

# Targeted consultation on integration of EU capital markets – Part 1

Fields marked with \* are mandatory.

For technical reasons, the questionnaire has been divided into 2 parts.

## This is part 1

Part 2 on **horizontal barriers to trading and post-trading infrastructures, asset management and funds, supervision, and horizontal questions on the supervisory framework** is available here:

## [Respond to part 2](#)

Also note that the **question numbering might differ compared to the original pdf version** of the consultation document published on 15 April.

## Introduction

Implementation of the [savings and investments union \(SIU\) strategy](#), as presented in the **Commission Communication of 19 March 2025**, is a top priority of the Commission. The [SIU](#) will be a key enabler of wider efforts to boost competitiveness in the EU economy by improving the way the EU financial system mobilises savings for productive investment, thereby creating more and better financial opportunities for citizens and businesses.

**The development and integration of EU capital markets should be a market-driven process, but various barriers to that market-driven process must first be removed.** Despite the harmonisation of regulatory frameworks and the existence of financial services passports, the persistent fragmentation due to these barriers is limiting the potential benefits of the EU's single market. Financial-market participants cannot fully benefit from scale economies and improved operational efficiency, or are not adequately incentivised to facilitate cross-border investments, raising the costs and restricting the choice of financial services available to businesses and citizens. By delivering better and cheaper financial services, the SIU will be a key element in boosting economic competitiveness.

**More integrated and modernised EU capital markets should also allow us to explore and benefit from technological developments and innovation.** The use of newer generation technologies such as distributed ledger technology, tokenisation of financial instruments, will allow us to empower our capital markets and equip them for the opportunities and challenges ahead.

**The Communication on the SIU announced legislative proposals in the fourth quarter of 2025 to remove barriers to cross-border trading and post-trading, cross-border distribution of investment funds and cross-border operations of asset managers.** This reflects [President von der Leyen's mission letter to Commissioner Albuquerque](#), which includes the task to “*explore further measures to [...] promote scaling up of investment funds, and remove barriers to the consolidation of stock exchanges and post-trading infrastructure*”. To this end, the Commission has already launched external studies to identify barriers affecting the consolidation of trading and post-trading infrastructures and the scaling up of investment funds in the EU. These barriers include those of an economic, legal (at national and EU level), technological, behavioural and operational nature.

**Divergences in supervisory practices can also act as a specific barrier to capital-market integration, as financial-market participants operating across borders must manage different requirements across the single market.** Accordingly, any strategy to integrate EU capital markets naturally leads to the need for more efficient and harmonised supervision. The aforementioned studies also seek to identify barriers to integration that are linked to supervision and the Commission will propose legislative measures in the fourth quarter of 2025 to strengthen supervisory convergence and to transfer certain supervisory tasks for capital markets to the EU level.

**As part of implementing the SIU strategy, this targeted consultation seeks stakeholders' feedback on several issues and possible measures, legislative or non-legislative on 2 main areas:**

- barriers in general to the integration and modernisation of trading and post-trading infrastructures, the distribution of funds across the EU and efficient cross-border operations of asset management
- and barriers specifically linked to supervision

In line with the [simplification communication](#), simplification will underpin all efforts to implement the SIU strategy and respondents are invited to indicate any areas in which regulatory simplification would be appropriate.

As a swift action is required under the savings and investments union strategy to untap EU enormous potential and give it the means to secure its economic future, this consultation must be completed within eight weeks. It is acknowledged that this consultation is extensive and to the extent that not all questions will be relevant to all stakeholders, respondents are invited to reply only to those questions that are most relevant to them.

## **Responding to this consultation**

In this targeted consultation, the Commission is interested in the views of a wide range of stakeholders. Contributions are particularly sought from financial institutions and other markets participants, national supervisors, national ministries, the ESAs, EU institutions, non-governmental organisations, think tanks, consumers, users of financial services and academics. Market participants include operators and users of trading and post-trading infrastructures in the EU, notably trading venues, broker-dealers, issuers, institutional and retail investors, clearing counterparties (CCPs), central securities depositaries, trade repositories, other financial market infrastructure operators, asset managers, investment funds, regardless of where they are domiciled or where they have established their principal place of business.

This consultation should be seen as a distinct exercise from any targeted queries received by relevant stakeholders in relation to the currently ongoing external studies to identify barriers affecting the consolidation of trading and post-trading infrastructures and the scaling up of investment funds in the EU.

Responses to this consultation are expected to be most useful where issues raised in response to the questions are supported with a clear and detailed narrative, evidenced by data (where possible), concrete examples, legal references and qualitative evidence, and accompanied by specific suggestions for solutions to address them in the Regulation.

Urgent action is required to address persistent fragmentation that limits the benefits to be gained from the EU's single market and contribute to secure EU's prosperity and economic strength. All interested stakeholders are invited to reply by 10 June 2025 at the latest to the online questionnaires below.

Please note that to ensure a fair and transparent consultation process only responses received through the online questionnaires will be taken into account and included in the report summarising responses.

Recognising the comprehensive nature of this consultation, it has been decided to divide it into six key topics: simplification, trading, post trading, horizontal barriers to trading and post-trading, asset management and funds and supervision. This approach aims to streamline the response process and ensure each aspect is thoroughly addressed, thereby making it more manageable for respondents to engage with and contribute their insights effectively. By organising the consultation in this manner, the aim is to encourage detailed and focused feedback on each specific area, ultimately leading to a more robust and inclusive dialogue.

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**Please note:** In order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact [fisma-markets-integration-supervision@ec.europa.eu](mailto:fisma-markets-integration-supervision@ec.europa.eu).

More information on

- [this consultation](#)
- [the consultation document](#)
- [savings and investments union](#)
- [the protection of personal data regime for this consultation](#)

## About you

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### \* Language of my contribution

- Bulgarian
- Croatian
- Czech
- Danish
- Dutch
- English
- Estonian
- Finnish
-

- French
- German
- Greek
- Hungarian
- Irish
- Italian
- Latvian
- Lithuanian
- Maltese
- Polish
- Portuguese
- Romanian
- Slovak
- Slovenian
- Spanish
- Swedish

\* I am giving my contribution as

- Academic/research institution
- Business association
- Company/business
- Consumer organisation
- EU citizen
- Environmental organisation
- Non-EU citizen
- Non-governmental organisation (NGO)
- Public authority
- Trade union
- Other

\* First name

Sandrine

\* Surname

Roux

\* Email (this won't be published)

sandrine.roux@abbl.lu

\* Organisation name

255 character(s) maximum

ABBL  
The Luxembourg Bankers' Association

\* Organisation size

- Micro (1 to 9 employees)
- Small (10 to 49 employees)
- Medium (50 to 249 employees)
- Large (250 or more)

Transparency register number

255 character(s) maximum

Check if your organisation is on the [transparency register](#). It's a voluntary database for organisations seeking to influence EU decision-making.

\* Country of origin

Please add your country of origin, or that of your organisation.

- |   |  |   |  |
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| <input type="radio"/> Afghanistan         | <input type="radio"/> Djibouti           | <input type="radio"/> Libya                 | <input type="radio"/> Saint Martin                     |
| <input type="radio"/> Åland Islands       | <input type="radio"/> Dominica           | <input type="radio"/> Liechtenstein         | <input type="radio"/> Saint Pierre and Miquelon        |
| <input type="radio"/> Albania             | <input type="radio"/> Dominican Republic | <input type="radio"/> Lithuania             | <input type="radio"/> Saint Vincent and the Grenadines |
| <input type="radio"/> Algeria             | <input type="radio"/> Ecuador            | <input checked="" type="radio"/> Luxembourg | <input type="radio"/> Samoa                            |
| <input type="radio"/> American Samoa      | <input type="radio"/> Egypt              | <input type="radio"/> Macau                 | <input type="radio"/> San Marino                       |
| <input type="radio"/> Andorra             | <input type="radio"/> El Salvador        | <input type="radio"/> Madagascar            | <input type="radio"/> São Tomé and Príncipe            |
| <input type="radio"/> Angola              | <input type="radio"/> Equatorial Guinea  | <input type="radio"/> Malawi                | <input type="radio"/> Saudi Arabia                     |
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| <input type="radio"/> Antarctica          | <input type="radio"/> Estonia            | <input type="radio"/> Maldives              | <input type="radio"/> Serbia                           |
| <input type="radio"/> Antigua and Barbuda | <input type="radio"/> Eswatini           | <input type="radio"/> Mali                  | <input type="radio"/> Seychelles                       |

- Argentina
- Armenia
- Aruba
- Australia
- Austria
- Azerbaijan
- Bahamas
- Bahrain
- Bangladesh
- Barbados
- Belarus
- Belgium
- Belize
- Benin
- Bermuda
- Bhutan
- Bolivia
- Bonaire Saint Eustatius and Saba
- Bosnia and Herzegovina
- Botswana
- Bouvet Island
- Brazil
- British Indian Ocean Territory
- British Virgin Islands
- Brunei
- Bulgaria
- Ethiopia
- Falkland Islands
- Faroe Islands
- Fiji
- Finland
- France
- French Guiana
- French Polynesia
- French Southern and Antarctic Lands
- Gabon
- Georgia
- Germany
- Ghana
- Gibraltar
- Greece
- Greenland
- Grenada
- Guadeloupe
- Guam
- Guatemala
- Guernsey
- Guinea
- Guinea-Bissau
- Guyana
- Haiti
- 
- Malta
- Marshall Islands
- Martinique
- Mauritania
- Mauritius
- Mayotte
- Mexico
- Micronesia
- Moldova
- Monaco
- Mongolia
- Montenegro
- Montserrat
- Morocco
- Mozambique
- Myanmar/Burma
- Namibia
- Nauru
- Nepal
- Netherlands
- New Caledonia
- New Zealand
- Nicaragua
- Niger
- Nigeria
- Niue
- Sierra Leone
- Singapore
- Sint Maarten
- Slovakia
- Slovenia
- Solomon Islands
- Somalia
- South Africa
- South Georgia and the South Sandwich Islands
- South Korea
- South Sudan
- Spain
- Sri Lanka
- Sudan
- Suriname
- Svalbard and Jan Mayen
- Sweden
- Switzerland
- Syria
- Taiwan
- Tajikistan
- Tanzania
- Thailand
- The Gambia
- Timor-Leste
- Togo

- Heard Island and McDonald Islands
- Burkina Faso
- Burundi
- Cambodia
- Cameroon
- Canada
- Cape Verde
- Cayman Islands
- Central African Republic
- Chad
- Chile
- China
- Christmas Island
- Clipperton
- Cocos (Keeling) Islands
- Colombia
- Comoros
- Congo
- Cook Islands
- Costa Rica
- Côte d'Ivoire
- Croatia
- Cuba
- Curaçao
- Cyprus
- Czechia
- Honduras
- Hong Kong
- Hungary
- Iceland
- India
- Indonesia
- Iran
- Iraq
- Ireland
- Isle of Man
- Israel
- Italy
- Jamaica
- Japan
- Jersey
- Jordan
- Kazakhstan
- Kenya
- Kiribati
- Kosovo
- Kuwait
- Kyrgyzstan
- Laos
- Latvia
- Lebanon
- Norfolk Island
- Northern Mariana Islands
- North Korea
- North Macedonia
- Norway
- Oman
- Pakistan
- Palau
- Palestine
- Panama
- Papua New Guinea
- Paraguay
- Peru
- Philippines
- Pitcairn Islands
- Poland
- Portugal
- Puerto Rico
- Qatar
- Réunion
- Romania
- Russia
- Rwanda
- Saint Barthélemy
- Saint Helena, Ascension and Tristan da Cunha
- Samoa
- San Marino
- Sao Tome and Principe
- Saudi Arabia
- Senegal
- Serbia
- Seychelles
- Sierra Leone
- Singapore
- Slovakia
- Slovenia
- South Africa
- South Korea
- South Sudan
- Spain
- Sri Lanka
- Sudan
- Suriname
- Sweden
- Switzerland
- Taiwan
- Tajikistan
- Tanzania
- Thailand
- Timor-Leste
- Timor
- Togo
- Tokelau
- Tonga
- Trinidad and Tobago
- Tunisia
- Turkey
- Turkmenistan
- Turks and Caicos Islands
- Tuvalu
- Uganda
- Ukraine
- United Arab Emirates
- United Kingdom
- United States
- United States Minor Outlying Islands
- Uruguay
- US Virgin Islands
- Uzbekistan
- Vanuatu
- Vatican City
- Venezuela
- Vietnam
- Wallis and Futuna
- Western Sahara
- Yemen
- Zambia

