EUROPEAN CENTRAL BANK

EUROSYSTEM

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OPINION OF THE EUROPEAN CENTRAL BANK

of 9 April 2026

on proposals as regards the further development of capital market integration and supervision within the Union

(CON/2026/13)

Introduction and legal basis

On 17 December 2025, 12 January 2026 and 3 March 2026, the European Central Bank (ECB) received requests from the European Parliament and from the Council of the European Union, respectively, for an opinion on the following proposals: (1) a proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) No 1095/2010, No 648/2012, No 600/2014, No 909/2014, 2015/2365, 2019/1156, 2021/23, 2022/858, 2023/1114, No 1060/2009, 2016/1011, 2017/2402, 2023/2631 and 2024/3005 as regards the further development of capital market integration and supervision within the Union[1] (hereinafter the 'proposed master regulation')[2]; (2) a proposal for a Directive of the European Parliament and of the Council amending Directives 2009/65/EC, 2011/61/EU and 2014/65/EU as regards the further development of capital market integration and supervision within the Union[3] (hereinafter the 'proposed master directive'[4]); and (3) a proposal for a Regulation of the European Parliament and of the Council on settlement finality and repealing Directive 98/26/EC and amending Directive 2002/47/EC on financial collateral arrangements[5] (hereinafter the 'proposed settlement finality regulation', and together the 'Commission proposals').

The ECB's competence to deliver an opinion is based on Articles 127(4) and 282(5) of the Treaty on the Functioning of the European Union since the Commission proposals contain provisions falling within the ECB's fields of competence, including, in particular, the implementation of monetary policy pursuant to Article 127(2), first indent, and Article 282(1) of the Treaty, the smooth operation of payment systems pursuant to Article 127(2), fourth indent, and Article 282(1) of the Treaty, the prudential supervision of credit institutions pursuant to Article 127(6) of the Treaty, and the contribution to the smooth conduct of policies pursued by competent authorities relating to the stability of the financial system pursuant to Article 127(5) of the Treaty. In accordance with Article 17.5, first sentence, of the Rules of Procedure of the European Central Bank, the Governing Council has adopted this opinion.

1 COM/2025/943 final.
2 The request from the Council of the European Union relates to Articles 2, 3, 4, 5, 7, 8, 9, 10, 11 and 12 of the proposed master regulation.
3 COM/2025/942 final.
4 The request from the Council of the European Union relates to Article 3 of the proposed master directive.
5 COM/2025/941 final.

1. General observations

1.1 The ECB fully supports the Commission proposals, which constitute an ambitious step towards deeper integration of capital markets and financial market supervision within the Union. As noted in the ECB's 2024 Governing Council statement[6], progress towards more integrated capital markets would strengthen private risk-sharing across the euro area, helping to stabilise growth when Member States face local shocks to which monetary policy cannot fully respond. A more integrated financial system would also help mitigate financial fragmentation and support the effective transmission of monetary policy across the euro area. Additionally, a more integrated financial system with broader, deeper and more liquid markets may increase diversification possibilities. Deep, diversified, and well-developed capital markets, supported by a harmonised regulatory and supervisory framework, are essential to enhance domestic and cross-border investments across Member States, improve businesses' access to finance, boost competitiveness and, ultimately, support sustainable economic growth throughout the Union[7].

1.2 First, the ECB welcomes the move towards integrated supervision of Union capital markets, in particular, the direct supervision of certain large and cross-border capital market players at the European level. The ECB fully supports efforts to ensure that the European Securities and Markets Authority (ESMA) has European and independent governance, sufficient resources and comprehensive oversight powers, and that it directly supervises the most systemic cross-border capital market actors, in cooperation with their national supervisors[8]. National competent authorities should continue to play a meaningful and substantial role in the new supervisory framework, to leverage their extensive expertise.

1.3 Second, the ECB welcomes that the Commission proposals will enhance supervisory convergence. These include, among others, the new provision regarding the duty of cooperation[9], the proposed new power for ESMA to require a competent authority to seek ESMA's opinion in cases where a peer review or investigation has identified serious supervisory failures[10], and the introduction of collaboration platforms, to enhance cooperation and supervision of cross-border activities[11].

1.4 Third, the ECB welcomes that the Commission proposals will remove barriers to cross-border integration across trading, post-trading, and the asset management and funds sectors. These efforts are essential to improve the depth and liquidity of European capital markets, to support an efficient allocation of capital across borders, to channel funding towards productive investments, and ultimately to support Europe's competitiveness and the international role of the euro.

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6 See the Statement by the ECB Governing Council on advancing the Capital Markets Union, 7 March 2024, available on the ECB's website at www.ecb.europa.eu.

7 See the reply by the European System of Central Banks (ESCB) to the European Commission's targeted consultation on integration of EU capital markets, June 2025, available on the ECB's website at www.ecb.europa.eu.

8 See the Statement by the ECB Governing Council on advancing the Capital Markets Union, 7 March 2024, available on the ECB's website at www.ecb.europa.eu.

9 See Article 1, point (7), of the proposed master regulation, which inserts a new Article 8a into Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331, 15.12.2010, p. 84, ELI: http://data.europa.eu/eli/reg/2010/1095/oj) (hereinafter the 'ESMA Regulation').

10 See Article 1, point (13), of the proposed master regulation, which inserts a new Article 17aa into the ESMA Regulation.

11 See Article 1, point (16), of the proposed master regulation, which inserts a new Article 19a into the ESMA Regulation.

1.5 Finally, the ECB supports that the Commission proposals will further facilitate the adoption of new technologies such as distributed ledger technology (DLT), especially in the post-trade sector, and the corresponding adaptation of the regulatory framework. These steps should contribute to preventing and mitigating market fragmentation, ensuring sound risk management proportionate to the risks posed by market activities, and promoting a level playing field for market players.

1.6 In the remainder of this Opinion, the ECB offers some specific, technical observations and suggestions on the Commission proposals, in full support of the objectives of the proposals.

2. European Securities and Markets Authority (ESMA)

2.1 *Governance, funding and direct supervisory powers*

2.1.1 The ECB fully supports the amendments to ESMA's governance and funding framework. These amendments are essential to enable ESMA to carry out its new responsibilities, and to promote transparent, accountable, effective and efficient decision-making at Union level. In particular, the ECB welcomes the establishment, design and functions of the proposed ESMA Executive Board, which is responsible for decisions related to the direct supervision of financial market participants. The ECB notes that it will be indispensable to ensure that ESMA has sufficient staffing and funding to enable it to carry out its extensive new direct supervisory powers. To that end, where national competent authorities (NCAs) are involved in the exercise of ESMA's direct supervisory powers, it will be critical to provide clarity on the respective resource commitments from ESMA and the NCAs, and to ensure that such commitments are met. Finally, based on the ECB's own experience in its role as banking supervisor, the ECB fully supports the comprehensive investigation, sanctioning and enforcement powers conferred on ESMA[12], which are essential to foster the effective enforcement of regulatory requirements within the Union[13].

2.1.2 To ensure a smooth and orderly transition of competences and duties from the national competent authorities to ESMA, and to enable adequate time for capacity-building, the ECB supports a carefully sequenced implementation of this transition. This can be achieved through a combination of measures, including transitional solutions in cooperation arrangements[14], the preparation of supervisory transition plans[15], the prioritisation of the transfer of specific critical responsibilities to ESMA, and, where appropriate, through staggered transitional arrangements with flexible timelines.

2.2 *ECB participation in the ESMA Executive Board and Board of Supervisors*

2.2.1 The ECB welcomes that the Commission proposals provide that the ECB will be a non-voting member of the ESMA Executive Board where supervisory matters in relation to a central counterparty

12 See Article 1, point (27), of the proposed master regulation, which inserts a new Chapter IIa into the ESMA Regulation.

13 See paragraph 7 of Opinion CON/2022/16 of the European Central Bank of 27 April 2022 on a proposal for a directive of the European Parliament and of the Council amending Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches, environmental, social and governance risk (OJ C 248, 30.6.2022, p. 87). All ECB opinions are published on EUR-Lex.

14 See, for example, Article 1, point (7), of the proposed master regulation, which inserts a new Article 8a(5), point (b), into the ESMA Regulation.

15 See, for example, Article 3, point (13), of the proposed master regulation, which inserts a new Article 38fb(6) into 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, ELI: http://data.europa.eu/eli/reg/2014/600/oj) (hereinafter 'MiFIR').

