

RegCORE – Client Alert

Tokenisation yes, Monetary fragmentation no: The ECB's emerging doctrine for the EU's digital finance architecture and wider views on the MIP

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Tokenisation yes, Monetary fragmentation no: The ECB's emerging doctrine for the EU's digital finance architecture and wider views on the MIP

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QuickTake

On 7 May 2026, ECB Vice-President Luis de Guindos delivered a keynote speech at the joint European Commission–ECB conference on European Financial Integration,¹ framing deeper financial integration as a "strategic necessity" for the EU and the transition from the Capital Markets Union (CMU) to a Savings and Investments Union (SIU).²

By way of context, the de Guindos speech opens with the observation that ECB indicators show financial integration in the euro area is now above the average level seen since the creation of Economic and Monetary Union, reflecting both lower dispersion in asset prices and yields across bond, equity, banking and money markets and a higher degree of cross-border capital allocation and portfolio diversification. Notwithstanding that progress, the speech highlights several persistent gaps: cross-border corporate lending within the euro area accounts for just 14% of total corporate lending; equity market integration has been declining since 2022; and intra-euro-area foreign direct investment has fallen to a historical low. Building on the principle that "capital follows the real economy", de Guindos argues that EU policy initiatives, Single Market reforms (including on digital finance and its place in the Single Market's architecture) and the SIU must advance together and cross-refers to the Eurosystem response to the European Commission's targeted consultation on the competitiveness of the EU banking sector.

¹ Available [here](#).

² See analysis on the SIU Strategy [here](#), updates from PwC Legal's EU RegCORE on the SIU [here](#) and general information on the SIU on PwC's dedicated hub [here](#).

One month earlier, on 9 April 2026, the ECB Governing Council adopted Opinion CON/2026/13 (the **ECB Opinion**),³ setting out its detailed technical position on the three legislative proposals comprising the European Commission's Market Integration and Supervision Package (**MIP**)⁴: the proposed "Master Regulation" amending numerous EU financial services regulations, the proposed "Master Directive" amending the UCITS, AIFMD and MiFID frameworks and the proposed settlement finality regulation (**SFR**) replacing Directive 98/26/EC (the **SFD**) and amending Directive 2002/47/EC on financial collateral arrangements (the **FCD**). The MIP package targets barriers to cross-border activity and transfers select supervisory duties from national competent authorities (**NCA**s) to the European Securities and Markets Authority (**ESMA**). This move materially expands ESMA's role, giving it a new Executive Board and enhanced enforcement powers. The ECB describes the package as an "ambitious step towards deeper integration of capital markets and financial market supervision within the Union", anchoring its detailed technical observations in that overarching endorsement. This Client Alert should be read in conjunction with an earlier Client Alert (the **MIP 2025 Client Alert**),⁵ which provides a comprehensive treatment of the MIP's legislative content, sectoral implications and suggested action points. Where relevant, this analysis cross-references specific sections of the MIP 2025 Client Alert so that readers can locate the corresponding legislative detail. A comparative assessment of the ECB's position against that of the European Commission is provided at the conclusion.

Why this matters: a policy pivot across multiple connected points

Both the speech and the ECB Opinion proceed from the same premise: in a world of geo-economic fragmentation and rapid technological change, a well-integrated, competitive and resilient EU financial system is a strategic necessity. Deeper financial integration is positioned as essential to (i) improve private risk-sharing across Member States; (ii) support the smooth transmission of monetary policy; (iii) mobilise investment for innovation and the green and digital transitions; and (iv) underpin the international role of the euro and Europe's strategic autonomy.

Taken together with the earlier (i) Cipollone speech on the digital euro, (ii) the Eurosystem's comprehensive payments strategy (March 2026) and (iii) the Pontes and Appia initiatives, these publications amount to a fairly explicit policy pivot by the Eurosystem toward a European tokenised financial market architecture anchored in central bank money, whilst simultaneously signalling a more cautious stance toward privately-issued stablecoins. Specifically:

- The ECB is moving from *studying* tokenisation, to *building the infrastructure and policy framework for it* and to *actively shaping which forms of digital money will dominate in Europe*.
- The ECB now openly assumes that securities, deposits, collateral, repo, MMFs, wholesale payments and settlement infrastructures will increasingly migrate onto DLT/tokenised rails.
- The ECB is deeply concerned about USD stablecoin dominance, non-EU blockchain infrastructure and fragmentation of euro liquidity across private ledgers.
- The ECB intends to provide tokenised central bank settlement money (Pontes), interoperability layers (Appia) and an EU-native tokenised financial ecosystem.
- The ECB also frames under-integration in equity markets as a priority concern in its own right, given equity's role in financing innovation, supporting entrepreneurship and diversifying corporate funding sources. The accompanying message— "capital follows the real economy" —signals that progress on

³ Available [here](#).

⁴ The MIP package's proposals, set out in over more than 1,000 pages, collectively amount to the most substantial single-market integration move in EU capital markets since the Markets in Financial Instruments Regulation (**MiFIR**) and Markets in Financial Instruments Directive II (**MiFID II**). The package's reforms will have material consequences for trading venues, post-trade infrastructures, asset managers, depositaries, investment firms/brokers and crypto-asset service providers (**CASPs**). The expected net effect of the MIP is to reduce operational/legal frictions, lower (cross-border) costs, accelerate market consolidation where commercially rational and provide legal certainty for Distributed Ledger Technology (**DLT**) and post-trade as well as settlement finality. Texts on the MIP package are available [here](#).

⁵ The MIP 2025 Client Alert available [here](#).

financial integration is contingent on parallel advances in broader Single Market reforms and the SIU agenda; the two cannot be sequenced separately.

As explored in this Client Alert, this pivot is not anti-innovation. It is a strategic industrial and monetary sovereignty agenda. The ECB's concern is geopolitical as much as prudential—it increasingly sees payments, tokenisation and financial infrastructure as strategic sovereign capabilities.

The deeper significance: a Eurosystem doctrine for tokenised finance

Although the ECB Opinion formally covers EU capital markets integration and supervision, its deeper importance lies in the fact that the ECB is effectively using the CMU/SIU agenda to justify harmonised tokenisation infrastructure, supervisory convergence and DLT-based market integration. This connects:

- CMU / SIU;
- DLT Pilot Regime evolution;
- MiCAR;
- Digital euro policy;
- Wholesale settlement reform (Pontes/Appia); and
- Harmonisation of settlement finality (by moving from SFD to SFR),

into a single policy framework. The ECB is essentially expressing a view that: *Europe cannot build integrated digital capital markets without integrated digital settlement infrastructure*. That is a major conceptual shift.⁶

Readers should also note that, alongside the ECB Opinion, the ECB has issued a separate technical working document setting out specific drafting proposals on the points where it recommends amendments to the Commission proposals; that working document is available on EUR-Lex and is covered in a separate Client Alert.

