under either regime (regular + simplified).

The current wording in CSDR and the DLTPR does not mention the type of legal entity required to do settlement, but by establishing the obligation to meet Title IV of CSDR, it would exclude EMIs, as they are not able under their legal arrangements to meet these heavy requirements and, while even hard for them, only CIs can meet them. This is confirmed in the explanatory memorandum of the Legislative proposal (page 22) and recital 80.

This restriction severely limits the flexibility and practical use of EMTs within the DLTPR, and it runs counter to the goal of the Pilot Regime to promote innovation and wider adoption of EMTs digital settlement solutions. Clarifying or adjusting this provision to clearly allow EMTs issued by EMIs would align with MiCA and expand the operational possibilities under the framework.

Applicable rules	
CSDR	Article 40 (3) *"a CSD wishing to settle the cash payments shall obtain an authorisation to do so in accordance with* (among others...) ***requirements set out in Title IV***."
DLTPR	Simplified Regime: Article 5(8c) of the DLTPR: *"Title IV of Regulation (EU) No 909/2014 shall not apply to a credit institution when it provides the settlement of payments using commercial bank money to a DLT market infrastructure operated under the simplified regime."*
	Ordinary Regime: governed by Article 40 (3)of CSDR (**Title IV CSDR applicable)**

B. All EMTs compliant with MiCA shall be allowed to be used for settlement, and not only significant EMTs (Art. 54 (c))

According to paragraph (2) or Article Art. 54 (c) where a CSD intends to settle the cash payments in EMTs, *"it shall ensure that: (a) the EMT is classified as a significant e-money token by EBA"*.

Restricting settlement to "significant" EMTs creates a regulatory barrier to entry that favors dominant players. If only significant EMTs (those with larger market caps or user bases according to MiCA) are permitted, it creates a "winner-takes-all" anti-competition dynamic. Allowing all MiCA-compliant EMTs fosters a more competitive ecosystem where smaller, innovative issuers can provide liquidity and settlement services without being marginalized by their scale.

Under MiCA, all EMTs are already subject to rigorous authorization, reserve asset requirements, and redemption rights. Since the "significant" designation is primarily intended to trigger enhanced supervision by the European Banking Authority (EBA) on risks, using it as a baseline for settlement eligibility is disproportionate. If an EMT is safe enough to be used by the general public under MiCA, it should be considered safe enough for wholesale settlement within a CSD.

A restrictive mandate limits the diversity of collateral and payment assets available within DLT Settlement Systems and very importantly, significantly threatens the availability and supply of Euro-pegged EMTs necessary to satisfy the demands of EU capital markets.

If an authorized issuer has met the stringent requirements to issue an EMT under MiCA, the "payment" function of that token remains functionally identical regardless of whether it is "significant" or not. Imposing a secondary hurdle for settlement purposes contradicts the principle that digital assets should be treated consistently across financial infrastructures.

C. Lending account shall be allowed to be used for the settlement EMTs and not only through prefunded accounts

Lending accounts are already widely used in practice, as they provide greater flexibility and efficiency for participants. Using lending accounts for settlement help to reduce the reliance on prefunded accounts, which may sometimes cause liquidity constraints or delays.
Without them, participants would be constrained to lock up massive amounts of "*trapped*" capital just to cover potential trades, bringing inefficiency.
Extending the use of lending accounts for settlement purposes therefore aligns with current market practices and supports a more adaptable and efficient settlement infrastructure.

We call:

- **To exempt CSDs from Title IV of CSDR to ensure both Credit Institutions and Electronic Money Institutions can do settlement with EMTs;**
- **All EMTs (and not only significant EMTs) compliant with MiCA shall be allowed to be used for settlement;**
- **Lending accounts shall be allowed to be used for the settlement EMTs and not only prefunded accounts.**

6. INTEROPERABILITY

Provisions in (added) Articles 10c- 10e in the DLTPR, from the Master Regulation, oblige operators of DLT SS, DLT TSS, and DLT account keepers participating in a settlement schemes to 1) form an industry group and 2) to agree on technical standards to facilitate cross-border DLT financial instruments settlement, including establishing 'CSD links' arrangements.

In practice, these provisions force the industry to agree on interoperability standards, also subjecting them to ESMA authorization. This approach risks bringing inefficiency as it imposes new administrative and legal burdens to the operation of the infrastructure, far from simplifying the regime as the amendments seem to seek.

From an operational and market point of view: Direct interoperability between different infrastructures is not inherently necessary. The primary goal should instead be to enable retail and institutional investors to smoothly carry out key financial activities—such as investing, trading, custody, collateral management, and more.