(CCP) or central securities depository (CSD) are discussed[16]. In addition, the ECB should also be a non-voting member for discussions concerning crypto-asset service providers (CASPs), in view of the services CASPs offer in relation to the custody and exchange of e-money tokens (EMTs) and asset-referenced tokens. These services have implications for the ECB's tasks relating to the smooth operation of payment systems and the transmission of monetary policy. The ECB's non-voting membership of the ESMA Executive Board will facilitate effective cooperation and coordination between the ECB and ESMA. To that end, the ECB's involvement should encompass not only discussions on supervisory matters, but all matters concerning CCPs, CSDs and CASPs[17]. This will ensure that the ECB's perspective and expertise can be taken into account in relation not only to individual supervisory decisions, but also to technical standards, guidelines, recommendations and other convergence tools, as relevant, in respect of CCPs, CSDs and CASPs.

2.2.2 As noted in previous opinions, the ECB also recommends that it should become a non-voting member of the ESMA Board of Supervisors[18]. This would further enhance the effectiveness of cooperation, coordination and exchange of information between the ECB, ESMA and the other authorities represented in the ESMA Board of Supervisors, and thereby reinforce cross-sectoral coordination in respect of the stability of the financial system. This would also ensure that the supervisory convergence tools adopted by the ESMA Board of Supervisors take into account and benefit from the ECB's perspective and expertise[19].

2.3 *ECB participation in ESMA internal committees*

2.3.1 The ECB welcomes that the Commission proposals provide that the ECB, from the central bank of issue perspective, will have the right to be a non-voting member of internal committees established by the ESMA Board of Supervisors[20] or the ESMA Executive Board[21], where such committees discuss supervisory matters in relation to CCPs and CSDs. As noted in paragraph 2.2.1, this membership should encompass not only discussions on supervisory matters, but all matters concerning CCPs, CSDs and also CASPs.

2.3.2 In addition, the ECB, in its role as banking supervisor, should also have the right to be a non-voting member of internal committees, where any matters with potential implications for credit institutions are discussed. This is relevant not only in relation to CCPs or CSDs but also in relation to other financial market participants under ESMA's supervision, including where the matters in question

16 See Article 1, point (33), of the proposed master regulation, which inserts a new Article 44a(2) into the ESMA Regulation.

17 See Article 1, point (39), of the proposed master regulation, which adds a new Article 46a to the ESMA Regulation. The proposed Article 46a(2) and (5) provide that the ESMA Executive Board may give opinions and make proposals on all matters to be decided by the Board of Supervisors and must adopt decisions in respect of other specified supervisory convergence tools. See Article 1, point (39), of the proposed master regulation.

18 See, for example, paragraph 7 of Opinion CON/2017/39 of the European Central Bank of 4 October 2017 on a proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) No 1095/2010 establishing a European Supervisory Authority (European Securities and Markets Authority) and amending Regulation (EU) No 648/2012 as regards the procedures and authorities involved for the authorisation of CCPs and requirements for the recognition of third-country CCPs (OJ C 385, 15.11.2017, p. 3). See also Opinion CON/2010/5 of the European Central Bank of 8 January 2010 on three proposals for regulations of the European Parliament and of the Council establishing a European Banking Authority, a European Insurance and Occupational Pensions Authority and a European Securities and Markets Authority (OJ C 13, 20.1.2010, p. 1).

19 These include opinions, guidelines, recommendations, decisions and regulatory and implementing technical standards adopted by the ESMA Board of Supervisors.

20 See Article 1, point (29), of the proposed master regulation, which replaces Article 41 of the ESMA Regulation.

21 See Article 1, point (37), of the proposed master regulation, which inserts a new Article 45c into the ESMA Regulation.

relate to crypto-asset services or to activities provided by entities belonging to the consolidated group of a credit institution (see also paragraph 7.1.1). For instance, the risk profile of a CCP can have an impact on the risk profile of undertakings acting as clearing members of that CCP, which are primarily credit institutions and investment firms. As noted previously, it is thus crucial for the ECB, in its role as banking supervisor, to be fully informed and in a timely manner about the risks managed by CCPs and to be in a position to offer its supervisory expertise and perspectives concerning the soundness of clearing members and the stability of the banking sector[22].

2.4 *Representation of national central banks in ESMA's governance*

The ECB notes that, in some Member States, national central banks (NCBs) that are not represented on the ESMA Board of Supervisors[23] have supervisory responsibilities, most notably in respect of CCPs[24] or CSDs[25]. Those NCBs should be involved when internal committees or the ESMA Board of Supervisors discuss such matters and should have the possibility to vote in the ESMA Board of Supervisors[26]. Additionally, when the ESMA Executive Board deliberates on decisions in relation to a directly supervised entity falling within the competence of the NCB of the relevant Member State where the entity is established, that NCB should also be invited to those discussions. This corresponds to the fact that participation in such discussions is already envisaged for the member of the ESMA Board of Supervisors of the relevant Member State[27].

2.5 *Cooperation arrangements for the supervision of significant CCPs and CSDs*

The ECB fully supports entrusting ESMA with the supervision of significant CCPs and CSDs, and empowering ESMA to establish cooperation arrangements for that purpose. The ECB welcomes that ESMA will develop those cooperation arrangements with the close involvement of competent and relevant authorities. This will help ensure the effective functioning of supervision, in view of the important role national authorities will continue to play in the framework. Cooperation arrangements will enable ESMA to draw on the experience and expertise of competent and relevant authorities and will ensure the appropriate involvement of and exchange of information with authorities with an interest in the smooth operation and resilience of significant CCPs and CSDs. The ECB stands ready to support ESMA on the basis of the envisaged cooperation arrangements, in line with its mandate. The provisions in the Commission proposals framing the cooperation arrangements for CCPs and CSDs should be sufficiently prescriptive. In particular, the provisions should clarify the involvement

22 See paragraph 1.3.2 of Opinion CON/2023/11 of the European Central Bank of 26 April 2023 on a proposal for a regulation amending Regulations (EU) No 648/2012, (EU) No 575/2013 and (EU) 2017/1131 as regards excessive exposures to third-country central counterparties and improve the efficiency of union clearing markets and a proposal for a Directive amending directives 2009/65/EU, 2013/36/EU and (EU) 2019/2034 as regards the treatment of concentration risk towards central counterparties and the counterparty risk on centrally cleared derivative transactions (OJ C 204, 12.6.2023, p. 3).

23 See Article 40(1), point (b), of the ESMA Regulation, which provides that the ESMA Board of Supervisors is composed of the head of the national public authority competent for the supervision of financial market participants in each Member State. Thus, currently six NCBs are members of the ESMA Board of Supervisors.

24 In practice this concerns three NCBs: the Banca d'Italia, the Banque de France and De Nederlandsche Bank.

25 In practice this concerns six NCBs: the Nationale Bank van België/Banque Nationale de Belgique, the Banque de France, the Banca d'Italia, De Nederlandsche Bank, Národná banka Slovenska and Banka Slovenije. The Banca d'Italia also has supervisory responsibilities in the area of trading venues.

26 From a practical perspective, for the purposes of voting in the ESMA Board of Supervisors, the representatives of the authorities of any one Member State shall, together, be considered as one member.

27 See Article 1, point (33), of the proposed master regulation, which inserts a new Article 44a(2) into the ESMA Regulation.

of competent and relevant authorities in supervisory activities, to ensure close cooperation with NCAs and other authorities, in a meaningful and substantial way, on a long-term basis. The provisions should also ensure a consistent approach across significant CCPs and CSDs. For CSDs, the cooperation arrangements should also ensure appropriate information sharing with host authorities of the Member State where the CSD provides services, and, where CSDs provide banking-type ancillary services, the coordination of supervisory activities with the banking supervisor of the significant CSD.

3. Central counterparties (CCPs)

3.1 *Conditions for the identification of significant CCPs by ESMA*

The ECB fully supports the conditions established by the Commission proposals for considering a CCP to be significant, and thus subject to direct supervision by ESMA[28]. These conditions are sound and relevant. The ECB would recommend adding one further condition, namely that where the CCP has established an interoperability arrangement with another CCP, this should also be a condition for considering a CCP to be significant. There are three reasons for this recommendation. First, this suggested condition reflects the fact that interoperability links are a source of cross-border systemic relevance for interoperable CCPs which would justify their direct supervision by ESMA. Second, this condition would be more efficient from a supervisory perspective since the Commission proposals grant ESMA the competence to approve interoperability arrangements[29]. Third, this condition could foster the wider use of interoperability arrangements and integration by providing reassurance to CCPs willing to establish such arrangements that they will be subject to harmonised supervision by ESMA.

3.2 *Open access and interoperability*

The ECB welcomes the provisions in the Commission proposals that support open access and interoperability, which are deemed important to support integration[30]. In particular, the ECB welcomes the new role of ESMA to arbitrate requests for access to a CCP and requests for access to a trading venue. Likewise, the ECB welcomes that competence is conferred on ESMA to approve interoperability arrangements, in view of the relevance of such arrangements in terms of interconnectedness.

