



EUROPEAN COMMISSION

Commissioner Mairead McGuinness
Financial Services, Financial Stability and Capital Markets Union

Brussels, 03 May 2024
Ares(2024) 3056562

Dear Ms Ross,

Thank you for your letter of 3 April 2014 on the implementation of the DLT Pilot Regime (Regulation (EU) 2022/8581). I note that, to date, no DLT market infrastructures have been authorised under the DLT Pilot Regime, and that consequently ESMA does not intend to publish an interim report on the application of the Regime. While no applications have resulted in DLT infrastructure licences, it is encouraging to read that four applications have been submitted to the national competent authorities and are currently being assessed, confirming the usefulness of the DLT Pilot Regime whose policy objective is precisely to allow firms to deploy market solutions using DLT.

In light of the renewed focus of EU leaders on the Capital Markets Union, I would like to underline the continued importance of the Regime and of exploring high quality solutions based on DLT to create new markets, improve efficiency of existing ones, reduce costs and mitigate certain risks. The Commission has observed with interest an increasing degree of engagement of the financial industry with DLT in recent months. In this context, it is very important that the DLT Pilot Regime creates and maintains the space for European businesses to innovate in the areas of asset tokenisation and market infrastructure. In view of that objective, I take careful note of the challenges in the implementation of the Regime. I can assure you that my services are fully dedicated to working with experts from ESMA and national competent authorities to mitigate these issues, in particular through the Q&A process by clarifying legal issues as they are signalled by the market.

There is one frequent question on the DLT Pilot Regime that I wish to address in this letter. You note that a major source of hesitation for potential applicants is a perceived uncertainty about the duration of the DLT Pilot Regime. Allow me to clarify that there is no expiration date for the DLT Pilot Regime. As with any other EU legislation, changes to the Regime – and this includes its termination – may only occur if, in accordance with its Article 14(2), the Commission were to submit a new legislative proposal and if that proposal were to be agreed by the co-legislators. In other words, if no proposal is made and adopted to amend the Regime, the framework will continue to apply in its current form. And at this stage, no proposal to terminate the regime is envisaged. The Commission remains fully committed to the Regime and its policy objective of fostering DLT-based innovation in financial markets.

Ms Verena Ross
Chair of the European Securities and Markets Authority

Finally, I would like to thank ESMA and the national competent authorities for your work on the Regime, and in particular the work of the DLT Working Group – which is crucial for the success of the Regime.

Yours sincerely,

[signed]

Mairead McGuinness