

Summary of Conclusions

23rd Meeting of EFIF, 16 May 2025

Date	16 May 2025
Time	09.30-16.30 (CET)
Location	Virtual (MS Teams)

1. Opening remarks by Raquel de Julian Artajo, Chair of the EFIF

The EFIF Chair, Raquel de Julian Artajo (Head of Unit for Digital Finance at ESMA) opened the quarterly meeting with a welcome to new participants and a brief overview of the agenda, including the typical tour-de-table on newsletter updates. The Chair also discussed how ESMA sees its role in steering EFIF over the coming year, as laid out in the 2025 Annual Work Programme. The February SoCs were conditionally approved subject to requested edits.

2. Innovation facilitators: update on developments & tour-de-table

Presentation by Will Marshall (ESMA) & tour-de-table - *Background documents: Newsletter – Innovation Facilitator Developments (May 2025); Update on developments (slides).*

ESMA presented the results of the latest quarterly survey of innovation hubs and regulatory sandboxes, noting that there had been a slight decline in queries to innovation hubs in the first quarter.

Tour de table:

Authorities noted stable levels of innovation hub interactions, new applications to innovation hubs, and an increase of crypto-related questions with the introduction of MiCA in January 2025. Some members also reported on sandbox outcomes, including a project with a crowdfunding firm that has developed novel investor-seller communication tools. Others highlighted the launch of new sandbox cohorts, including the admission of multiple digital payments projects, as well as a joint sandbox cohort for payments, investments, and insurance.

Several member authorities reported on updates to their innovation hubs and communication platforms. One authority refreshed its website with a new FinTech section and launched a platform to improve firm engagement, while another confirmed publication of its latest innovation hub report, noting increased blockchain-related queries and the conclusion of a sandbox programme with hackathon events. Several authorities confirmed they would be participating in the upcoming European Blockchain Sandbox (EBS) cohort, and one authority announced forthcoming changes to national sandbox legislation.

Authorities also reported on their work relating to implementation of new regulatory frameworks. Several authorities highlighted national level dialogues on the AI Act, including the establishment of taskforces, workshops on governance and auditing, and proposals to align existing regulatory sandboxes for FinTech with the new regulation. Others shared progress on market surveys of supervised entities and their reports on the use of AI in financial services in their jurisdiction. Two NCAs presented on their proposals for updating the DLT Pilot Regime. Further updates included developments around industry engagement through workshops or seminars on MiCA, DORA, and DeFi.

3. Presentation from the Austrian FMA: Innovation Hub Developments

Presenter: Nikolaos (Niki) Skiadopoulos, Austrian FMA - [background document: FMA Presentation on Innovation Hub & Sandbox developments \(slides\)](#)

The FMA presented on the authority's innovation mandate and recently implemented updates to the organisational and procedural framework for the innovation hub. The financial innovation team (also responsible for the regulatory sandbox) has been relocated from the FMA's division for integrated supervision to the division responsible for investment firms as part of a reorganisation completed at the end of 2024. Since then, FMA has launched an exercise to update the user experience for those interacting with the "FinTech contact point", which serves as a dedicated channel for legal persons seeking to undertake FinTech activities in Austria. Inquiries are submitted exclusively through an online form and then assessed by the financial innovation team before being forwarded to the competent departments. The FMA emphasized that the innovation hub does not replace legal advice and that queries must be precise and substantive, i.e., about specific supervisory issues. Abstract or general requests for legal advice are excluded from scope.

The discussion highlighted a series of challenges. Many inquiries are too superficial to allow a meaningful legal assessment. Requests for additional details frequently remain unanswered, raising issues of expectation management and clarity on the purpose of the Hub. Potential improvements identified include: upgrading the online interface to guide users towards providing adequate and relevant information, distinguishing between high-level assessments and more in-depth legal analyses, and enhancing cooperation with competent departments through checklists and structured fact collection. In the discussion, EFIF members considered the merits of (i) requiring mandatory supporting documents (to raise the quality of inquiries), (ii) disclaimers about the non-legally binding nature of answers from NCAs, and (iii) transparency about the process and outputs. The FMA confirmed that these proposed measures remain at the conceptual stage, with further work required in coordination with its IT department and supervisory teams.

4. Presentation from MAS: Fostering FinTech innovation through multilateral collaborations

Presenter: Alan Lim, Monetary Authority of Singapore (MAS) - [background document: MAS FinTech Innovation 2025 \(slides\)](#)

MAS provided an overview of its innovation journey, which began in 2015–2016 with the formation of the FinTech Innovation Group. By working with banks and FinTechs, MAS identified key lessons including the importance of technology neutrality, openness, inclusivity, and public-private

collaboration. Current areas of collaboration include research and experimentation, live trials, industry partnerships, and joint infrastructure projects.

MAS highlighted several initiatives. Project Orchid focuses on digital money capabilities and ecosystem development, while Project Guardian explores tokenised assets in capital markets, supported by two frameworks: the Guardian Fixed Income Framework (GFIF) and Guardian Funds Framework (GFF). Additional initiatives include Purpose Bound Money (PBM), a protocol directing money toward specific purposes without programming the money itself, and Global Layer One (GL1), a proposed digital infrastructure for financial applications that is asset-agnostic and designed to meet regulatory standards.