The three-layer monetary architecture

The publications collectively suggest the ECB now envisages a future euro system built around three interconnected monetary layers:

- **Layer 1 — Central bank money as the anchor.** The ECB repeatedly emphasises the "singleness of money", settlement finality, convertibility at par and preservation of the two-tier monetary system. The concern: if tokenised finance develops without a public settlement anchor, euro liquidity fragments, private monies become siloed and monetary sovereignty weakens. Hence Pontes—described as a "Eurosystem DLT solution that links market DLT platforms and TARGET Services to settle transactions in central bank money"—and, eventually, digital euro interoperability. This is fundamentally a monetary stability project disguised as payments innovation.
- **Layer 2 — Regulated private money.** The ECB accepts that private money will continue to dominate economic activity, but wants it to be supervised, euro-denominated, interoperable and anchored to central bank settlement. Tokenised deposits and "properly designed and regulated" stablecoins are identified as complementary private settlement assets—but with a visible preference ordering (see below).
- **Layer 3 — Programmable market infrastructure.** The ECB now openly accepts smart contracts, programmable settlement, atomic DvP, composability and integrated lifecycle management as future infrastructure characteristics. This is a major conceptual evolution. Historically, central banks focused narrowly on payment rails, RTGS and settlement finality. The ECB is now implicitly accepting that

⁶ ⁶ The ECB's broader strategic positioning builds on its March 2024 Governing Council statement on advancing the Capital Markets Union, in which the Eurosystem articulated that progress towards more integrated capital markets would strengthen private risk-sharing, mitigate financial fragmentation and support the effective transmission of monetary policy across the euro area. The ECB Opinion should be read as the operationalisation of that strategic statement at the level of detailed legislative drafting.

issuance, trading, collateral, servicing, custody and settlement may converge into unified programmable environments.

The ECB's preferred hierarchy of settlement assets

The views expressed can be summarised as follows:

Settlement asset	ECB attitude
<i>Tokenised central bank money</i>	Essential — must remain the "primary settlement asset for wholesale financial markets"
<i>Tokenised commercial bank deposits</i>	Strongly preferred — preserve two-tier banking, support monetary policy transmission
<i>EU-governed euro stablecoins (EMTs)</i>	Tolerated — but carry "additional risks" including issuer credit risk, price fluctuation risk and liquidity risk; only where tokenised central bank money (CeBM) "is not practical and available"
<i>Foreign-currency/non-EU stablecoins</i>	Viewed with strategic scepticism — must not be fungible with crypto-assets issued outside the Union

Practical effect: Firms designing tokenised settlement workflows should assume CeBM will be the preferred settlement asset wherever available. EMT-based settlement will be permitted but subject to restrictive conditions and sound risk management safeguards. Non-EU stablecoins face the sharpest constraints.

Cross-reference: The MIP 2025 Client Alert's *Post-trade – EMIR and CSDR* section and its treatment of *DLT and tokenisation programmes* provide the corresponding legislative detail on cash settlement requirements and DLT enablement.

ESMA: governance, powers and centralisation of supervision

The ECB Opinion sets out a number of key points. These are summarised as follows:

Governance overhaul

The ECB fully supports the establishment of a new ESMA Executive Board responsible for decisions related to direct supervision of financial market participants. The ECB emphasises that it will be "indispensable" to ensure ESMA has sufficient staffing and funding and that where NCAs are involved, there must be clarity on respective resource commitments. The ECB also fully supports the comprehensive investigation, sanctioning and enforcement powers conferred on ESMA, drawing on its own experience as banking supervisor.

Sequenced transition

The ECB recommends a "carefully sequenced implementation" of the shift from NCA to ESMA competences, achieved through:

- Transitional solutions in cooperation arrangements;
- Supervisory transition plans;
- Prioritisation of critical responsibilities; and
- Staggered timelines.

The ECB's expanded institutional role

- The ECB will become a non-voting member of the ESMA Executive Board for discussions concerning CCPs, CSDs and—a notable ECB recommendation—CASPs, given CASP implications for payment systems and monetary policy transmission.
- The ECB recommends non-voting membership of the ESMA Board of Supervisors to reinforce "cross-sectoral coordination in respect of the stability of the financial system".

- In its banking supervision capacity, the ECB seeks membership of internal committees wherever matters with potential implications for credit institutions are discussed—including in relation to CASPs and entities belonging to the consolidated group of a credit institution.

These supervisory-convergence tools are not generic. The proposed Master Regulation introduces, among other things, a new general duty of cooperation between authorities, a new ESMA power (Article 17aa ESMA Regulation) to require an NCA to seek ESMA's opinion where a peer review or investigation has identified serious supervisory failures and the formal introduction of collaboration platforms (Article 19a ESMA Regulation) to enhance cooperation and supervision of cross-border activities. Together, they materially upgrade ESMA's ability to drive consistent supervisory outcomes without displacing NCA expertise.

National central bank representation in ESMA governance

The ECB highlights that, in certain Member States, national central banks (NCBs) that are not currently represented on the ESMA Board of Supervisors nevertheless hold supervisory responsibilities—most notably for CCPs and CSDs (and, in Italy, also for trading venues). The ECB recommends that such NCBs be involved when internal committees or the ESMA Board of Supervisors discuss matters within their competence, with the possibility to vote in the Board of Supervisors and that they be invited to ESMA Executive Board discussions concerning directly supervised entities established in their Member State—mirroring arrangements already envisaged for the Member State's Board of Supervisors representative.

Cooperation arrangements for significant CCPs and CSDs

The ECB welcomes the cooperation-arrangement framework for significant CCPs and CSDs but emphasises that the relevant provisions should be sufficiently prescriptive. They should clarify the involvement of NCAs and other relevant authorities in supervisory activities on a long-term, meaningful and substantial basis; ensure a consistent approach across significant CCPs and CSDs; and—for CSDs in particular—provide for appropriate information sharing with host authorities of the Member State where the CSD provides services and for coordination with the banking supervisor where banking-type ancillary services are provided.

Practical effect: The ECB's push for cross-pillar visibility—spanning CCPs, CSDs, CASPs and banking groups—signals a supervisory architecture that will be increasingly interconnected. Firms operating across multiple regulatory perimeters should expect supervisory information to flow more freely between ESMA and the ECB/SSM. The explicit reference to consolidated groups of credit institutions underscores that banking groups with CASP subsidiaries or affiliates will face heightened cross-supervisory scrutiny.

Cross-reference: The MIP 2025 Client Alert's *ESMA: mandate, governance, funding and powers* section provides full detail on the Executive Board's composition, the single horizontal supervisory procedure and the enforcement toolbox. The MIP 2025 Client Alert's *Compliance planning and timelines* section maps the staggered dates: ESMA governance at 12 months, supervision of significant trading venues/PEMOs/CSDs/CCPs at 24 months.