- Democratic Republic of the Congo
- Denmark
- Lesotho
- Liberia
- Saint Helena  
Ascension and  
Tristan da Cunha
- Saint Kitts and Nevis
- Saint Lucia
- Zimbabwe

\* Field of activity or sector (if applicable)

- Auditing
- Central bank
- Central Counterparty (CCP)
- Central Securities Depository (CSD)
- Clearing house
- Credit institution
- Credit rating agency
- Energy trading company (non-financial)
- European supervisory authority
- Insurance
- Investment firm
- Investment management (e.g. hedge funds, private equity funds, venture capital funds, money market funds, securities)
- Market infrastructure operation (except CCPs, CSDs, stock exchanges)
- Member State Authority other than a national supervisory authority
- Multilateral development bank
- National supervisory authority
- Organisation representing European consumers' interests
- Organisation representing European retail investors' interests
- Pension provision
- Public authority
- Publicly guaranteed undertaking
- Settlement agent
- Stock exchange
- System operator
- Technology company
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Other

Not applicable

\* Please specify your activity field(s) or sector(s)

Profesional Association

The Commission will publish all contributions to this targeted consultation. You can choose whether you would prefer to have your details published or to remain anonymous when your contribution is published. **For the purpose of transparency, the type of respondent (for example, 'business association, 'consumer association', 'EU citizen') is always published. Your e-mail address will never be published.** Opt in to select the privacy option that best suits you. Privacy options default based on the type of respondent selected

\* **Contribution publication privacy settings**

The Commission will publish the responses to this public consultation. You can choose whether you would like your details to be made public or to remain anonymous.

**Anonymous**

Only the organisation type is published: The type of respondent that you responded to this consultation as, your field of activity and your contribution will be published as received. The name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your name will not be published. Please do not include any personal data in the contribution itself if you want to remain anonymous.

**Public**

Organisation details and respondent details are published: The type of respondent that you responded to this consultation as, the name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your contribution will be published. Your name will also be published.

I agree with the [personal data protection provisions](#)

## Select the topics

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To the extent that not all questions will be relevant to all stakeholders, respondents are invited to reply only to those questions that are most relevant to them within the questionnaires they have chosen to respond to.

**Choose the section(s) you want to respond to:**

- 1. Simplification and burden reduction
- 2. Trading
- 3. Post-trading

For technical reasons, the questionnaire has been divided into 2 parts.

## **This is part 1**

Part 2 on **horizontal barriers to trading and post-trading infrastructures, asset management and funds, supervision, and horizontal questions on the supervisory framework** is available here:

## [Respond to part 2](#)

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## **1. Simplification and burden reduction**

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The focus of this targeted consultation is to remove barriers to enhance the integration of the EU capital markets and to support their modernisation. By doing so, it will contribute to simplify the framework of EU capital markets and support the Commission's initiative to make Europe faster and simpler. This section seeks stakeholders' view on general questions regarding simplification and burden reduction of the EU regulatory framework in the trade, post-trade and asset management and funds sectors. Respondents are asked to provide concrete examples to support answers provided, and, where possible, quantitative and qualitative information.

**Question 1. Is there a need for greater proportionality in the EU regulatory framework related to the trade, post-trade, asset management and funds sectors?**

- 1 - Strongly agree
- 2 - Agree
- 3 - Neutral
- 4 - Disagree
- 5 - Strongly disagree
- Don't know / no opinion / not applicable

**Question 1.1 Please explain your answer to question 1 and provide suggestion on what form it should take:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

A one-size-fits-all regulatory model disproportionately burdens smaller institutions and eventually drives them out of the market.

A more proportionate approach should be adopted to ensure efficiency without compromising financial stability and reducing the choice for consumers. An increased reliance on grandfathering should be contemplated, enabling banks to prioritise actions on material risks.

The European Commission's commitment to cut administrative burdens by 25% by the end of its mandate in 2029 has been a positive step, and its measurement is now becoming essential.

As a matter of illustration, for the 2015-2020 period, the ABBL conducted a study on the cost of regulatory supervision and its impact on Luxembourg banks. The main conclusions of this study were:

The total cost of implementing the regulations covered in 2019 is estimated at €548 million, representing an average annual growth of 16% since 2015.

38% of the investment made by the banking sector in 2019 related to regulatory projects, with this value rising to 52% in the smallest banks.

This means that more than half of their investment budget may be spent on meeting regulatory requirements, rather than on innovation and business development.

14% of total banking employment is allocated to regulatory implementation.

Regulatory costs is a significant factor in decision for banks to consider mergers or acquisitions, as the burden can impact their viability. While ABBL is not pleading against a certain level of consolidation in the banking sector, excessive consolidation would deteriorate long-term competitiveness and diversity of the banking sector and eventually penalize investors.

It is important to underline that regulatory costs are not just direct outlays for regulatory staff or consultant. They also include opportunity costs, such as the time spent by senior management on regulatory matters instead of business development.

The ABBL has the view that it is time to come back to a more sustainable cost of the regulation for all players, proportionate to their size, their P&L and level of risk.

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**Question 2. In particular, in relation to question 1 above, should the [Alternative Investment Fund Managers Directive \(AIFMD\)](#) threshold for sub-threshold AIFMs take into consideration for instance the market evolution and/or the cumulated inflation over the last 10-15 years?**

- 1 - Strongly agree
  - 2 - Agree
  - 3 - Neutral
  - 4 - Disagree
  - 5 - Strongly disagree
  - Don't know / no opinion / not applicable
-

**Question 3. Would you see a need for introducing greater proportionality in**

**the rules applying to smaller fund managers under AIFMD?**

- 1 - Strongly agree
  - 2 - Agree
  - 3 - Neutral
  - 4 - Disagree
  - 5 - Strongly disagree
  - Don't know / no opinion / not applicable
- 

**Question 4. Are there any barriers that could be addressed by turning into a Regulation (certain provisions of) the**

- [Alternative Investment Fund Managers Directive \(AIFMD\)](#)
- [Financial Collateral Directive \(FCD\)](#)
- [Markets in Financial Instruments Directive \(MiFID\)](#)
- [Undertakings for Collective Investment in Transferable Securities Directive \(UCITSD\)](#)
- [Settlement Finality Directive \(SFD\)](#)

- 1 - Strongly agree
  - 2 - Agree
  - 3 - Neutral
  - 4 - Disagree
  - 5 - Strongly disagree
  - Don't know / no opinion / not applicable
- 

**Question 5. Are there areas that would benefit from simplification in the interplay between different EU regulatory frameworks (e.g. between asset management framework and MiFID)?**

- 1 - Strongly agree
- 2 - Agree
- 3 - Neutral
-

- 4 - Disagree
  - 5 - Strongly disagree
  - Don't know / no opinion / not applicable
- 

**Question 6. Would the key information documents for packaged retail and insurance-based investment products (PRIIPs KID) benefit from being streamlined and simplified?**

- 1 - Strongly agree
- 2 - Agree
- 3 - Neutral
- 4 - Disagree
- 5 - Strongly disagree
- Don't know / no opinion / not applicable

**Question 6.1 Please explain and provide suggestions for simplification. Also indicate what should be prioritised and if possible present estimates of the resulting cost savings:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Streamlining and simplifying PRIIPs KIDs is critical to restoring their value for end investors. Priority should be given to making information clear, concise, and digitally accessible, while avoiding unnecessary complexity and duplication. These changes will not only support better investor outcomes but also reduce unnecessary compliance costs for the industry, ultimately restoring trust in the document.

The ABBL has consistently advocated for a thorough review and simplification of the PRIIPs Key Information Document (KID) regime, strongly agreeing that the KID would benefit from being streamlined and simplified to better serve its intended purpose of empowering retail investors to make informed choices. Currently, the KID often fails to provide clear, comprehensible, and decision-useful information, instead overwhelming retail investors with technical jargon and excessive detail, which undermines its original intent. The association has also highlighted that the proliferation of regulatory disclosures, including those required by SFDR and MiFID, has led to overlapping information, confusing investors and increasing compliance costs for product manufacturers and distributors.

ABBL has emphasized the need to modernise the KID regime by embracing digital delivery and layered disclosure, allowing investors to access information in a user-friendly, interactive format and focusing on what matters most to them. The focus should return to the original intent: providing retail investors with clear, concise, and comparable information about investment products, thereby facilitating informed decision-making.

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**Question 7. Do you have other recommendations on possible streamlining and simplification of EU law, national law or supervisory practices and going beyond cross-border provision?**

- Yes
  - No
  - Don't know / no opinion / not applicable
- 

**Question 8. Does the EU trade, post-trade, asset management or funds framework apply disproportionate burdens or restrictions on the use of new technologies and innovation in these sectors?**

- 1 - Strongly agree
  - 2 - Agree
  - 3 - Neutral
  - 4 - Disagree
  - 5 - Strongly disagree
  - Don't know / no opinion / not applicable
- 

**Question 9. Would more EU level supervision contribute to the aim of simplification and burden reduction?**

- 1 - Strongly agree
- 2 - Agree
- 3 - Neutral
- 4 - Disagree
- 5 - Strongly disagree
- Don't know / no opinion / not applicable

**Please explain your answer to question 9:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We strongly disagree that more EU level supervision would contribute to the aim of simplification and burden reduction.

We plead for the harmonisation of supervisory practices across EU Member States, ensuring that all NCAs operate under the same regulatory standards and interpretations of EU laws, without centralising supervisory powers under one body.

The ABBL finds fit for purposes the current system based on supervisory colleges of national competent authorities (NCAs). This system is allowing to keep into account the specificities of local markets. NCAs are better positioned to understand and respond to the unique characteristics of their own markets.

Moreover, as return to competitiveness in the EU is the driver, we strongly believe that a close, day to day contact between supervised entities and supervisors is key for an effective supervision.

The ABBL acknowledges that the complexity of capital markets—comprising a broader range of actors such as asset managers, insurers, and trading venues—presents a greater challenge for creating a unified supervisory approach.

Achieving single supervision requires robust coordination mechanisms. ESMA could play a key role by setting common standards and offering guidance on the interpretation of EU regulations. Peer reviews, mutual evaluations, and enhanced data-sharing between NCAs would also help ensure uniform supervision across borders. Ultimately, single supervision would foster a more consistent regulatory environment, improve market confidence, and lay the groundwork for a potential single supervisor in the future. The priority should be to strengthen the current supervisory system by improving coordination, consistency, and enforcement so as to provide a more consistent framework for national regulators while preserving flexibility.

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## 2. Trading

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This section seeks stakeholders' feedback in the trading space on the nature of barriers to integration, modernisation and digitalisation of liquidity pools and on several issues that can be grouped into two key objectives/areas, as well as their interplay: barriers to cross-border operations in the trading space and barriers to liquidity aggregation and deepening. Respondents are asked to provide concrete examples to support answers provided, and, where possible, quantitative and qualitative information.

