



Co-funded by  
the European Union



## European Dimension in International Finance: Focus on digitalization and sustainability

Digital Finance Package Part I\_DFS\_RPS\_DLT

# Part II. Digital Finance Package



**ECESBF**

Erasmus Centre of  
Excellence in Sustainable  
Business and Finance



Co-funded by  
the European Union



## The relevant European Supervisory Authorities (ESAs), such as

- the European Banking Authority (EBA),
- the European Securities and Markets Authority (ESMA)
- the European Insurance and Occupational Pensions Authority (EIOPA)
- the Malta Financial Services Authority (MFSA)



EUROPEAN COMMISSION

Brussels, 24.9.2020

COM(2020) 591 final

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL,  
THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE  
REGIONS**

**on a**

**Digital Finance Strategy for the EU**



In September 2020, the European Commission published a new digital finance package, comprising:

- a digital finance strategy,
- a retail payments strategy,
- legislative proposals for an EU regulatory framework on crypto-assets,
- proposals for an EU regulatory framework on digital operational resilience.



**ECESBF**  
Erasmus Centre of  
Excellence in Sustainable  
Business and Finance



Co-funded by  
the European Union



## European Commission

Digital Finance Package (24 September 2020)

Digital Finance  
Strategy

Retail Payments  
Strategy

Proposal:  
Pilot Regime for  
DLT\* market  
infrastructures

Legislative  
proposals:  
Regulation on  
Markets in Crypto  
Assets\* (MiCA)

Legislative  
proposals:  
Digital Operational  
Resilience Act\*  
(DORA)

Resulting changes  
to existing  
legislation

\* Distributed ledger technology (trade and settle transactions in financial instruments in crypto-asset form)

# Digital Finance Strategy



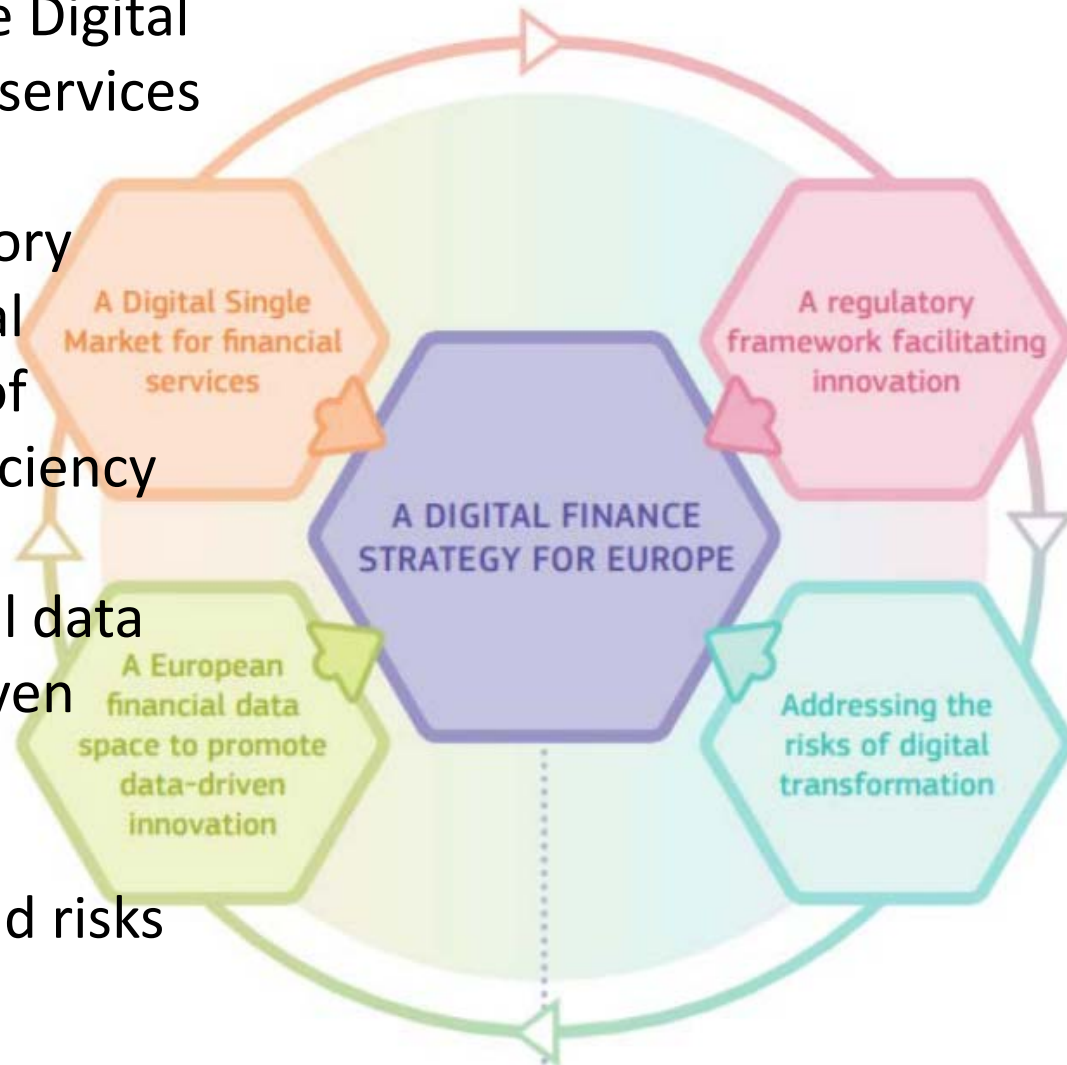
**ECESBF**  
Erasmus Centre of  
Excellence in Sustainable  
Business and Finance



