



ONLINE SUBMISSION TO: <https://www.eba.europa.eu/publications-and-media/events/consultation-guidelines-redemption-plans-under-micar>

To whom it may concern,

Re: EBA Consultation on Guidelines on redemption plans under MiCAR

About Global Digital Finance (GDF)

GDF is the leading global members association advocating and accelerating the adoption of best practices for crypto and digital assets. GDF's mission is to promote and facilitate greater adoption of market standards for digital assets through the development of best practices and governance standards by convening industry, policymakers, and regulators.

The input to this response has been curated through a series of member discussions, industry engagement, and roundtables, and GDF is grateful to its members who have taken part.

As always, GDF remains at your disposal for any further questions or clarifications you may have, and we would welcome a meeting with you to further discuss these matters in more detail should that be beneficial.

Yours faithfully,

Elise Soucie – Global Director of Policy & Regulatory Affairs – GDF
Lavan Thasarathakumar – Board Member – GDF



Response to the Consultation Report: Executive Summary

The GDF MiCA Working Group was convened to analyse European Banking Authority's (EBA's) proposed Technical Standards specifying certain requirements of Markets in Crypto Assets Regulation (MiCA). Please note that as this response was developed in collaboration with GDF members that portions of our response may be similar or verbatim to individual member responses. In particular, GDF was pleased to collaborate on this response with the ACI Financial Markets Association and are grateful for their contributions.

Overall GDF is supportive of the recommendations made in the EBA's Consultation on Guidelines on redemption plans under MiCAR (referred to henceforth as the Consultation), and of the EBA's intent of providing much needed clarity to the market. We appreciate the agility and speed with which the EBA has aimed to develop Technical Standards for the market, and believe the Consultation is an important step towards building a comprehensive EU global framework for digital assets. As such, the response to this consultation report looks to provide suggestions of areas where further precision and clarity may be needed for effective implementation of the Technical Standards.

GDF has worked with our members to provide a constructive assessment of additional areas where the EBA and NCAs can provide additional guidance when implementing the Technical Standards. Through this process the Working Group identified key areas that may require further drafting consideration or additional guidance for purposes of clarity, proportionality, and effective implementation. The core areas identified are:

- 1. Further Specificity on 'What Good Looks Like';**
- 2. Support for Proportionality in Implementation; and**
- 3. Greater Specificity Regarding Costs.**

1. Further Specificity on 'What Good Looks Like'

While GDF is overall supportive of the proposals, we believe additional guidance on 'What Good Looks Like' would be beneficial to support firms in preparing to comply with requirements. This is particularly beneficial in the case of firms which may not previously have been regulated, or smaller market participants. This type of guidance would support a level playing field, as well as the EBA's aims to be proportionate in their implementation of redemption plan requirements. For example, for other pieces of legislation (e.g., registration, licensing, etc.), industry has found it beneficial to receive specific guidance and feedback from the public sector. This type of transparent dialogue supports best practice across industry.

This would be specifically beneficial for providing operational guidance to token holders and it may be beneficial for authorities to provide additional guidance and specificity to the market in order to develop a standardised approach.

2. Support for Proportionality in Implementation

GDF appreciates the emphasis that the EBA has placed on proportionality within the Consultation. We welcome in particular that NCAs are encouraged to take note of risk profile and that the EBA encourages reviews of redemption plans to take into consideration the classification of the Asset Referenced Tokens (ARTs) or E-Money Tokens (EMTs) as 'significant' in accordance with MiCAR



Articles 43 and 44, and 56 and 57. GDF members believe this to be a proportionate approach and welcome the specificity within these articles with regards to the timescales and process of notification of significance from the EBA, as well as cooperation on these matters with member states.

GDF would note however, that the two-month implementation period following translation into all official languages is quite a tight deadline to comply with. We believe that it may be more proportionate to also include a grace period for compliance within which firms would not be penalised but could instead receive a written warning as they prepare to comply.

3. Greater Specificity Regarding Costs

GDF welcomes the cost benefit analysis provided within the guidelines but believes it would be beneficial ahead of implementation to have further public/private sector dialogue around cost of implementation (and particularly within the two-month implementation period.) As the market prepares to comply with the guidelines members would welcome the opportunity to further discuss with authorities in particular the contractual costs with third parties as well as pooled costs of issuance in accordance with the guidelines as well as any challenges that may arise in preparation for implementation.

Response to the Consultation Report: Questions for Public Consultation

Please note our responses to the below provide feedback and input on the specific questions and chapters that are relevant to the key areas identified in the executive summary. Where we have not provided further feedback, we are supportive of the Technical Standard proposals that have been set out.

