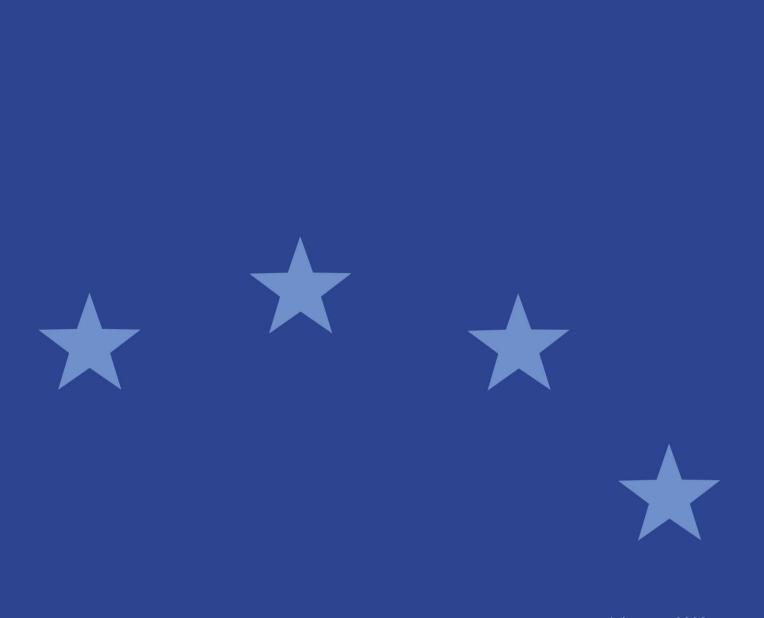![esma European Securities and Markets Authority]

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

4 January 2022

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 <mark>4 March 2022</mark>.

All contributions should be submitted online at 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 under the headings 'Legal notice' and 'Data protection'.

General information about respondent

Name of the company / organisation	FIA EPTA
Activity	Other Financial service providers
Are you representing an association?	☒
Country/Region	Europe

Q1 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 European Principal Traders Association (FIA EPTA) welcomes the opportunity to respond to the European Securities and Markets Authority (ESMA) Call for Evidence on the DLT Pilot Regime.

FIA EPTA represents 26 independent European Principal Trading Firms (PTFs) which deal on own account, using their own money for their own risk, to provide liquidity and immediate risk transfer in exchange-traded and centrally-cleared markets for a wide range of financial instruments, including shares, options, futures, bonds and ETFs. FIA EPTA's members are based in the Czech Republic, Germany, Ireland, The Netherlands, and the UK.

Our members are independent market makers and providers of liquidity and risk transfer on trading venues and to end-investors across Europe. Market making and liquidity provision (also referred to as principal trading or dealing on own account) is a distinct activity that is undertaken by non-systemic investment firms rather than banks, in a highly dispersed and varied ecosystem of independent Principal Trading Firms. These firms operate in an innovative and competitive fashion leading to a vibrant, dynamic and diverse ecosystem which massively reduces interconnectedness and increases substitutability. This fundamentally reduces systemic risk whilst improving market quality and lowering costs for retail and institutional investors alike.

FIA EPTA believes it is an important step by ESMA to review the DLT space as it will grow in use and importance. Over the past years, FIA ETPA Members have become increasingly active in the Digital Assets space and several members have become liquidity providers in this new and developing market. As market makers and liquidity providers they play an important role in increasing the accessibility and liquidity of Digital Assets to investors and other market participants.

We would welcome the opportunity to provide further background to ESMA on the issues raised in our response.
TYPE YOUR TEXT HERE
<ESMA_QUESTION_DLTP_1>

Q2 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>

Q3 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>
The use of DLT could represent a new age for the financial services sector, similar to the shift from paper-based currencies to electronic-based payment systems.

Key elements supporting increased use for DLT settlement systems would be: cost-benefit operational efficiency & reduction in infrastructure costs, potential reduction in operational risk due to the reduction of human intervention, settlement finality leading to increased certainty of positions and their market risk, immediate transparency of data publicly available on the blockchain and ensuing potential reduction in regulatory reporting burden.

With respect to the end investor, DLT could create the opportunity for 24/7 one stop shop liquidity pools, providing convenient access to liquidity on demand and lowering costs of trading/increasing certainty thanks to the operational efficiencies listed above and the intermediation exemption for DLT MTFs.

As a general point, introducing any EU licensing requirements implies a risk of liquidity fragmentation, as presumably unlicensed entities would not be able to continue to offer services to EU citizens.

We note that the concepts of DLT MTF and DLT SS remain distinct however added settlement permissions have been granted to DLT MTFs reflecting the condensation of trading and post-trading phases. The proposed system could be simplified by introducing one new category of DLT trading provider that would combine the role of the MTF and the CSD.