Capital markets: towards a single rulebook

The de Guindos speech highlights three features of the MIP:

- A "genuine single rulebook for capital markets" through further harmonisation and conversion of directives into regulations.
- Support for a tokenised financial ecosystem through adaptation of the DLT pilot regime.
- A "more European supervisory framework" with stronger, more consistent supervision at EU level.

The ECB Opinion supports the transfer of regulatory requirements from MiFID into MiFIR, which will "limit national divergences in the application of Union law and reduce legal and operational barriers that currently hinder the provision of services by trading venues across borders". The ECB also supports the PEMO framework and ESMA's direct supervisory powers over significant trading venues.

Cross-reference: The MIP 2025 Client Alert's *Trading and market structure (MiFIR changes)* section sets out the full detail on PEMOs, open access reforms, the prohibition of "preferred clearing" practices, enhanced consolidated tape provisions and intra-group resource sharing.

CCPs: significance, interoperability and central bank involvement

The ECB fully supports the conditions for classifying a CCP as "significant" and subject to direct ESMA supervision. Key ECB recommendations:

- **Additional significance condition:** Where a CCP has established an interoperability arrangement with another CCP, this should trigger classification as significant—on three grounds: cross-border systemic relevance; efficiency (ESMA already has interoperability competence); and fostering wider use of interoperability.
- **Access arbitration:** ESMA's new role in arbitrating access requests and approving interoperability arrangements is welcomed.
- **Central bank consultation role:** A "robust, dedicated consultation role" for central banks of issue covering margin requirements, liquidity risk controls, collateral, model reviews, stress testing and back testing, settlement and interoperability.
- **Data access:** The Eurosystem currently only has access to position data for euro-denominated derivatives "which is of low quality and not usable in practice"; it advocates improved access to EMIR Article 9 transaction data to "assess interlinkages between the banking system and the wider financial system and to assess potential contagion dynamics".

Beyond improved transaction data access, the ECB recommends that members of the ESCB and the European Systemic Risk Board (**ESRB**) be granted access, where relevant or necessary for their financial stability and macroprudential mandates, to information shared via the central database established under Article 17c EMIR—particularly information concerning margin requirements and waterfall resources, which is critical to assessing interlinkages between the banking system and the wider financial system and to gauging contagion dynamics.

The ECB also recommends that NCBs be expressly included within the definition of "relevant authorities for significant CCPs" where the NCB has oversight responsibilities for CCPs under national law and that further clarifications be introduced on the documentation central banks of issue should receive to fulfil their consultation role—including documentation on the financial and non-financial instruments cleared or to be cleared by the CCP, so as to ensure the proper involvement of central banks of issue of Union currencies other than the euro.

Practical effect: CCPs—particularly those with interoperability arrangements or cross-border significance—should prepare for a fundamentally different supervisory dynamic under ESMA. Clearing members should note the ECB's emphasis on understanding interlinkages between the banking system and wider financial system.

Cross-reference: The MIP 2025 Client Alert's *Post-trade – EMIR and CSDR* section details proposed CCP supervision changes, simplified college structures and updated infringement annexes. Action points cover gap analyses, reporting preparation and interoperability process updates.

CSDs: passporting, DLT and the primacy of central bank money

Cross-border CSD services

The ECB welcomes measures facilitating passporting and freedom of issuance, noting that removing host authority approval can "support competition and market integration". The ECB emphasises the need for further harmonisation of national corporate and securities laws and adoption of international and European market standards. The ECB also suggests that when a CSD intends to provide core services through DLT, this should be subject to authorisation as an extension of activities.

Authorisation procedures and intragroup outsourcing

The ECB raises concerns about the proposed CSDR authorisation amendments, which (i) remove the competent authority's ability to assess application completeness before commencing examination and (ii) considerably shorten the period within which relevant authorities must deliver reasoned opinions. The ECB recommends maintaining the existing completeness assessment, adjusting the procedural timeline so that relevant authorities can take account of the competent authority's assessment and aligning timelines across the relevant CSDR procedures (authorisation, banking-type ancillary services, review and evaluation and supervision). Conversely, the ECB welcomes the streamlined procedure for intragroup outsourcing, which can facilitate efficiency and integration within CSD groups.

Restriction of CSD participation to legal entities

The ECB opposes any extension of CSD participation to private individuals: CSDs should not be permitted to admit natural persons as direct participants. The legal soundness and financial and operational capacity of direct participants are essential safeguards for FMI stability and—in the case of CSDs—for settlement efficiency. CSD participation should remain restricted to legal entities, preferably regulated financial institutions.

DLT-specific risk management for CSDs

On the use of DLT for CSD services, the ECB welcomes the maintenance of strong risk-management standards regardless of the technological solution used and the new requirements addressing DLT-specific risks outside outsourcing arrangements. The ECB suggests further specifying these adaptations to cover (i) the CSD's assessment of the suitability of network node operators, (ii) the relevant operational and governance risks and (iii) the certainty and irreversibility of settlement.

Cash settlement: CeBM as the primary settlement asset

This is one of the most consequential policy positions in the ECB Opinion—and must be read in light of the broader Eurosystem tokenisation strategy:

- The ECB insists that central bank money must remain the "primary settlement asset for wholesale financial markets".
- The ECB welcomes the explicit reference to settlement in tokenised central bank money, "which the ECB will enable for euro-denominated transactions through the development of Pontes".
- EMTs carry "additional risks compared to settlement in CeBM or commercial bank money (**CoBM**), including the credit risk of the issuers, the risk associated with potential fluctuations in the price of the EMT, as well as the liquidity risk associated with the underlying reserve assets". Moreover, "the scalability of EMTs is limited compared with CeBM or CoBM".
- Settlement in EMTs should only be permitted where tokenised CeBM is not practical and available, subject to sound risk management safeguards.
- EMTs used for settlement must be issued by a Union entity in compliance with MiCAR and must not be fungible with any crypto-asset issued outside the Union.

The ECB also fully supports proposals to expand the network of links between CSD hubs and other Union CSDs and that such links should be established in T2S wherever possible.

Critically, the ECB also fully supports the introduction of a requirement for CSDs settling in currencies available for settlement in T2S to connect to T2S and to offer CeBM settlement services to their participants—further enhancing the integration of the market for settlement services and reinforcing the safety afforded by CeBM settlement.

The ECB recognises, however, that central bank-operated CSDs have specific characteristics—they record only specific financial instruments and do not provide their participants with access to other securities, with all Member States hosting a central bank-operated CSD also having privately operated CSDs delivering commercial services. The T2S link requirement should therefore be adapted to those specificities: in any event it should apply only to the establishment of a one-directional link between a CSD hub, as investor CSD and the central bank-operated CSD, as issuer CSD.