3.3 *Involvement of central banks of issue in the supervision of CCPs*

3.3.1 The ECB fully supports the level of involvement of central banks of issue in the supervision of significant CCPs[31]. In particular, the ECB welcomes the provisions in the Commission proposals

28 See Article 2, point (15), of the proposed master regulation, which inserts a new Article 22a(2) in Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories (OJ L 201, 27.7.2012, p. 1, ELI: http://data.europa.eu/eli/reg/2012/648/oj) (hereinafter 'EMIR').

29 See Article 2, point (26), of the proposed master regulation, which amends Article 54 of EMIR.

30 See Article 2, points (4), (5) and (26), of the proposed master regulation, which, respectively, amend Article 7, replace Article 8, and amend Article 54 of EMIR.

31 The role of central bank of issue for the euro is exercised in a decentralised and coordinated manner within the Eurosystem. Thus, the reference in the Commission proposals to the ECB's role as central bank of issue for the euro is without prejudice to Article 12.1 of the Statute of the European System of Central Banks and of the European Central Bank (hereinafter the 'Statute of the ESCB'), which states that 'to the extent deemed possible and appropriate and without prejudice to the provisions of this Article, the ECB shall have recourse to the national central banks (NCBs) to carry out operations which form part of the tasks of the ESCB'.

which ensure that central banks of issue will be consulted by the ESMA Executive Board with regard to supervisory assessments and decisions pertaining to six key areas of relevance from a central bank of issue perspective: margin requirements, liquidity risk controls, collateral, review of models, stress testing and back testing, settlement, and interoperability arrangements[32]. Central banks of issue thereby benefit from a robust, dedicated consultation role under the Commission proposals, covering a wide scope of supervisory decisions. This strengthens the involvement of central banks of issue in CCP supervision compared to existing college procedures. The consultation of central banks of issue has also been provided for in respect of third country CCPs[33]. Some further clarifications and alignment in respect of these provisions should be introduced, including in respect of the documentation central banks of issue would need to receive to fulfil their consultation role and, to ensure the involvement of central banks of issue of Union currencies other than the euro, of the financial and non-financial instruments cleared or to be cleared by the CCP.

3.3.2 The involvement of central banks of issue in the supervision of CCPs was already strengthened by the amendments to EMIR introduced by Regulation (EU) 2019/2099 of the European Parliament and of the Council[34] and Regulation (EU) 2024/2987 of the European Parliament and of the Council[35], in particular for assessments in respect of the active account requirement[36], and consultations in respect of systemic third-country CCPs[37]. With the benefit of that experience, the ECB has identified certain limitations to the Eurosystem's access to data, which poses an obstacle to the effective performance of the role of central bank of issue for the euro. The Eurosystem currently only has access to position data for derivatives in euro, which is of low quality and not usable in practice[38]. Thus, the ECB and Eurosystem NCBs should be granted better access to data, in particular all transaction data for derivatives denominated in euro reported under Article 9 of EMIR. This can be achieved through the revision of the relevant Commission delegated act[39] adopted under EMIR. Moreover, where relevant or necessary for the performance of their financial stability and macroprudential mandates, members of the ESCB and the European Systemic Risk Board (ESRB) should have access to the information shared via the central database established under Article 17c of EMIR. Such information, in particular concerning margin requirement and waterfall resources, can

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32 See Article 2, point (15), of the proposed master regulation, which inserts a new Article 22e into EMIR. See Articles 41, 44, 46, 49, 50 and 54 of EMIR.

33 See Article 2, point (21), of the proposed master regulation, which replaces Article 24b(2) and (3) of EMIR.

34 Regulation (EU) 2019/2099 of the European Parliament and of the Council of 23 October 2019 amending Regulation (EU) No 648/2012 as regards the procedures and authorities involved for the authorisation of CCPs and requirements for the recognition of third-country CCPs (OJ L 322, 12.12.2019, p. 1, ELI: http://data.europa.eu/eli/reg/2019/2099/oj).

35 Regulation (EU) 2024/2987 of the European Parliament and of the Council of 27 November 2024 amending Regulations (EU) No 648/2012, (EU) No 575/2013 and (EU) 2017/1131 as regards measures to mitigate excessive exposures to third-country central counterparties and improve the efficiency of Union clearing markets (OJ L, 2024/2987, 4.12.2024, ELI: http://data.europa.eu/eli/reg/2024/2987/oj).

36 See Article 7a of EMIR.

37 See Article 24b of EMIR.

38 See the ECB's response to the European Commission's consultation on the review of the European Market Infrastructure Regulation (EMIR), 2 September 2015, available on the ECB's website at www.ecb.europa.eu.

39 Commission Delegated Regulation (EU) No 151/2013 of 19 December 2012 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories, with regard to regulatory technical standards specifying the data to be published and made available by trade repositories and operational standards for aggregating, comparing and accessing the data (OJ L 52, 23.2.2013, p. 33, ELI: http://data.europa.eu/eli/reg_del/2013/151/oj); see, in particular, Article 2(10).

be relevant to assess interlinkages between the banking system and the wider financial system and to assess potential contagion dynamics.

3.3.3 Finally, NCBs should be included within the definition of 'relevant authorities for significant CCPs', where the NCB has oversight responsibilities for CCPs under national law[40].

4. Central securities depositories (CSDs)

4.1 *Authorisation procedures for CSDs*

4.1.1 The ECB supports the introduction, in the relevant provisions of Regulation (EU) No 909/2014 of the European Parliament and of the Council[41] (hereinafter the 'CSDR'), of an assessment to be conducted by the competent authority, and communicated to the relevant authorities, to ensure coordination in the preparation of their reasoned opinions. Such an assessment would also be helpful to support (a) authorisation procedures for banking-type ancillary services and (b) review and evaluation procedures under the relevant provisions of the CSDR[42].

4.1.2 The proposed amendments to the CSDR[43] no longer allow the competent authority to assess the completeness of applications for authorisation prior to the process of the examination of an application for authorisation. Furthermore, in some cases, the proposed amendments considerably shorten the period within which the relevant authorities are to provide their reasoned opinions. The ECB is concerned that this may place an undue burden on the competent and relevant authorities to assess applications, including those that may be supported by incomplete documentation. The ECB suggests maintaining the existing process for the assessment of completeness, adjusting the timeline of the procedure to give the relevant authorities the opportunity to consider the competent authority's assessment, and aligning the timelines for the procedures set out in the relevant provisions.

4.1.3 The ECB welcomes the proposed amendments[44] that establish a more streamlined procedure for intragroup outsourcing, as these can facilitate and enhance integration and efficiency, respectively, within CSD groups.

4.1.4 The provision of core CSD services through the use of DLT[45] may have significant implications for a CSD's operations and for its compliance with several requirements under the CSDR. For that reason, the ECB suggests that when a CSD intends to provide its core CSD services through the use of DLT, this should be subject to authorisation as an extension of the CSD's activities under the relevant provisions of the CSDR. This would apply when a CSD intends to perform the initial recording of

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40 Article 2, point (15), of the proposed master regulation, which inserts a new Article 22d into EMIR.

41 See Article 4, point (16)(c) of the proposed master regulation, which amends Article 17(4) of 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, ELI: http://data.europa.eu/eli/reg/2014/909/oj).

42 See Articles 22 (review and evaluation), 55 (authorisation procedure) and 60 (supervision) of the CSDR.

43 See Article 4, points (16) and (51), of the proposed master regulation, which, respectively, amend Articles 17 and 55 of the CSDR.

44 See Article 4, points (19) and (33), of the proposed master regulation, which, respectively, amend Articles 19 and 30 of the CSDR.

45 See Article 4, points (2) and (33), of the proposed master regulation, which, respectively, insert a new Article 2(1), point (4b), and a new Article 30(6) and (7) into the CSDR.

securities on a distributed ledger, to provide and maintain accounts at the top-tier level using DLT, or to settle securities transactions through a securities settlement system it operates using DLT.

4.2 *Single market for CSD services*

The ECB welcomes the fact that the Commission proposals facilitate passporting and support the freedom of issuance of securities[46]. Those measures can help reduce barriers to cross-border operations by removing the requirement for approval by the host authorities. Granting CSDs and issuers more freedom to provide cross-border services and choose their CSD, respectively, can support competition and market integration. To remove remaining obstacles to integration, the ECB emphasises the need for further harmonisation of national rules, notably corporate and securities laws, and for further harmonisation and standardisation of market practices. In that regard, the ECB suggests that the co-legislators establish regulatory incentives to adopt international and European market standards for post-trade services[47].

4.3 *Participation of private individuals in CSDs*

Financial market infrastructures (FMIs) establish legal, financial and operational requirements for their participants to fulfil in a timely manner. This particularly involves having in place adequate information and communication technology systems and sufficient staff. The legal soundness and financial and operational capacity of direct participants are key safeguards for the stability of FMIs and, in the specific case of CSDs, for settlement efficiency, justifying the restriction of CSD participation to legal entities (preferably, regulated financial institutions). CSDs should not be enabled to allow private individuals to become participants in a CSD[48].