Further, the market should have adequate time and flexibility to determine the best approach to such interoperability. Interoperability cannot be imposed by legal standards at a time where the infrastructure itself is being built. The market requires sufficient time and flexibility to determine the optimal approach to interoperability.

Establishing rigid interoperability requirements before the market has reached maturity risks constraining innovation and forcing new market infrastructures into inefficient models. It is imperative to ensure that regulatory requirements do not unduly constrain new market infrastructures or dictate their architectural design during the formative stages. To ensure the long-term viability of the ecosystem, the regulatory framework must allow the market to develop organically to identify the most effective standards and operational models, before codifying technical standards.

From a simplification point of view: The development of such standards is subject to monitoring and supervision. In developing the standards, the group shall periodically consult the ECSB and ESMA, and take into account their views. Participating entities must submit detailed descriptions of necessary technical standards, challenges, and progress to ESMA within specified timeframes. In parallel, the requirement for DLT account keepers to submit settlement schemes to ESMA for formal authorization introduces significant administrative and technical complexity. This approval process, which further necessitates the involvement of European Central Bank systems, imposes an unnecessary burden on market participants. While we reiterate that mandated interoperability standards are premature, should any regulatory oversight be implemented, a notification procedure would be more appropriate. Such an approach would avoid additional burdens to the already complex, burdensome and lengthy authorization processes attached to licenses. Furthermore, neither ESMA nor the Central Banks are the suitable entities to review, analyze, or authorize these technical models—a point we will elaborate upon in the following section.

From a standardization point of view: The power mandates of ESMA and the Central Banks are focused on the oversight of financial services and the oversight of systemic financial stability. These bodies are not the appropriate authorities to analyze, monitor, or approve technical interoperability standards. Expertise in technical standardization resides with international bodies such as ISO, CEN-CENELEC, and ETSI, which thanks to their expertise are better suited to perform such technical analyses. We wish to draw particular attention to the proposed Level II measures, which mandate that ESMA provide technical advice to the Commission on interoperability, data standardization, and the respective roles of regulated and non-regulated entities in securing DLT market infrastructure connectivity. This proposal would grant ESMA a mandate to adjudicate technical matters outside its core expertise and would inappropriately extend its reach to non-regulated infrastructure participants.

Mandatory standardization can lead DeFi to CeFi standards: A significant risk is that technical standards developed by industry groups, especially those where participate large institutions- and subsequently authorized by ESMA, could create an exclusionary technical ecosystem. Once a standard is approved by ESMA, it could become the default "safe harbor" for market participants. Such a framework would incentivize the use of specific "compatible" protocols, interfaces, and infrastructures, thereby marginalizing innovative alternatives in the context of DLT capital markets. Thus, permissionless DeFi protocols could be de facto excluded if they are not “standard-compatible” with those. Their decentralized and open-source nature often conflicts with the centralized technical requirements favored by legacy institutional players. The regulation risks then entrenching a private-sector lead over public infrastructure standards.

We thus call to remove obligations on operators of DLT SS, DLT TSS, and DLT account keepers to form settlement schemes and thus agree on interoperability standards, including the obligation to subject these interoperability standards to ESMA authorization.

7. SIMPLIFICATION

While we appreciate the attempt to lower barriers for entry, the current proposal inadvertently adds significant complexity by introducing a dual-track regulatory structure. We believe true simplification should aim to alleviate administrative burdens horizontally across the entire regime for all actors. Instead, the creation of two parallel regimes (simplified vs standard) makes the regulation more difficult to navigate, contradicting the core goal of a simplification. There is nothing inherently "simple" about a regime that provides two parallel regulatory frameworks; we advocate in turn for a single, flexible regime that applies proportional requirements to all market participants.

Simplified-in-name-only: The proposed amendments introduce an inherent competitive distortion. By granting extensive exemptions and burden alleviations solely to "Simplified" entrants, the regime penalizes firms that have built infrastructures from day one or those that applied carry higher requirements, which could make their services more expensive and less competitive than "Simplified" entrants who are performing the same services with lower cost bases due to burden alleviation. In parallel, several exemption options that are currently accessible to all participants will be phased out under the new simplified regime (see section above and below on EMTs). This withdrawal of existing flexibilities adds a layer of friction to the transition from the original pilot framework to this newly proposed two-tier model (see paragraph below on EMTs).
Also, because the regime is split into two tiers based on purely thresholds (€10bn vs. €100bn), there is currently no clear mechanism to help participants distinguish between those operating under the Simplified Regime and those under the Standard Regime license, which could be used to "masquerade" some players as full-scale infrastructures to attract clients.