Co-funded by  
the European Union



- I. Tackle fragmentation in the Digital Single Market for financial services
- II. Ensure that the EU regulatory framework facilitates digital innovation in the interest of consumers and market efficiency
- III. Create a European financial data space to promote data-driven innovation
- IV. Address new challenges and risks associated with the digital transformation



# Priorities of Digital Finance Strategy

## Removing fragmentation in the Digital Single Market

- Enabling EU-wide interoperable use of digital identities
- Facilitating the scaling up of digital financial services across the Single Market

## Adapting the EU regulatory framework to facilitate digital innovation

- Enabling EU markets in crypto-assets and tokenised financial instruments
- Promoting cooperation and the use of cloud computing infrastructure
- Promoting investments in software by adapting prudential rules on intangible assets
- Promoting the uptake of artificial intelligence tools
- Ensuring a future proof legislative framework on an on-going basis



# Priorities of Digital Finance Strategy

Promoting data-driven innovation in finance by establishing a common financial data space

- Facilitating real-time digital access to all regulated financial information
- Promoting innovative IT tools to facilitate reporting and supervision
- Promoting business-to-business data sharing in the EU financial sector and beyond (open finance)

Addressing the challenges and risks associated with digital transformation

- Safeguarding financial stability, protecting investors and consumers, based on the “same activity, same risk, same rules” principle
- Protecting consumers and the public interest
- Strengthening digital operational resilience

## THE BENEFITS OF DIGITAL FINANCE



Better financial products for consumers and new ways of channelling funding to EU businesses, in particular SMEs.



Supports Europe's economic recovery strategy and opens up new channels to mobilise funding to support the Green Deal and the New Industrial Strategy for Europe.



Cross-border digital finance will enhance financial market integration in the Banking Union and the Capital Markets Union.



Strengthen Europe's ability to retain and reinforce our open strategic autonomy in financial services.