5. BigTech (MAG) Monitoring Framework: Preliminary Results & Next Steps

Presenter: Vincenzo Rischitelli & Vaidotas Tamulenas, EBA - [background documents](#): *Draft EFIF Report - Stocktaking BigTechs and other MAGs (report)*; *BigTech and other MAG monitoring - preliminary results and next steps (slides)*

EBA presented the preliminary results and next steps regarding BigTech and MAG Monitoring Framework 2025. The monitoring exercise was launched in February 2025. Observed limitations were challenges to identify relevant BigTechs due to their complex structures, different brand names and limited visibility for the NCAs.

Preliminary results show that there are only a few changes compared to 2023 results, no new licenses granted, and one license withdrawn. EFIF members expressed a preference for a limited publication (factsheet). As a next step, EFIF members were also invited to provide (on a best effort basis) any missing quantitative data and to provide written comments after the meeting.

6. Commission (FISMA) Debrief on the MAG Workshop

Presenter: Atte Jantunen, DG-FISMA - [background document](#): *N/A*

A FISMA representative discussed the EC's dedicated project team on mixed activity groups launched in 2024 and the results of a recently closed consultation to EU authorities. The EC noted that the responses broadly align with findings from the EFIF monitoring exercise. The consultation also confirmed that MAGs are heterogeneous entities mixing commercial activities with financial services in their group structures. In the ensuing discussion, the EC underlined the importance of improved visibility through better data and reporting obligations.

7. Results of the EFIF Exercise on Regulatory Sandboxes

Presenter: Raquel de Julian Artago, ESMA - [background document](#): *Results of the EFIF Exercise in Support of the Implementation of the AI Regulatory Sandboxes (slides)*.

ESMA presented the preliminary results of the EFIF exercise in support of the implementation of AI regulatory sandboxes mandated under the AI Act. As part of the exercise, a small-format working group of EFIF volunteers responded to questions provided in an AI Office discussion paper. The responses are meant to inform the AI Office's draft implementing acts that will specify the operating principles for the AI regulatory sandboxes (to be finalised by 2 February 2026). EFIF volunteers

contributed insights on the information to be collected during the pre-application stage, selection criteria, maturity of the cases, and the proposed terms and conditions. EFIF members were invited to share comments in writing after the meeting. The final recommendations are to be presented by ESMA to the AI Board Subgroup on AI Sandboxes in June.

8. Presentation from the European Blockchain Sandbox (EBS): Best Practices Report (2nd cohort)

Presenters: Johannes Wirtz, Bird&Bird - [background document](#): *EBS presentation - EFIF meeting (slides)*

Representatives from the EBS presented the results of the second cohort and plans for the third cohort. The debrief of the second cohort identified key challenges around regulatory perimeters, in particular the classification of tokenised instruments within MiFID II, AIFMD, MiCA, or national frameworks. Issues also arose regarding digital “twins” of traditional assets, where tokenisation may alter the qualification of an instrument. Further discussions in the third cohort will also extend to corporate sustainability reporting (CSRD).

In a best practices report for the second cohort, EBS shared the regulatory insights across frameworks, including the DLT Pilot Regime, MiFID II, UCITS, AIFMD and CSDR. Major questions emerged in relation to NFTs, prudential and capital requirements for MiCA v MiFID, custody obligations, and the treatment of automated market makers and liquidity pools. Additional cross-cutting areas of focus included the use of DLT for AML/sanctions screening, the interaction of GDPR and criminal law with compliance solutions, and the treatment of smart contracts as ICT assets under DORA.

The third cohort will comprise 20 use cases (from 38 applicants), of which 11 are financial sector-specific. These build on themes from the second cohort, with further testing of financial blockchain applications, combined DLT and AI use cases, decentralised finance protocols, and tokenisation of ESG ratings and green bonds.

9. Overview & demo of the UK FCA’s AI Lab & synthetic data initiatives

Presenters: Simran Singh & Matt Lowe, FCA - [background document](#): *EFIF presentation – FCA Supercharged Sandbox (slides)*

Representatives from the FCA presented the recently re-launched AI Lab in the UK. Initially launched in 2023, the Lab functions as an AI Sandbox, offering a platform for the FCA, firms, and wider stakeholders to exchange insights, case studies, and discussions on AI. In its latest iteration, the AI Lab is moving from a discussion-only format towards practical experimentation. It forms part of the FCA’s wider innovation services, which also include the Regulatory Sandbox, Innovation Pathways, Digital Sandbox, and TechSprints & PolicySprints. The AI Lab is structured around four main initiatives: AI Spotlight (engagement with innovators), AI Sprints (in-person events on future AI opportunities and challenges), AI Input Zone (an online consultation platform), and the Supercharged Sandbox (providing access to synthetic datasets and computing power).

Through these initiatives, participants examine the future of AI in financial services, focusing on competitive markets, regulatory clarity, and responsible adoption. EFIF members discussed topics

including the generation of synthetic data, the purpose of the Digital Sandbox (innovation versus regulatory), and the need for clear metrics to track processing and outcomes.

10. Closing Remarks & AOB

Presenter: Raquel de Julian Artago, ESMA

The Chair closed the meeting with a note to discuss the future of the EFIF and preparation of the Annual Work Programme 2026 in the following meeting. All action items and remaining slides are to be shared by email with EFIF members. The next EFIF meeting is scheduled for Friday 19 September 2025 (online).

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