Please note that regulatory barriers to the operation of groups and their capacity to leverage intra-group synergies is addressed in the separate questionnaire on horizontal barriers.

### 2.1. Nature of barriers to integration, modernisation of liquidity pools

**Question 1. What is your assessment of the current level of integration of liquidity pools across the EU?**

- 1 - Absent
- 2 - Inefficient
- 3 - Neutral
- 4 - Slightly efficient
- 5 - Efficient
- Don't know / no opinion / not applicable

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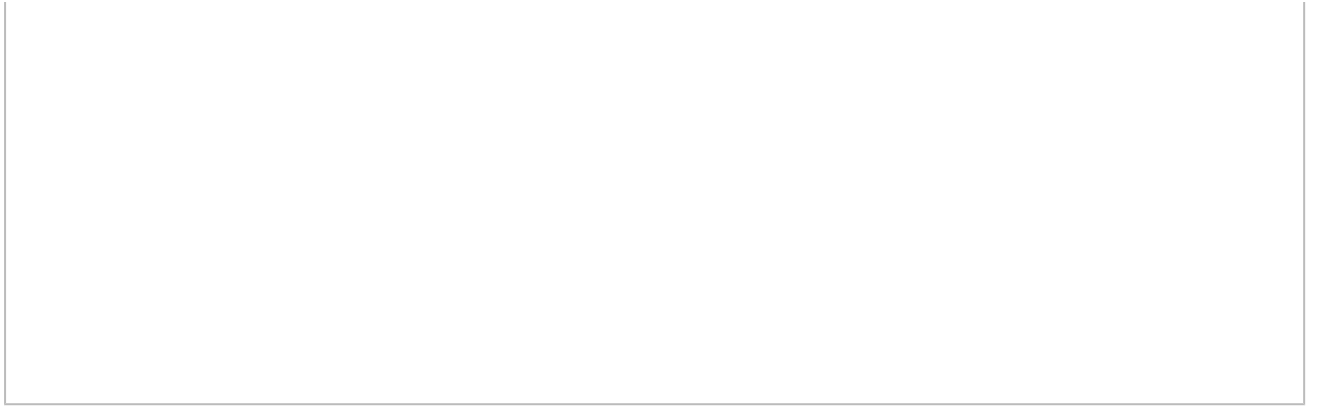
**Question 2. Please provide concrete examples of the identified barriers.**

**In case of legal barriers (excluding on the “group operations” dealt with in the section on horizontal barriers), please indicate the relevant provisions.**

**Where possible, please provide an estimate of resulting additional costs and /or impacts on execution quality:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.



## **2.2. Regulatory barriers to cross-border operations in the trading space**

**Question 3. What is your assessment of the current level of harmonisation of EU rules applicable to:**

	1 (insufficiently harmonised)	2 (poorly harmonised)	3 (partially harmonised)	4 (sufficiently harmonised)	5 (fully harmonised)	Don't know - No opinion - Not applicable
Regulated markets and their operators	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other trading venues and their operators	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The provision of execution of orders on behalf of clients	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The provision of reception and transmission of orders	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

#### **Question 4. For which areas do you believe that further harmonisation would be beneficial?**

Please select as many answers as you like

- Rules of trading venues (i.e. exchange rulebook)
  - Approval of rules of trading venues and oversight over their implementation /changes
  - Governance of the market operator
  - Open/fair access provisions
  - Other areas
- 

**Question 5. Please explain and provide concrete examples of areas where a lack of harmonisation might hamper the full harnessing of the benefits of the single market and, where relevant, differentiate between regulated markets and other trading venues (notably, multilateral trading facilities (MTFs), small and medium enterprises (SME) growth markets and organised trading facilities (OTFs)).**

**Please provide an estimate of costs and benefits of greater harmonisation in each specific case, where possible:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

### **2.3. Non-regulatory barriers (market practices) to liquidity aggregation and deepening**

#### **2.3.1. Integrating liquidity pools across the Union**

**Question 6.1 Can the use of new digital technology solutions contribute to integrating liquidity pools or connecting different pools across the EU?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 6.1:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 6.2 What barriers do you face in implementing such technology-based solutions? Please explain:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

#### **Intermediaries and venues interconnections**

**Question 7. What is your overall assessment of the level of direct connection (i.e., ability to directly execute orders) of EU investment firms to execution venues across the Union, especially to execution venues located in a different Member State than that of the investment firm?**

- 1 - Absent
- 2 - Inefficient
- 3 - Neutral
- 4 - Slightly efficient
- 5 - Efficient
- Don't know / no opinion / not applicable

**Please explain your answer to question 7:**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

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**Question 8. What is your overall assessment of the level of indirect connection (i.e., ability to execute orders via another intermediary) of EU investment firms to execution venues across the Union, especially to execution venues located in a different Member State than that of the investment firm?**

- 1 - Absent
- 2 - Inefficient
- 3 - Neutral
- 4 - Slightly efficient
- 5 - Efficient
- Don't know / no opinion / not applicable

**Please explain your answer to question 8 and provide a comparison of cost efficiency of direct and indirect connection:**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

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**Question 9. Are there any barriers to the use of technology-based solutions that contribute to achieving higher levels of connection?**

- Yes
- No
- Don't know / no opinion / not applicable

**Question 10. Are you aware of instances where intermediaries charge their clients higher fees for executing clients' orders on a trading venue in a Member State that is different from the Member State of the intermediary?**

- Yes
- No
- Don't know / no opinion / not applicable

**Question 10.1. What are the reasons why intermediaries charge their clients higher fees?**

Please select as many answers as you like

- It is more expensive for an intermediary to connect to a trading venue that is located in another Member State, because the trading venue charges more than to an intermediary located in its Member State;
- It is more expensive for an intermediary to connect to a trading venue that is located in another Member State, because of complex cross-border post-trading arrangements;
- Intermediaries are not directly connected to trading venues located in another Member State and therefore need to rely on other intermediaries, hence increasing the cost;
- It is a commercial policy at the intermediary's level to apply different fees to clients depending on whether the order is executed in another Member State, independently from what exchanges charge that intermediary;
- Other

**Please explain your reasoning for your answer to question 10.1 and provide relevant data, where available:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

It was noted that intermediaries and payment service providers (PSPs) often charge higher fees for cross-border transactions within the EU. These higher fees are not always directly related to the costs imposed by the underlying trading venues or exchanges. Instead, it frequently reflects the intermediary's own commercial policies and pricing strategies. Intermediaries sometimes charge higher fees for executing client orders on trading venues in other Member States as a matter of commercial policy, independent of the fees charged to them by those venues.

**Please specify where any of this could also be relevant in the context of the same Member State with multiple trading venues.**

**Please provide detail on costs incurred by intermediaries of establishing multiple connections to trading venues**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 11. Are there any barriers that may limit the possibility for trading venues to offer trading in financial instruments that have been initially admitted to trading on another trading venue?**

**Please reply differentiating by type of trading venue:**

	Yes	No	Don't know - No opinion - Not applicable
Regulated markets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
MTF	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
SME Growth Markets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Focus on ETFs**

**Question 12. How would you rate the impact of multiple ETF listings in the EU on the attractiveness of the market in comparison to other third-country markets?**

- 1 - Very negative
- 2 - Rather negative
- 3 - Slightly negative impact
-

- 4 - Rather positive
- 5 - Very positive
- Don't know / no opinion / not applicable
- 

**Question 13. In your view, which of the following are the most relevant drivers for multiple listings of ETFs in the EU?**

Please select as many answers as you like

- Market practices pertaining to investment firms (e.g. lack of direct connection to venues situated in a different Member State than the one where the investment firm is located)
- Market practices pertaining to trading venues
- Market practices pertaining to CSDs
- Barriers linked to interoperability between CCPs
- Supervisory practices
- Other barriers (including legal barriers at EU level, legal barriers at national level, tax)

**Please explain your answer to question 13. and provide concrete examples, and where possible estimates of costs.**

**In case of legal barriers to a more integrated trading landscape for ETFs leading to necessary multiple listings, please indicate the relevant provisions and what legislative measures you would recommend to solve this issue:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The European ETF market is highly fragmented, with 25 jurisdictions and 29 exchanges. This fragmentation leads to operational and connectivity challenges for investment firms, many of which lack direct access to trading venues in other Member States. As a result, ETFs are often listed on multiple exchanges to ensure accessibility for a broader investor base and to overcome these connectivity gaps. To address these issues and promote a more integrated trading landscape for ETFs in the EU:

- Harmonise market access and connectivity requirements for investment firms to ensure they can access trading venues across the EU without needing multiple listings.
- Support the development of a consolidated tape for ETFs, as referenced in ongoing EU market reforms, to improve transparency and reduce fragmentation

**Means to improve the consolidation of liquidity through better interconnections**

**Question 14. In your view, should any intermediary offer its clients the possibility to trade, on any EU regulated market, MTF and SME growth market , in all shares and ETFs admitted to trading in the EU?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your reasoning for your answer to question 14 and provide where possible estimates of costs and benefits:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 15. Do you believe that intermediaries could improve clients' access to liquidity across the EU by using Smart Order Routing or other similar technologies?**

- Yes
- No
- Don't know / no opinion / not applicable

**What would be the potential costs associated with it and what are the most useful/promising technologies in your view?**

**Please explain:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 16. Beyond membership and execution fees, trading venues may charge connection fees.**

**To the extent this information is available to you, could you provide figures on the amounts charged by individual trading venues or types of trading venues (e.g. regulated markets, MTFs, etc.)?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 17 Increased access to financial instruments on a cross-border basis can also be ensured by improving the interconnection between all relevant EU regulated markets and MTFs.**

**To that end, would you consider important to ensure an increased level of interconnection between trading venues in the EU?**

- Yes
- Yes, provided it is funded/co-funded by public funds
- No
- Don't know / no opinion / not applicable

---

**Question 18. Which of the options referred to in questions 14 and 14.1 (better access to trading venues by intermediaries – option A) and question 17 (increased interconnection between trading venues – option B) would better achieve the following objectives?**

	Option A (increased interconnection between trading venues)	Option B (better access to trading venues by intermediaries)	Don't know / No opinion

Increasing the level of liquidity for shares and ETFs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Improving the quality of execution	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Increasing the speed of execution	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reducing the cost of execution for clients	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Delivering a more efficient EU trading landscape	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Please explain your answer to question 18:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 19. In other jurisdictions, notably the US, an increased level of interconnection at the level of trading venues resulted from the application of the ‘order protection rule’ ([Rule 611 of the Regulation National Market System](#)) that established intermarket protection against trade-throughs for certain shares.**

**Do you have any experience with this rule?**

- Yes
- No
- Don't know / no opinion / not applicable

**Question 20. Where implemented, the order protection rules required technological adaptations, so to allow the swift rerouting of the orders.**

**What is your assessment of the ability of the current state of connections among trading venues in the EU to cater for the rerouting of orders to venues offering the best price, as required by the order protection rule in the US?**

- 1 - Insufficient
- 2 - Rather insufficient
- 3 - Neutral
- 4 - Rather adequate
- 5 - Fully adequate
- Don't know / no opinion / not applicable

**Please explain your answer to question 20:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 21. Do you consider that geographical dispersion of EU trading venues would pose issues to an effective implementation of similar rules?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 21:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 22. If the current set-up does not allow for it, what are in your view the necessary arrangements to allow for sufficiently fast connections, and what would be the associated costs?**

**Please provide cost estimates where possible:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 23. Crypto-markets have seen the emergence of a market architecture whereby retail investors have direct access to a crypto-asset trading venue.**

**Do you see merit in allowing or promoting the direct access of retail participants to trading venues for financial instruments, without an intermediary?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain the advantages and disadvantages of such a model, as well as the risks and how they could be mitigated:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**2.4. Ensuring fair access to market infrastructure to foster deep and liquid EU-wide markets**

**Question 24. What is your assessment of the effect of the removal of exchange-traded derivatives from the so-called ‘open access’ to CCPs and trading venues provision under Articles 35 and 36 of the reviewed MiFIR?**

**Please include elements in terms of costs of trading and clearing, depth of market, switch to OTC.**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Open access was designed to foster competition among CCPs and trading venues, ideally reducing costs for end-investors by allowing more choice and efficiency in clearing and trading.

