|  |
| --- |
| 4 January 2022 |

|  |
| --- |
| Reply form for the Call for Evidence (CfE) on the DLT Pilot Regime |
|  |

|  |
| --- |
| Date: 4 January 2022 |

Responding to this paper

The European Securities and Markets Authority (ESMA) invites responses to the specific questions listed in the Call for Evidence (CfE) on the DLT Pilot Regime for published on the ESMA website.

*Instructions*

Please note that, in order to facilitate the analysis of the large number of responses expected, you are requested to use this file to send your response to ESMA so as to allow us to process it properly. Therefore, ESMA will only be able to consider responses which follow the instructions described below:

* use this form and send your responses in Word format (pdf documents will not be considered except for annexes);
* do not remove the tags of type <ESMA\_QUESTION\_DLTP\_1> - i.e. the response to one question has to be framed by the 2 tags corresponding to the question; and
* if you do not have a response to a question, do not delete it and leave the text “TYPE YOUR TEXT HERE” between the tags.

Responses are most helpful:

* if they respond to the question stated;
* indicate the specific question to which the comment relates;
* contain a clear rationale; and
* describe any alternatives ESMA should consider.

**Naming protocol**

In order to facilitate the handling of stakeholders’ responses please save your document using the following format:

ESMA\_DLTP\_NAMEOFCOMPANY\_NAMEOFDOCUMENT.

e.g. if the respondent were ESMA, the name of the reply form would be:

ESMA\_DLTP\_ESMA\_REPLYFORM or

ESMA\_DLTP\_ANNEX1

***Deadline***

Responses must reach us by **4 March 2022.**

All contributions should be submitted online at [www.esma.europa.eu](http://www.esma.europa.eu) under the heading ‘Your input - Consultations’.

***Publication of responses***

All contributions received will be published following the end of the consultation period, unless otherwise requested. **Please clearly indicate by ticking the appropriate checkbox in the website submission form if you do not wish your contribution to be publicly disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure.** Note also that a confidential response may be requested from us in accordance with ESMA’s rules on access to documents. We may consult you if we receive such a request. Any decision we make is reviewable by ESMA’s Board of Appeal and the European Ombudsman.

***Data protection***

Information on data protection can be found at [www.esma.europa.eu](http://www.esma.europa.eu) under the headings ‘Legal notice’ and ‘Data protection’.

# General information about respondent

|  |  |
| --- | --- |
| Name of the company / organisation | The Depository Trust & Clearing Corporation (DTCC) |
| Activity | Other Financial service providers |
| Are you representing an association? |  |
| Country/Region | North-America |

1. Please provide any general observations or comments that you would like to make on this call for evidence, including any relevant information on you/your organisation and why the topics covered by this call for evidence are relevant for you/your organisation.

<ESMA\_QUESTION\_DLTP\_1>

The Depository Trust & Clearing Corporation (DTCC) applauds ESMA’s continued efforts to further enable and support the potential of innovative digital finance while underscoring financial stability, investor protection and market integrity. The DLT Pilot, focused on developing trading and settlement for tokenized securities, will provide an opportunity for market participants and European public authorities to examine the potential benefits and challenges offered by this innovative technology.

For nearly 50 years, DTCC has, among other activities, cleared and settled equity and fixed income transactions for the U.S. financial markets. We continue to innovate and embrace new technologies to bring greater levels of standardization and straight-through processing to the markets to further reduce risk and cost. As the digitalization of financial assets create new opportunities to strengthen post-trade processing, DTCC is committed to working with the industry, regulators, and other key stakeholders on these efforts. DTCC has pursued a number of DLT-based opportunities which has allowed us to gain a deeper understanding of where DLT can deliver maximum value while retaining the highest levels of risk management. Efforts underway in the U.S. capital markets include:

