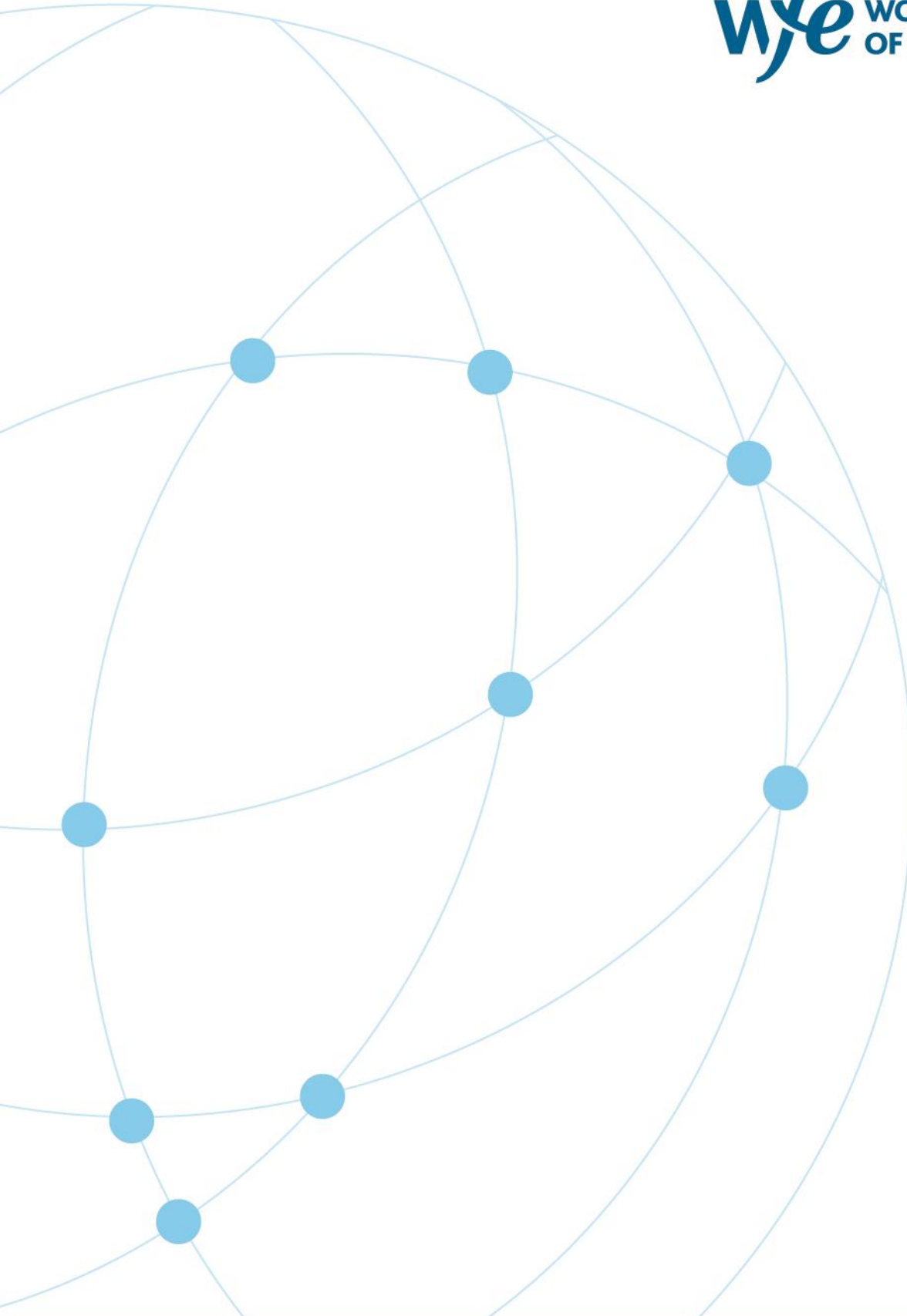




**WFE Response to the targeted consultation on the review of
Regulation on the Markets in Crypto-Assets (MiCA)**

30th September 2026

Question 1. Should crypto-assets that qualify as financial instruments as defined in [Directive 2014/65/EU](#) of the European Parliament and of the Council⁵, continue to be governed by sectorial legislation ([MiFID/MiFIR/MAR/Prospectus Regulation](#), etc.), or should all assets that are recorded and transacted on distributed ledgers and that meet the definition of a crypto-asset, or the services provided on such assets, in principle be covered by MiCA?