Conversely, the ECB suggests removing from ESMA's mandate the proposed RTS specifying the rules for determining the moment of final settlement under Article 48(10) CSDR. Given that laws governing the transfer of ownership and other rights are not harmonised across the Union, such RTS could not address the cross-jurisdictional application of settlement-finality rules without further harmonisation of corporate and securities laws; the T2S Collective Agreement and Framework Agreement already provide harmonised arrangements that ESMA has previously found adequate.

Pontes and Appia: more important than many market participants realise

Pontes is not simply a pilot. It is effectively the ECB's first production-oriented wholesale DLT settlement architecture—a bridge between traditional RTGS infrastructure and DLT environments. This could materially affect:

- Repo and collateral mobility;
- Securities settlement and intraday liquidity;
- Cross-border settlement efficiency;
- Settlement latency (reduced toward atomic DvP);
- Reconciliation costs (reduced through programmable collateral); and
- Eventually near-24/7 wholesale settlement.

Appia is even more ambitious. The ECB describes Appia's objective as exploring "concepts like a European shared ledger and a network of interconnected ledgers: infrastructures that could serve as a utility for issuing, recording, trading and settling tokenised assets while enabling programmability". The Eurosystem is effectively becoming architect, orchestrator and standards-setter for Europe's tokenised market infrastructure.

Tokenised deposits: the "European answer" to stablecoins

This is probably the single biggest market implication. The ECB states that "where CeBM is not available or where its use is not practical, tokenised deposits have the potential to play a more prominent role as settlement assets in tokenised transactions" and calls on co-legislators to "consider introducing a common definition of tokenised deposits in Union banking legislation".

From the ECB's perspective, tokenised deposits:

- Preserve the two-tier banking system;
- Preserve bank intermediation;
- Reduce "run" risk relative to stablecoins;
- Fit within prudential supervision;
- Support monetary policy transmission; and
- Can deliver programmability, atomic settlement, on-chain transferability, composability and DLT integration—without displacing the banking sector.

The implicit argument is that tokenised deposits can match stablecoins on the functional attributes that have driven stablecoin adoption, whilst being superior on institutional and prudential dimensions:

Functional attribute	Stablecoins	Tokenised deposits
Programmability	Yes	Yes
On-chain settlement	Yes	Yes
Atomic settlement	Yes	Yes
DLT integration	Yes	Yes
Composability	Yes	Yes
Institutional integration	Limited	Better
Prudential supervision	Limited	Better
Monetary transmission compatibility	Limited	Better

The ECB's positioning of tokenised deposits as the preferred private-sector settlement asset aligns closely with large European banking groups' lobbying positions—a convergence of institutional and industry interest that significantly strengthens the likelihood of this model prevailing in the co-legislative process.

Practical effect: This is an extremely important signal for large EU banks, custodians, FMI's and institutional tokenisation projects. The Eurosystem is reinforcing the regulated banking perimeter rather than bypassing it. Banks now have stronger policy support for tokenised deposits, on-chain treasury products, tokenised MMFs, digital collateral and programmable payments.

Cross-reference: The MIP 2025 Client Alert's *CSDR modernisation* subsection covers definitions adapted for DLT, cross-border links, T2S usage and settlement discipline. Action points for CSDs address DLT readiness, cross-border link frameworks and settlement discipline reporting.

DLT Pilot Regime: expansion, safeguards and the CASP question

The ECB welcomes the expansion of the DLTPR, noting it would "significantly enhance the opportunities for both established actors and new entrants". Critically, the ECB frames this within its broader settlement infrastructure vision, noting that the Eurosystem "stands ready to play its part in this, both as an operator

and as catalyst in the context of its single work programme on new technologies for central bank money settlement, Pontes and Appia".

Key ECB positions:

- **Activity limits and simplified regime:** Supported. The ECB also supports group-level application of activity limits to prevent circumvention.
- **Credit institution eligibility:** Supported—entirely consistent with the ECB's broader preference for channelling tokenised finance through the regulated banking perimeter.
- **CASP inclusion:** Concern expressed. CASPs operate under a "lighter supervisory framework and lower, non-risk-sensitive own funds requirements", which is "not consistent with allowing them to provide services relating to financial instruments".
- **ESMA binding powers:** The ECB recommends ESMA should have binding decision-making power on additional exemptions, rather than merely non-binding opinions.
- **Interoperability standards:** The ECB and ESMA should be permanent observers in the industry group developing interoperability standards, to "foster close consultation in the establishment of regulatory and market standards and promote consistency with the work carried out by the Eurosystem as provider of settlement services in CeBM for tokenised transactions".

Level playing field on cash settlement under the DLTPR

The ECB rejects the lighter regulatory treatment proposed for DLT settlement in EMTs as compared with CoBM, given the additional risks EMTs pose as a settlement asset. The ECB recommends that the requirements relating to banking-type ancillary services for CSD participants under Title IV CSDR apply in all cases for DLT SSs and TSSs operating under the regular regime, with the additional flexibility restricted to the simplified regime. The ECB further insists that banking-type ancillary services other than the provision of cash accounts and payment processing should be provided exclusively by entities holding a banking licence.

Activity limits, multi-licence arrangements and settlement schemes

The ECB suggests further alignment of DLTPR activity limits by setting an overall limit of EUR 100 billion for the total value of securities recorded on a DLT market infrastructure. Where DLT notaries, DLT account keepers and DLT SSs/TSSs (or relevant CSDs) jointly provide CSD core services, their respective roles and responsibilities should be set out in a legally binding written agreement notified to their competent authorities, supported by clear allocation of responsibilities and interoperability between licensed entities. The ECB supports applying the same activity limit to settlement schemes as to DLT market infrastructures under the simplified regime, but cautions that the requirement to settle in central bank money should not be construed as expanding the range of entities eligible to hold a central bank account, nor as imposing an obligation on central banks to provide such accounts for the purpose of running settlement schemes.

Practical effect: Credit institutions have a clear pathway into the DLT pilot regime. CASPs face a more uncertain outlook; firms operating multiple DLT entities within a group should note the push for group-level prudential requirements.

Cross-reference: The MIP 2025 Client Alert's *Digital assets and innovation – DLT Pilot Regime and MiCAR* section provides legislative detail on the expanded aggregate cap (EUR 100bn), asset-specific cap removal, the simplified regime, CASP eligibility and interoperability standards.

Crypto-assets: centralised CASP supervision and the stablecoin question

Centralised supervision

The ECB welcomes the transfer of all CASP authorisation, monitoring and enforcement powers from NCAs to ESMA. The ECB highlights structural vulnerabilities from banks' growing engagement with crypto-asset services and interlinkages with CASPs, particularly multi-function groups bundling custody, trading, settlement and other services within cross-border corporate structures.