* **Project Ion**: In parallel to our industry efforts to reduce the settlement cycle in the U.S, DTCC has been developing [Project Ion](https://www.dtcc.com/news/2021/september/15/dtccs-project-ion-platform-moves-to-development-phase-following-successful-pilot-with-industry)[[1]](#footnote-2) a DLT based platform that will support technical modernization of the trade settlement process in the U.S., while retaining the advantages of central netting and the trade guarantee of a central clearing agency, in addition to preventing fragmentation of the clearing and settlement ecosystem. Through prototype testing, DTCC demonstrated that settlement in a T+1, T+0 or T+ any environment are effective use cases for DLT. In September 2021, DTCC announced that Project Ion was moving from its successful prototype pilot to development phase. The initial phase of the Ion platform is anticipated to launch in early Q2, 2022 with a subset of The Depository Trust Company (DTC) - DTCC’s affiliated central securities depository - participants and will support limited bilateral deliver order transactions initiated by participants. Transactions submitted through the Ion platform will be processed and passed on to DTC for settlement processing. As transactions are processed, status change messages will be sent back to the Ion platform and posted on the Ion ledger, while DTC’s legacy settlement system will remain the authoritative record. Ion’s approach - integration of a permissioned DLT platform with DTCC’s legacy technology - provides clients optionality in how they wish to settle based on their own current technology. Project Ion provides an opportunity for clients that want to prepare for a full DLT operating model without waiting for full industry adoption. Subject to platform viability, client interest and other factors, future phases are expected to extend the platform’s functionality over time to realize the reconciliation efficiencies offered by DLT.
* **Digital Securities Management (DSM) Platform**: In 2019, DTCC began researching and evaluating the use of DLT and tokenization for opportunities to transform and modernize capital markets based on unmet client needs, new technology, and DTCC’s ability to provide robust and resilient market infrastructure. Following an extensive evaluation of the U.S. private markets, stakeholder engagement, and the success of Project Whitney – a multi-phase project to explore the creation of a digital asset ecosystem as a solution to address manual processes, market fragmentation, siloed solutions, regulatory uncertainty, and a lack of trusted providers – DSM was born. Pending regulatory review and approval, DSM will be a modular, service-based platform designed to modernize and digitalize private market securities (i.e., non-public securities exempt from SEC registration) throughout issuance, distribution, and secondary transfer. Additionally, DSM includes optional, blockchain-agnostic tokenization functionality, providing issuers the ability to tokenize representations of their securities to enable new methods of interfacing and reporting. The platform will initially support pre-IPO equity securities; however, the platform is designed to easily scale and expand into other markets that are underserved today from a market infrastructure perspective. Ultimately, DSM is designed to remove manual processes end-to-end, reduce cost, increase speed to market, and bring operational flows for non-public, exempt-equity securities in line with other more streamlined and efficient asset classes.

DLT has the potential to streamline how financial markets operate in the future and can drive specific value depending on use (i.e., data distribution, standardized automation). The current hypothesis, which DTCC continues to evaluate on a use case by use case basis, is that DLT has the potential to:

* Reduce data transformation needs through standardized data distribution,
* reduce reconciliation needs through the enforcement of standards, and
* increase operational efficiency through embedded automation of simple processes.

At the same time, each implementation and method of implementation (i.e., private or public blockchain protocol) needs to be designed to be most effective per the use case. As such, for U.S. Equities Clearing & Settlement, netting continues to be an important benefit to participants as it reduces risk significantly.

It is also important to take into consideration the highly interconnected nature of today’s market structure and the critical role that financial intermediaries play in setting standards and governance, which are critical to building deep, liquid, safe and efficient markets. A core purpose of regulation is to ensure that companies offering various financial services and functions do not have conflicts of interest in performing each distinctive service or function, and we understand that the existing regulatory framework seeks to manage and, where possible, eliminate such conflicts. Therefore, DTCC believes it would be unwise to enable a fintech to launch combined trading, settlement, and custodial functions without adhering to the existing regulatory framework that defines and addresses conflicts that may arise where each of these activities is performed. Thought should be given to previous lessons of history in the financial industry that have led to the various separation of duties that are still in effect today.

As noted in the Project Ion White Paper[[2]](#footnote-3), full integration of DLT into the U.S. clearing and settlement processes will require careful planning and collaboration. This includes time for the industry, regulatory bodies, and DTCC to build confidence that the technology satisfies requirements for scalability, resilience, governance, and security and is sufficiently robust to support the volumes and speeds required by the U.S. cash equities markets.