Administrative Burdens Implications of Re-Licensing due to 2-Tier Regimes: Beyond the fact that amendments outline that entities authorized prior to the application of these revisions would be automatically classified as operating under the simplified regime. That imposes redundant administrative and legal burdens on operators who have already completed the rigorous initial licensing process. Despite the characterization of this process as a mere notification, it functions as a de facto re-licensing requirement; as operators will have to demonstrate full compliance with standard regime criteria, nullifying the regulatory certainty of their original authorizations.

Ambiguity in the Transition phase to the standard regime: There is also ambiguity about what happens when a firm exceeds the simplified regime's limits. The proposed amendments do not provide a clear, "fast-track" transition. The proposed path embeds players to effectively re-apply for a full license, leading to a "regulatory cliff edge" where operations might have to pause or freeze while waiting for new approvals from ESMA and National Competent Authorities (NCAs). This makes the simplified regime more burdensome on a long-term basis and expensive, compared to the ”standard” one. This contradicts the goal of "simplification."

Limited commercial appeal: From a commercial perspective, the "Simplified Regime" thresholds (currently proposed at a ceiling of €10 billion) does not represent market ambition, scalability and business-viability. Market makers and liquidity providers will be hesitant to integrate their systems with a platform that has a hard cap on its total volume, and thus ensure spending in IT integration costs to connect to a "Simplified" platform that can only ever host a tiny fraction of their portfolio.

Un-level playing field: The current exemptions applicable only under the simplified regime create an "EMTs" Bottleneck. We note that the draft revised version of DLTPR (Article 5 (8b) to (8f)) would limit the possible exemption to Title IV of CSDR to DLT market infrastructures which would be governed by the simplified regime (as defined in the draft revised version), whereas the current version of DLTPR provides for such an exemption for all credit institutions providing the settlement of payments using commercial bank money to a DLT market infrastructure. In parallel, we also note that the draft revised version of DLTPR (Article 7 (12)) that operators of DLT SS/TSS authorized before the entry into application of this revised version would be deemed to operate under the simplified regime. Such an approach would not seem consistent with the intention to foster innovation in the EU and to simplify the DLTPR, as it would also put the already authorized operators in a detrimental situation, by jeopardizing the credibility of the authorization they obtained with significant efforts.
Furthermore, this not only complicates the achieved legal status of entities already licensed, but also creates a discrimination and an unlevel-playing field. As we explained in the section around EMTs, settlement in EMTs executed by an EMI firm operating a DLT TSS shall be explicitly allowed and recognised both within the standard regime, and not exclusively under the simplified one.

We believe true simplification should aim to alleviate administrative burdens horizontally across the entire regime for all actors, instead of creating two parallel regimes (simplified vs standard) which makes the regulation more difficult to navigate, contradicting the core goal of a simplification. **We thus call to:**

- **Finding ways to simplify the licensing process under both regimes**
- **Providing authorized players the option to maintain their status within the ordinary regime and not a default classification under the simplified regime**
- **Further clarifying and easing the burden resulting from transitioning from the simplified to the standard regime;**
- **Implementing a more balanced distribution of exemptions between both regimes to prevent market distortion**

Through our proposal of amendments, Adan will support regulators in adopting specific solutions in this regard.

8. ENABLE CASPS TO OPERATE DLT TRADING VENUES AND/OR TRADING SETTLEMENT SYSTEMS; AND TO PROVIDE INDIVIDUAL CSD SERVICES UNDER STANDARD REGIME

We support enabling MiCA-authorised CASPs to operate DLT trading venues (DLT-TVs) and DLT trading and settlement systems (DLT-TSS), subject to compliance with the relevant MiFID II and MiFIR provisions applicable to MTFs or OTFs, akin to those applied to traditional market operators.

Allowing CASPs that are licensed as trading platforms under MiCA to operate integrated trading and settlement infrastructure recognises their role as regulated market operators and supports the development of scalable on-chain capital markets. This approach enables convergence between crypto asset markets and tokenised financial instruments on shared infrastructure, facilitating native issuance, integrated trading and more efficient post-trade processes.

Regulatory convergence is already emerging. Under MiCA, MiFID-authorised trading venues may notify their National Competent Authorities to provide certain crypto-asset services, reflecting a broader shift toward integrated market models. Extending similar flexibility to CASPs within the DLT Pilot Regime would support the evolution toward unified “everything exchange” infrastructures while maintaining strong regulatory safeguards.

