



Reforms proposed by the European Commission in relation to distributed ledger technology and the MICA regime

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On 4 December 2025, the European Commission (EC) published, in line with the recommendations of the Draghi Report on competitiveness, a series of **measures for the integration of the European Union (EU) market** in the field of financial services, as part of the Savings and Investments Union Strategy. The main objective of these measures is to address the fragmentation of EU capital markets by creating a more integrated and efficient financial system that channels private investment towards strategic priorities such as the green and digital transition and technological innovation.

This publication highlights **three legislative proposals** for reforming key areas of the capital markets ecosystem:

- A Master Regulation that amends several regulations (including Regulation (EU) 2022/858 **on a pilot regime for market infrastructures based on distributed ledger technology**¹, Regulation (EU) No 909/2014 on **improving securities settlement in the European Union and on central securities depositories**², and Regulation (EU) 2023/1114 **on markets in crypto-assets**³, MICA).
- A Master Directive proposing the reform of the **fund management** sector.
- A Regulation that would replace Directive 98/26/EC on **settlement finality in payment and securities settlement systems**⁴ and amend Directive 2002/47/EC on **financial collateral arrangements**⁵.

This article sets out the main amendments proposed to create a framework that facilitates and encourages **access to and use of new technologies in the provision of financial services** and promotes the EU capital markets' integration and supervision in relation to: 1) the pilot regime for market infrastructures based on distributed ledger technology (DLT), including those modifications related to 2) central securities depositories and 3) settlement finality in payment and securities settlement systems. It also includes the main amendments affecting the crypto-asset (CA) market.

¹ Regulation (EU) 2022/858 of the European Parliament and of the Council of 30 May 2022 on a pilot regime for market infrastructures based on distributed ledger technology, and amending Regulations (EU) No 600/2014 and (EU) No 909/2014 and Directive 2014/65/EU, [CELEX:32022R0858:EN:TXT.pdf](#).

² Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012, [CELEX:32014R0909:EN:TXT.pdf](#).

³ Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets, and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937, [CELEX:32023R1114:EN:TXT.pdf](#).

⁴ Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems, [CELEX:31998L0026:EN:TXT.pdf](#).

⁵ Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements, [CELEX:32002L0047:EN:TXT.pdf](#).

Pregunta

What are the main amendments proposed to the Regulation on a pilot regime for market infrastructures based on DLT?

Respuesta

Although the original Regulation applies since 2023 and despite growing market interest in the use of DLT, the number of DLT infrastructures authorised to date is low. The EC therefore considers that the **removal of regulatory barriers to technological innovation** is key in **promoting the development and use of DLT and the tokenisation of financial instruments**.

The **main changes proposed** are as follows:

1. **Extension of the subjective and objective scope of application.** CA service providers (CASPs) authorised to operate a CA trading platform are included in the new regime. All financial instruments would be eligible, as the limitations imposed by the current regime, in which only shares, bonds and units of collective investment undertakings are considered eligible, are removed. The thresholds for specific products are eliminated and the total maximal aggregated market value of all the DLT financial instruments that can be admitted to trading or recorded in a DLT market infrastructure is raised to EUR 100 billion.
2. **Greater flexibility and proportionality.** Among other measures, a simplified regime is established for operators of smaller DLT infrastructures that provide central depository services, provided that they do not exceed the threshold of EUR 10 billion of total market value of recorded DLT financial instruments and that they comply with certain requirements⁶. Operators of DLT market infrastructures will have the possibility to obtain, under certain strict conditions, exemptions from a wide range of legal provisions where these have been found to be incompatible or highly disproportionate with the use of DLT.
3. **Removal of the time limit on the pilot scheme.** This addresses concerns about the duration of the current regime and, at the same time, is expected to encourage investment in this type of infrastructure.
4. **New core central securities depository services** are introduced: notary and central maintenance. Under the new rules, an investment firm, a regulated market, a credit institution, a central securities depository or a CASP may apply to its competent authority for specific authorisation to provide DLT notary or central maintenance services, as long as they comply with the relevant obligations of Regulation (EU) No 909/2014 on improving securities settlement in the European Union and on central securities depositories⁷.
Moreover, a **new settlement model** is also proposed. It will allow DLT central maintenance service providers with access to central bank money accounts to settle DLT financial instruments, but only if they are part of the same authorised settlement scheme, which must ensure adequate settlement finality⁸.
5. **Interoperability between DLT market infrastructures.** Entities operating in the post-trading value chain of the pilot scheme must establish technical standards to enable such interoperability and are required to report to ESMA. ESMA will provide the EC with technical advice to promote interoperability.

⁶ Depending on the type of activities they provide, operators benefiting from the simplified regime will be required to have the

appropriate authorisation in order to be eligible. In addition, they will have to comply with a series of general obligations, proportionate to their size and activity, as set out in Regulation (EU) No 909/2014 on improving securities settlement in the European Union and on central securities depositories.

⁷ Regulation on improving securities settlements and on central securities depositories.

⁸ These settlement schemes, consisting of a set of rules and procedures agreed by the participants, must be previously assessed and authorised by ESMA at the request of central maintenance service providers using DLT and interested in settling transactions in DLT financial instruments.

Pregunta

What are the main changes to the Regulation on central securities depositories?

Respuesta

Regulation (EU) No 909/2014 on improving securities settlement in the European Union and on central securities depositories is amended to **allow for the provision of central securities depository services using DLT** and to provide greater technological neutrality in the post-trading area, since the current regime does not provide the necessary legal certainty for market participants that wish to use DLT outside the established pilot regime.