- Removing ETDs from these provisions could limit competition, potentially resulting in higher trading and clearing costs as banks and their clients may have less flexibility to choose the most cost-effective CCP or trading venue.
- Regarding the switch to OTC, the exclusion of ETDs from open access does not directly convert ETD activity to OTC, as ETDs are by definition traded on regulated markets. However, if trading and clearing costs rise or market depth declines, some market participants might find OTC derivatives more attractive, despite their higher regulatory and collateral requirements under EMIR. This shift is likely to be limited, as regulatory frameworks still encourage trading on transparent venues

We are of the opinion that, removing the ETDs from MiFIRs open access provisions, will likely increase trading and clearing cost due to less competition.

---

**Question 25. What is your assessment of the effectiveness of the open access provisions under Articles 35 and 36 of the reviewed MiFIR on other financial instruments, notably equity?**

- 1 - Not at all functioning
- 2 - Not functioning very well
- 3 - Neutral
- 4 - Functioning quite well
- 5 - Perfectly functioning
- Don't know / no opinion / not applicable

**Please explain your answer to question 25:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 26. Have you identified any barriers to the proper functioning open access provisions under Articles 35 and 36 of the reviewed MiFIR?**

- Yes
- No
- Don't know / no opinion / not applicable

---

**Question 27. Have you identified other barriers in terms of fair access relating to trading infrastructure, beyond those addressed under Articles 35 and 36 of the reviewed MiFIR?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 27:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

## **2.5. Enhanced quality of execution through deeper markets**

**Question 28. When the same financial instrument is traded on multiple execution venues, the best execution rule plays a key role. The rule seeks to protect investors, ensuring the best possible result for them, while also enhancing the efficiency of markets by channelling liquidity towards the most efficient venues.**

**What is your assessment of the effectiveness of the best execution rules in the EU?**

- 1 - Insufficient
- 2 - Rather insufficient
- 3 - Neutral
- 4 - Rather efficient
-

5 - Fully efficient

- Don't know / no opinion / not applicable

**Please explain your answer to question 28:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We believe the EU has reached a certain level of maturity in best execution through adequate rules of investor protector and transparency (documentation of execution practices, consideration of various factors). Regulatory convergence can still be improved in interpreting MIFID II rules across member states. Moreover, one of the more challenging aspects is the requirement to measure and report execution quality. This ongoing challenge sometimes limits the full effectiveness of the rules

---

**Question 29. There are important differences between best execution rules in the EU and in the US. In particular, in the EU, the obligation to obtain the best possible result for the clients lies on the intermediary. In the US, the quality of execution is guaranteed also through the aforementioned “order protection rule” that prevents trading venues from executing orders if a better execution price can be found on another exchange.**

**Which of the following options would most accurately reflect your assessment of the best execution framework in the EU vis-à-vis the US?**

- The EU framework is better suited than the US framework to obtain the best results for clients
- The US framework is better suited than the EU framework to obtain the best results for clients
- Both models are equally effective
- Both models are equally ineffective
- Don't know / no opinion / not applicable

**Please explain your answer to question 29:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We don't see any clear winner between the 2 models.  
EU model is more prescriptive through the requirement to systematically analyse and document execution quality across several factors and ensure more transparency in our views through the detailed reporting.  
The US model is potentially more flexible and market dynamics with more discretion given to the actors. It has a less prescriptive oversight on the specific metrics used. In a rapidly changing environment, the US model can have some benefits.

**Question 30. For equity instruments, the consolidated tape will disclose the European Best Bid Best Offer (EBBO) in an anonymised form. The tape will allow to have increased and integrated visibility on the different pools of liquidity available.**

**How effective would lifting the anonymity of the EBBO be in achieving the following objectives?**

	1 (not at all effective)	2 (rather not effective)	3 (neutral)	4 (rather effective)	5 (highly effective)	Don't know - No opinion - Not applicable
Improving the ability of investment firms to assess the quality of execution	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ensuring a more integrated market whereby investment firms are able to direct their order to the most efficient options	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contributing to the efficiency of the price formation mechanism	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Please explain your answer to question 30, providing a cost/benefit assessment:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 31. For equity instruments, the consolidated tape will disclose the EBBO only in relation to one layer of quotes (i.e., show only the best bid and offer, but not the second, third, etc.).**

**How important do you deem expanding the depth of the EBBO displayed by the equity tape?**

- 1 - Not needed
- 2 - Not really needed
- 3 - Neutral
- 4 - Rather needed
- 5 - Essential
- Don't know / no opinion / not applicable

**Please explain your answer to question 31, providing a cost/benefit assessment:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 32. Under the current MiFIR, the speed at which core market data is disseminated by the equity consolidated tape is not regulated.**

**How important do you deem defining in legislation the speed at which core market data should be disseminated by the equity consolidated tape?**

- 1 - Not needed
- 2 - Not really needed
- 3 - Neutral
- 4 - Rather needed
- 5 - Essential
- Don't know / no opinion / not applicable

**Please explain your answer to question 32, specifying what should be the adequate speed:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 33. Which of the following options reflects your assessment of the impact on the consolidated tape of requiring systematic internalisers to contribute to the equity pre-trade consolidated tape?**

- It would improve the quality of the data displayed by the tape
- It would reduce the quality of the data displayed by the tape, also considering that systematic internalisers, under certain conditions, can trade at prices that are better than the quoted prices
- It would be irrelevant
- Don't know / no opinion / not applicable

**Please explain your answer to question 33:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 34. Which amendments to their regulatory framework would be required to effectively include systemic internalisers as contributors of equity pre-trade data?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 34.1. Are there other hurdles (e.g. technical)?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 34.1:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

## **2.6. Building quality liquidity for EU market participants: impact of recent trends**

### **2.6.1. Non-transparent ('dark') trading (for equity instruments)**

**Question 35. The EU's trading landscape is witnessing a decrease of lit order book equity trading (i.e. order book trading with pre-trade transparency).**

**In your view, what are the main reasons that explain such a trend?**

Please select as many answers as you like

- Regulation
- Liquidity fragmentation
- Order flow competition (e.g. development of EMS/OMS)
- Technological developments (e.g. algorithmic trading/HFT)
- Surge in ETFs and passive management
- Other

**Please explain your answer to question 35:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 36. What is your assessment of the impact of the current levels of dark trading in the EU on orderly markets and sound price discovery?**

- 1 - Too low to harm price formation
- 2 - Sufficiently low to hardly harm price formation
- 3 - Neutral
- 4 - Slightly excessive and harmful for price formation
- 5 - Excessive and very harmful for price formation
- Don't know / no opinion / not applicable

**Please explain the reasoning of your answer to question 36:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 37. In your view, how does a more sophisticated use of equity waivers by trading venues (i.e. the design of equity waivers is becoming more complex) affect the business model of these trading venues vis-à-vis bilateral trading systems?**

**Please explain your reasoning:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 38. Do you believe that the existing provisions on the reference price waiver (RPW) are fit for purpose?**

- Yes
- No
- Don't know / no opinion / not applicable

---

**Question 39. Do you agree with the current criteria to determine the reference price?**

- Yes
- No
- Don't know / no opinion / not applicable

---

**Question 40. Do you believe that the existing provisions on the negotiated trade waiver (NTW) are fit for purpose?**

- Yes
- No
- Don't know / no opinion / not applicable

---

**Question 41. The current state of EU legislation does not allow a trading venue to benefit from the negotiated price waiver for negotiated transactions that take place with the assistance of a system or trading protocol operated by the trading venue. This is in contrast to current trends observed in other jurisdictions (for example, in the United States, where “multilateral percentage of volume” or “trajectory crossing” venues are allowed).**

**Do you think that trading venues should be allowed to use the negotiated price waiver to execute negotiated transactions that take place with the assistance of a system or trading protocol operated by the trading venue?**

- Yes
- No
- Don't know / no opinion / not applicable

---

**Question 42. Do you think that the existing provisions on the order management facility waiver (OMFW) are fit for purpose?**

- Yes
- No
- Don't know / no opinion / not applicable

### **Closing auctions**

**Question 43. In your view, what are the main reasons that explain the rising importance of closing auctions?**

Please select as many answers as you like

- Rise of index investing/passive management
- Growing use of quantitative investment strategies benchmarked to the close
- Increased emphasis on best execution under MiFID II
- Move away/protection from HFTs
- Other

**Please explain the reasoning of your answer to question 43:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 44. What is your assessment of the current level of competition on closing auctions, including between trading venues that offer trading for the same financial instrument?**

- 1 - No competition
- 2 - Low level of competition
- 3 - Neutral
- 4 - High level of competition
- 5 - Very high level of competition
- Don't know / no opinion / not applicable

---

**Question 45. What is your assessment of the level of fees charged by trading venues for orders submitted during a closing auction, compared to any other time of the trading day?**

- 1 - Very low
- 2 - Rather low
- 3 - Neutral
- 4 - Rather high
- 5 - Excessive
- Don't know / no opinion / not applicable

**Please explain the reasoning of your answer to question 45, in particular as regards the potential impact of these costs on the attractiveness of EU capital markets, should the concentration of trading in closing auctions continue to increase:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 45.1. Do you believe that measures should be taken to reduce costs for investors?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 45.1, specifying what would these measures be:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 46. Have you identified other challenges linked to the raising importance of closing auctions?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 46, specifying what these challenges are:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 46.1. Have you identified other measures to be taken to address such challenges?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 46.1, specifying what these other measures are:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

### 24-hour trading

**Question 47. How positive do you deem extended trading hours / 24-hour trading for the development and competitiveness of EU markets?**

- 1 - Not significantly positive
- 2 - Slightly positive
- 3 - Sufficiently positive
- 4 - Very positive
- 5 - Extremely positive
- Don't know / no opinion / not applicable

**Please explain the reasoning of your answer to question 47:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 48. How advantageous or risky do you deem extended trading hours /24-hour trading for the orderly functioning of EU capital markets?**

- 1 - Very advantageous
- 2 - Rather advantageous
- 3 - Neutral
- 4 - Rather risky
- 5 - Highly risky
- Don't know / no opinion / not applicable

**Please explain what these risks are and, where relevant, differentiate between different categories of investors (e.g. professional investors and retail investors):**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 49. In your view, do the advantages of extended / 24h trading outweigh the potential risks?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 49:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Extended or 24-hour trading in EU capital markets presents both opportunities and challenges. Banks operating in Luxembourg, which often serve an international client base, would be able to offer more flexible and responsive services to clients across different time zones. This could lead to increased trading volumes, improved liquidity, and a broader range of innovative financial products tailored to global investors. The ability to manage risk in real time, especially in response to global events, would be a considerable advantage for both banks and their clients.

However, the transition to round-the-clock trading also introduces notable risks. Operationally, banks would need to invest heavily in advanced IT infrastructure to ensure systems are robust, secure, and capable of supporting continuous trading and real-time risk management. Staffing models would need to adapt, potentially requiring shift work or greater reliance on automation to maintain effective oversight and compliance during all hours. This would increase operational complexity and costs.

Another risk is that during off-peak hours-like late at night-there might be fewer people trading. This can make prices jump around more (higher volatility) and make it harder to get good prices, especially for retail investors who don't have advanced tools. Professional investors would be better equipped but would still need to upgrade their systems and processes to keep up.