We thus recommend: **Where CASPs perform functions comparable to MiFID trading venues, investment firms, regulated markets or post-trade infrastructures such as CSDs, we would support proportionate prudential and conduct requirements akin to those applied to traditional market operators, ensuring a level playing field while continuing to support innovation and new on-chain market models.**

We also support enabling investment firms, regulated markets, credit institutions, CSDs and CASPs to obtain authorisation from their NCA to provide individual CSD services, including DLT notary and DLT central account maintenance. In a DLT environment, the notary function validates issuance and lifecycle events, while central account maintenance records ownership and transfers on-chain. These roles are foundational for native issuance and on-chain market infrastructure and should be available under the standard regime, not limited to simplified thresholds.

CASPs are well placed to support these roles given their experience with digital asset custody, on-chain settlement and maintaining real-time ownership records. While distinct from traditional CSD functions, many CASP infrastructures already maintain ledger-based balances, validate and process transactions, reconcile ownership changes on-chain, and operate secure custody systems that track client positions in real time. These capabilities are operationally similar to account maintenance and transaction validation, making CASPs natural participants in DLT-based post-trade models.

Unbundling CSD functions is also critical to enabling a genuine move on-chain. While the DLT-TSS model supports integrated trading and settlement, relying only on traditional CSDs for functions such as issuance validation or account maintenance risks recreating legacy post-trade dependencies. Allowing different regulated entities to provide notary and account-keeping services would let more of the market infrastructure operate directly on DLT, reducing bottlenecks and supporting native issuance. This should not be seen as creating fragmentation. It increases competition, improves resilience and reduces concentration risk, while existing supervisory safeguards remain in place. Limiting these services to simplified thresholds of EUR 10bn, or EUR 30bn for SME issuances, risks undermining commercial viability. Scalable on-chain infrastructure requires sufficient market size to justify investment in governance, technology and compliance.

We thus recommend **Allow DLT notary and account-keeping services to operate under the full regime.**

Digital Assets: Amendments to the Markets in Crypto-assets Regulation (MiCAR)

1. MiCA

The United States is currently evaluating whether stablecoins should be permitted to offer yield rewards. The prevailing direction in the US remains towards authorizing indirect remuneration for stablecoins by ensuring the necessary legal clarifications in the regulatory framework are codified through the Clarity Act- the cryptoasset market structure legislation.

Currently, Article 50 of the Markets in Crypto-assets Regulation (MiCA) establishes a prohibition to grant interest in relation to EMTs. Any remuneration or benefit linked to the length of ownership is considered interest and therefore falls within the scope of this prohibition.

Market participants should be permitted to offer yield or rewards as part of secondary market services involving stablecoins. We thus advocate for a framework that allow CASPs to offer rewards on stablecoin-related services, complemented with the necessary appropriate guardrails such as: remuneration caps, enhanced transparency requirements with disclosures on the rewards customers are entitled to, and a clear indication that yield or interest is not generated on the stablecoin itself.

From a prudential perspective, Adan considers that this prohibition is contrary to the principle of proportionality set out in Article 5 TFEU and reiterated in the Fedesa case law[1].

From an economic perspective, the lack of remuneration options directly undermines the attractiveness of euro-denominated stablecoins. MiCA should incorporate similar provisions, enabling European players to operate under the same conditions. This would create a fair and level playing field. This feature could incentivize a broader adoption among users, encouraging them to hold and deploy stablecoins as part of their financial strategies. Additionally, it could foster the emergence of innovative financial products centered around earning interest on stablecoins, further integrating them into the digital asset ecosystem. This clarification is absolutely vital for supporting the attractiveness of stablecoins and, by extension, the EU's digital asset ecosystem, in the face of international competition. The ability to earn a return on a stable and liquid asset like a stablecoin makes it a more compelling asset. It moves stablecoins beyond simple means of exchange and positions them as a viable alternative for savings, lending, and other decentralized finance (DeFi) activities. This fosters a more robust and innovative crypto-economy within the EU. The promise of a return incentivizes users to hold stablecoins rather than immediately convert them back to fiat. This increased holding period and usage directly contribute to greater liquidity in the market.

MiCA should be amended to allow CASPs to offer rewards on stablecoin-related services, provided they are complemented by robust guardrails

**It should be noted that some ADAN member banks do not share this position.*

[1] https://eur-lex.europa.eu/resource.html?uri=cellar:ffd72601-c072-4215-83f8-ed59f5af0d03.0001.06/DOC_2&format=PDF.