- ☐ Yes, they should remain under the main sectoral legislation
- ☐ No, all crypto-assets, or the services provided on such assets, should be covered by MiCA

If the answer is “Yes”, is the distinction between financial instruments governed by MiFID and crypto-assets governed by MiCA sufficiently clear, also taking into account ESMA’s guidelines on the conditions and criteria for the qualification of crypto-assets as financial instruments?

- ☐ Yes, sufficiently clear
- ☐ No, clarification is needed

If the answer to the previous question is “No” please explain your response and suggest any policy actions for clarification if needed.

Crypto-assets that qualify as financial instruments should continue to be treated as financial instruments under the relevant sectoral legislation, irrespective of whether they are issued, recorded or transferred using distributed ledger technology. The legal and regulatory characterisation of an instrument should turn on its economic substance, rights and risk profile, not on the technology used to represent or transfer it. A financial instrument remains a financial instrument whether it is tokenised or not.

Bringing tokenised financial instruments within MiCA simply because they are recorded on a distributed ledger would risk creating parallel regulatory treatments for economically identical assets. This would be particularly problematic where a single issuer has both a conventional security and a tokenised representation of the same security, or where tokenisation is used only as a different method of issuance, settlement or record-keeping. Treating those instruments differently could create legal uncertainty, regulatory arbitrage, fragmented market practices and unnecessary complexity for issuers, trading venues, intermediaries, investors and supervisors.

The appropriate principle should be that the same asset, carrying the same rights and giving rise to the same risks, should receive the same regulatory treatment. Where an instrument falls within the MiFID definition of a financial instrument, the existing sectoral framework should continue to apply. Any additional issues arising from the use of DLT should be addressed through targeted clarification or adaptation within that framework, rather than by moving such instruments into a separate regime designed for crypto-assets that are not financial instruments.

2.1. The future role of stablecoins

Question 9. Looking 5-10 years ahead, how strongly do you agree with the following visions for the role of stablecoins in the EU?

For each vision below, please indicate on a scale of 1 to 5 where 1 = Strongly disagree 2 = Rather disagree 3 = Neutral 4 = Rather agree 5 = Strongly agree

	1	2	3	4	5
A mainstream digital means of payment for retail transactions within the EU	☐	☐	☐	☐	☐
A mainstream digital means of payment for wholesale transactions within the EU	☐	☐	☐	☐	☐
A complement to existing payment instruments, used mainly in specific use cases especially in international, cross-border payments	☐	☐	☐	☐	☐
A core infrastructure layer for the digital economy and tokenised financial markets especially for settlement	☐	☐	☐	☐	☐
A niche or transitional product, eventually displaced by other forms of digital money (e.g. CBDCs or commercial bank money innovations)	☐	☐	☐	☐	☐
No clear long-term role can be identified at this stage	☐	☐	☐	☐	☐
Others	☐	☐	☐	☐	☐

If your answer is “Others”, please elaborate.

Stablecoins could, in principle, provide a valuable alternative payment rail for financial markets in. In particular, they may have a role to play in supporting a transition towards extended trading hours, and the corresponding need for settlement arrangements that can operate outside existing payment-system windows. They may also be useful when traditional payment rails are unavailable. Their potential value should therefore be assessed by reference to market demand, technological feasibility and the safeguards needed to preserve confidence in settlement finality and the broader post-trade framework.

Settlement of financial instruments could also, in theory, be conducted using stablecoins. In order to do this, it should be assured that stablecoins use by an FMI should be able to meet the principles set out by the Principles for Financial Market Infrastructures. There would need to be strong safeguards to ensure that a pegged stablecoin does not diverge from the value of the underlying reference currency, such as the euro, and that its use does not introduce undue credit, liquidity, operational or legal risks into the settlement process. Experience among European market participants also suggests that central bank digital currency may be a more acceptable settlement asset than privately issued stablecoins for certain wholesale market use cases.

Stablecoins may also have potential as eligible collateral. Their structure is not necessarily dissimilar to that of a money market fund, in the sense that both depend on the quality, liquidity and management of underlying reserve assets. If money market funds are accepted as collateral in certain market contexts, there may be a case for considering whether appropriately regulated and well-designed stablecoins could perform a similar function, subject to appropriate eligibility criteria, valuation, haircut, redemption and risk-management requirements.