Key considerations for successful DLT networks include establishing the necessary governance and standards to ensure clear, consistent and transparent frameworks. For any technology, ensuring the appropriate interconnectivity among networks will help avoid fragmentation challenges. Aligning relevant standards will also assist in data aggregation efforts and therefore greater transparency.

Another key consideration is for technological developments that collect, transmit, access and process large amounts of data more efficiently and effectively by regulators and supervisors (increasingly referred to as RegTech and SupTech) to seamlessly access DLT networks. The proof-of-concept (PoC) for a machine readable and executable representation of reporting requirements specified in the revised EMIR Level 1 and relevant Level 2 legislation, resulting from the European Commission’s tender, should take this into consideration to avoid unintended fragmentation.

<ESMA\_QUESTION\_DLTP\_1>

1. Please indicate whether you/your organisation is planning to operate a DLT MI under the DLT Pilot and provide some high-level explanation of the business model

<ESMA\_QUESTION\_DLTP\_2>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_2>

1. What are the key elements supporting the increased use of DLT in the field of financial services? What are the main obstacles, including in the technical standards, for the development and up-take of DLT-based solutions (listing, trading and settlement)? Do you plan to operate a restricted (permissioned) or unrestricted (permissionless) distributed ledger?

<ESMA\_QUESTION\_DLTP\_3>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_3>

1. Would you consider operating a DLT MTF Would you consider operating a DLT SS without operating at the same time a DLT MTF? If yes, under which conditions?

<ESMA\_QUESTION\_DLTP\_4>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_4>

1. Please provide an overview of how DLT securities trade in the current market structure (incl. what types of trading system are used, the relevance of secondary market trading)? Do you see any challenges with the current market structure following the application of the DLT Pilot?

<ESMA\_QUESTION\_DLTP\_5>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_5>

1. Instrument status: Do DLT financial instruments have different characteristics than ‘standard’ shares, UCITS-ETFs and bonds? If yes, please elaborate and explain whether these different characteristics call for a different approach for the application of the transparency requirements?

<ESMA\_QUESTION\_DLTP\_6>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_6>

1. Transactions: Where are DLT financial instruments traded? Could there be OTC trading in those instruments?

<ESMA\_QUESTION\_DLTP\_7>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_7>

1. Transactions: Do the lists of transactions in Article 13 of RTS 1 and Article 12 of RTS 2 reflect relevant transaction types for DLT financial instruments? If not, please explain which types of transactions are missing and why they should be added to the lists of transactions.

<ESMA\_QUESTION\_DLTP\_8>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_8>

1. Can the current transparency requirements in RTS 1 and 2 be applied for DLT financial instruments (e.g. liquidity assessment, thresholds, flags, reporting fields) or would they need to be adjusted? If not, what should be the appropriate approach?

<ESMA\_QUESTION\_DLTP\_9>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_9>

1. Are there any standards (e.g. messaging, identification of accounts/users, product identifiers, reporting, etc.) in a DLT environment that should be taken into account when revising the RTS 1 and 2?

<ESMA\_QUESTION\_DLTP\_10>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_10>

1. Do you anticipate any problems that may emerge from the current liquidity concepts in Delegated Regulation (EU) 2017/567 and RTS 2 for the application of related transparency requirements for DLT financial instruments? Please explain and make proposals on how such problems could be solved.

<ESMA\_QUESTION\_DLTP\_11>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_11>

1. Are DLT securities traded on different trading systems as ‘standard’ shares and UCITS-ETFs (mostly continuous trading and periodic auctions) or bonds (RFQ, voice trading)? Please explain.

<ESMA\_QUESTION\_DLTP\_12>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_12>

1. To what extent would the choice of trading protocols and applications have an impact on the trading of instruments and on the requirements to publish information according to RTS 1 and 2?

<ESMA\_QUESTION\_DLTP\_13>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_13>

1. Do the systems on which DLT financial instruments trade require tailored pre-trade transparency requirements as those per Table 1 Annex I of RTS 1 and Annex I of RTS 2?

<ESMA\_QUESTION\_DLTP\_14>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_14>

1. Would the use of restricted (permissioned) vs unrestricted (permissionless) DLT represent any difference in how the pre-trade transparency requirements should be applied?