ECB-recommended enhancements beyond the Commission's proposals:

- Significant CASPs should establish an intermediate parent undertaking in the Union and ensure group-level recovery plans.
- Significant CASPs should apply enhanced internal controls, sound remuneration frameworks, prior supervisory approval for senior appointments and enhanced disclosures.
- Review Annex VII to MiCAR for comprehensive coverage and clarified ESMA enforcement powers.

The ECB further recommends technical clarifications to the prudential requirements for CASPs, in particular concerning statutory audit requirements and the introduction of risk-sensitive own funds. The ECB also suggests retaining within MiCAR the category of "significant CASPs", with expanded objective metrics of significance—size, cross-border activity, systemic relevance, volume of trades for platforms, volume exchanged against funds and consideration of group-wide activities—coupled with a regular review of those criteria drawing on experience from their application.

The intermediate parent undertaking requirement for significant CASPs should also apply where a third-country firm controls in the Union both a credit institution and a CASP and/or an electronic money institution issuing EMTs or asset-referenced tokens—in line with the comparable approach under Article 21b CRD.

For entities whose main activity becomes crypto-asset services, a single 50% turnover metric may not adequately capture risk; thresholds need clarification.

Stablecoins: tolerated but as currently framed clearly subordinated

The ECB's messaging has become markedly sharper. The ECB highlights "evidence of the provision, in the Union, of MiCAR services with respect to non-MiCAR authorised stablecoins, including stablecoins whose stabilisation mechanism is not based on the holding of reserve assets but on algorithmic models", warning this "undermines investor protection and may also pose threats to the smooth operation of payment systems, monetary policy transmission and monetary sovereignty".

Additional ECB recommendations on stablecoins:

- "Clarity on the services falling in the perimeter of an 'offer' of stablecoins, to avoid fragmentation and avert the risk that some CASPs could straddle the borderline between the provision of non-offer related services and making an offer to the public".
- Ensure "the regulatory framework enables the adoption of additional measures to address financial stability concerns arising from the issuance and circulation of asset-referenced tokens and EMTs, in particular by third-country entities".
- The ECB welcomes the interim report obligation and "stands ready to contribute its expertise to such review"—strongly suggesting future tightening around significant stablecoins, reserve management and interoperability.

Transfer of supervision where crypto-asset services become the main activity

Where supervision of an entity authorised under another licence is transferred to ESMA upon crypto-asset services becoming its main activity, the ECB stresses that well-structured cooperation between ESMA and the relevant competent authority will be essential—based on a clearly defined allocation of responsibilities documented in cooperation agreements and operationalised through joint supervisory teams. Beyond a single 50% turnover metric, thresholds should also capture entities combining financial and non-financial activities, as well as proprietary trading in crypto-assets and derivatives and the borrowing and lending of crypto-assets, since these can generate material risks that a turnover-based approach may miss. For credit institutions, the ECB suggests clarifying that anti-market-abuse monitoring and enforcement for CASP activities could also be assigned to ESMA, with ESMA informing the CRD competent authority before adopting supervisory measures or initiating enforcement, in view of potential implications for the institution's soundness.

Practical effect: MiCAR-compliant euro stablecoins will continue. But they are unlikely to become the ECB's preferred settlement backbone. The ECB envisions stablecoins as niche, use-case specific, potentially cross-border, but not systemically central. Major implications for euro EMT issuers, crypto-native payment models and DeFi-linked euro liquidity. Credit institutions with crypto-asset activities, CASPs and multi-function crypto groups face a significantly more demanding supervisory landscape—closer to bank-like governance and prudential standards.

Cross-reference: The MIP 2025 Client Alert's *MiCAR amendments* subsection covers ESMA's direct supervisory role, the central register, transitional arrangements and the credit institution carve-out. Action points for CASPs address ESMA authorisation, governance controls and "main activity" assessments.

Settlement finality: from EU directive to regulation

The ECB welcomes the replacement of the SFD with a directly applicable regulation, the harmonisation of designation procedures and the introduction of a Union-level framework for registration of third-country systems. The ECB recommends application one year after publication in the Official Journal, to allow Member States to adjust national insolvency and banking legislation.

Key ECB concerns:

- **Regulatory duplication:** Many designation conditions overlap with requirements under EMIR, the CSDR and the SIPS Regulation, creating duplicative burdens on operators and authorities.

- **Third-country systems:** A single coordinating authority is recommended—ESMA for securities settlement and clearing systems, the ECB for payment systems.
- **Definitional issues:** Minimum number of participants in a "system"; scope of "settlement" and "clearing"; definition of "business day" for 24/7 systems.
- **DLT finality:** DLT-based designated systems must implement "mechanisms guaranteeing deterministic finality moments", but the distinction between legal and technological requirements needs clarification.

Designating authority and ESMA/EBA RTS empowerment

The ECB considers that the designating authority should consistently be the authority responsible for the supervision or oversight of the system operator, drawing on its existing supervisory or oversight assessment to avoid duplication and divergent outcomes. For central bank-operated systems, to safeguard central bank independence, the designating authority must be the central bank overseeing the system. Building on this, the ECB recommends removing the empowerment for ESMA and the EBA to develop RTS further defining the designation conditions, given that those conditions overlap with existing requirements under EMIR, the CSDR, the SIPS Regulation and Eurosystem oversight frameworks and that EBA RTS for payment systems would significantly overlap with the ECB's regulatory powers under Article 22 of the ESCB Statute.

Third-country systems and BRRD protections

On third-country systems, the ECB recommends clarifying the purpose and exact legal effects of extending SFR protections to EU participants and that any such extension proportionately limits the application of EU substantive rules on netting, transfer orders and the use of funds and financial instruments to obligations to designated systems only. The ECB further suggests that co-legislators consider extending the BRRD's specific protections for designated systems to third-country systems registered under the proposed SFR, where relevant, particularly for the benefit of Union participants.

SSS designation, DLT systems and settlement schemes under the SFR

Recital 7 of the proposed SFR contemplates that systems operated by DLT market infrastructures in accordance with the DLTPR may be designated under the SFR, subject to compliance with both regimes. The ECB therefore reads the SFR's definition of a "securities settlement system" (SSS) as intended to encompass DLT SSs and DLT TSSs, but recommends that the proposal articulate this clearly with the CSDR's SSS definition and the CSDR requirement that SSSs may be operated only by authorised CSDs—so as to remove any legal uncertainty about designating, as an SSS, a DLT trading and settlement system operated by an investment firm. The ECB also asks the co-legislators to clarify whether settlement schemes established under the DLTPR may be designated as systems under the SFR; if that is the legislative intent, its legal implications should be analysed and addressed within the proposed SFR text.

Targeted amendments to the Financial Collateral Directive

The SFR proposal is accompanied by targeted amendments to the FCD. Although the draft alert focuses on the SFR/SFD transition, market participants relying on title-transfer collateral arrangements, security financial collateral arrangements and close-out netting protections should track the FCD amendments closely—particularly where they affect cross-border collateral mobility, the interaction with insolvency law and the protections available to participants in third-country systems registered under the SFR.