The current proposal only relates to shares & bonds however were it to be extended to standardized OTC derivative contracts, the DLT will need to be able to accommodate CCP clearing or an exemption will need to be made under EMIR.

Any settlement DLT system will need to be capable of being licensed as a CSD by Member States. This could require amendments or clarifications to CSDR and the SFD.

Concepts that form key parts of the modern market making process, such as HFT strategies and short selling, will be affected by the removal of the settlement window and the lack of functional distinction between an order and a trade on a DLT system. Taking a long view, this could pose bigger picture risks to the maintenance of liquidity in certain instruments were DLT trading to take precedence over more traditional forms of trading. Similarly, the concept of 24/7 trading and settlement would imply a continual supply of liquidity and attending organisational requirements.

Interoperability of DLT systems will need to be a workable feature in order to avoid further undesirable fragmentation of liquidity, or a situation in which competing DLT systems are offering the same instruments.
<ESMA_QUESTION_DLTP_3>

Q4 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>
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<ESMA_QUESTION_DLTP_4>

Q5 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>
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<ESMA_QUESTION_DLTP_5>

Q6 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>
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Q7 Transactions: Where are DLT financial instruments traded? Could there be OTC trading in those instruments?

<ESMA_QUESTION_DLTP_7>
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<ESMA_QUESTION_DLTP_7>

Q8 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>
FIA EPTA members are of the view that the DLT Pilot will be an important opportunity to determine if the adoption of DLT within the context of traditional capital markets / financial instruments can facilitate greater efficiency, to the ultimate benefit of investors, particularly in relation to the settlement of financial transactions. With this goal in mind, FIA EPTA members believe that the DLT Pilot must include tried and tested safeguards, introduced by Directive 2014/65/EU ("MiFID II"), Regulation 600/2014 ("MiFIR") and associated Regulatory Technical Standards (i.e. CDR 2017/587 ("RTS 1") and CDR 2017/583 ("RTS 2"), in relation to investor protection and financial market stability. FIA EPTA members would highlight that the effectiveness of any such safeguards will be dependent upon the underlying technology developed to supported DLT MIs.
<ESMA_QUESTION_DLTP_8>

Q9 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>
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<ESMA_QUESTION_DLTP_9>

Q10   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>
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<ESMA_QUESTION_DLTP_10>

Q11   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>
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<ESMA_QUESTION_DLTP_11>

Q12   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>
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<ESMA_QUESTION_DLTP_12>

Q13   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>
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<ESMA_QUESTION_DLTP_13>

Q14   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>
<ESMA_QUESTION_DLTP_14>

Q15   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>
The pre-trade transparency regimes introduced by Articles 3 (equity) and 8 (non-equity) of MiFIR should apply to the DLT Pilot. In the case of equities, we do have a concern in relation to the potential for material price variation between a traditional equity listed on a Regulated Market or MTF and the tokenised version of the same equity traded on a DLT MTF, which could be addressed by the application of the reference price waiver available under Article 4(1)(a) of MiFIR. However, notwithstanding this concern, EPTA members are of the view that all pre-trade transparency waivers prescribed by Articles 4(1)(a – d) in the case of equities, and those prescribed by Articles 9(1)(a – b) in the case of non-equity, should be set aside for the purposes of the pilot. In the event of a successful pilot, future iterations could consider the inclusion of one or more waivers, however in light of the nascency of the technology, EPTA members are strongly in favour of an entirely pre-trade transparent pilot.
In light of the narrow scope of the DLT Pilot in terms of the admissible financial instruments (i.e. shares of issuers with a market capitalisation below €500 million, bonds with an issuance size below €1 billion

and UCITS with assets under management below €500 million), EPTA members also believe that the Volume Cap Mechanism, prescribed by Article 5 of MiFIR cannot be applied.
<ESMA_QUESTION_DLTP_15>

Q16 **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>
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<ESMA_QUESTION_DLTP_16>

Q17 **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>
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<ESMA_QUESTION_DLTP_17>

Q18 **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>
The post-trade transparency regimes prescribed by Articles 6 (equity) and 10 (non-equity) of MiFIR should in theory apply. However, EPTA members would encourage ESMA and the co-legislators to consider potential technology solutions, in the context of the nascent technology to be deployed, whereby the post-trade reporting requirements could be automatically facilitated by the underlying technology, thereby achieving the intention of the regimes (i.e. close to real time publication) whilst at the same time easing the regulatory burden for DLT MTF operators. In such a scenario, post trade data could be automatically observed from the underlying distributed ledger and aggregated centrally to comply with the post-trade transparency regimes. Furthermore, this automatic aggregation of data directly from the underlying distributed ledger(s) could lay the foundations for one or more consolidated tapes, as is envisaged separately for traditional financial securities by the current MiFIR review being undertaken by the European Commission.