<ESMA\_QUESTION\_DLTP\_15>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_15>

1. Is it in your view necessary to make changes to the calibration of waivers for DLT shares and UCITS-ETFs in RTS 1? Do you expect any implementation issues in the application of waivers also taking into account the above considerations?

<ESMA\_QUESTION\_DLTP\_16>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_16>

1. Is it in your view necessary to make changes to the calibration of waivers for DLT bonds in RTS 2? Do you expect any implementation issues in the application of wavers also taking into account the above considerations?

<ESMA\_QUESTION\_DLTP\_17>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_17>

1. What can be considered as close to real-time as possible for the publication of post-trade reports in the context of DLT-securities on DLT MIs?

<ESMA\_QUESTION\_DLTP\_18>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_18>

1. Are the current deferral periods for equity and non-equity instruments appropriate for DLT securities? Please, distinguish between DLT shares, ETFs and bonds.

<ESMA\_QUESTION\_DLTP\_19>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_19>

1. Is it necessary to amend the current fields and flags for post-trade transparency (modifications/cancellations/additions) for their application to DLT shares, ETFs (Tables 2, 3 and 4 of Annex I of RTS 1) and bonds (Annex 2 of RTS 2)? Do you expect any implementation issues on basis of the current fields and flags?

<ESMA\_QUESTION\_DLTP\_20>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_20>

1. Is it necessary to amend RTS 3 for the purpose of the DLT Pilot? Do you anticipate any problems with the application of RTS 3 under the DLT Pilot?

<ESMA\_QUESTION\_DLTP\_21>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_21>

1. Do you agree with the approach indicated in the above paragraph? Please justify your answer.

<ESMA\_QUESTION\_DLTP\_22>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_22>

1. Private individuals: Do you agree that DLT MTFs could report transactions on behalf of the private individual as part of the compensatory measure foreseen by Article 4(1)(c) of the pilot regime? Please explain your statement. What other solutions can be explored to address this data gap?

<ESMA\_QUESTION\_DLTP\_23>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_23>

1. Reporting status and transaction reference numbers (Fields 1 and 2): How will DLT MTF treat cancellations to correct previously submitted information as per Section 5.18 of ESMA Guidelines on transaction reporting being the information stored on DLTs immutable? Is it necessary to amend the current fields 1 and 2 for their application in the context of a DLT environment? Do you foresee any other reporting status other than New and Cancellation in the context of a DLT environment?

<ESMA\_QUESTION\_DLTP\_24>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_24>

1. Trading Venue Transaction Identification, TVTIC (Field 3): Is it necessary to amend the current field for its application in the context of a DLT environment? Do you expect any implementation issues on basis of the current fields? Should new fields be added in the context of a DLT environment?

<ESMA\_QUESTION\_DLTP\_25>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_25>

1. Executing entity and submission entity identification codes; MiFID II Investment Firm indicator (Fields 4-6); Buyer details and decision maker (Fields 7-15); Seller details and decision maker (Fields 16-24): Is it necessary to amend the current fields for their application in the context of a DLT environment? Do you expect any implementation issues on basis of the current fields? Should new fields be added in the context of a DLT environment?

<ESMA\_QUESTION\_DLTP\_26>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_26>

1. Transmission of an order (Fields 25-27): Is it necessary to amend the current fields for the application in the context of a DLT environment? Do you expect any implementation issues on basis of the current fields? Should new fields be added in the context of a DLT environment?

<ESMA\_QUESTION\_DLTP\_27>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_27>

1. Trader, algorithms, waivers and indicators (Fields 57-65): Is it necessary to amend the current fields for the application in the context of a DLT environment? Do you expect any implementation issues on basis of the current fields? Should new fields be added in the context of a DLT environment?

<ESMA\_QUESTION\_DLTP\_28>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_28>

1. Short selling field (Field 62): Is short selling possible? Does it depend whether it is a DLT MTF or a DLT MTF+DLT SSS? Is it necessary to amend the current field for the application in the context of a DLT environment? Do you expect any implementation issues on basis of the current fields?

<ESMA\_QUESTION\_DLTP\_29>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_29>

1. Transaction details (Fields 28-40): Is it necessary to amend the current fields for their application in the context of a DLT environment? Do you expect any implementation issues on basis of the current fields? Should new fields be added in the context of a DLT environment?