Further definitional refinements

Beyond the points already raised, the ECB recommends that: (i) the definition of "transfer order" be broadened to make clear that recording by means of a book-entry, electronic register or otherwise applies equally to fund transfer orders, given that DLT can also be used to transfer funds; (ii) the term "entity" within the definitions of "participant" and "system member" be clarified as a legal person, with any future inclusion of natural persons subject to a thorough impact assessment; and (iii) the definition of "securities settlement system" be further specified, given that the current formulation refers to settlement of any transfer orders, including payment settlement.

The settlement finality question is directly connected to the broader tokenisation agenda. Tokenised markets do not scale well with fragmented insolvency rules, securities laws, collateral laws or settlement finality frameworks. The ECB's strong support for maximum harmonisation reflects its recognition that integrated digital capital markets require integrated digital settlement infrastructure.

Cross-reference: The MIP 2025 Client Alert's dedicated *Proposal for a Settlement Finality Regulation (SFR)* section provides a comprehensive comparison table of the SFD versus the proposed SFR, together with detailed action points.

Asset management: cross-border integration and macroprudential oversight

The ECB supports:

- The Union-wide depositary passport—notably limited to depositaries authorised as credit institutions or investment firms subject to prudential requirements. This is a deliberate policy choice, reinforcing the ECB's broader preference for channelling fund services through prudentially supervised entities and consistent with its position on tokenised deposits and the banking perimeter.
- ESMA's role as a central hub for cross-border marketing of UCITS and AIFs.
- The introduction of the concept of a "Union group" of management companies and AIFMs and ESMA's power to conduct annual reviews of large Union groups—a significant forward-looking supervisory mechanism that will give ESMA direct visibility over the largest cross-border asset management complexes.

The ECB also welcomes the establishment of ESMA collaboration platforms to ensure compliance with Union law and to address divergent or deficient supervisory practices in the cross-border marketing of UCITS and AIFs.

- Raising the UCITS single-issuer STS securitisation limit from 10% to 15%—with a recommendation to go further to 20%.

To further support investments in the securitisation market, the ECB recommends that the due-diligence requirements for AIFs under Commission Delegated Regulation (EU) No 231/2013 be aligned with the simpler and more proportionate due-diligence requirements proposed in the context of the Commission's reforms to the securitisation framework.

Critically, the ECB warns that further integration "also entails higher cross-border contagion risks to financial stability" and calls for a review of the Union macroprudential framework through targeted amendments to the UCITS and AIFM Directives. This echoes the de Guindos speech, which calls for "developing a complementary macroprudential approach for non-banks alongside microprudential oversight".

Finally, the ECB calls for targeted amendments to the information-exchange provisions of the UCITS and AIFM Directives to clarify and improve access by the ECB and other relevant ESCB members to UCITS and AIFM data—supporting more informed monetary policy decisions, more consistent financial stability assessments, more effective design of macroprudential policies and better monitoring of cross-border leakages, while reducing duplicative reporting burdens for market participants.

Practical effect: Asset managers, depositaries and fund administrators should prepare for a substantially more harmonised operating environment. The depositary passport will create new competitive dynamics. Fund managers should anticipate sector-wide monitoring, forward-looking risk assessments and the potential activation of preventive measures during periods of stress. Non-bank financial institutions—including asset managers, insurance companies and NBFIs—should prepare for the extension of macroprudential supervision to their sector.

Cross-reference: The MIP 2025 Client Alert's *Proposal for a Directive (the Master Directive)* section provides full detail on the depositary passport, "Union group" concept, compressed passporting timelines, ESMA reviews of groups with EUR 300bn+ AUM, UCITS KIID retirement, recalibrated securitisation limits and ESMA cross-border intervention powers.

Banking sector: competitiveness, the banking union and regulatory simplification

The de Guindos speech calls for:

- Completion of a "truly single banking market where capital and liquidity can move across borders and all deposits are protected equally."
- Allowing capital and liquidity to flow freely *within* cross-border banking groups—a distinct and more specific policy proposition with direct relevance to ongoing ring-fencing debates and the treatment of intragroup capital and liquidity transfers.
- The Banking Union to be "regarded as a single European jurisdiction by all relevant competent and designated authorities."
- Finalisation of EDIS as a "pivotal step."
- EDIS is portrayed not merely as a technical completion measure but as foundational to the architecture: a fully-fledged scheme would protect deposits equally across the banking union,

strengthen depositor confidence and financial stability and facilitate cross-border banking transactions, thereby fostering a truly unified and resilient financial system.

- Simplification of regulatory, supervisory and reporting frameworks (December 2025 Governing Council endorsement).
- Reducing non-prudential barriers including disparities in insolvency laws, tax systems and corporate laws.

Practical effect: For large EU banks, the ECB's broader direction of travel on tokenisation is broadly positive. The likely beneficiaries are universal banks, transaction banks, custodians, CSDs, regulated FMIs and institutional tokenisation providers—because the Eurosystem is reinforcing the regulated banking perimeter rather than bypassing it. Banks now have stronger policy support for tokenised deposits, on-chain treasury products, tokenised MMFs, digital collateral and programmable payments. The explicit call for free intragroup capital and liquidity flows is particularly significant for cross-border banking groups currently constrained by national ring-fencing requirements. Non-bank financial institutions—including asset managers, insurance companies and NBFIs—should prepare for the extension of macroprudential supervision to their sector.

More fundamentally, the ECB's position links banking-sector reform directly to financial integration: well-integrated markets and increased cross-border consolidation enable banks to diversify, strengthen their business models and better support the real economy, especially during periods of stress. Allowing capital and liquidity to flow freely within cross-border banking groups would enable resources to be promptly and efficiently transferred within groups when shocks materialise—addressing one of the most persistent frictions in the post-crisis banking union and reducing the need for parallel national liquidity buffers.

The ECB versus the Commission: current areas of alignment and tension

The ECB and Commission are broadly aligned strategically, but their emphases differ materially. Understanding these differences is critical for firms seeking to anticipate the legislative trajectory. These tensions are not merely rhetorical. They will shape the trilogues on the Master Regulation, the Master Directive and the SFR and will likely surface most visibly in: (i) the perimeter and prudential calibration of CASPs under the DLTPR and MiCAR; (ii) the regulatory treatment of EMTs as settlement assets relative to CeBM and tokenised deposits; (iii) the allocation of supervisory and oversight competences between ESMA, the ECB and NCAs/NCBs; and (iv) the scope and binding force of ESMA Level 2 measures in areas where the ECB asserts an existing mandate.

Underpinning all of this is the speech's foundational proposition: "Deeper financial integration must be built on a foundation of resilience." The ECB's simplification agenda is therefore not a deregulatory initiative; it is the means by which a fragmented but heavily layered framework can be re-engineered into a single, more harmonised rulebook capable of supporting both stability and competitiveness.