**The role of multilateral vis-à-vis bilateral trading**

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**Question 50. Based on the current legal framework, and considering developments in technology and market practices (including the development of smart order routing systems), is the dividing line between multilateral trading facilities and bilateral trading sufficiently clear?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 50 and provide concrete examples:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 51. In your view, what are the benefits stemming from competition between bilateral and multilateral execution venues?**

**Please explain your reasoning and differentiate between different categories of clients (professional investors vs retail investors)?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 52. In your view, what are the main drawbacks stemming from competition between bilateral and multilateral execution venues?**

**Please explain your reasoning and differentiate between different categories of clients (professional investors vs retail investors)?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 53. In your view, do benefits stemming from competition between bilateral and multilateral execution venues outweigh the associated drawbacks?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain the reasoning of your answer to question 53 and differentiate between different categories of clients (professional investors vs retail investors):**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 54. Does the emergence of DLT-based/tokenised asset markets bring in a new element or dynamic, compared to bilateral versus multilateral venues?**

- Yes
- No
- Don't know / no opinion / not applicable

**Question 54.1 Should our regulatory framework be adapted to reflect this change?**

- Yes
- No
- Don't know / no opinion / not applicable

### 2.6.2. Single market maker venues

**Question 55. In your view, what are the main benefits and drawbacks associated with so-called “single market maker venues” (i.e. where the venue operator limits market making to one participant)?**

**Please explain your reasoning, in particular when it comes to quality of execution:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 56. Are you aware of any existing practices that may restrict the presence of multiple market makers/liquidity providers on these venues?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 56 and provide concrete examples and specific restrictions or costs obstacles:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

### 2.6.3. Ghost liquidity

**Question 57. Market developments have led to changes in the order submission strategy by certain high frequency traders, such as the submission of more orders than the amount that is really intended to be executed. This may imply that ‘consolidated’ liquidity (measured as the simple aggregate of a given financial instrument available across all trading venues) is likely to be an overstatement of the actual liquidity that an average trader can access. The difference between measured liquidity and tradeable liquidity is often referred to as ‘Ghost Liquidity’.**

**Do you believe that practices associated with Ghost Liquidity are conducive to adequate levels and ‘quality’ of liquidity and price formation on trading venues?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain the reasoning for your answer to question 57:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

### 2.7. Other issues on trading

**Question 58. Please provide any further suggestions to improve the integration, competitiveness, simplification, and efficiency of trading in the EU.**

**Please provide supporting evidence for any suggestions:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

### **3. Post-trading**

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Issues with respect to post trading identified to date fall into three main areas:

- barriers to cross-border settlement
- barriers to the application of new technology and new market practices
- unharmonised and inefficient market practices and application of law, as well as disproportionate compliance costs.

This consultation aims to further specify the above barriers, as well as understand current market practices and costs borne by market participants, be they fees or other compliance costs. This section seeks feedback on possible measures, legislative or non-legislative, to achieve more integrated, modern post-trading infrastructures. Respondents are asked to provide concrete examples to support answers provided, and, where possible, quantitative and qualitative information.

#### **3.1. Barriers to cross-border settlement and other CSD services**

##### **3.1.1. Cross-border provision of CSD services and freedom of issuance**

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

## Question 1. What are the main barriers to the provision of cross-border CSD

### services in the EU and to freedom of issuance in any CSD in the EU?

Please select as many answers as you like

- procedures mandated by EU or national laws (e.g. passporting)
  - other legal or regulatory requirements (national or EU)
  - lack of clarity and/or complexity on the applicable legal or regulatory framework (national or EU)
  - supervisory practice (national or EU)
  - market practice (national or EU)
  - operational requirements (national or EU)
  - differences in national legal, regulatory or operational requirements
  - technical/technological aspects
  - language
  - Other
- 

## Question 2. Are there barriers to the freedom of issuance in the EU (e.g. requirements to use domestic CSDs for issuance/immobilisation /dematerialisation of securities, requirements in the corporate or similar law of the Member State under which the securities are constituted)?

- Yes
  - No
  - Don't know / no opinion / not applicable
- 

## Question 3. Are there barriers to cross-border asset servicing and processing of corporate actions, e.g. how Member States compile the list of key relevant provisions of their corporate or similar law, which apply in the context of cross-border issuance (Article 49, [Central Securities Depositories Regulation \(CSDR\)](#))?

- Yes
  - No
  - Don't know / no opinion / not applicable
-

**Question 4. Are there barriers stemming from national laws, regulatory /supervisory or operational requirements?**

For example:

- setting out **restrictions for the place of settlement** for primary or secondary market transactions
  - preventing securities issued by entities from **other EU Member States** from being issued, maintained or settled in the national CSD
  - imposing **additional requirements on CSDs**, established in another Member State, wishing to provide services to national issuers and/or participants)
- Yes
- No
- Don't know / no opinion / not applicable
- 

**Question 5. Are there any additional barriers to the provision of cross-border CSD services which are not mentioned above?**

- Yes
- No
- Don't know / no opinion / not applicable

### 3.1.2. Links

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 6. What are the main barriers to building an efficient network of links between EU CSDs?**

Please select as many answers as you like

- legal or regulatory requirements (or lack thereof)
- fiscal requirements
- supervisory practice
- market practice
- operational requirements
- differences in national legal, regulatory or operational requirements

- technical/technological aspects
  - other
- 

**Question 7. Are there barriers related to the establishment of links?**

- Yes
  - No
  - Don't know / no opinion / not applicable
- 

**Question 8. Are there barriers related to the maintenance of links?**

- Yes
  - No
  - Don't know / no opinion / not applicable
- 

**Question 9. Are there barriers related to the classification (i.e. customised, standard indirect, interoperable) and/or whether they are unilateral or bilateral links?**

- Yes
  - No
  - Don't know / no opinion / not applicable
- 

**Question 10. Are there barriers related to the improper use of existing links?**

- Yes
  - No
  - Don't know / no opinion / not applicable
- 

**Question 11. Is the cost of settlement via links taken into account when negotiating securities transactions?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please justify your answer to question 11, in particular identifying potential risks:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 12. In view of the growing use of 'relayed links', does Art. 48, CSDR adequately capture current market practice?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 12:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 13. Is the use of relayed links creating barriers to cross-border settlement?**

- Yes
- No
- Don't know / no opinion / not applicable

---

**Question 14. Does the use of relayed links improve cross-border settlement?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 14:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 15. Who should be involved in the process for the authorisation of establishing a link as well as the ongoing supervision thereof?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 16. Should all links be standard links?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 16:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 17. Should all links be interoperable links?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 17:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 18. Should all links be bilateral?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 18:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 19. Should all CSDs be mandated to establish a minimum number of links with other EU CSDs?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 19:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 20. Should the comprehensive risk assessment for the validation of a link be carried out by ESMA?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 20:**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 21. Are there any barriers or material challenges to the establishment of links between CSDs and other infrastructures?**

- Yes
- No
- Don't know / no opinion / not applicable

---

**Question 22. Have you had a request for a link refused?**

- Yes
- No
- Don't know / no opinion / not applicable

### 3.1.3. Settlement services in the EU

**Question 23. How could settlement in T2S be further enhanced in order to build a deeper and more integrated market in the EU and facilitate cross-CSD settlement?**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 24. Should links between CSDs participating in T2S no longer be required to enable settlement in T2S in any of the financial instruments available in T2S?**

- Yes
- No
-

Don't know / no opinion / not applicable

**Please explain your answer to question 24:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 25. Are there any national market practices, laws, rules/regulations, or operational requirements which hinder the participation in T2S or cross-CSD settlement?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 25 and provide details:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 26. What can be done to ensure progress and take-up by T2S participants of already agreed harmonised standards and market practices (e.g. market standards for corporate actions, SCoRE corporate actions standards, T2S corporate action standards, other T2S harmonisation standards, other relevant global or European market standards and market practices)?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 27. Do you comply with the abovementioned standards and market practices (e.g. market standards for corporate actions, SCoRE corporate actions standards, T2S corporate action standards, other T2S harmonisation standards, other relevant global or European market standards and market practices)?**

- Yes
  - No
  - Don't know / no opinion / not applicable
- 

**Question 28. Should T2S harmonisation standards be applied more widely across the EU, in order to create a more harmonised settlement environment across the EU?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 28:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 29. Should the costs of settlement be reduced?**

- Yes
  - No
  - Don't know / no opinion / not applicable
- 

**Question 30. Should the transparency of settlement pricing and CSD services be improved (in substance and format), for example with a standard template that would facilitate comparison of prices and service offering?**

- Yes
-

No

- Don't know / no opinion / not applicable

**Please explain your answer to question 30:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 31. Should all CSDs settling the cash leg in Euro be required to connect to T2S?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 31:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 32. Are there difficulties in accessing settlement in foreign currencies, not only in the T2S environment?**

- Yes
- No
- Don't know / no opinion / not applicable

**Question 33. Is there a need for additional currencies to be settled in T2S?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 33:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 34. Should T2S be able to provide other CSD services, including issuance services and asset servicing services?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 34:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 35. What improvements (e.g. organisational, operational, contractual, etc.) could be introduced to T2S to support a broader and more resilient use of it?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**3.1.4. Legal certainty**

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 36. Are there barriers from national legal or regulatory requirements that affect legal certainty of acquisitions and dispositions in financial instruments, or cash or cash equivalent cross-border?**

- Yes
  - No
  - Don't know / no opinion / not applicable
- 

**Question 37. Does the law applicable to the assets and to the CSD influence a decision to acquire or dispose of financial instruments cross-border?**

- Yes
  - No
  - Don't know / no opinion / not applicable
- 

**Question 38. Are there barriers for issuers to obtain legal certainty on the ownership of the securities issued in a CSD or any other registrar?**

- Yes
  - No
  - Don't know / no opinion / not applicable
- 

**Question 39. Are there barriers for investors to obtain legal certainty on their rights and powers (e.g. ownership rights, rights in relation to corporate events) and for intermediaries to have legal certainty on their duties in relation to financial instruments, cash or cash equivalent, issued in /maintained in/settled by a CSD?**

- Yes
  - No
  - Don't know / no opinion / not applicable
- 

**Question 40. Are there any barriers to pool assets from different jurisdictions?**

- Yes
- No
- Don't know / no opinion / not applicable

---

**Question 41. Are there barriers, e.g. due to the lack of certainty on the applicable law, to the cross-border provision of services (e.g. issuance or asset servicing) and/or use of services?**

- Yes
  - No
  - Don't know / no opinion / not applicable
- 

**Question 42. Are there barriers to the cross-border provision or use of CSD services due to the lack of certainty on the applicable law?**

- Yes
  - No
  - Don't know / no opinion / not applicable
- 

**Question 43. Are there barriers to pooling assets from different jurisdictions?**

- Yes
  - No
  - Don't know / no opinion / not applicable
- 

**Question 44. Are there legal certainty barriers to the provision of cross-border asset servicing?**

- Yes
  - No
  - Don't know / no opinion / not applicable
- 

**Question 45. Are there barriers stemming from national laws affecting the legal certainty of acquisitions and dispositions in financial instruments, or cash or cash equivalent?**

- Yes
  - No
  - Don't know / no opinion / not applicable
-

**Question 46. Are there new barriers that create legal uncertainty in the provision of issuance / maintenance / settlement services via new technologies (e.g. where bridges are used between different distributed ledgers in the issuing and minting process)?**

- Yes
  - No
  - Don't know / no opinion / not applicable
- 

**Question 47. Is there a legal certainty barrier due to the absence of a conflict of law rule, related to proprietary, contractual and system-related aspects, under the CSDR (to complement those under the SFD/FCD etc.)?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please justify your answer to question 47, in particular identifying potential risks:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We do not believe that there is any fundamental barrier to legal certainty due to the absence of any conflict of law rule under the CSDR, related to proprietary, contractual or system-related aspects. Conflicts of laws rules for financial instruments (tokenised or not) are already established under national regimes.