Question n. 1 for Public Consultation: Do you consider that the scope of the GL on redemption plans is sufficiently clear and takes into account the differences regarding the obligation to hold a reserve of assets set out in Regulation (EU) 2023/1114 applicable to the different types of ART or EMT issuers?

Yes, GDF believes the scope is clear and the obligations for reserve assets are appropriate for different types of ART and EMT issuers. We appreciate the emphasis that the EBA placed on proportionality within the consultation. GDF also welcomes in particular that NCAs are encouraged to take note of risk profile and that the EBA encourages reviews of redemption plans to take into consideration the classification of the Asset Referenced Tokens (ARTs) or E-Money Tokens (EMTs) as ‘significant’ in accordance with MiCAR Articles 43 and 44, and 56 and 57. GDF believe this to be a proportionate approach and welcome the specificity within these articles with regards to the timescales and process of notification of significance from the EBA, as well as cooperation on these matters with member states.

Question n. 2 for Public Consultation: Do you consider that the GL on redemption plans are sufficiently clear and comprehensive and that they cover all aspects of the mandate?

Yes, GDF believes the GL is clear and comprehensive. We would note however that the two-month implementation period following translation into all official languages is quite a tight deadline to comply with. We believe that it may be more proportionate to also include a grace period for compliance within which firms would not be penalised but could instead receive a written warning as they prepare to comply.

Additionally, while GDF welcomes the cost benefit analysis provided within the guidelines, we believe it would be beneficial ahead of implementation to have further public/private sector dialogue around cost of implementation (and particularly within the two-month implementation period.) As the market



prepares to comply with the guidelines members would welcome the opportunity to further discuss with authorities in particular the contractual costs with third parties as well as pooled costs of issuance in accordance with the guidelines as well as any challenges that may arise in preparation for implementation.

Question n. 3 for Public Consultation Do you consider that the redemption process as described herein provides adequate operational guidance to token holders about the actions and steps relating to the redemption claim?

GDF supports the Consultation's view that it is critical for token holders to receive adequate operational guidance for the redemption process. However, we believe additional guidance on 'What Good Looks Like', beyond what is set out on page 26 of the Consultation would be beneficial as firms prepare to comply with requirements. This is particularly beneficial in the case of firms which may not previously have been regulated, or smaller market participants. This type of guidance would support a level playing field, as well as the EBA's aims to be proportionate in their implementation of redemption plan requirements. For example, for other pieces of legislation (e.g., registration, licensing, etc.), industry has found it beneficial to receive specific guidance and feedback from the public sector. This type of transparent dialogue supports best practice across industry.

This would be specifically beneficial for providing operational guidance to token holders and it may be beneficial for authorities to provide additional guidance and specificity to the market in order to develop a standardised approach. GDF would be happy to convene a public/private sector discussion to share views and further discuss current market approaches and standard methods for Communication Plans. We firmly believe in the importance of high-standards and a level playing field for market participants. Given this, we would welcome further dialogue between industry and the EBA in order to provide greater specificity on this matter to the wider ecosystem.

Question n. 4 for Public Consultation: Do you consider that the information to be contained in the draft public notice is adequate and covers the necessary information to be conveyed to the token holders and for a sound redemption process?

Yes, GDF believes this contains the appropriate and adequate information at a high level but as noted under Question n. 3 above, greater detail could be provided on 'What Good Looks Like' to support market participants in their preparation.

Question n. 5 for Public Consultation:

5.1 Do you consider that the aspects to be assessed by the competent authority for purposes of assessing whether the issuer is unable or likely to be unable to fulfil its obligations under Regulation (EU) 2023/1114 envisaged in the Guidelines appropriately complement those set out in Article 47(1) of Regulation (EU) 2023/1114?

Yes, GDF believes the Guidelines provide an appropriate complement to MiCAR and welcome the additional specificity.

5.2 Do you agree that in case of credit institutions and the other entities subject to Directive 2014/59/EU or of central counterparties subject to Regulation (EU) 2021/23, the competent authority should not trigger the redemption plan without prior consultation and coordination with the relevant prudential or resolution competent authorities under that Directive or Regulation, in case of commencement of crisis prevention measures or crisis management measures under such sectoral acts?

Yes, GDF believes that this would be appropriate, and believe that prior consultation with prudential or redemption competent authorities would mitigate any unintended financial stability risks and would support a more coordinated and orderly approach to redemption.