Areas of current alignment

Both institutions support tokenisation, DLT-based capital markets, harmonisation, interoperability, digital euro exploration and European strategic autonomy. Both support regulated stablecoins under MiCAR, institutional tokenisation and expansion of digital financial infrastructure. Neither is anti-tokenisation. Both view the MIP as essential to the SIU agenda and Europe's global competitiveness.

Areas of current tension

Can be summarised as follows:

Theme	Commission position	ECB position
Innovation lens	Market-building, innovation-enabling, competition-oriented. Frames tokenisation as a competitiveness opportunity—as evidenced by money, financial stability. Asks how MiCAR, the DLT Pilot Regime, the Retail Payments Strategy, PSD3/PSR, Open Finance and SIU initiatives.	Monetary sovereignty, singleness of money, financial stability. Asks how innovation can occur without destabilising money itself.
Stablecoins	Designed MiCAR partly to enable regulated stablecoin issuance; comparatively neutral and market-led.	Accepted MiCAR politically but remains visibly uneasy about large-scale adoption. Concerned about monetary substitution, fragmentation and loss of central bank anchoring.
Banks vs non-banks	More open to fintech competition, innovation and alternative payment ecosystems.	Attached to the banking system, regulated intermediation and central bank settlement structures. Strong preference for tokenised deposits.
Infrastructure	Historically tolerant of a more pluralistic	Increasingly wants integrated

Theme	Commission position	ECB position
governance	ecosystem.	standards, interoperability oversight and public-sector influence over infrastructure design. Appia is evidence.
CASPs in the DLTPR	Permitted CASPs to operate DLT trading venues subject to the trading/post-trading rulebook with proportionate exemptions.	Concerned, given CASPs' "lighter supervisory framework and lower, non-risk-sensitive own funds requirements".

The fundamental distinction: the Commission asks *how Europe can innovate*; the ECB asks *how innovation can occur without destabilising money itself*. This tension has existed since the original MiCAR negotiations and is likely to sharpen as the co-legislative process unfolds on the MIP.

Key implications by sector

Several overarching themes are emerging across all sectors:

- **Pressure for regulatory harmonisation.** Tokenised markets do not scale well with fragmented insolvency rules, securities laws, collateral laws or settlement finality frameworks. Expect accelerating pressure for harmonised digital asset treatment, clearer legal recognition of tokenised claims and expansion/revision of the DLT Pilot Regime.
- **Expansion of supervisory convergence.** The ECB Opinion reinforces the idea that ESMA, the ECB, NCAs and EU-level supervision must become more integrated if tokenised markets scale.
- **Relevance for MiCAR and future "MiCAR II".** The ECB clearly wants stricter global alignment, stronger enforcement and reduced regulatory arbitrage—strongly suggesting future tightening around significant stablecoins, reserve management, interoperability and systemic tokenised settlement assets.

In terms of sectors this means:

Sector	ECB direction of travel	Key implication
Universal/transaction banks	Reinforcement of the regulated banking perimeter; tokenised deposits elevated as preferred private settlement asset	Stronger policy support for on-chain treasury, tokenised MMFs, digital collateral and programmable payments. Prepare for Pontes integration. Free intragroup capital/liquidity flows advocated.
Custodians and CSDs	DLT-compatibility of core CSD services; Appia as shared ledger architecture; T2S/links expansion	Assess DLT readiness; prepare for authorisation of DLT-based core services as extension of activities; anticipate expanded cross-border link requirements and T2S connectivity.
CCPs	Additional significance criteria (interoperability); enhanced central bank consultation; improved data access	Prepare for ESMA direct supervision; gap analysis against infringement lists; update interoperability processes.
Asset managers	Depositary passport (prudentially supervised entities only); Union group concept; macroprudential overlay; ESMA annual reviews of large groups	Redesign distribution/servicing models; prepare for ESMA-led convergence and macroprudential tools.
CASPs	Full transfer to ESMA supervision; enhanced governance/prudential requirements; intermediate parent undertaking for significant CASPs	Prepare for bank-like governance standards; group restructuring; central register entries.
EMT issuers	EMTs tolerated but subordinated; restricted to EU entities; MiCAR-compliant; not fungible with non-EU assets	Business models contingent on CeBM unavailability; unlikely to become systemic settlement backbone.
DLT market infrastructures	Expanded DLTPR; credit institution eligibility; group-level prudential supervision; interoperability standards	Re-evaluate business cases under expanded regime; engage in standards-setting; ensure ESMA exemption readiness.

Strategic assessment and direction of travel

The publications collectively amount to a constitutional theory of tokenised finance for Europe. The core principles are now clear:

Several through-lines run across the ECB Opinion and speech that legal advisors should foreground for clients. First, the ECB consistently anchors innovation in the regulated banking perimeter—every endorsement of DLT, tokenisation or new market access is paired with an insistence on equivalent prudential standards, group-level supervision and central bank oversight. Second, the ECB treats market integration and settlement integration as inseparable: tokenised markets cannot scale without harmonised insolvency, securities, collateral and settlement-finality frameworks. Third, the ECB is deliberately preparing the institutional plumbing—ESMA governance, Pontes, Appia, T2S link expansion and the SFR—so that the next phase of regulatory architecture is built on common rails rather than on stitched-together national regimes.

1. **Tokenisation is inevitable.** DLT expansion to be facilitated within robust regulatory guardrails; Eurosystem stands ready as "operator and catalyst".
2. **Central bank money must remain the anchor.** CeBM as primary settlement asset; Pontes enables tokenised CeBM settlement.
3. **Private digital money is permitted but subordinated.** Tokenised deposits preferred; EMTs tolerated with restrictions; non-EU stablecoins viewed with scepticism.
4. **Banks remain central to the monetary system.** Credit institutions eligible for DLTPR; CASPs face higher prudential requirements; depositary passport limited to prudentially supervised entities.
5. **Harmonisation over national discretion.** The conversion of directives into directly applicable regulations—across MiFID/MiFIR, the SFD and potentially further areas—will narrow the scope for national gold-plating, but will also require firms to adapt to a single, potentially more prescriptive standard.
6. **Infrastructure sovereignty matters.** Appia roadmap; ECB as permanent observer in interoperability standards.
7. **Europe must avoid dependence on foreign payment ecosystems.** EMTs must not be fungible with non-EU crypto-assets; Union-entity issuance required. The ECB's concern is geopolitical as much as prudential—it increasingly sees payments, tokenisation and financial infrastructure as strategic sovereign capabilities.
8. **Group-level and cross-sectoral oversight.** The ECB's consistent push for group-level application of prudential requirements, consolidated supervision and cross-sectoral coordination reflects a growing concern about interconnectedness between banks, non-banks and crypto-asset providers.
9. **Capital markets integration now requires settlement integration.** SFR harmonisation; DLT-native finality; Pontes/T2S interoperability; expanded CSD links established in T2S wherever possible.