<ESMA_QUESTION_DLTP_18>

Q19 **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>
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<ESMA_QUESTION_DLTP_19>

Q20 **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>
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<ESMA_QUESTION_DLTP_20>

Q21 **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>
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<ESMA_QUESTION_DLTP_21>

Q22 **Do you agree with the approach indicated in the above paragraph? Please justify your answer.**

<ESMA_QUESTION_DLTP_22>
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<ESMA_QUESTION_DLTP_22>

Q23 **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>
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<ESMA_QUESTION_DLTP_23>

Q24 **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>
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<ESMA_QUESTION_DLTP_24>

Q25 **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>
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<ESMA_QUESTION_DLTP_25>

Q26 **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>
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<ESMA_QUESTION_DLTP_26>

Q27   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>
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<ESMA_QUESTION_DLTP_27>

Q28   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>
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<ESMA_QUESTION_DLTP_28>

Q29   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>
A short sale is any sale of the instrument which the seller does not own at the time of entering into the agreement to sell, including where the seller has borrowed/agreed to borrow the instrument for delivery at settlement.
In an environment where trades are settled between accounts in real time and therefore there is no time difference between a trade and its settlement, naked short selling would not be possible as the seller would need to have an available asset in order to be able to trade/transfer it.
Agreements could exist outside the DLT environment to enforce borrowing agreements in order to facilitate covered short sales. For example two parties could agree a short sale trade ("transaction phase") bilaterally (assuming no other regulatory restrictions apply) and use DLT technology to settle it ("clearing phase"). Potentially these agreements could be further encoded within the smart contract if the technical set-up of the relevant DLT allowed for it. On this basis, one could find oneself "net short" in the sense that one has borrowed the instruments used for instant delivery in a separate trade leg resulting in the ownership of the instrument (whether this other transaction occurred within or without the DLT system) however an equivalent instrument has to be returned to the lender within a set timeframe. In these circumstances the short selling field could be of continued use to indicate such a transaction, however

due to the fact that all such short sales will be de facto covered this information may be of reduced significance.
<ESMA_QUESTION_DLTP_29>

Q30   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>
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<ESMA_QUESTION_DLTP_30>

Q31   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>
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<ESMA_QUESTION_DLTP_31>

Q32   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>
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<ESMA_QUESTION_DLTP_32>

Q33   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>

Q34   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>
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<ESMA_QUESTION_DLTP_34>

Q35 **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>
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<ESMA_QUESTION_DLTP_35>

Q36 **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>
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<ESMA_QUESTION_DLTP_36>

Q37 **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>
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<ESMA_QUESTION_DLTP_37>

Q38 **Can chains of transmission on DLT financial instruments occur?**

<ESMA_QUESTION_DLTP_38>
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<ESMA_QUESTION_DLTP_38>

Q39 **Is it possible to split or aggregate orders? In or out the DLT? Or both?**

<ESMA_QUESTION_DLTP_39>
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<ESMA_QUESTION_DLTP_39>

Q40 **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>
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<ESMA_QUESTION_DLTP_40>

Q41 **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>
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<ESMA_QUESTION_DLTP_41>

Q42 **Do you think the definition of "transaction" is still applicable to the DLT context?**

<ESMA_QUESTION_DLTP_42>
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<ESMA_QUESTION_DLTP_42>

Q43 **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>
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<ESMA_QUESTION_DLTP_43>

Q44 **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>

Q45 **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>
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<ESMA_QUESTION_DLTP_45>

Q46 **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>
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<ESMA_QUESTION_DLTP_46>

Q47 **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>
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<ESMA_QUESTION_DLTP_47>

Q48   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>
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<ESMA_QUESTION_DLTP_48>

Q49   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>
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<ESMA_QUESTION_DLTP_49>

Q50   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>
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<ESMA_QUESTION_DLTP_50>

Q51   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>

Q52   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>
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<ESMA_QUESTION_DLTP_52>

Q53   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>
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<ESMA_QUESTION_DLTP_53>

Q54 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>
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<ESMA_QUESTION_DLTP_54>

Q55 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>
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<ESMA_QUESTION_DLTP_55>

Q56 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>
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<ESMA_QUESTION_DLTP_56>

Q57 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>
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<ESMA_QUESTION_DLTP_57>

Q58 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>
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<ESMA_QUESTION_DLTP_58>

Q59   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>
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<ESMA_QUESTION_DLTP_59>

Q60   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>
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<ESMA_QUESTION_DLTP_60>