---

**Question 48. Can the existing approach to conflict of laws under the SFD and the FCD be applied to DLT based networks/systems and collateral transactions?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 48:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Yes, existing approaches to conflict of laws can be applied to DLT based networks / systems and collateral transactions pertaining to tokenised financial instruments.

Traditionally, conflict of law rules is based on concepts such as the location of the relevant asset, the account, the system operator, or the intermediary.

For as long as a certain nexus is fixed, e.g. the law of the place where the relevant operating authority is situated (the PROPA approach) or the law of the place of the most relevant intermediary (the PRIMA approach), there should be no need for further amendments. For permissionless DLT systems, this is less obvious, but the onus could be placed on that system or the relevant intermediaries handling the tokenised financial instruments to fix its nexus.

---

### **Question 49.1. What is the preferred connecting factor in relation to proprietary aspects related to transactions on a DLT system?**

Please select as many answers as you like

- The law chosen by the participants to a transaction
- The law chosen by the network participants
- The law of the legal entity operating the DLT-based system on which digital assets are recorded
- In relation to a digital asset of which there is an issuer, the domestic law of the State where the issuer is established
- The place of the relevant operating authority/administrator (PROPA)
- The primary residence of the encryption private master keyholder (PREMA)
- Other

### **Question 49.2. What is the preferred connecting factor in relation to contractual aspects related to transactions on a DLT system?**

Please select as many answers as you like

- The law chosen by the participants to a transaction
- The law chosen by the network participants
- The law of the legal entity operating the DLT-based system on which digital assets are recorded
- In relation to a digital asset of which there is an issuer, the domestic law of the State where the issuer is established
- The place of the relevant operating authority/administrator (PROPA)
- The primary residence of the encryption private master keyholder (PREMA)
- Other

### **Question 49.3. What is the preferred connecting factor in relation to system-related aspects related to transactions on a DLT system?**

Please select as many answers as you like

- The law chosen by the participants to a transaction
- The law chosen by the network participants
- The law of the legal entity operating the DLT-based system on which digital assets are recorded
- In relation to a digital asset of which there is an issuer, the domestic law of the State where the issuer is established
- The place of the relevant operating authority/administrator (PROPA)
- The primary residence of the encryption private master keyholder (PREMA)
- Other

**Question 49.4. Would the differences between permissioned and permissionless DLT systems, warrant different rules on conflict of laws)?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 49.4:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 50. Considering various new types of settlement assets (including tokenised central bank money, electronic money tokens and tokenised commercial bank money) and the different nature of native (only created and represented on the DLT) and non-native (existing outside of the DLT) assets, should the same conflict of law rules apply to all these settlement assets?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 50:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 51. Are there any other barriers to legal certainty which are not mentioned above?**

- Yes
- No
- Don't know / no opinion / not applicable

### **3.1.5. Barriers and other aspects under the SFD**

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 52. What are the main barriers to the smooth operation of the settlement finality framework in the EU?**

**Please indicate how many barriers have you identified?**

- 1 barrier
- 2 barriers
- 3 barriers

**Please justify your answer to question 52, in particular identifying potential risks:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

There are no main barriers to the operation of the settlement financial framework in the EU. However, we would recommend the EU legislative bodies to assess whether settlement finality could be granted to transactions on financial instruments (tokenised or non-tokenised) carried out on alternative settlement systems such as the ones operated by authorised and supervised entities like central account keepers or control agents under the Luxembourg dematerialised securities framework. Such alternative systems should nonetheless offer sufficient legal safeguards and operational resilience to be granted settlement finality.

---

**Question 53. Are there any aspects of the SFD that have created barriers for the market or market participants, in particular in a cross-border environment?**

- Yes
- No

- Don't know / no opinion / not applicable

**Please justify your answer to question 53, in particular identifying potential risks:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No. The SFD asked for minimum harmonisation. If Member States face any (legal) barriers, they are free to remove them within the SFD regime that they implemented nationally.

---

**Question 54. Do the definitions, in particular the definition of a “system” and “transfer orders”, result in barriers related to the change in market practice in the set-up of systems as well as the use of DLT?**

- Yes  
 No  
 Don't know / no opinion / not applicable

**Please justify your answer to question 54, in particular identifying potential risks:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No. The SFD is intended to be technologically neutral, but in particular permissionless DLT systems, must find (technical, not legal) solutions to comply with SFD definitions. This up to the relevant operators and market participants to assess the relevant definitions to match the relevant terms of the system in question.

---

**Question 55. Is SFD protection important for settlement systems, such as those based on DLT, that settle trades instantly and atomically, and not on a deferred net basis or in settlement batches?**

- Yes  
 No  
 Don't know / no opinion / not applicable

**Please explain your answer to question 55:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Settlement finality should indeed be granted to transfers carried out on settlement systems. Cf. our answer to Q49 as to whether settlement finality should be granted to systems other than CSD-operated settlement systems.

---

**Question 56. Should settlement systems that achieve probabilistic (operational) settlement finality be designated and benefit from SFD protections?**

- Yes
- No
- Don't know / no opinion / not applicable

---

**Question 57. Are the criteria that need to be met for a system to be designated under the SFD creating unjustified barriers to entrance?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please justify your answer to question 57, in particular identifying potential risks:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No, the barriers that exist are not unjustified; they are rooted in the need to ensure legal certainty, accountability, and financial stability. The existing SFD criteria are technologically neutral. It is up to the new technologies, in particular permissionless DLT systems, to comply with the applicable criteria to benefit from settlement finality. We however encourage the EU lawmakers to consider whether transactions on financial instruments (tokenised or not) carried out on alternative settlement systems such as the ones targeted in our answer to Q52 could be granted settlement finality status.

---

**Question 58. Do diverging national practices for notifying systems create an uneven level playing field or legal uncertainty?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please justify your answer to question 58, in particular identifying potential risks:**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We are not aware of such diverging national practices. To the extent there are any uneven level playing fields, Member States are free from levelling them within their national frameworks implementing the SFD.

---

**Question 59. For the purposes of designating a system under the SFD, are the current list of participants, the designation process and the focus on entities rather than on the service provided creating barriers for new entities to provide settlement services in a system designated under that Directive?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please justify your answer to question 59, in particular identifying potential risks:**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No. The SFD asked for minimum harmonisation. If Member States face any (legal) barriers, they are relatively free to remove them, including in terms of entities who may provide settlement services.

---

**Question 60. Does the non-aligned definition of 'collateral security' (SFD) and 'financial collateral' (FCD) create complexities for efficient collateral management?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please justify your answer to question 60, in particular identifying potential risks:**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No. The SFD and the FCD were designed with different policy objectives and scopes in mind:  
- SFD provisions focus on reducing systemic risk in payment and securities settlement systems,

particularly in the context of insolvency. Its definition of 'collateral security' is tailored to the needs of designated systems and their participants, ensuring the finality of settlement and the enforceability of collateral in these critical infrastructures; and

- FCD provisions focus on facilitating the cross-border use of collateral in a broader range of financial transactions, not limited to system participation. Its definition of 'financial collateral' is intentionally wider, covering a variety of assets and arrangements, including those outside the scope of the SFD.

Maintaining distinct definitions allows each directive to remain fit for its specific purpose, providing targeted protections and regulatory certainty within its intended domain.

---

**Question 61. Is there legal certainty on the scope of the settlement finality protection under SFD?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 61:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Yes, because (i) the SFD requires that the moments of entry and irrevocability of transfer orders be defined by the rules of the system and (ii) the effects of settlement finality is explicitly outlined for market participants.

---

**Question 62. Is the lack of harmonised settlement finality moments in SFD (i.e. leaving it to the rules of the system or national law) creating legal uncertainty and preventing the development of a single capital market?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please justify your answer to question 62, in particular identifying potential risks:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No, the requirement that the moment of entry and irrevocability be defined in the system's rules provides a clear reference point for when settlement finality is achieved. There is no need to harmonise the actual defined moments as market operators should be free to define such moments in line with the ways their platforms operate.

---

**Question 63. The SFD does not apply to third-country systems, however, Member States can extend the protections in the SFD to domestic institutions participating directly in third-country systems and to any relevant collateral security ('extension for third-country systems').**

**Is the lack of transparency related to Member States extending for third-country systems creating barriers to the provision of services in the single market or creating a non-level playing field for EU entities?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please justify your answer to question 63, in particular identifying potential risks:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No. The SFD does not prevent Member States from levelling out any uneven playing fields, if any, by implementing targeting provisions in their national regime.

---

**Question 64. Stakeholders have indicated they would like to have an overview of all participants in different SFD designated systems, e.g. shared on one website publicly accessible.**

**Is the lack of transparency related to the participants of designated systems creating barriers to the single market?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please justify your answer to question 64, in particular identifying potential risks:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We do not qualify it as a barrier. Nevertheless, knowing precisely which entities are participants in which systems would indeed allow all market actors, regulators, and system operators to clearly identify who benefits from the SFD protections and under what circumstances. Such a publicly accessible, constantly updated website would be useful.

---

**Question 65. Has the fact that SFD designation is not mandatory for all systemically important systems (except when mandated under Art. 2(1) and 2 (10) CSDR and Art. 17(4)(b) EMIR), including payment systems, created barriers to the single market?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please justify your answer to question 65, in particular identifying potential risks:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 66. Are there any national barriers in relation to legal certainty arising from how the SFD is transposed in the Member States?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please justify your answer to question 66, in particular identifying potential risks:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We are not aware of any such national barriers from a Luxembourg perspective.

---

**Question 67. Some stakeholders suggested a centralised overview over the insolvency of participants of all SFD designated systems is needed, ie. published on a common centralised website.**

**Is a lack of transparency related to the insolvency of participants of designated systems creating barriers to the single market?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please justify your answer to question 67, in particular identifying potential risks:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Referring to Q60, relevant information on insolvency might be included on such a website, to the extent legally possible (i.e. data protection).

---

**Question 68. Are there any other barriers created by the SFD which are not mentioned above?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please justify your answer to question 68, in particular identifying potential risks:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We are not aware of no such national barriers for Luxembourg.

**Question 69. How should irrevocability of “reserved” or “booked” digital assets be achieved?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In the context of tokenised assets, the traditional terms must be interpreted in a functional sense. Settlement finality ensures that once a transfer order is entered into a system, it cannot be revoked. The SFD requires that the rules of each designated system must clearly define the moments of entry and irrevocability of transfer orders. In DLT systems, irrevocability is typically achieved when a transaction is validated and added to the blockchain or distributed ledger for nodes to validate such transactions. For blockchains using Proof-of-Work, this may be after a certain number of confirmations; for those using Byzantine Fault Tolerant (BFT) consensus, finality can be instant once consensus is reached. The system’s rules must specify that the point at which a digital asset is “booked” on the ledger (i.e., when consensus is reached, and the transaction is included in a block) is the moment of irrevocability.

---

**Question 70. Is the point in time when a disposition becomes irrevocable problematic to pinpoint in DLT-based settlement systems, and in particular those with probabilistic settlement?**

- Yes
- No
- Don’t know / no opinion / not applicable

**Please explain your answer to question 70:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**3.2. Barriers to the application of new technology and new market practices**

**3.2.1. Applicability of the CSDR to DLT-based CSDs and the provision of services**

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 71. Considering the core functions of a CSD, i.e. those of notary, central maintenance and settlement, is the current legal framework appropriate to mitigate and control risks that could arise from the use of DLT?**



- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 71:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In our view, CSDs are performing various tasks of very different nature. The registrar function (i.e. notary and central maintenance of securities issuing account) is deeply defined by local legislation and the corporate law framework for issuance of securities. Settlement function is a middle office process between execution of orders and custody. Both services are activities of commercial nature which are mainly provided by non CSD entities, at the exception of listed securities for the registrar function. We do not think it is necessary to add specific provisions to CSDs if they are to use DLTs.

