

Comments

Pontes Enhanced: The need for an expanded scope of eligible market DLT operators from 2028

- To ensure Europe's competitiveness, avoid regulatory fragmentation and preserve a level playing field in the digital capital markets age, the Eurosystem needs to expand Pontes eligibility criteria.
- DLT notaries as well as comparable national entities such as the German crypto securities registrars (Kryptowertpapierregisterführer) should be allowed as DLT operators.

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1. Executive summary

Pontes is the Eurosystem’s DLT solution linking market DLT platforms with TARGET Services to settle DLT-based wholesale transactions in central bank money. Pontes Enhanced represents the further development of this solution.

In its current form, eligible market DLT operators for securities use-cases under Pontes Enhanced are limited to DLT Settlement Systems (DLT-SS), DLT Trading and Settlement Systems (DLT-TSS) licensed under the DLT Pilot Regime, and traditional Central Securities Depositories (CSDs).¹

The forthcoming Market Integration and Supervision Package (MISP) will introduce two new authorisations into the DLT Pilot Regime: the DLT notary and the DLT account keeper. Excluding in particular the DLT notary - who provides the service of “initial recording of securities in a book-entry system (‘notary service’)” according to Annex I Nr. 1 of the CSDR - from Pontes would structurally disadvantage innovative market participants relative to traditional CSDs.

In addition, also comparable entities under national law, such as crypto securities registrars under the German eWpG, should be accepted following a functional and risk-based assessment. Access should be subject to equivalent requirements regarding settlement finality, operational resilience, governance and risk management.

We argue that Pontes Enhanced should from 2028 on include DLT notaries as well as comparable national entities as eligible market DLT operators. This would ensure a legally sound path to achieving a coherent, competitive European market for settling wholesale transactions in DLT-based securities in central bank money.

2. Background and regulatory framework

2.1. Pontes Enhanced: The Eurosystem’s DLT settlement project

Pontes Enhanced is the Eurosystem’s DLT-based solution linking market DLT platforms with TARGET services to settle DLT-based wholesale transactions in central bank money.

¹ Please see page 94 on the Pontes eligibility criteria ([Link](#)), which states that licensing under DLT PRR or CSDR is required for securities use cases. Under Pontes Pilot (or Initial Launch), there is no such limitation with regard to securities use-cases.

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2.2. The DLT Pilot Regime and its evolution under the MISP

The DLT Pilot Regime (Regulation EU 2022/858) created a regulatory sandbox for DLT-based market infrastructures. The MISP now introduces two new authorised services specifically designed for DLT-native business models: the DLT notary provides notary services in relation to DLT financial instruments, including the initial recording of DLT financial instruments, and the DLT account keeper provides and maintains accounts of DLT financial instruments at the top tier level. Transactions in DLT financial instruments maintained in accounts managed by a DLT account keeper must be settled through a DLT-SS, DLT-TSS or a traditional CSD.

These authorisations may only be applied for by a defined set of entities (investment firms, market operators, credit institutions, CSDs and CASPs). MISP adoption is realistically expected in 2027 at the earliest, with application dates thereafter.

2.3. German crypto securities registrars (*Kryptowertpapierregisterführer*)

Germany has taken a pioneering role with the Electronic Securities Act (eWpG, 2021), enabling electronic securities to be held in DLT-based crypto securities registers. These entities are licensed under eWpG/KWG and subject to ongoing Bafin supervision.

3. Gaps

3.1. No Pontes Enhanced access for DLT notaries

Once MISP enters into force (expected 2027/2028), DLT notaries will exist as independently recognised European entities. Yet without explicit inclusion in Pontes eligibility criteria, they will be unable to settle DLT-based securities in central bank money - creating a significant competitive barrier and a legal inconsistency within the European framework.

3.2. No bridge between eWpG crypto securities registrars and MISP categories

Even though the activities of German crypto securities registrars are comparable, in whole or in part, to the DLT notary service under the MISP, there is no formal recognition mechanism to map these national licences into the European framework. In addition, crypto securities registrars under the eWpG are financial services institutions under the KWG without MiFID investment services and therefore do not fall within any of the categories that may apply for the new DLT authorisations under the current MISP draft.

The result is regulatory fragmentation: institutions already lawfully operating DLT securities registers in Germany (or other member states with similar legislation) will face a full re-authorisation process under MISP, causing duplicated compliance effort and potential market disruption. The role of an eWpG crypto securities registrar, which performs functions comparable to the new DLT notary service, should not be disadvantaged by a lack of transitional or compatibility requirements in Pontes.

3.3. Timing synchronisation

Pontes enhanced launch is planned for Q3 2028. MISP adoption is realistically expected in 2027 at the earliest, with application dates thereafter. The first DLT notaries might not be authorized before the start of Pontes Enhanced in 2028. For Pontes Enhanced access at that point, Eurosystem eligibility criteria must be updated in advance. Without timely planning, an operational gap will emerge that significantly disadvantages market participants.

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4. Proposed solution

The Eurosystem should extend Pontes eligibility criteria to include DLT notaries no later than the formal adoption of MISP – that is the most systematic and legally coherent solution. Eligibility should follow the principle of same activity, same risks, same regulatory safeguards. This would create an EU-wide consistent framework, there would be no fragmentation between member states and it would strengthen the competitiveness of the European capital market.

For comparable national entities, that are currently eligible under Pontes Initial Launch following a case-by-case assessment by the relevant national central bank, to be able to continue seamlessly operating under Pontes Enhanced

- a fast-track licensing approach needs to be included for national comparable entities in the DLT Pilot Regime (through the MISP), and the circle of entities that may apply for these authorisations under the MISP needs to be extended to holders of comparable national licences – a fast track is of no use to an entity that is not eligible to apply in the first place; and
- as long as their application process for becoming a DLT notary is under way, they should benefit from a grandfathering rule provided that equivalent prudential, operational and settlement-finality safeguards are demonstrated during the transitional period.

The Eurosystem should clarify the relevant eligibility criteria and transitional arrangements sufficiently in advance of the planned launch of Pontes Enhanced in order to avoid a regulatory and operational gap.