4.4 *CSDs' use of DLTs for the provision of CSD services*

The ECB welcomes the proposed adaptations to the CSDR[49] in order to facilitate the use of DLT by CSDs and welcomes that strong risk management standards for CSDs are maintained, regardless of the technological solutions they use. The ECB welcomes, in particular the adaptations to set out requirements for the management of DLT-specific risks outside of an outsourcing arrangement. That said, the ECB suggests further specifying these adaptations to cover the assessment, by the CSD, of the suitability of network node operators, the relevant operational and governance risks, and the certainty and irreversibility of settlement.

4.5 *Cash settlement*

4.5.1 The ECB fully supports the introduction of a requirement for CSDs that settle in currencies available for settlement in TARGET2-Securities (T2S) to connect to T2S and to offer central bank money (CeBM) settlement services to their participants. This requirement will further enhance the integration of the market for settlement services and promote safety through the use of CeBM settlement[50].

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46 See Article 4, points (24) and (44), of the proposed master regulation, which amend, respectively, Articles 23 and 49 of the CSDR.

47 Such as the market standards sponsored by the Eurosystem's Advisory Group on Market Infrastructure for Securities and Collateral (AMI-SeCo), i.e. the SCoRE standards on corporate events, tri-party collateral management and billing, the T2S Harmonisation Standards on settlement and corporate events on flow and the Joint Corporate Action Market Standards and the Industry Shareholder Identification standards, available on the ECB's website at www.ecb.europa.eu or on the website of the European Banking Federation at https://www.ebf.eu.

48 See Article 4, point (34), of the proposed master regulation, which adds a new Article 33(7) to the CSDR.

49 See Article 4, point (40), of the proposed master regulation, which inserts a new Article 45a into the CSDR.

50 See Article 4, point (39), of the proposed master regulation, which replaces Article 40(2) of the CSDR.

4.5.2 CeBM should remain the primary settlement asset for wholesale financial markets and, in particular, for the settlement of securities transactions, including in tokenised form. The ECB welcomes the introduction of an explicit reference to settlement in tokenised central bank money, which the ECB will enable for euro-denominated transactions through the development of Pontes[51]. The Commission proposals also allow CSDs to settle cash payments for their securities settlement systems in EMTs. Settlement in EMTs carries additional risks compared to settlement in CeBM or commercial bank money (CoBM), including the credit risk of the issuers, the risk associated with potential fluctuations in the price of the EMT, as well as the liquidity risk associated with the underlying reserve assets[52]. Moreover, the scalability of EMTs is limited compared with CeBM or CoBM. The use of EMTs as settlement assets should therefore be carefully regulated, through restrictions as to when they can be used and risk management safeguards where their use is allowed. To minimise risks from settlement assets in wholesale financial markets, and to ensure that CeBM remains the primary settlement asset in those markets, CSDs should only be permitted to offer settlement in EMTs where settlement is in a currency for which settlement in tokenised CeBM is not practical and available. Settlement in EMTs should only be permitted if it is subject to sound risk management safeguards to minimise the risks associated with their use, in line with international standards. Furthermore, settlement in EMTs should only be permitted if the EMT is issued by a Union entity in compliance with Title IV of Regulation (EU) 2023/1114 of the European Parliament and of the Council[53] and is not fungible with any crypto-asset(s) issued outside the Union, including those that are part of any third-country multi-issuer scheme. Finally, where CeBM is not available or where its use is not practical, tokenised deposits have the potential to play a more prominent role as settlement assets in tokenised transactions. In order to provide a Union legal framework for all tokenised settlement assets, the co-legislators should consider introducing a common definition of tokenised deposits in Union banking legislation.

4.6 *CSD links*

4.6.1 The ECB fully supports the proposals aimed at expanding the current network of links between CSD hubs and other Union CSDs, with the objective of ensuring that a participant in any CSD can reach securities issued in any other Union CSDs[54]. Those links should be established in T2S, wherever possible, to help reap the benefits of a common settlement infrastructure. The requirement for links to be established in T2S should be adapted to the specificities of central bank-operated CSDs, considering that those only record specific financial instruments and do not provide their participants with access to other securities, as all Member States with a central bank-operated CSD also have privately operated CSD(s) to provide commercial services. This requirement should in any event only

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51 See the ECB's Pontes project, available on the ECB's website at www.ecb.europa.eu. Pontes is a Eurosystem DLT solution that links market DLT platforms and TARGET Services to settle transactions in central bank money.

52 See Committee on Payments and Market Infrastructures, Board of the International Organization of Securities Commissions, 'Application of the Principles for Financial Market Infrastructures to stablecoin arrangements', July 2022, available on the website of the Bank for International Settlements at www.bis.org.

53 Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets, and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937 (OJ L 150, 9.6.2023, p. 40, ELI: http://data.europa.eu/eli/reg/2023/1114/oj) (hereinafter 'MiCAR').

54 Article 4, points (43) and (46), of the proposed master regulation, which insert new Articles 48a, 48b and 51a into the CSDR.

apply to the establishment of a one-directional link between a CSD hub, as investor CSD, and the central bank-operated CSD, as issuer CSD.

4.6.2 The settlement finality moments in T2S are harmonised, and ESMA has previously found the relevant legal provisions in the T2S Collective Agreement and T2S Framework Agreement[55] to be adequate. The ECB would welcome clarification as regards the potential gap that the regulatory technical standards (RTS) provided for in the proposed amendments to the CSDR[56] would aim to address. For instance, it would be difficult for such RTS to address the cross-jurisdictional application of settlement finality rules, without further harmonisation of corporate and securities laws. The ECB thus suggests removing this particular provision from the mandate given to ESMA.

5. Pilot regime for market infrastructures based on distributed ledger technology (DLT)

5.1 *Expansion of the DLT pilot regime (DLTPR)*

5.1.1 The ECB welcomes the proposed expansion of the DLTPR, which would significantly enhance the opportunities for both established actors and new entrants to develop post-trade solutions based on innovative technologies in a more flexible and proportionate regulatory environment, fostering competition, innovation and resilience. The proposed expansion may also contribute to the creation of a single European framework, mitigating the risk of regulatory fragmentation stemming from a proliferation of national legal frameworks, in line with the objectives of the Savings and Investment Union (SIU). To prevent further fragmentation in the Union post-trading landscape, it will be essential to promote and, where necessary, enforce interoperability and standardisation across DLT market infrastructures. The Eurosystem stands ready to play its part in this, both as an operator and as catalyst in the context of its single work programme on new technologies for central bank money settlement, Pontes and Appia[57].

5.1.2 The ECB supports the proposed adjustment of activity limits, which strikes the right balance between facilitating market initiatives and limiting the systemic importance of, and the risks associated with, activities conducted under the DLTPR, which do not meet all of the regulatory requirements applicable to financial market infrastructures. This is especially true as the adaptations to the CSDR to facilitate the use of DLT by CSDs operating only under a CSD authorisation also ensure that CSDs operating above the activity limit can still use DLT, while complying with the same requirements as CSDs using traditional technologies. However, to prevent any circumvention of the limits, the ECB supports the group-level application of activity limits. The ECB considers that a group-level approach should also apply more generally to the prudential supervision of entities authorised under the DLTPR, to ensure that own funds and risk management are commensurate with the combined activities of multi-function groups[58].

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55 Both Agreements are available on the ECB's website at www.ecb.europa.eu.

56 See Article 4, point (42)(f), of the proposed master regulation, which amends Article 48(10) and replaces Article 48(10), point (f), of the CSDR.

57 See the ECB's Appia initiative, available on the ECB's website at www.ecb.europa.eu. Appia's objective is to explore concepts like a European shared ledger and a network of interconnected ledgers: infrastructures that could serve as a utility for issuing, recording, trading and settling tokenised assets while enabling programmability.

58 See also ESRB, 'Crypto-assets and decentralised finance: Report on stablecoins, crypto-investment products and multifunction groups', October 2025, available on the ESRB's website at www.esrb.europa.eu.

5.1.3 The ECB also supports the introduction of a simplified regime for smaller DLT market infrastructures. This simplified regime would allow for more proportionate regulation and supervision of non-systemically important firms. However, the ECB suggests that the approach taken in the simplified regime to disapply certain requirements applicable to CSDs under the CSDR should be more narrowly circumscribed, to ensure compliance with certain critical requirements[59]. Finally, as DLT market infrastructures grow under the DLTPR, it is essential to ensure their compliance with the robust prudential safeguards established in Union legislation[60], so as to maintain adequate risk management and avoid gaps in investor protection and operational resilience. In particular, all regulated entities providing core CSD services should comply with the relevant requirements of the CSDR.