# Digital Finance strategy – post-trade relevant themes



Co-funded by  
the European Union



## • Enabling EU-wide interoperable use of digital identities

- building on review of e-IDAS reg. (already starting in 2021)
- review of AML / CFT requirements in digital context (customer onboarding, customer due diligence)
- facilitate and clarify technologies usable for remote identity checks

## • Facilitating the scaling up of digital financial services across the Single Market

- strengthening harmonised licensing / passporting rules in the area of digital financial services

## • Enabling EU markets in crypto-assets and tokenised financial instruments

- new EU legal framework on crypto-assets
- pilot regime for DLT securities infrastructures

## • Common financial data space

- ensure that publicly disclosed information is available in standardised and machine-readable formats (EU public infrastructure to be set up)
- promoting innovative IT tools to facilitate reporting and supervision

# The Digital Finance Strategy at a glance:



Co-funded by  
the European Union



## Enabling EU-wide interoperable digital identities in finance



*At the beginning of the coronavirus pandemic, the use of financial applications in Europe increased by 72% in a week.*

- Strict rules to identify customers and prevent money laundering.
- Pave the way for harmonised customer identification rules in EU Member States.
- Single digital identification across Europe to allow for fast and easy customer identification. Businesses would have a single solution. Customers would only need to identify themselves once.

# The Digital Finance Strategy at a glance:



Co-funded by  
the European Union



## Open finance: Promoting business-to-business data sharing in the EU financial sector and beyond

- Ensure that consumers have better access and control over their personal data.
- Allow access to more customer and business data which would enable financial services providers to offer more personalised services, address customer needs in a tailor-made manner.
- Enable people and businesses to compare products and find more cost-effective options.





# The Digital Finance Strategy at a glance:



Co-funded by  
the European Union



## Clear and comprehensive EU rules for crypto-assets



*Crypto has potential to reduce payments and securities costs up to 50%.*

- A European passport for crypto-assets with strong safeguards to ensure consumer protection and financial stability.
- Unleash the full potential of crypto-assets in order to lead to innovative payment solutions for consumers and new financing opportunities for businesses.
- Reap the benefits of crypto-assets while regulating their risks, such as thefts from digital wallets, fraud, use for money laundering.

## Mitigating risks of digital transformation by strict and common rules on digital operational resilience



*During the pandemic, cyberattacks on financial institutions have risen by 38%.*

- All financial entities will be subject to operational resilience requirements to ensure a safe financial system across sectors and avoid a domino reaction.
- Critical ICT third-party providers (e.g. cloud computing services) will be subject to oversight to ensure they do not pose undue operational risks for finance.

# Retail Payments Strategy



EUROPEAN COMMISSION

Brussels, 24.9.2020

COM(2020) 592 final

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL,  
THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE  
REGIONS**

**on a Retail Payments Strategy for the EU**

# Retail Payments Strategy

The Commission's vision for the EU's retail payments is that:

- Citizens and businesses in Europe benefit from a broad and diverse range of high-quality payment solutions, supported by a competitive and innovative payments market and based on safe, efficient and accessible infrastructures;
- Competitive home-grown and pan-European payment solutions are available, supporting Europe's economic and financial sovereignty; and
- The EU makes a significant contribution to improving cross-border payments with non-EU jurisdictions, including remittances, thereby supporting the international role of the euro and the EU's 'open strategic autonomy'.

# Retail Payments Strategy

This strategy focuses on the following four key pillars, which are closely interlinked:

- increasingly digital and instant payment solutions with pan-European reach;
- innovative and competitive retail payments markets;
- efficient and interoperable retail payment systems and other support infrastructures; and
- efficient international payments, including remittances.



# Regulation (EU) 2022/858 on Distributed Ledger Technology Market Infrastructures



EUROPEAN COMMISSION

Brussels, 24.9.2020

COM(2020) 594 final

2020/0267(COD)

Proposal for a

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**on a pilot regime for market infrastructures based on distributed ledger technology**

(Text with EEA relevance)

{SEC(2020) 308 final} - {SWD(2020) 201 final} - {SWD(2020) 202 final}

**ESO** European Sources Online



Search...