---

**Question 72. What are the main barriers in the EU framework to the use of DLT for the provision of CSD services, also in light of the experience gained through the DLTPR?**

Please select as many answers as you like

- legal or regulatory requirements (or lack thereof)
- fiscal requirements
- supervisory practice
- market practice
- operational requirements
- differences in national legal, regulatory or operational requirements
- technical/technological aspects
- other

**Barrier due to technical/technological aspects - Use of DLT for the provision of CSD services**

	Describe the barrier due to technical /technological aspects
Explanation of the barrier	The main barriers are linked to the notary function and the maintenance of listed securities issuing account at the highest level which are most of the time not open to foreign entities (competition topic).
Reason(s) why it is a barrier	
Specific legal requirement(s) that create(s) the barrier, if relevant (national or EU level)	
Supervisory or market practice(s) (national or EU level) that create the barrier, if relevant	
Operational requirements that create the barrier (national or EU level)	
Technical/technological aspect(s) related to the barrier, if relevant	
Member State(s) in which the barrier exists, if relevant	
Estimation of the costs of the barrier	

**Potential solution(s) to remove or lower the barrier, in descending order of importance**

Suggestions for solutions can include for instance legislative changes (specifying which changes are being suggested), use of supervisory convergence tools (specifying which tools are being suggested), centralised EU supervision, adoption of market practice(s).

The easiest technical way to solve that topic is to remove the notary function and the maintenance of securities issuing account at the highest level from CSDs in CSDR and to give that role to regulated and supervised registrars or equivalent entities

**Data on the potential costs and benefits of the suggested solution(s)**

**Assess the priority level for addressing the barrier due to technical /technological aspects:**

- High priority
  - Medium priority
  - Low priority
  - Don't know / no opinion / not applicable
- 

**Question 73. Are there any legal barriers to ensure the integrity of the issue, segregation and custody requirements also in the context of DLT-based issuance and settlement?**

- Yes
- No
- Don't know / no opinion / not applicable

**How many barriers to ensure the integrity of the issue, segregation and custody requirements have you identified?**

- 1 barrier
- 2 barriers
- 3 barriers

**Barrier 1 - Integrity of the issue, segregation and custody requirements**

	Describe barrier 1 to ensure the integrity of the issue, segregation and custody requirements
Explanation of the barrier	Due to its intrinsic characteristics, DLT based issuance, and settlement improves the integrity of the issue, segregation and custody of securities from a technical perspective. That said, not all countries have clarified that securities and other financial instruments may be issued in a tokenized, both natively or non-natively which may be the source of legal uncertainty locally.
Reason(s) why it is a barrier	
Specific legal requirement(s) that create(s) the barrier, if relevant (national or EU level)	
Supervisory or market practice(s) (national or EU level) that create the barrier, if relevant	
Operational requirements that create the barrier (national or EU level)	
Technical/technological aspect(s) related to the barrier, if relevant	
Member State(s) in which the barrier exists, if relevant	
Estimation of the costs of the barrier	

Potential solution(s) to remove or lower the barrier, **in descending order of importance**

Suggestions for solutions can include for instance legislative changes (specifying which changes are being suggested), use of supervisory convergence tools (specifying which tools are being suggested), centralised EU supervision, adoption of market practice(s).

Data on the potential costs and benefits of the suggested solution(s)

**Assess the priority level for addressing barrier 1 to ensure the integrity of the issue, segregation and custody requirements:**

- High priority
  - Medium priority
  - Low priority
  - Don't know / no opinion / not applicable
- 

**Question 74. Does the definition of cash need to be refined to take into account technological developments affecting the provision of cash, in particular the emergence of tokenised central bank money, tokenised commercial bank money and electronic money tokens?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please specify how the use of such settlement assets can be facilitated while maintaining a high level of safety for cash settlement in DLT market infrastructures:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Yes, we favor a clarification of the definition of cash, to include at the same time EMT, CBDC and tokenised commercial bank money accompanied with the removal of the EMT from the crypto assets definition. The concept of DLT market infrastructures is not obvious because most EU CSDs, CCPs and regulated markets have very limited footprint in the DLT ecosystem. We advocate CASPs or investment firms and banks using DLTs are de facto the current DLT market infrastructure

---

**Question 75. Could the use of DLT help reduce the reporting burden?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 75:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Yes, but it is a matter of scalability. The use of DLT by operators of market infrastructure has the potential to materially reduce the regulatory reporting burden imposed under the CSDR by fundamentally altering how data is collected, processed, and

accessed by competent authorities.

## I. Reduction of CSDs' reporting burden

### 1. Decentralised reporting: Embedded supervision

Under the current “push” model, CSDs are responsible for producing operational data from their internal systems, mapping this data to regulatory formats, and transmitting reports to national and EU-level supervisory authorities.

DLT enables a paradigm shift to a “pull” model, in which supervisory authorities can retrieve (“pull”) standardized, enriched, and real-time data directly from a shared ledger environment. In this model, data is generated and recorded on-chain during the transaction lifecycle and then automatically enriched (e.g., via an ITS Datastore) to meet regulatory technical standards (RTS/ITS). The supervisory authorities – operating as privileged nodes on the network – could then search this data directly without relying on CSDs to package and submit such data.

As a result, with DLT, supervisory authorities could monitor compliance in real time through direct ledger access, eliminating the need for periodic reporting and form-based submissions (“embedded supervision”). This would, in theory, eliminate the need for manual interference and drastically shorten the reporting cycle.

### 2. Single source of truth and data consistency

DLT's core property – the creation of a shared, immutable ledger – ensures that all participants (e.g., counterparties and regulators) access a single, synchronized dataset. This means:

- Data discrepancies and duplicative submissions (e.g., double reporting of trades) are inherently avoided; and
- Supervisory authorities can rely on the integrity and provenance of the data without reprocessing it.

### 3. Automated compliance through smart contracts

DLT can enable the implementation of programmable compliance via smart contracts. Regulatory conditions – such as those arising from CSDR requirements for settlement discipline – can be encoded as preconditions to the execution of post-trade processes:

- smart contracts validate compliance parameters in real-time;
- data that meets regulatory requirements is automatically recorded in a compliant format.

This mechanism ensures ex ante compliance rather than the current ex post correction model, significantly reducing the time and cost associated with audits and corrections.

## II. Reduction of supervisory authorities' reporting burden

Elimination of multiple data submission and sharing across authorities

The CSDR ecosystem involves multiple regulatory bodies at both national and EU levels supervising a CSD. Currently, overlapping jurisdiction of the supervisory authorities and fragmented data submissions lead to duplicative data requests and inconsistent oversight.

DLT can, in the future and if so properly set-up, facilitate legally authorized inter-authority data sharing by enabling regulators to access clean or processed versions of data directly from the ledger.

Relevant sources of information:

- “DLT Compliance Reporting” by Johannes Rude Jensen, Henrik Axelsen and Omri Ross, published online by RTU Press, <https://csimq-journals.rtu.lv> Article 195, Issue 35, June/July 2023, Pages 92-103 ([https://www.researchgate.net/publication/372943598\\_DLT\\_Compliance\\_Reporting](https://www.researchgate.net/publication/372943598_DLT_Compliance_Reporting))
- “Distributed ledger technology in regulatory reporting” by Alex Hurrell, published online at <https://www.centralbanking.com/technology/3712636/distributed-ledger-technology-in-regulatory-reporting>, 6 September 2018
- “Impact of Distributed Ledger Technology in Global Capital Markets” by GFMA, published online at [Impact of Distributed Ledger Technology in Global Capital Markets | AFME](https://www.gfma.com/impact-of-distributed-ledger-technology-in-global-capital-markets), 17 May 2023, p.85-86/188

**Question 76. Would a per-service authorisation of CSD services, with compliance requirements proportionate to the risk of the individual service, make the CSDR more technologically neutral and contribute to removing barriers to adoption of new technologies, such as DLT?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 76:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

CSDR is fundamentally designed for centralized and local markets where the crypto assets technological environment with on chain trading. Doing transactions on chain is combining front, middle and back office in a single process. It is also blurring the difference between primary and secondary markets.

We do not think EU will succeed to revamp CSDR in a way to become more technologically neutral and contribute to removing barriers to adoption of new technologies, such as DLT. We believe it will add to confusion and impeded the ability to develop to EU competitive entities in the securities token and crypto assets ecosystem.

The reasoning in silos for specific tasks in each EU piece of legislation related to financial services is unlikely to work. An adaptation of CSDR to securities token rationale is unlikely to function due to various dependencies with the rest of the value chain of global financial markets. It cannot be only a top down approach

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**Question 77. Are there any legal barriers for DLT service providers in providing trading, settlement and clearing in an integrated manner, within one entity?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please justify your answer to question 75, in particular identifying potential risks:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

MiCA service providers are allowed to provide trading, settlement and clearing in an integrated manner which is natural because performing transactions on chain is combining front, middle and back office in a single process. It is also blurring the difference between primary and secondary markets.

This is not in conflict with EU legislation and this also possible in the context of MiFID for investment firms. This is the new normal of capital markets functioning when using DLT.

**Question 78. Are there any other barriers that you consider relevant for the DLT based provision of CSD services?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please justify your answer to question 78, in particular identifying potential risks:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Nothing prevents per se CSDs, CCPs and regulated markets to use DLT. EU legislation should not help these FMIs to maintain dominant market positions on commercial activities related to capital markets in the context of tokenized securities or financial instruments.

---

**Question 79. In particular in permissionless blockchains, validators have the ability to choose which transactions to prioritise for validation and decide on the order of transaction settlement.**

**Can this feature negatively affect orderly settlement and how can it be mitigated?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 79:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Yes, we have the view this can be mitigated.

CSDR indeed contains several provisions that are relevant to the timing, integrity, fairness, and transparency of securities settlement (articles 3, 5, 7, 39). Transactions in permissionless blockchain would have to be done following rules that do not conflict with these provisions, to avoid settlement fails or disputes over the finality and integrity of transactions, which would be contrary to the objectives and specific requirements of CSDR.

In unchecked permissionless blockchains, the order of transactions within a block is typically determined by the miner or validator who produces the block. This ordering is not strictly regulated and can be influenced by factors such as transaction fees (validators may prioritise higher-fee transactions), technical constraints, or even deliberate manipulation (e.g., front-running).

To address the risks to orderly settlement caused by validators' discretion in transaction ordering on

permissionless blockchains, several mitigation strategies can be employed, such as transaction fee mechanisms, fair ordering protocols (such as first-in-first-out (FIFO) or randomised ordering to limit manipulation), proposer-builder separation (PBS), MEV auctions and transparency, cryptographic techniques, regulatory pressure...

CSDR is built on a framework where regulated central actors (CSDs) are responsible that the rules are adhered to. In a permissionless blockchain, there is not normally any central authority to enforce the rules, so an alternative authority would have to ensure regulatory enforcement.