We cannot predict with certainty how these use cases will develop. The appropriate approach should be to allow customer demand and technological feasibility to guide market evolution, while ensuring that regulation does not create unnecessary barriers to innovation where risks can be appropriately managed. Regulatory frameworks should therefore remain sufficiently technology-neutral and adaptable to accommodate sound market-led developments, rather than pre-emptively preventing potential use cases from emerging.

The MiCA review should therefore consider:

- **Explicit EMIR and CSDR eligibility.** Where stablecoins are backed by high-quality reserve assets and subject to the robust issuance and reserve requirements under MiCA, there is a strong case for recognizing them as eligible collateral under EMIR and as eligible settlement assets under CSDR. Excluding them from the pool of recognized collateral and settlement instruments forces market participants to maintain parallel liquidity arrangements, increasing operational complexity and cost without a commensurate reduction in risk. The MiCA Review should therefore explicitly enable the use of MiCA-regulated stablecoins as eligible collateral and settlement assets within central counterparty and settlement frameworks. In this context, we welcome the inclusion of EMTs in the DLT Pilot Regime and CSDR as part of the Market Integration and Supervision Package (MISP), and consider this a necessary first step toward a broader recognition of on-chain settlement instruments.
- **Tokenized deposits as a parallel track.** The settlement ecosystem should not be built around a single form of digital money. Tokenized commercial bank deposits represent a complementary instrument that can support delivery-versus-payment settlement, collateral and margining, and corporate treasury management within DLT-based infrastructure. Their development is currently constrained by legal uncertainty and limited interoperability across proprietary ecosystems. The Commission should consider establishing common standards, harmonized identification mechanisms, and shared validation frameworks that allow market participants to reliably identify and verify tokenized deposits across networks. EMIR should be updated to accept DLT-based collateral, including MiCA financial instruments and tokenized commercial bank money, as eligible forms of collateral where they meet the liquidity, credit risk, and market risk requirements already set out in the regulation.
- **Reserve architecture.** The quality of stablecoin reserves depends not only on the asset composition but also on the custody and accessibility of those reserves at the moment they are needed. Concentrating reserves predominantly in unsecured bank deposits reintroduces the very counterparty and insolvency risks that segregated reserves are designed to eliminate. Where stablecoins are used as settlement instruments in regulated financial market infrastructure, reserves should be managed through regulated financial market infrastructure connected to central bank and settlement ecosystems, with a meaningful share held in a form that is immediately available to honor settlement obligations. The

Commission should consider differentiated reserve custody requirements for stablecoins that perform a settlement function, calibrated to the systemic importance of the settlement use case rather than the volume of issuance alone.

Question 60. What do you consider to be the main risks associated with DeFi?

1. Strongly disagree
2. Rather disagree
3. Neutral
4. Rather agree
5. Strongly agree

Risk	1	2	3	4	5
Operational risk	☐	☐	☐	☐	☐
Money laundering and terrorist financing risk	☐	☐	☐	☐	☐
Market abuse	☐	☐	☐	☐	☐
Investor protection risk (information asymmetry, no redress, opacity of functioning)	☐	☐	☐	☐	☐
Financial stability	☐	☐	☐	☐	☐

Please explain your answers.

DeFi is simply another way to enable financial services that carries many of the same risks as traditional financial services and trading of assets. In the context of crypto-asset trading platforms, the idea of decentralisation is a misnomer. A platform where buyers and sellers meet is, by its very nature, a central entity.

While DeFi platforms are often marketed as decentralised, they still have some central elements, allowing regulators to 'hook onto' the application level of the services being offered which can ensure a technological neutral approach. This illusion in decentralization is also apparent through the governance models used in DeFi through DAOs, which can lead to power concentrations and inefficiencies, especially if a singular interest captures a significant amount of governance tokens.

Regarding the real level of decentralisation of DeFi services, we are concerned that decentralization can be an "illusion" and that many DeFi services replicate traditional financial services with weaker regulation and increased risks for investors. Furthermore, choosing not to create a bespoke

regulatory framework permits a technology neutral approach. Instead, we should aim for the same regulations on the same activity and the same risk and more broadly the benefits of principles-based regulations

The use of the term 'decentralised exchange' implies something which it may not be. We have already established that it's a misnomer itself. But it may imply that no one person is in control. The ACPR for example, previously recognised that this is not always the case. The risk of this implication is clear – investors can, will be and are misled by the name.