[← Back](#) [Print](#) [Report broken link](#)

Regulation (EU) 2022/858 on a pilot regime for market infrastructures based on distributed ledger technology, and amending Regulations (EU) No 600/2014 and (EU) No 909/2014 and Directive 2014/65/EU

**Author (Corporate)** [Council of the European Union, European Parliament](#)

**Series Title** [Official Journal of the European Union](#)

**Series Details** L 151, Pages 1-33

**Publication Date** 02/06/2022

# Distributed Ledger Technology

The so-called “tokenization,” or digital representation, of financial instruments on distributed ledgers or the issuance of traditional asset classes in tokenized form to enable crypto-assets to be issued, stored and transferred on a distributed ledger, is expected to open up opportunities for efficiency improvements in trading and post-trading processes. The DLT Pilot Regime establishes the conditions for:

**permission to operate a DLT market infrastructure,**

**limitations on the DLT financial instruments** that can be admitted to trading and settled on the DLT

**cooperation** between the DLT market operators, competent authorities and the European Securities and Markets Authority (ESMA).

# Distributed Ledger Technology

---

DLT Pilot Regime provides a legal framework for the trading and settlement of transactions in those **crypto-assets that qualify as financial instruments** within the meaning of [Directive 2014/65/EU \("MiFID II"\)](#), hence [true digital securities](#).

---

For the **other crypto-assets** that do not qualify as financial instruments (such as stablecoins, e-money tokens and utility tokens), a **dedicated regulatory framework at EU level (MiCA)** is currently well underway. The overall objective of MiCA is to provide a harmonized EU framework for those crypto assets which are not currently captured by EU financial service legislation.

# Distributed Ledger Technology

As this is an experimental regime, the following limitations are foreseen as to the type and volume of admitted financial instruments:

Shares whose issuer has a market capitalisation or provisional market capitalisation of less than EUR 500 million;

Bonds, other forms of securitised debt or money market instruments (except derivatives or complex products) with an issue size below EUR 1 billion;

Units in collective investment undertakings whose market value of assets under management is less than EUR 500 million.

## List of sources

- <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52020DC0591>
- [https://finance.ec.europa.eu/publications/digital-finance-package\\_en](https://finance.ec.europa.eu/publications/digital-finance-package_en)
- [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_20\\_1684](https://ec.europa.eu/commission/presscorner/detail/en/IP_20_1684)
- <https://www.allenoverly.com/en-gb/global/news-and-insights/eu-digital-finance-package>
- <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52020DC0592>
- [https://www.abe-eba.eu/media/azure/production/2701/eba\\_retail-payments-strategy\\_summary\\_v10\\_march-2021.pdf](https://www.abe-eba.eu/media/azure/production/2701/eba_retail-payments-strategy_summary_v10_march-2021.pdf)
- <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52020PC0594>
- <https://www.esma.europa.eu/press-news/esma-news/esma-publishes-report-dlt-pilot-regime>
- <https://www.ledgerinsights.com/esma-finalizes-eu-dlt-pilot-regime/>
- <https://www.europeanpapers.eu/es/europeanforum/decentralized-finance-eu-law-regulation-on-pilot-regime-for-market-infrastructures-based-on-distributed-ledger-technology>
- <https://www2.deloitte.com/lu/en/pages/financial-services/articles/dlt-pilot-regime-out-now-eu-digital-securities-metaverse.html>
- [https://www.ey.com/en\\_gr/tax/tax-alerts/regulation-eu-2022-858-on-distributed-ledger-technology-market-infrastructures](https://www.ey.com/en_gr/tax/tax-alerts/regulation-eu-2022-858-on-distributed-ledger-technology-market-infrastructures)
- [https://finance.ec.europa.eu/system/files/2020-09/200924-digital-finance-factsheet\\_en.pdf](https://finance.ec.europa.eu/system/files/2020-09/200924-digital-finance-factsheet_en.pdf)