5.2 *Eligibility of new types of entities and of a wider range of financial instruments*

5.2.1 The ECB supports making credit institutions eligible to seek permission to operate under the DLTPR, as that would open up the framework to a new range of regulated entities. This would help to foster innovation via broader participation, while at the same time supporting the safety of DLT market infrastructures, given that credit institutions are well regulated and supervised.

5.2.2 By contrast, the ECB has some concern about the proposed inclusion of CASPs in the DLTPR. CASPs currently operate under a lighter supervisory framework and lower, non-risk-sensitive own funds requirements. This is not consistent with allowing them to provide services relating to financial instruments, which are outside the scope of MiCAR and reserved for entities holding licences granted under more stringent and risk-sensitive requirements. This concern could be addressed by amending the requirements for CASPs as suggested in paragraph 7.

5.2.3 The ECB also welcomes the broadening of the eligibility criteria for financial instruments, noting that where a DLT market infrastructure offers services in relation to tokenised derivatives, any requirements relating to derivatives clearing under existing Union legislation should apply in the same way.

5.3 *Additional exemptions for DLT market infrastructures*

The ECB sees merit in allowing DLT market infrastructures to request additional exemptions beyond those defined in the DLTPR. However, the power to grant such exemptions should be exercised in a way that ensures the harmonised application of Union law. The ECB thus recommends that, instead of providing a non-binding opinion on such requests, ESMA should be granted the power to address binding decisions to the competent authority handling the request[61].

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59 See Articles 27(8) to (10), 33(4), 38(7), 39(6) and (7), 45(5) and 46(1) to (3) of the CSDR.

60 Notably MiFIR, 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, ELI: http://data.europa.eu/eli/dir/2014/65/oj) (hereinafter 'MiFID'), the CSDR, and, where relevant, Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1, ELI: http://data.europa.eu/eli/reg/2013/575/oj) and MiCAR.

61 See Article 8, point (7), of the proposed master regulation, which inserts Article 5a into Regulation (EU) 2022/858 of the European Parliament and of the Council of 30 May 2022 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 (OJ L 151, 2.6.2022, p. 1, ELI: http://data.europa.eu/eli/reg/2022/858/oj) (hereinafter the 'DLTPR').

5.4 *Requirements for cash settlement for DLT market infrastructures*

The ECB welcomes the clarifications proposed by the Commission regarding the requirements on cash settlement for DLT settlement systems (DLT SSs) and trading and settlement systems (DLT TSSs) through the proposal for an exemption from the proposed requirements relating to cash and EMT settlement under Article 40 of the CSDR[62]. The ECB also advocates for a level playing field in the regulatory approach between DLT market infrastructures settling in CoBM and those settling in EMTs. In particular, the lighter treatment proposed for EMTs is not, in the ECB's view, justified, given the additional risks that EMTs pose as a settlement asset (see paragraph 4.5.2). In that regard, the ECB proposes that the requirements relating to the provision of banking-type ancillary services for CSD participants under Title IV of the CSDR should apply in all cases for DLT SSs and TSSs operating under the regular regime, and that the further flexibility provided for in the Commission proposal be restricted to the simplified regime[63]. Finally, the ECB strongly agrees that banking-type ancillary services other than the provision of cash accounts and payment processing should be provided exclusively by entities holding a banking licence.

5.5 *Provision of individual CSD services and operation of settlement schemes*

5.5.1 The ECB supports the creation of a specific permission for the provision of individual CSD services to allow firms operating under national laws regulating digital or DLT-based securities to obtain a Union licence, also covering securities admitted to trading on a trading venue. The activity limits could be further aligned with those for DLT market infrastructures, by setting an overall limit at EUR 100 billion for the total value of securities recorded on a DLT market infrastructure. In arrangements involving DLT notaries, DLT account keepers and DLT SSs or TSSs, clear allocation of responsibilities will be critical. In that regard, the ECB welcomes that the relevant provision of the DLTPR would require the DLT notary, DLT account keeper and the DLT SS, TSS or relevant CSD that provide CSD core services jointly specify their roles and responsibilities in providing those services in a legally binding written agreement to be notified to their respective competent authorities, together with clear information on which entity provides CSD core services for which DLT financial instruments or categories of DLT financial instruments[64]. The complexity that such arrangements could introduce in the post-trading landscape reinforces the need for interoperability between entities licenced under the DLTPR. The development of these arrangements should therefore be accompanied by the introduction of regulatory requirements to ensure open access and interoperability between the services each entity provides, and the implementation of common standards to enable links between these services (see paragraph 5.6). In view of the interest of members of the ESCB, as relevant authorities under the CSDR, the ECB suggests that the ESMA draft RTSs specifying the provisions applicable to each of these specific licences should be prepared in close cooperation with the ESCB.

5.5.2 The proposal to establish a licence for settlement schemes may also allow for the development of innovative setups. The lack of a single legal entity operating the settlement scheme is a legal

62 See Article 8, point (6)(a), of the proposed master regulation, which amends Article 5(8) of the DLTPR.

63 See paragraph 3.3.11 of Opinion CON/2021/15 of the European Central Bank of 28 April 2021 on a proposal for a regulation of the European Parliament and of the Council on a pilot regime for market infrastructures based on distributed ledger technology (OJ C 244, 22.6.2021, p. 4).

64 See Article 8, point (14), of the proposed master regulation, which inserts a new Article 10b(8) into the DLTPR.

innovation that requires strong safeguards to clearly establish the allocation of responsibilities, as outlined in the proposal. Given the innovative nature of this setup, the ECB supports the Commission proposal to apply the same activity limit to settlement schemes as in the case of DLT market infrastructures authorised under the simplified regime. It is, in any event, essential that those schemes are not used to circumvent the Union regulatory framework, which implements international standards for financial market infrastructures and provides for strong risk management requirements. The DLTPR should therefore ensure a level playing field between settlement schemes and DLT market infrastructures operating under the simplified regime. Finally, the ECB supports the proposed requirement for transactions within a settlement scheme to be settled in central bank money. However, this requirement, which is imposed on DLT account keepers operating settlement schemes, should not be construed as expanding the range of entities eligible to hold a central bank account, nor as imposing an obligation on central banks to provide such an account for the purpose of running a settlement scheme.

5.6 *Industry group to facilitate interoperable settlement between DLT market infrastructures*

The ECB welcomes the proposal for operators of DLT market infrastructures and DLT account keepers to form an industry group to develop standards to facilitate settlement that is also open to other eligible participants[65]. The ECB proposes that the ECB and ESMA should be invited as permanent observers in the industry group, rather than being periodically consulted. This would foster close consultation in the establishment of regulatory and market standards and promote consistency with the work carried out by the Eurosystem as provider of settlement services in CeBM for tokenised transactions.

6. Settlement finality

6.1 *Directly applicable regulation*

The ECB welcomes the proposed settlement finality regulation (hereinafter the 'proposed SFR') to replace Directive 98/26/EC of the European Parliament and of the Council[66] (hereinafter the 'SFD'), and the proposed harmonisation of procedures, achieving full uniformity of designation for Union systems, and introducing a harmonised Union-level framework for the registration of third-country systems. The Member States would, upon adoption of the proposed SFR, need to take all necessary measures to adjust their national laws, in a timely manner, to repeal the provisions implementing the SFD and to comply with the directly applicable proposed SFR. Such actions are necessary to ensure legal certainty and compatibility between the proposed SFR and relevant national law, including insolvency and banking legislation. To accommodate such adjustments, the date of application of the proposed SFR and the date of repeal of the SFD should be one year after the date of publication of the proposed SFR in the Official Journal of the European Union.

65 See Article 8, point (14), of the proposed master regulation, which inserts a new Article 10g into the DLTPR.

66 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, ELI: http://data.europa.eu/eli/dir/1998/26/oj).

6.2 *Procedure and conditions for the designation of Union systems*

6.2.1 The proposed SFR outlines a broad set of conditions to be fulfilled for the designation of a system[67]. The ECB notes that many of these conditions fully or partially overlap with existing organisational, prudential, and oversight requirements already established under EMIR, the CSDR, Regulation (EU) 2025/1355 of the European Central Bank (ECB/2025/22)[68] (hereinafter the 'SIPS Regulation'), national laws regulating the oversight of payment systems by central banks, and under the Eurosystem oversight frameworks.

6.2.2 The ECB sees room for simplifying and improving the design of the procedure and conditions for designation under the proposed SFR[69], particularly to avoid duplication of existing organisational, prudential, and oversight requirements. The avoidance of such duplication is important for several reasons. First, it would avoid administrative and regulatory burdens on the relevant system operators assessed under different regimes against identical or similar requirements. Second, it would limit the duplication of work for the involved authorities. Third, it would exclude divergent outcomes between designating and competent authorities. Fourth, it is important to avoid such duplication in order to ensure the independent exercise of the Eurosystem's basic task under Article 127(2), fourth indent, of the Treaty and Article 3(1) of the Statute of the ESCB to promote the smooth operation of payment systems. Finally, avoiding such duplication is in line with the focus of the Commission to simplify Union policies and laws, and to achieve their better implementation, including by working with and supporting Member States as well as cooperating with other Union institutions[70].