<ESMA\_QUESTION\_DLTP\_30>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_30>

1. What are your views on the arrangements that DLT MTFs would need to establish to ensure the provision of complete and accurate reference data to ESMA? Do you think that the current arrangements described in RTS 23 should be amended to ensure its application in the DLT environment? Do you expect any implementation issues on basis of the current RTS 23?

<ESMA\_QUESTION\_DLTP\_31>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_31>

1. Issuer related fields (Field 5): Is it necessary to amend the current field for the application in the context of a DLT environment? Do you expect any implementation issues on basis of the current fields? Should new fields be added in the context of a DLT environment?

<ESMA\_QUESTION\_DLTP\_32>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_32>

1. Venue related fields (Fields 6-12): Is it necessary to amend the current field for the application in the context of a DLT environment? Do you expect any implementation issues on basis of the current fields? Should new fields be added in the context of a DLT environment?

<ESMA\_QUESTION\_DLTP\_33>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_33>

1. Notional (Field 13): Is it necessary to amend the current field for the application in the context of a DLT environment? Do you expect any implementation issues on basis of the current fields? Should new fields be added in the context of a DLT environment?

<ESMA\_QUESTION\_DLTP\_34>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_34>

1. Bonds or other forms of securitised debt related fields (Fields 14 – 23): Is it necessary to amend the current field for the application in the context of a DLT environment? Do you expect any implementation issues on basis of the current fields? Should new fields be added in the context of a DLT environment?

<ESMA\_QUESTION\_DLTP\_35>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_35>

1. Do you agree with ESMA’s assessment that no major amendments to RTS 25 appear necessary for the implementation of the DLT Pilot?

<ESMA\_QUESTION\_DLTP\_36>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_36>

1. Do you think the definition of “order” is still applicable to the DLT context? Are the order record keeping requirements in Article 25 and related RTS 25 applicable in the DLT context? If yes, how do you envisage to comply with such requirements? If no, please justify your answer.

<ESMA\_QUESTION\_DLTP\_37>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_37>

1. Can chains of transmission on DLT financial instruments occur?

<ESMA\_QUESTION\_DLTP\_38>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_38>

1. Is it possible to split or aggregate orders? In or out the DLT? Or both?

<ESMA\_QUESTION\_DLTP\_39>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_39>

1. Does the concept of “Transmission of an order” defined in Article 4 of RTS 22 make sense in the context of DLT? If so, when would you consider an order to be transmitted?

<ESMA\_QUESTION\_DLTP\_40>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_40>

1. What do you consider are the phases of a DLT transaction? At what point in time can such a transaction in DLT securities be considered executed? How do you think “broadcast the transaction to the network” should be defined?

<ESMA\_QUESTION\_DLTP\_41>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_41>

1. Do you think the definition of “transaction” is still applicable to the DLT context?

<ESMA\_QUESTION\_DLTP\_42>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_42>

1. General fields (Fields 1 - 3), ISIN for RTS 1-3: Is it necessary to amend the current fields for the application in the context of a DLT environment? Do you expect any implementation issues on basis of the current fields? Should new fields be added in the context of a DLT environment?

<ESMA\_QUESTION\_DLTP\_43>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_43>

1. Should a new field indicating the DTI be added to RTS 23 and RTS 1-3? What kind of analysis could be performed on a tokenised security by coupling ISIN and DTI information?

<ESMA\_QUESTION\_DLTP\_44>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_44>

1. Is the ISIN sufficient to ensure uniqueness of a given tokenised financial instrument? Is there any element of the DTI standard that you consider should be added as a separate field in RTS 23 and RTS 1-3?

<ESMA\_QUESTION\_DLTP\_45>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_45>

1. Traditional reporting systems - RTS 22/23: Does the setting up of the traditional reporting systems as illustrated in Annex 1 of the ESMA Guidelines on transaction reporting make sense in the context of the pilot regime?

<ESMA\_QUESTION\_DLTP\_46>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_46>

1. Execution and IT infrastructure - RTS 22/23: Does the fact that execution takes place on a DLT has an impact on the investment firm’s reporting system and requires setting up of separate/new IT infrastructures?

