

**EuropeanIssuers' answer to ECB's questionnaire on financial market stakeholders' potential interest in the Eurosystem providing EUR central bank money settlement of wholesale transactions in the payments, securities settlement and collateral management domains using new technologies such as Distributed Ledger Technology (DLT).**

Central to issuers interest in post-trade services digitalisation will be the preservation of the integrity of the issue, segregation of assets, settlement finality and legal certainty of securities ownership. Digitalisation of post-trade services, however, will await experiences gathered in applying the DLT Pilot Regime Regulation 2022/828 before considering any substantive changes to CSDR.

The DLT Pilot Regime Regulation will apply from 23 March 2023. We understand that discussions have started at the national and European levels, in particular within ESMA, regarding technical regulations needed to implement this reform.

The DLT Pilot Regime establishes the conditions for authorisation to operate a DLT market infrastructure. Once given permission to operate a DLT, operators will be able to request significant exemptions from the current financial regulatory and operational regime, provided that they comply with the conditions attached to the exemptions and with any compensatory measures required by the competent authorities.

For example, a DLT MTF shall be entitled to disregard Article 3(2), CSDR, to allow the admission to trading of DLT transferable securities which are not recorded in a CSD. A DLT SSS shall have the possibility to benefit from operational exemptions for certain obligations existing under CSDR (*e.g.* recording of securities in book-entry form, integrity of the issue, segregation of assets, settlement finality). Exemptions shall be proportionate and limited to the specific use of the DLT described in the Market Infrastructure's business plan.

Issuers priority would be to ensure that tokenized markets remain consistent with financial stability, market integrity and investor protection. Ideally, security tokens should remain subject to the same safeguards that apply to traditional securities. However, the decentralised nature of DLT systems, coupled with their disintermediation, raises a number of questions the existing CSDR framework does not cover.

Additionally, deployment of DLT in securities trading should provide for a better cost, time and organizational efficiency than has been the case so far.

Issuers will be vigilant and ensure that exemptions, under the pilot regime, from the existing regulatory framework are proportionate, with CSDs operating at lower costs and increasing their organizational efficiency. In the longer run, issuers will remain alert that the new regulatory environment that will emerge is sound, evidence-based, and do not pose any risks to financial stability.

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We aim to ensure that EU policy creates an environment in which companies can raise capital through the public markets and can deliver growth over the longer term. We seek capital markets that serve the interests of their end users, including issuers.

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