Likely direction of travel

- **Near-term (1–3 years):** Institutional tokenisation expansion; tokenised MMFs and bonds; repo tokenisation; tokenised deposits; Pontes deployment; ESMA governance and supervisory migration.
- **Medium-term (3–7 years):** Interoperable wholesale DLT infrastructure; expanded central bank settlement functionality; deeper integration with T2/T2S/TIPS; DLT-native collateral management; near-24/7 wholesale settlement.
- **Longer-term:** Potential emergence of a fully integrated European tokenised financial market infrastructure, with public and private money operating together under Eurosystem governance principles.

Suggested immediate points for regulated firms and what to watch next

While all of the above is still undergoing the legislative cycle, regulated firms may wish to consider the following points to action:

- **Governance and supervision readiness:** Determine entity significance; develop an ESMA engagement plan covering data readiness, inspection protocols, fee budgeting and executive briefings.
- **Settlement infrastructure strategy:** Map current settlement asset usage; assess Pontes readiness; evaluate tokenised deposit capabilities; review EMT dependencies against ECB's restrictive conditions.

- **DLT and tokenisation programmes:** Re-evaluate business cases under expanded DLTPR and CSDR changes; assess credit institution eligibility; engage in industry technical standards-setting for DLT interoperability. CSDs should assess the authorisation pathway for providing core services through DLT as an extension of activities.
- **Crypto-asset group structuring:** Determine if crypto services constitute "main activity"; assess intermediate parent undertaking requirements; plan for potential ESMA supervisory handover. Banking groups with CASP subsidiaries should note ECB's push for membership of internal committees wherever consolidated group implications arise.
- **Legal and structuring:** Refresh legal opinions on conflict-of-laws and DLT finality; update collateral policies for tokenised assets; align outsourcing vs intra-group resource sharing in MiFIR terms.
- **Regulatory engagement:** Track ESMA/EBA/ECB consultations on the MIP's Level 2 measures; engage on DLT finality RTS; provide input via industry bodies on Pontes/Appia participation criteria.
- **Roadmaps:** Sequence change across the 12–24-month horizon; coordinate with NCAs on transition plans and with ESMA on early guidance; align internal tokenisation strategies with ECB's preferred hierarchy of settlement assets.

The changes discussed above and the respective considerations cannot be viewed in isolation. In terms of what to watch next the following developments are likely to be relevant:

- The co-legislators' process on the MIP (possible refinements to ESMA scope, PEMO criteria, significance thresholds, DLT exemptions and CASP prudential requirements).
- ESMA technical standards, guidelines and operational notices (notably for databases, templates, simplified DLT regime and interoperability standards).
- ECB/Eurosystem operational delivery on Pontes and Appia (timelines, participation criteria, DLT platform connectivity).
- The digital euro legislative process and its intersection with the MIP's wholesale settlement framework.
- Future "MiCAR II" tightening around significant stablecoins, reserve management and algorithmic token perimeters.
- ESMA/EBA RTS on DLT finality mapping, probabilistic settlement and the definition of "business day" for 24/7 systems.
- National adjustments to insolvency, corporate and securities laws to accommodate tokenised claims and the SFR framework.
- Progress on EDIS and the treatment of intragroup capital and liquidity transfers within cross-border banking groups.

Outlook

The ECB's position, articulated through the ECB Opinion and the de Guindos speech, crystallises a constitutional doctrine for Europe's tokenised financial future. At its core, the Eurosystem is asserting that digital capital markets cannot be permitted to evolve outside the regulated banking perimeter, settle predominantly in non-euro instruments or depend on non-EU blockchain infrastructure. Pontes, Appia, the expanded DLT Pilot Regime and the Settlement Finality Regulation are not isolated technical workstreams—they are the institutional plumbing for a "European internet of value" anchored in central bank money, interoperable with regulated private money (tokenised deposits first, EMTs subject to restrictive conditions) and supervised within the EU institutional framework. For regulated firms, this presents both a compliance imperative and a strategic opportunity: those that front-load readiness—mapping entity significance, re-engineering group operating models, embedding ESMA-ready data and governance controls and positioning for Pontes/Appia connectivity—will be best placed to convert the regulatory shift into competitive advantage as the SIU agenda takes effect.

The co-legislative process on the MIP will sharpen the tensions between the Commission's market-building, innovation-enabling orientation and the ECB's emphasis on monetary sovereignty and financial stability—most visibly in the regulatory treatment of CASPs, the hierarchy of settlement assets and the allocation of supervisory competences between ESMA, the ECB and national authorities. Regardless of how those tensions resolve, the direction of travel is clear: integrated tokenised capital markets require integrated digital settlement infrastructure, and the Eurosystem intends to provide it. Near-term priorities should

therefore include tracking ESMA technical standards on DLT exemptions and interoperability, monitoring Pontes/Appia participation criteria and operational timelines, sequencing internal change programmes across the 12–24-month horizon and engaging through industry bodies on Level 2 measures. Firms that treat this moment as a catalyst for strategic repositioning—rather than a compliance exercise to be managed reactively—will be best placed to shape the emerging European digital finance architecture to their advantage.

About us

PwC Legal is assisting a number of financial services firms and market participants in forward planning for changes stemming from relevant related developments. We have assembled a multi-disciplinary and multijurisdictional team of sector experts to support clients navigate challenges and seize opportunities as well as to proactively engage with their market stakeholders and regulators.

Moreover, we have developed a number of RegTech and SupTech tools for supervised firms, including PwC Legal's [Rule Scanner](#) tool, backed by a trusted set of managed solutions from PwC Legal Business Solutions, allowing for horizon scanning and risk mapping of all legislative and regulatory developments as well as sanctions and fines from more than 2,500 legislative and regulatory policymakers and other industry voices in over 170 jurisdictions impacting financial services firms and their business.

Equally, in leveraging our Rule Scanner technology, we offer a further solution for clients to digitise financial services firms' relevant internal policies and procedures, create a comprehensive documentation inventory with an established documentation hierarchy and embedded glossary that has version control over a defined backward plus forward looking timeline to be able to ensure changes in one policy are carried through over to other policy and procedure documents, critical path dependencies are mapped and legislative and regulatory developments are flagged where these may require actions to be taken in such policies and procedures.

The PwC Legal Team behind Rule Scanner are proud recipients of ALM Law.com's coveted "2024 Disruptive Technology of the Year Award" as well as the "2025 Regulatory, Governance and Compliance Technology Award".

If you would like to discuss any of the developments mentioned above, or how they may affect your business more generally, please contact any of our key contacts or PwC Legal's RegCORE Team via de_regcore@pwc.com or our [website](#).

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