6.2.3 Accordingly, the designating authority[71] should consistently be the authority responsible for the supervision or oversight of the system operator. When assessing the system against the conditions for designation, that authority could thus draw on its supervisory or oversight assessment of the system operator's compliance with applicable regulatory or oversight requirements. This approach would leverage the supervisor's or overseer's experience with the system operator and avoid any duplication of rules and conflict of competences between authorities. This would also support the Commission's objective of achieving harmonisation by introducing a uniform set of conditions. For central bank-operated systems, to ensure compliance with the principle of central bank independence, the designating authority should in any case be the central bank overseeing it.

6.3 *Development of RTS by ESMA and the European Banking Authority (EBA)*

The proposed SFR includes provisions under which ESMA and the EBA may, in close collaboration with the ESCB, develop draft RTS that further define the designation conditions[72]. As noted above, the designation conditions fully or partially overlap with existing requirements already established under EMIR, the CSDR and, for payment systems, the SIPS Regulation and other applicable oversight frameworks. Adding further detail to these conditions would only increase the complexity

67 See Article 5(1) of the proposed SFR.

68 Regulation (EU) 2025/1355 of the European Central Bank of 2 July 2025 on oversight requirements for systemically important payment systems (ECB/2025/22) (OJ L, 2025/1355, 14.7.2025, ELI: http://data.europa.eu/eli/reg/2025/1355/oj).

69 See Articles 4 and 5 of the proposed SFR.

70 Communication from the Commission, 'A simpler and faster Europe: Communication on implementation and simplification', COM/2025/47 final.

71 See Article 2(1), point (33), of the proposed SFR.

72 See Article 5(2) and (3) of the proposed SFR.

of this regime. Moreover, the draft RTS that may be developed by the EBA in respect of payment systems would significantly overlap with the ECB's regulatory powers under Article 22 of the Statute of the ESCB in respect of euro area payment systems, including central bank-operated systems. Thus, this empowerment for ESMA and the EBA should be removed from the proposed SFR.

6.4 *Coordinated procedure for the registration of third-country systems*

6.4.1 The ECB would also recommend enhancements to the procedure for the registration of third country systems, in order to avoid multiple parallel registration procedures at national level[73]. To that end, the ECB would suggest that a single coordinating authority should take charge of the coordination of interactions with the third-country system operator and of the assessment of its compliance with the conditions for registration under the proposed SFR. The coordinating authority should be ESMA for third-country securities settlement and clearing systems and the ECB for third-country payment systems. National registering authorities would remain involved throughout the process and take the final decision as regards registration in their Member State.

6.4.2 Moreover, the ECB understands that the purpose of this registration regime is to extend SFR protections to EU participants in such third-country systems. The ECB suggests clarifying the purpose and exact legal effects of such extension, and that this extension proportionately limits the application of EU substantive rules on netting, transfer orders, the use of funds and financial instruments to fulfil participants' obligations to designated systems only.

6.5 *Clarification of several definitions*

6.5.1 The proposed SFR's definition of a 'system'[74] does not mention a minimum number of participants, unlike the existing definition in the SFD[75]. This could have the unintended consequence of extending the definition to a broad range of arrangements that should not be covered by the proposed SFR. The ECB suggests maintaining the same minimum number of participants in the definition of a 'system' in the proposed SFR as currently specified in the corresponding definition in the SFD.

6.5.2 The proposed definition of 'settlement'[76] by reference to the CSDR is intended to refer to the settlement of securities transfer orders only. Similarly, the proposed SFR's definition of 'clearing'[77] by reference to EMIR is intended to refer to CCPs only. However, as per international best practice, settlement has a broader meaning, which could refer to the discharge of any obligation, not only of those pertaining to securities.

6.5.3 The proposed definition of a 'securities settlement system'[78] (SSS) refers to the settlement of any transfer orders, which include payment settlement, and should thus be further specified. Additionally, the recitals of the proposed SFR[79] state that it should be possible to designate systems operated by DLT market infrastructures in accordance with the DLTPR under the proposed SFR, subject to their compliance with the conditions set out in both the DLTPR and the proposed SFR. The ECB thus

73 See Articles 12 to 16 of the proposed SFR.
74 See Article 2(1), point (1), of the proposed SFR.
75 See Article 2, point (a), of the SFD.
76 See Article 2(1), point (3), of the proposed SFR.
77 See Article 2(1), point (4), of the proposed SFR.
78 See Article 2(1), point (5), of the proposed SFR.
79 See recital 7 of the proposed SFR.

understands that the definition of SSS under the proposed SFR is therefore intended to encompass systems operated by DLT market infrastructures in accordance with the DLTPR, whether DLT SSs or TSSs. The ECB suggests ensuring a sound articulation with the definition of SSS under the CSDR[80] and the requirement in the CSDR that SSSs may be operated only by authorised CSDs, to avoid any legal uncertainty regarding the possibility to designate as an SSS a DLT trading and settlement system operated by an investment firm. Finally, it could also be clarified whether the definition of an SSS under the proposed SFR is intended to encompass settlement schemes established in accordance with DLTPR (see paragraph 5.5.2), in order to allow for their potential designation under the proposed SFR. If that is the legislative intention, its legal implications should be analysed and addressed in the proposed SFR.

6.5.4 The proposed definition of a 'participant' in a designated system includes, in addition to an enumeration of certain regulated financial institutions[81], any entity other than these listed entities[82]. The term 'system member' is in turn defined as such an entity[83]. The conditions provided for in the proposed SFR for a system member to be accepted as system participant[84] do not further clarify the definition, as any participant should a priori meet these conditions. The term 'entity' could be clarified in these provisions as a legal person, in order to avoid any ambiguity that this term is intended to also cover natural persons. Any future inclusion of natural persons in the definition of 'participant' or 'system member' should be subject to a thorough impact assessment, also in the light of the considerations set out in paragraph 4.3.

6.5.5 The proposed definition of 'transfer order'[85] seems to imply that recording 'by means of a book-entry or electronic recording on a register having a similar function or otherwise' would apply only to securities transfer orders, without explaining the necessity for such legislative intent. As DLT can also be used to transfer funds, this definition should be broadened.

6.5.6 The proposed definition of 'business day'[86], and its applications in the relevant provisions of the proposed SFR[87], may be difficult to apply to systems that operate continuously on a '24/7' basis, including instant payment systems and potentially DLT-based systems. The definition could therefore be reviewed with this consideration in mind.

6.6 *Interplay between DLT systems and settlement finality*

Pursuant to the proposed SFR, designated systems using DLT are required to implement 'mechanisms guaranteeing deterministic … finality moments'[88]. The implications of this provision for the legal arrangements in the system rules and the compatibility of technological solutions for DLT-based settlement with this requirement would need to be further clarified to avoid unintended consequences, by better distinguishing between legal and technological requirements.

80 See Article 2(1), point (10), of the CSDR.
81 See Article 2(1), point (15)(a)(i) to (vi), of the proposed SFR.
82 See Article 2(1), point (16), of the proposed SFR.
83 See Article 2(1), point (16), of the proposed SFR.
84 See Article 7(2) of the proposed SFR.
85 See Article 2(1), point (20), of the proposed SFR.
86 See Article 2(1), point (28), of the proposed SFR.
87 See Articles 17 and 19 of the proposed SFR.
88 See Article 21(1) of the proposed SFR.

6.7 *Interplay with the protections for designated system under the BRRD*

Directive 2014/59/EU of the European Parliament and of the Council[89] (hereinafter the 'BRRD') provides a number of specific protections for systems designated in accordance with the SFD[90]. The ECB suggests that the co-legislators consider extending these protections to third-country systems registered pursuant to the proposed SFR, where relevant, particularly for the benefit of Union participants in such systems.

6.8 *Interplay with national laws on final settlement of cash and securities transfer orders*

The proposed SFR states that the moment of final settlement is to be 'determined by the common rules and standardised procedures of each designated system, in accordance with the applicable law for transfer of ownership and other rights'[91]. Operators of interoperable systems are required to ensure, to the extent possible, that the rules of all interoperable systems concerned are coordinated[92]. Moreover, ESMA may develop draft regulatory technical standards to specify the rules for determining the moment of final settlement[93]. Given that laws governing transfer of ownership and other rights are not harmonised across the Union (and the Commission is not proposing to harmonise them), the ECB understands that the obligations imposed upon system operators can only be construed as an obligation to faithfully record the applicable national law provisions, and that ESMA's RTS can only facilitate compliance with this obligation, not define the moment of final settlement under the proposed SFR[94].