To this end, the following **amendments** are introduced:

1. New **definitions** (“DLT”, “electronic money token”) or revision of some of the existing ones (“securities account”, “cash”) to adapt the rule to technological innovations.
2. The provisions relating to the **outsourcing of services** are also amended so that central securities depositories belonging to a group may outsource their main services to other depositories in the same group. Similarly, where a central securities depository intends to provide its main services through a DLT solution it developed, it will not be considered outsourcing but rather an extension of its authorisation as a central securities depository.
3. The rules designed to ensure the integrity of **securities’ issuance by central securities depositories using DLT** are adapted. DLT nodes are allowed to use specific and appropriate measures to reconcile and verify that the number of securities issued corresponds to the number of securities recorded on the accounts of participants of the securities settlement system operated by the central depository.
4. Specific rules are introduced to ensure that the **risks** inherent to the use of DLT by a central securities depository outside an outsourcing arrangement are mitigated and that the rights of participants and the normal functioning and operation of the system are protected. ESMA, in collaboration with the European System of Central Banks, will develop draft regulatory technical standards specifying the aforementioned risks and the method for assessing them.
5. Finally, a series of requirements and conditions are established for making **cash payments with e-money tokens in the settlement of securities transactions**. However, the proposal clarifies that central securities depositories will settle cash payments in central bank money whenever this is a practical and available option.

Pregunta

What does the proposed Regulation on settlement finality in payment and securities settlement systems consist of and what are the main changes related to DLT?

Respuesta

It is proposed to repeal **Directive 98/26/EC on settlement finality in payment and securities settlement systems** because its transposition in practice has led to a diversity of national regimes that contribute to the fragmentation of European markets and does not ensure a homogeneous regime of obligations and rights across jurisdictions for participants in the market concerned. On the other hand, the proposed Regulation, which would replace the aforementioned Directive, incorporates systems that use DLT into the framework of

settlement finality in payment and securities settlement systems, provided that they meet certain conditions. The **objectives** pursued with these amendments are the promotion of technological neutrality and innovation, regardless of the system used for the transmission of orders.

The **main amendments** in this regard are as follows:

1. The **revision of various definitions** to adapt the regulation to technological innovations.
2. The **system operator designated by the competent authority** shall be responsible for compliance with the obligations set out in the Regulation, regardless of whether the system operates with DLT. Where the operator's structure consists of a **network of nodes** operating under a common governance framework, the entity responsible for the proper functioning of the system shall be a **single company**.
3. Settlement systems based on DLT must develop **mechanisms** to ensure the **legally enforceable moment of finality**.
4. The rules of these systems, including those based on DLT, shall specify when an **order is considered to have entered the system**, when the order is **irrevocable**, and when **settlement becomes final**. However, to do so, they must comply with the aspects developed by ESMA and the European Banking Authority through technical standards, which will take into account the specific characteristics of DLT systems and the rules on consensus in each of them.
5. To avoid inconsistencies and discrepancies with **Directive 2002/47/EC on financial collateral arrangements**, it is proposed to amend the scope of the latter to include all DLT financial instruments (financial instruments, cash and credit claims) that are registered or issued using DLT, as they could constitute payment guarantees under the proposed EC Regulation.

Pregunta

What are the main changes to the Regulation on CA markets?

Respuesta

1. The main and most significant change is the **transfer of powers to ESMA** for the authorisation, supervision and compliance monitoring of CASPs. This is not envisaged for all cases⁹, but only for those where the entity's main activity is the provision of CA services. In addition, ESMA will be the authority responsible for detecting, investigating and sanctioning market abuse of CA.
2. An entity shall be considered to be providing crypto asset services as its main activity when more than **50% of its total annual turnover** is generated from the provision of crypto-asset services, for at least 2 consecutive years.
3. NCAs shall supervise **regulated entities** that provide CA services without this constituting their main activity, i.e. credit institutions, central securities depositories, investment firms, market operators, e-money institutions, UCITS management companies or alternative investment fund managers.
4. NCAs shall cooperate with ESMA through **cooperation agreements** that will allow for the establishment of joint supervisory teams, the conduct of joint investigations and the exchange of information (including the transfer of necessary information, experience and expertise from NCAs to ESMA). The cooperation agreements shall be tailored to each specific sector, the nature of the functions involved, and the degree of national cooperation required.
5. Until ESMA assumes its new powers, the **cooperation agreements** will ensure the continuity of operations and the functioning of the CA market; the agreements will establish a framework for the **gradual assumption of powers by ESMA** in such a way as to ensure continuity in ongoing investigations, avoid supervisory gaps or duplicate applications by entities, as well as to maintain historical records.
6. The proposal provides that, depending on operational needs, **ESMA may deploy its staff to**

Member States where on-site work or geographical proximity are the most effective alternatives. ESMA's local presence will be purely functional, limited and subject to cost-benefit justification.

⁹ Credit institutions and firms subject to EU financial services legislation that are already authorised to provide all or some CA services are excluded, they are exempted from the need to obtain authorisation.

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Links of interest:

[Market integration package](#)

[Proposal for a Regulation of the European Parliament and of the Council amending Regulations \(EU\) No 1095/2010, No 648/2012, No 600/2014, No 909/2014, 2015/2365, 2019/1156, 2021/23, 2022/858, 2023/1114, No 1060/2009, 2016/1011, 2017/2402, 2023/2631 and 2024/3005 as regards the further development of capital market integration and supervision within the Union](#)

[Proposal for a Directive of the European Parliament and of the Council amending Directives 2009/65/EC, 2011/61/EU and 2014/65/EU as regards the further development of capital market integration and supervision within the Union](#)

[Proposal for a Regulation of the European Parliament and of the Council on settlement finality and repealing Directive 98/26/EC and amending Directive 2002/47/EC on financial collateral arrangements](#)