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Additional Information

Level 1 Regulation

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

Topic

DLT market infrastructure

Subject Matter

Operation of DLT TSS

Question

Should an entity that applies for a permission to operate a DLT TSS provide both the DLT MTF and DLT SS services? Under which circumstances can an entity apply for the permission to operate a DLT MTF, without the need to operate a DLT TSS? Who can perform the settlement of transactions in DLT financial instruments, together with the initial recording of DLT financial instruments or the safekeeping services in relation to DLT financial

instruments, in case an entity applies for the permission to operate a DLT MTF and not a DLT TSS?

ESMA Answer

02-06-2023

Original language

[ESMA70-460-189 - Heading 8 - Question 2]

Answer provided by the European Commission in accordance with article 16b(5) of the ESMA Regulation.

In Article 2, point (10), of DLTR, a DLT TSS is defined as a DLT MTF or DLT SS that combines services performed by a DLT MTF and a DLT SS. Therefore, an entity that applies for a permission to operate a DLT TSS is to perform both the DLT MTF and DLT SS services.

An entity can apply for the permission to operate a DLT MTF, without the need to operate a DLT TSS when that DLT MTF does not provide settlement services in DLT financial instruments against payment or against delivery together with initial recording services or safekeeping services in relation to DLT financial instruments.

In case an entity applies for the permission to operate a DLT MTF and not a DLT TSS, any entity who is licensed as a DLT SS, DLT TSS or CSD and with whom the DLT MTF has set up access arrangements in accordance with Article 53 of CSDR may perform the settlement of transactions in DLT financial instruments, together with the initial recording of DLT financial instruments or the safekeeping services in relation to DLT financial instruments.

Disclaimer in relation to the answers provided by the European Commission in accordance with Article 16b(5) of the ESMA Regulation: these answers clarify provisions already contained in the applicable legislation. They do not extend in any way the rights and obligations deriving from such legislation nor do they introduce any additional requirements for the concerned operators and competent authorities. The answers are merely intended to

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