7. Markets in crypto-assets

7.1 *Enhancement of supervision framework for CASPs - ESMA supervision of CASPs*

7.1.1 The ECB welcomes the Commission proposal to strengthen the supervisory framework for crypto-asset service providers (CASPs) by transferring authorisation, monitoring and enforcement powers for all CASPs from the NCAs to ESMA[95]. This measure will ensure supervisory convergence, reduce fragmentation and mitigate cross-border risks in crypto-asset markets, thereby supporting financial stability and the integrity of the single market. To that end, when designing and implementing the new framework, ESMA should benefit from the technical input and expertise of national authorities. Banks increasingly engage in crypto-asset services, thereby developing operational and financial interlinkages with CASPs, particularly those organised as multi-function groups that bundle custody, trading, settlement and other core services within cross-border corporate structures. As highlighted by the ESRB, such groups operate largely outside consolidated supervision, amplifying intra-group contagion channels, and can transmit governance failures, operational disruptions or liquidity shocks

89 Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (OJ L 173, 12.6.2024, p. 190, ELI: http://data.europa.eu/eli/dir/2014/59/oj).

90 For example, Articles 44(2), 69(4), 70(2) and 71(3) of the BRRD.

91 See Article 21(1) of the proposed SFR.

92 See Article 21(2) of the proposed SFR.

93 See Article 21(3) of the proposed SFR.

94 See Article 21(1) of the proposed SFR.

95 See Article 9, point (22), of the proposed master regulation, which inserts a new Chapter 6 into Title VII of MiCAR.

into the financial system. This is especially the case where such groups act as critical third-party service providers to banks[96]. Further indirect or direct exposures stem from banks offering banking services to CASPs, which deposit their client funds with banks, because shocks can be transmitted to banks that receive material amounts of deposits from CASPs. Those structural vulnerabilities underscore the need for a centralised Union supervisory regime for CASPs, capable of addressing the systemic risks posed by CASPs with significant activities, preventing risk migration into the banking system and safeguarding financial stability. To support those objectives, the ECB proposes that technical clarifications should be made to the Commission proposals on prudential requirements for CASPs, including those concerning statutory audit requirements and the introduction of risk sensitive own funds.

7.1.2 Moreover, the ECB suggests maintaining, in MiCAR, the category of significant CASPs and expanding the existing criteria to include objective metrics of significance (e.g. size, cross-border activity, systemic relevance, volume of trades for platforms, volume exchanged against funds, and consideration of group-wide activities). A regular review of the criteria for significant CASPs should be provided for, drawing on lessons from experience with their application. To address risks and regulatory arbitrage opportunities stemming from complex, unconsolidated group structures and parties with close links, significant CASPs should be requested to establish an intermediate parent undertaking in the Union[97] and to ensure that they have group-level recovery plans in place. The requirement to establish an intermediate parent undertaking in the Union should also be applicable in all cases where a third-country firm controls, in the Union, both a credit institution and a CASP and/or an electronic money institution issuing electronic money tokens or asset-referenced tokens.

7.1.3 Significant CASPs should also be expected to (a) apply enhanced internal controls and risk-management arrangements, including for the management of conflicts of interests; (b) adopt sound remuneration frameworks; (c) require prior supervisory approval for directors and senior management appointments; and (d) make enhanced disclosure and reporting at both entity and group level.

7.1.4 The ECB also recommends reviewing Annex VII to MiCAR to ensure comprehensive coverage of the activities of all CASPs, including custody, trading and settlement, and to clarify ESMA's powers to impose fines, periodic penalty payments and suspension of services.

7.1.5 The ECB has two final remarks. First, the ECB recalls that two of MiCAR's goals are to protect investors and to ensure fair competition. Against this background, MiCAR prohibits the offer to the public, in the Union, of non-MiCAR compliant stablecoins. Despite this prohibition, there is evidence of the provision, in the Union, of MiCAR services with respect to non-MiCAR authorised stablecoins, including stablecoins whose stabilisation mechanism is not based on the holding of reserve assets but on algorithmic models. This undermines investor protection and may also pose threats to the smooth operation of payment systems, monetary policy transmission and monetary sovereignty.

96 See also ESRB, 'Crypto-assets and decentralised finance: Report on stablecoins, crypto-investment products and multifunction groups', October 2025, available on the ESRB's website at www.esrb.europa.eu.

97 Comparable to Article 21b of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338, ELI: http://data.europa.eu/eli/dir/2013/36/oj) (hereinafter the 'CRD').

Accordingly, the ECB recommends clarity on the services falling in the perimeter of an 'offer' of stablecoins, to avoid fragmentation and avert the risk that some CASPs could straddle the borderline between the provision of non-offer related services and making an offer to the public. Second, the ECB recalls that the Commission must present an interim report to the European Parliament and the Council on the application of MiCAR accompanied, where appropriate, by a legislative proposal[98]. The ECB welcomes this important opportunity to conduct a comprehensive review of MiCAR taking into account relevant market developments and stands ready to contribute its expertise to such review. For example, it is essential to amend the framework to enhance the reporting obligations on CASPs, and to ensure that the regulatory framework enables the adoption of additional measures to address financial stability concerns arising from the issuance and circulation of asset-referenced tokens and EMTs, in particular by third-country entities.

7.2 *Transfer of the supervision of entities whose main activity is crypto-asset services to ESMA*

The ECB supports the proposal to transfer the supervision of entities authorised under another licence than a CASP licence to ESMA, once the provision of crypto-asset services becomes their main activity. In a dual supervision scenario, well-structured cooperation between ESMA and the relevant competent authority will be essential, based on a clearly defined allocation of responsibilities, documented in jointly elaborated cooperation agreements and duly operationalised, for instance through joint supervisory teams. In addition, the definition of thresholds triggering such transfer could be clarified. First, in order to ensure that it also applies to firms combining financial and non-financial activities, the thresholds definition could take into account the total financial services activities of such entities in the Union. Moreover, reliance on a single metric, such as 50 % turnover, may not adequately capture business models where the key risk driver is the volume of operations rather than revenues (e.g. custody, trading venue). Consideration could also be given to proprietary trading in crypto-assets and derivatives as well as to borrowing and lending of crypto-assets, since these activities are apt to give rise to material risks not captured by a turnover-based approach. Cooperation agreements between ESMA and other competent authorities should ensure a smooth transition and effective oversight of residual activities. Finally, the ECB suggests clarifying that, for credit institutions, the enforcement of anti-market abuse monitoring requirements for CASP activities and related enforcement could also be assigned to ESMA, as those activities are not covered by Council Regulation (EU) No 1024/2013[99]. At the same time, ESMA should inform the competent authority under the CRD before adopting any supervisory measure or initiating any enforcement actions, in view of their potential implications for the institution's soundness and to coordinate actions under the respective mandates.

8. Asset management

8.1 The ECB fully supports the elements of the Commission proposals that seek to remove barriers that limit the cross-border integration of the European asset management sector by further harmonising

98 See Article 140 of MiCAR.

99 Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287, 29.10.2013, p. 63, ELI: http://data.europa.eu/eli/reg/2013/1024/oj).

the regulatory framework. These efforts should ultimately lead to a single rulebook and to increased supervisory convergence within the sector. An integrated and less fragmented sector would support the objectives and tasks of the ECB and the Eurosystem. First, an integrated asset management sector can facilitate the transmission of monetary policy throughout the euro area[100] and foster private cross-border risk-sharing, thereby reducing the burden on the Eurosystem to provide counter-cyclical stabilisation in response to idiosyncratic shocks[101]. Second, the removal of barriers that currently hinder the flow of capital across borders can help mitigate financial fragmentation in the euro area. Third, a more integrated supervisory framework, which ensures a supervisory level playing field, and is equipped with robust macroprudential tools, can enhance the resilience of the non-bank financial intermediation sector[102], thereby safeguarding financial stability. This would also support the tasks of the ECB as banking supervisor, given the growing interlinkages between banks and non-banks[103].

8.2 For these reasons, the ECB supports, in particular, the following elements of the Commission proposals: (a) the empowerment of ESMA to act as a central hub for the cross-border marketing of undertakings for the collective investment in transferable securities (UCITS) and alternative investment funds (AIFs)[104] and to establish collaboration platforms to ensure compliance with Union law and to address diverging or deficient supervisory practices[105]; (b) the introduction of a Union-wide depositary passport, allowing UCITS and alternative investment fund managers (AIFMs) to appoint a depositary located anywhere within the Union and allowing depositaries to offer their services on a cross-border basis[106], which includes the safeguards in the Commission proposals that the depositary passport should be applicable only to depositaries that are authorised as credit institutions or as investment firms and which are subject to prudential requirements and supervision and to more uniform supervision of depositary tasks as regulated in the UCITS and AIFM directives;

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100 See the ECB's monetary policy strategy assessment, 2025, which highlighted the need to take into account possible changes in transmission of monetary policy related, for example, to structural factors, such as the rise in non-bank financial intermediation or impairments in transmission, owing, for example, to fragmentation or market stress. See also ECB (2021), 'Non-bank financial intermediation in the euro area: implications for monetary policy transmission and key vulnerabilities', ECB Occasional Paper Series, No 270. Available on the ECB's website at www.ecb.europa.eu.