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**Question 80. Does the emergence of DLT-based tokenised financial instruments require changes to the provision of CSD services or the requirement to use a CSD?**

- Yes
- No
- Don't know / no opinion / not applicable

**Which CSD roles or requirements could be meaningfully impacted in a DLT environment?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Yes, we would welcome the removal of the mandatory use of a CSD for issuance of listed financial instruments. A regulated and supervised registrar should also be able to perform that the notary function and the maintenance of issuing accounts for listed securities

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**Question 81. Can certain functions normally assigned to or reserved for a CSD be safely, securely and effectively be performed by other market participants in a DLT environment?**

- Yes
- No
- Don't know / no opinion / not applicable

**3.2.2. Detailed questions on the applicability of the CSDR and SFD to DLT-based CSDs**

**Question 82. Are there barriers or concerns with the technological neutrality of the CSDR definitions listed below or any other definitions or concepts included in CSDR and SFD in particular in the context of DLT?**

	1 (not a concern)	2 (rather not a concern)	3 (neutral)	4 (rather a concern)	5 (strong concern)	Don't know - No opinion - Not applicable
Central securities depository	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Securities settlement system	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Securities account	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Book entry form	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dematerialised form	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Settlement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Delivery versus payment (DVP)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Any other definitions or concepts in CSDR and SFD	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

**Please specify to what other definition(s) or concept(s) in CSDR and SFD you refer in your answer to question 82, explain the exact nature of your concern (s) and suggest potential solutions to address it (including drafting suggestions for a new definition, where available):**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We have the opinion that part of these concepts and definitions are today outdated because of the technology irrespective of the use or not of DLT.

EU legislation was designed for centralized FMIs which were entities benefiting from state monopoly status (some exchanges in the EU still relies on States concession being in the scope of administrative legislation).

Differentiating between book entry form and dematerialized is only based on legal categorization while being de facto dematerialized and corresponding to IT data when processed by the Financial industry.

**Question 83. Would you have any concerns about the technological neutrality of the following CSDR rules?**

	1 (not a concern)	2 (rather not a concern)	3 (neutral)	4 (rather a concern)	5 (strong concern)	Don't know - No opinion - Not applicable
Rules on measures to prevent settlement fails	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Rules on measures to address settlement fails (e.g. cash penalties, monitoring and reporting settlement fails)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Rules on organisational requirements for CSDs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Rules on outsourcing of services or activities to a third party	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Rules on communication procedures with market participants and other market infrastructures	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Rules on the protection of securities of participants and those of their clients	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Rules regarding the integrity of the issue and appropriate reconciliation measures	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Rules on cash settlement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Rules on requirements for participation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Rules on requirements for CSD links	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Rules on access between CSDs and access between a CSD and another market infrastructure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Rules on legal risks, in particular as regards enforceability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Any other rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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### 3.3. Barriers and other aspects under the FCD

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**Question 84. What are the main barriers to the integration of EU markets and /or consolidation of financial market infrastructures related to the FCD?**

**How many barriers have you identified?**

- 1 barrier
  - 2 barriers
  - 3 barriers
- 

**Question 85. Is there sufficient clarity regarding the use of tokenised assets as financial collateral in the context of financial collateral arrangements under the FCD?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 85:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Yes – financial instruments can be issued in DLT form and the FCD does not prevent Member States from allowing the use of tokenised assets as financial collateral in the context of financial collateral arrangements under the FCD.

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**Question 86.** In the last FCD consultation, the addition re-insurers, alternative investment funds (AIF), institutions for occupational retirement provision (IORPs), crypto-asset service providers, all non-natural persons, non-financial market participants which regularly enter into physically or financially settled forward contracts for commodities or EU allowances (EUAs) was suggested by stakeholders. It was also asked if payment institutions, e-money institutions and CSDs should be added to the scope.

**Please provide any views you may have of one or several of the suggested potential additional participants:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The FCD asked for minimum harmonisation. There is no limitation ratio personae in the FCD. Member States have sufficient leeway to define and widen the scope as they see fit in their national regimes.

---

**Question 87.** Are there barriers related to the scope of the FCD (i.e. parties eligible as collateral taker and collateral provider, definition of financial collateral, definition of cash)?

- Yes
- No
- Don't know / no opinion / not applicable

---

**Question 88.** Do you see legal uncertainty related to the recognition of tokenised financial instruments as collateral under the FCD?

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 88 and describe these uncertainties:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No. As set out in our previous answers, the FCD does not prevent Member States from allowing the use of tokenised assets as financial collateral in the context of financial collateral arrangements under the FCD. If the solution in Art. 1(11) and (12) of 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 will be maintained, explicitly extending the definition of financial instruments, this discussion would be concluded for good.

---

**Question 89. Do the definitions and concepts in the FCD, including the notion of ‘possession and control’, ‘accounts’ and ‘book-entry’ result in barriers or legal uncertainty, e.g. due to the change in market practices, the use of DLT?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 89:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No. Possession and control manifest themselves differently in the contexts of tangible and intangible assets. For tokenised assets, too, possession and control can and must be interpreted in a functional sense: the party who has exclusive access to the cryptographic keys (private keys) or otherwise has exclusive access to the blockchain address or wallet where the tokens are held, that control the issuance and/or transfers of relevant tokens, must be considered in possession or controlling such assets. Either way there is no need to adapt the definitions and concepts in the FCD in light of the technological advancements in form of DLT.

---

**Question 90. Is the list of collateral providers and collateral takers limiting the applicability of the FCD in a detrimental manner for DLT-based financial collateral arrangements?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 90:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No. The FCD asked for minimum harmonisation and does not prevent Member States from defining the scope of the applicability of the FCD in a manner that the use of DLT-based financial collateral arrangements would be limited.

**Question 91. Do you think that collateral other than cash, financial instruments and credit claims should be made eligible under the FCD, in particular in light of DLT based financial collateral arrangements?**

- Yes
  - No
  - Don't know / no opinion / not applicable
- 

**Question 92. Do you see the need to change the current approach that only financial collateral arrangements should be protected where at least one of the parties is a public authority, central bank or financial institution?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 92:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 93. Is the non-aligned definition of 'collateral security' under the SFD and 'financial collateral' under the FCD creating barriers?**

- Yes
  - No
  - Don't know / no opinion / not applicable
- 

**Question 94. Are the opt-out provisions for Member States creating any barriers to the single market?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please justify your answer to question 94, in particular identifying potential risks:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No. The flexibility granted by opt-out provisions is important because insolvency law, property law, and the treatment of collateral are deeply rooted in national legal traditions, which can vary significantly across the EU. At this stage of integration, abolishing them would be likely to have unintended consequences in domestic markets rendering any dream of a perfect single market obsolete.

---

**Question 95. Have you encountered problems with the recognition /application of close-out netting provisions under the FCD (both national and cross-border)?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please justify your answer to question 95, in particular identifying potential risks:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

No, not from a Luxembourg perspective.

---

**Question 96. As noted in the [Commission report on the review of SFD and FCD \(COM\(2023\)345 final\)](#), given the FCD deals primarily with financial collateral and only peripherally with netting (only as one of the methods that can be used to enforce collateral arrangements), do you consider that there is a need for further harmonisation of the treatment of contractual netting in general and close-out netting in particular?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 96:**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 97. Are there any other barriers created by the FCD which are not mentioned above?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please justify your answer to question 97, in particular identifying potential risks:**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 98. If there is any other issues you would like to address regarding FCD financial collateral in a DLT environment, please describe them:**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

### **3.4. Uneven/inefficient market practices and disproportionate compliance costs**

#### **3.4.1. Internalised settlement**

---

**Question 99. Does the current reporting obligation of internalised settlement allow for an accurate identification of the risks stemming from settlement outside of a CSD?**

- Yes
- No
- Don't know / no opinion / not applicable

**Question 99.4. What would be the cost implications of such additional reporting?**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 100. Should settlement internalisers with very high internalised settlement activity (in terms of value and volume) be required to publish information on their internalised settlement activity including settlement fail rates (similar to the annual data on settlement fails published by CSDs)?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 100:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 101. Would you identify additional risks other than operational and legal risks stemming from internalised settlement?**

- Yes
-

No

- Don't know / no opinion / not applicable

**Please explain your answer to question 101:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

---

**Question 102. Should some/all rules pertaining to settlement discipline and /or other CSDR requirements currently applicable to settlement at CSD level be also applicable to internalised settlement?**

- Yes
- No
- Don't know / no opinion / not applicable

**Please explain your answer to question 102:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

**3.4.2. Information sharing**

**Question 103. Is the role of the CSDR college as envisaged in CSDR refit sufficient to ensure efficient and complete information sharing between different authorities under CSDR?**

- Yes
- No
- Don't know / no opinion / not applicable

**Question 104. Are there barriers to information sharing between authorities and/or authorities/market participants that hinder the smooth provision of CSD services and the supervision thereof?**

- Yes
  - No
  - Don't know / no opinion / not applicable
- 

**Question 105. Are there duplications and/or overlaps in the reporting requirements between national, European competent or relevant authorities?**

- Yes
- No
- Don't know / no opinion / not applicable

### **3.4.3. Authorisation procedures**

**Question 106. Is the authorisation procedure for CSDs too long and/or burdensome?**

- Yes
  - No
  - Don't know / no opinion / not applicable
- 

**Question 107. Is the procedure for the extension of CSD authorisation and for outsourcing of services and activities too long and/or burdensome?**

- Yes
  - No
  - Don't know / no opinion / not applicable
- 

**Question 108. Is the procedure for the authorisation to provide banking ancillary services too long and/or burdensome?**

- Yes
  - No
  - Don't know / no opinion / not applicable
-

**Question 109. Are the current authorisation/supervisory approval processes under CSDR suitable, or could it benefit from some refinements/streamlining and/or clarifications?**

- the current approval processes are suitable
- the current approval processes could benefit from some refinements /streamlining and/or clarifications
- Don't know / no opinion / not applicable

**Please explain your answer to question 109.**

**If you consider that there is an issue, please clearly describe the issue, which legal, regulatory or operational requirements should be amended to resolve it, the solution(s) you have in mind to resolve it (including drafting suggestions, where possible), and the potential impact of the solution(s) you propose:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

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**Question 110. Are the current authorisation processes/supervisory approval under CSDR creating legal barriers for (potential) new entrants wishing to provide CSD services?**

- Yes
- No
- Don't know / no opinion / not applicable

---

**Question 111. Do you consider that market participants, who provide only one core service (for example, notary, central maintenance or settlement) should be covered by some/all elements of CSDR?**

- Yes
- No
- Don't know / no opinion / not applicable

---

**Question 112. Could there be benefits to a tiered authorisation (i.e. per service) for CSDs being introduced, e.g. to enable the requirements to reflect the different nature of different core services?**

- Yes
- No
- Don't know / no opinion / not applicable

### **3.5. Interaction between the CSDR and other EU legislation**

**Question 113. Are there are issues between the CSDR and other EU legislation?**

- Yes
- No
- Don't know / no opinion / not applicable

### **3.6. Other issues on post-trading**

**Question 114. Other matters that could potentially contribute to removing barriers to the consolidation of post-trading infrastructure, to improving the EU's capital markets attractiveness while reducing fragmentation and to improving integration in post-trade services might also be important.**

**Please provide any further suggestions to improve the integration, competitiveness, and efficiency of post-trade services (including clearing and settlement) in the EU. Please provide supporting evidence for any suggestions:**

*5000 character(s) maximum*

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The adoption of common technical standards, such as making the use of ISO 20022 messaging mandatory for all post-trade communications, would facilitate straight-through processing and minimise the need for manual intervention. This would enhance operational efficiency and help to reduce risks and errors in the settlement process.

Regulatory harmonisation is also essential, particularly in aligning regulations and avoiding duplicate reporting for firms that are required to disclose similar information under EMIR, MiFIR, and SFTR.

## Additional information

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Should you wish to provide additional information (e.g. a position paper, report) or raise specific points not covered by the questionnaire, you can upload your additional document(s) below. **Please make sure you do not include any personal data in the file you upload if you want to remain anonymous.**

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### Useful links

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