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Additional Information

Level 1 Regulation

Regulation (EU) 2022/858 - DLT Pilot Regime Regulation (DLTR)

Topic

DLT Pilot Regime

Additional Legal Reference

MiFID RTS 22

Subject Matter

Cancellations and corrections

Question

How should DLT MTFs/TSS ensure that cancellation and/or corrections are correctly reflected in the data to be provided to NCAs?

ESMA Answer

16-12-2022

Original language

DLT MTFs/TSSs operating multilateral trading systems on the distributed ledger (i.e., on-DLT), which benefit from the reporting exemption, could explore with their NCA the possibility of providing only the definitive version of the transactions after validation and recording on the ledger^[1].

DLT MTFs operating multilateral trading systems whereby some transactions in DLT financial instruments are executed outside the distributed ledger should have arrangements in place to ensure that the right sequencing as per traditional reporting under RTS 22 is respected (i.e., NEWT/CANC/NEWT)^[2]. The principles outlined in section 5.18 of the Guidelines on transaction reporting do apply to these DLT MTFs regardless of whether an exemption from reporting was granted or not.

DLT TSSs operating multilateral trading systems exclusively outside the distributed ledger (i.e., off-DLT) should have arrangements in place to ensure that the right sequencing as per traditional reporting under RTS 22 is respected (i.e., NEWT/CANC/NEWT)^[3]. [The principles outlined in section 5.18 of the Guidelines on transaction reporting do apply to these DLT TSSs regardless of whether an exemption from reporting was granted or not.](#)

^[1] ESMA Report on DLT Pilot regime. Paras 150: following the feedback received during the subsequent workshop with the respondents to the CfE (see Annex 1 of this Report), the cancellation under the traditional sequential reporting process might not be the most efficient approach in the context of the reporting exemption. Granting the reporting exemption and having direct access to DLT data will allow regulators to explore alternative approaches to the sequential cancellation process.

^[2] ESMA Report on DLT Pilot regime. Paras 149: DLT infrastructures that do not request the reporting exemption should have systems in place to ensure that the right sequencing is respected.

^[3] ESMA Report on DLT Pilot regime. Paras 149: “DLT infrastructures that do not request the reporting exemption should have systems in place to ensure that the right sequencing is respected”.