<ESMA\_QUESTION\_DLTP\_47>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_47>

1. ISO standards 20022 and RTS 22/23: Can ISO 20022 be implemented and used by DLT MTFs or DLT TSS and/or their members/participants to comply with the reporting required under Article 26 and 27 of MiFIR. Do you think ISO 20022 would represent an opportunity or an issue for DLT MTF? Please explain your statement.

<ESMA\_QUESTION\_DLTP\_48>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_48>

1. XML template of RTS 22/23: do you think that different formats might be more suitable to the DLT while keeping the common ISO 20022 methodology? If yes, please explain what the most appropriate format would be and for which reasons.

<ESMA\_QUESTION\_DLTP\_49>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_49>

1. Do you/your organisation plan to offer settlement of DLT securities in e-money tokens? If yes, what would be the most appropriate way for reporting these transactions? Do you agree with ESMA’s proposal on how to populate the currency fields when the financial instrument is priced in e-money tokens?

<ESMA\_QUESTION\_DLTP\_50>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_50>

1. Do you consider it possible that transactions in DLT securities could be settled in different currencies and/or different e-money tokens? If yes, please explain what would be the most appropriate way for converting such transactions in EUR.

<ESMA\_QUESTION\_DLTP\_51>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_51>

1. What are your views on the arrangements that DLT MTFs and DLT TSSs would need to establish to grant direct and immediate access to transaction data to regulators by admitting them as regulatory observer participants? Do you expect any implementation issues in relation to the obligation to make MiFIR transaction data available to the NCAs and MiFIR transparency/ reference data to ESMA?

<ESMA\_QUESTION\_DLTP\_52>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_52>

1. Is it technically feasible to store on the DLT the details of the transaction according to ISO 20022 methodology in order to enable regulators to pull that data directly into a readable format without any transformation of the data? Do you believe that the use of ISO 20022 could have a significant negative impact in terms of scalability of the system and the related congestion risk? If yes, please justify your answer and specify if the impact is dependent on the type of governance model and technology that the DLT is using.

<ESMA\_QUESTION\_DLTP\_53>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_53>

1. Can all information to be reported under MiFIR Article 27 pursuant to Table III of the Annex to RTS 23 be recorded on the DLT according to the ISO 20022 methodology? Please explain your answer also in relation to scalability impact at DLT level.

<ESMA\_QUESTION\_DLTP\_54>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_54>

1. Can all data necessary to perform the transparency (Article 2 of RTS 3) and DVC (Article 6 of RTS 3) calculations be recorded on the DLT according to the ISO 20022 methodology? Please explain your answer also in relation to scalability impact at DLT level.

<ESMA\_QUESTION\_DLTP\_55>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_55>

1. Do you see any issue with obtaining the data elements required by RTS 22 and 23 from external databases like GLEIF, ISO 4217 list (currencies), ISO 10383 (MIC) or ANNA-DSB (ISIN) before the data is permanently stored into the distributed ledger? Please explain your answer.

<ESMA\_QUESTION\_DLTP\_56>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_56>

1. Do you see any major impediments for the regulator as a regulatory observer participant to pull large size of encrypted data from the distributed ledger? Please explain your answer in the context of encryption of data and key management, and in relation to any scalability impact at DLT level.

<ESMA\_QUESTION\_DLTP\_57>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_57>

1. Taking into consideration the variety of technologies available in the DLT world, what is, in your opinion, the most efficient way to admit regulators as regulatory observer participants? Please explain your answer.

<ESMA\_QUESTION\_DLTP\_58>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_58>

1. Do you have any suggestion to ensure interoperability among DLT MTFs, DLT TSS and the regulators as described in Paragraph 126? Please explain your answer.

<ESMA\_QUESTION\_DLTP\_59>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_59>

1. Do you have any suggestion to ensure interoperability among different DLT MTFs and/or DLT TSS as described in Paragraph 127? Please explain your answer.

<ESMA\_QUESTION\_DLTP\_60>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_DLTP\_60>

1. DTCC. Building the Settlement System of the Future, September 2021

   https://www.dtcc.com/-/media/Files/Downloads/WhitePapers/DTCCs-Project-ION-Platform-Moves-to-Development-Phase-Following-Successful-Pilot-with-Industry.pdf [↑](#footnote-ref-2)
2. Id. [↑](#footnote-ref-3)