101 See ECB (2018), 'Risk sharing in the euro area', Economic Bulletin, Issue 3, which highlighted the role of efficient and integrated financial markets as a core prerequisite for effective private risk sharing in the euro area. Available on the ECB's website at www.ecb.europa.eu.

102 See Opinion CON/2022/26 of the European Central Bank of 9 August 2022 on a proposal for a directive as regards delegation arrangements, liquidity risk management, supervisory reporting, provision of depositary and custody services and loan origination by alternative investment funds (OJ C 379, 3.10.2022, p. 1).

103 See ECB (2025), Financial Stability Review, Chapter 4, which examines the systemic risk arising from linkages between banks and non-bank financial intermediaries, available on the ECB's website at www.ecb.europa.eu.

104 See Article 6, point (10), of the proposed master regulation, which replaces Article 12 of Regulation (EU) 2019/1156 of the European Parliament and of the Council of 20 June 2019 on facilitating cross-border distribution of collective investment undertakings and amending Regulations (EU) No 345/2013, (EU) No 346/2013 and (EU) No 1286/2014 (OJ L 188, 12.7.2019, p. 55, ELI: http://data.europa.eu/eli/reg/2019/1156/oj).

105 See Article 1, point (16), of the proposed master regulation, which inserts a new Article 19a into the ESMA Regulation.

106 See Articles 1, point (16), and 2, point (11), of the proposed master directive, which amend, respectively, Article 23(1) of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (OJ L 302, 17.11.2009, p. 32, ELI: http://data.europa.eu/eli/dir/2009/65/oj) (hereinafter the 'UCITS Directive') and Article 21(5) of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (OJ L 174, 1.7.2011, p. 1, ELI: http://data.europa.eu/eli/dir/2011/61/oj) (hereinafter the 'AIFM Directive').

and (c) the introduction of the concept of a Union group of management companies and AIFMs[107], including clarification that certain intra-group arrangements do not constitute delegation[108]. At the same time, it will also be important to strengthen supervisory convergence and cooperation in respect of Union groups, to ensure that the centralisation of functions in a group does not lead to supervisory blind spots or create a single point of failure where the critical functions are located.

8.3 The ECB welcomes the Commission proposal to increase the limit for UCITS investing in securitisations issued in accordance with Regulation (EU) 2017/2402 of the European Parliament and of the Council[109] (i.e. simple, transparent and standardised (STS) securitisation, by a single issuing body) from the current limit of 10 % to a higher limit of 15 %[110]. This amendment is consistent with the Commission's recent proposals to improve the functioning of the securitisation framework[111]. The ECB is of the view that the proposed increased limit could support investor participation in the securitisation market, and recommends that the limit could be further increased, for example, to 20 %. That said, the ECB emphasises that this limit should not be entirely removed, or increased excessively, as it serves important policy goals, such as maintaining appropriate safeguards for adequate risk management and investor protection, especially for retail investors. In addition, in order to further support investments in the securitisation market, the due diligence requirements for AIFs set out under Commission Delegated Regulation (EU) No 231/2013[112] should be aligned with the simpler and more proportionate due diligence requirements for investors proposed in the context of the Commission's proposals to improve the functioning of the securitisation framework.

8.4 The ECB welcomes that the Commission proposals will increase ESMA's supervisory convergence role for the asset management sector. In particular, the ECB welcomes that ESMA will be conferred the power to conduct annual reviews of large Union groups of management companies and AIFMs[113]. These annual reviews will be a step towards assessing and addressing barriers to the cross-border functioning of the sector and ensuring that potential risks are appropriately considered and addressed. Focusing on the largest groups based on size and cross-border activity is

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107 See Articles 1, point (2), and 2, point (1), of the proposed master directive, which add, respectively, a new Article 2(1), point (v), to the UCITS Directive and a new Article 4(1), point (av), to the AIFM Directive. The concept of a Union group of management companies and AIFMs is introduced specifically for the purposes set out in the Commission proposals, and is distinct from, and without prejudice to, the concept of a group under the prudential frameworks for banks and investment firms.

108 See Articles 1, point (8), and 2, point (10), of the proposed master directive, which amend, respectively, Article 13(3) of the UCITS Directive and Article 20(6a) of the AIFM Directive.

109 Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 (OJ L 347, 28.12.2017, p. 35, ELI: http://data.europa.eu/eli/reg/2017/2402/oj).

110 See Article 1, point (27), of the proposed master directive, which amends Article 56(2) of the UCITS Directive.

111 COM(2025) 826 final, COM(2025) 825 final and Ares(2025)4808223. See Opinion CON/2025/35 of the European Central Bank of 11 November 2025 on (a) a proposal for a regulation amending Regulation (EU) 2017/2402 laying down a general framework for securitisation and creating specific framework for simple, transparent and standardised securitisation, (b) a proposal for a regulation amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions as regards requirements for securitisation exposures, and (c) a draft proposal for a delegated regulation amending Delegated Regulation (EU) 2015/61 as regards the eligibility conditions for securitisations in the liquidity buffer of credit institutions (OJ C, C/2026/503, 23.1.2026, ELI: http://data.europa.eu/eli/C/2026/503/oj).

112 Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision (OJ L 83, 22.3.2013, p. 1, ELI: http://data.europa.eu/eli/reg_del/2013/231/oj).

113 See Articles 1, point (47), and 2, point (21), of the proposed master directive, which insert, respectively, new Articles 110b and 110c into the UCITS Directive and new Articles 47a and 47b into the AIFM Directive.

proportionate and captures the most relevant entities. The ECB suggests some technical clarifications regarding the scope and frequency of the reviews to ensure their effectiveness, in line with ESMA's objective and competences under the ESMA Regulation.

8.5 The ECB emphasises that further integration of the asset management industry also entails higher cross-border contagion risks to financial stability. To obtain the benefits of the SIU, capital markets should be a resilient and sustainable source of financing, especially in times of stress. This requires a prudential framework that can detect and address emerging systemic risks across the entire financial system. Thus, the more integrated supervision of funds and managers that is proposed should be accompanied by a review of the Union macroprudential framework through targeted amendments to the UCITS and AIFM Directives, aimed at developing a macroprudential approach alongside microprudential oversight. As outlined in the Eurosystem response to the European Commission's consultation on macroprudential policies for non-bank financial intermediation (NBFI), such targeted amendments are needed to better enable sector-wide monitoring, forward-looking risk assessments and, where necessary, the activation of preventive measures to safeguard financial stability[114].

8.6 Finally, the ECB suggests targeted amendments to the exchange of information provisions under the UCITS and AIFM Directives to clarify and improve access for the ECB and other relevant members of the ESCB to data on UCITS and AIFMs. This is needed to ensure more informed monetary policy decisions, improve the consistency, timeliness and quality of financial stability assessments, support the design and evaluation of macroprudential policies, and enhance the monitoring of potential cross-border leakages[115]. Moreover, such access would remove the need for duplicative reporting requirements and thus contribute to simplification and a reduction in reporting burdens for market participants.

9. Trading venues

The ECB supports the Commission proposals to confer ESMA with direct supervisory powers for significant trading venues with an important cross-border dimension. Direct supervision at European level will help ensure consistent supervisory standards, which can in turn help to ensure a level playing field and address the current high degree of fragmentation of trading venues in the Union. In addition, the ECB supports the creation of a framework for Pan-European Market Operators under the Commission proposals[116]. Finally, the ECB supports the transfer of regulatory requirements from MiFID into MiFIR, which will limit national divergences in the application of Union law and reduce legal and operational barriers that currently hinder the provision of services by trading venues across borders. Taken together, these aspects of the Commission proposals will support consolidation and cross-border integration in the sector, ultimately contributing to increased market depth, liquidity and transparency of Union capital markets.

114 See Eurosystem response to European Commission's consultation on macroprudential policies for non-bank financial intermediation (NBFI), November 2024, and ESCB reply to the European Commission's targeted consultation on integration of EU capital markets, June 2025, available on the ECB's website at www.ecb.europa.eu.

115 See paragraph 4 of Opinion CON/2022/26.

116 See Article 3, point (3), of the proposed master regulation, which inserts a new Title Ia into MiFIR.

Where the ECB recommends that the proposals are amended, specific drafting proposals are set out in a separate technical working document accompanied by an explanatory text to this effect. The technical working document is available in English on EUR-Lex.

Done at Frankfurt am Main, 9 April 2026.

[signed]

The President of the ECB

Christine LAGARDE