The MiCA review should therefore consider:

- **Licensing for pseudo-decentralized protocols.** DeFi protocols replicate traditional financial services, including order matching, lending, and asset management, with weaker regulation and increased risks for investors. A certification alone is not a sufficient substitute for a full CASP license where identifiable persons or entities retain governance, upgrade authority, or economic control over the protocol. The principle of "same activity, same risk, same regulation" requires that such protocols meet the same licensing standards as centralized service providers. Certification should be reserved for protocols that can demonstrate genuine, verifiable governance, code deployment, and economic incentives.
- **CASP-DeFi interface.** CASPs should not be permitted to connect clients with DeFi protocols that have not obtained the relevant certification or license. Where a CASP facilitates access to decentralized applications, it effectively acts as a gateway and assumes a responsibility toward its clients that must be matched by corresponding regulatory obligations, including due diligence on the protocol, disclosure of specific risks, and ongoing monitoring. The absence of such requirements creates a channel through which retail investors can access unregulated services via a regulated intermediary, undermining the objectives of MiCA.

Question 81. Would you recommend increasing the legal certainty in the treatment of tokens through EU law?

- ☐ Yes
☐ No

Question 81.1 If YES, what are the 3 most important elements that should be addressed in EU law? Please explain your answer and provide examples.

Yes. Focusing in particular on tokenised equities (as opposed to mimicked tokenised equities that are tokenised by a third-party).

1. Ownership and Investor Rights

The EU should clarify that holding a token associated with a tokenised on a distributed ledger gives an investor the same legal rights as holding a share recorded through a traditional CSD and securities account chain. While MiFID II generally treats tokenised shares as financial instruments, Member States still have different company law, property law and securities law concepts governing how ownership is recognised. This creates uncertainty about whether the token itself constitutes the

share, merely evidences ownership, or represents a contractual claim to a share. As a result, investors may face uncertainty regarding voting rights, dividend entitlements, corporate actions and the enforceability of ownership claims in insolvency.

2. Settlement Finality and Transfer of Title

The EU should work towards addressing questions regarding the precise moment at which title transfers on a distributed ledger, how settlement-finality protections apply, and how transfers would be treated in insolvency or dispute scenarios. Securities markets rely on established rules governing when settlement is legally final and when ownership legally passes from seller to buyer. DLT systems can execute transfers in real time, but the legal framework was originally designed around central securities depositories and conventional settlement systems. EU's DLT Pilot Regime provides exemptions to test alternative arrangements precisely because existing legislation does not always fit DLT-based market infrastructures.

3. Cross-Border Legal Fragmentation

Although the EU has harmonised many aspects of securities regulation, property law, company law and insolvency law remain largely national competencies. A tokenised equity issued in one Member State, traded on a DLT platform in another, and held by an investor in a third may be subject to multiple legal regimes. Market participants therefore face uncertainty over which country's law governs ownership, perfection of interests, collateral arrangements, insolvency treatment and dispute resolution.

4. A 28th Regime for Digital Issuance and DLT Registers

The problems described above, namely fragmented ownership rules, uncertain settlement finality, and divergent national property laws, point toward the possibility for a structural solution at EU level. A 28th regime that recognizes the legal effects of DLT registers holding tokens, including good-faith acquisition rules and rules on opposability and enforceability to third parties could be valuable in this regard. Such a regime would create a uniform rule of digital entitlement that functions across all Member States' property law structures, without requiring full harmonization of national private law. Its long-term objective could be a standalone framework applicable across all digital issuance, rather than being confined to a single legislative instrument such as MiCA. It could establish clear, harmonized issuance requirements for dematerialized securities in a cross-border environment and be available to issuers across all Member States, regardless of the governing law of the securities or the issuer's seat. However, a 28th regime for digital issuance should not proceed in isolation. It would not address the underlying fragmentation in securities ownership and insolvency laws. EU policymakers should priorities addressing these structural issues in parallel, to ensure that the new regime rests on a coherent legal foundation.

5. Settlement Finality for Hybrid CSD Infrastructure

The legal treatment of tokenized equities cannot be considered in isolation from the settlement infrastructure through which they are transferred. Where CSD operates both DLT-based and legacy settlement components under a single rulebook, the Settlement Finality Directive should recognize this as a single designated system. The SFD defines a "system" in contractual, not technological, terms: the relevant criterion is a formal arrangement governed by common rules and standardised

procedures for the execution of transfer orders between a defined set of participants. A hybrid CSD operating under a unified rulebook satisfies this definition.

The MiCA Review should therefore confirm three points: (i) a hybrid CSD operating DLT and legacy components under a unified rulebook constitutes a single system under the SFD, provided transfer order rules are sufficiently common and standardised across the participant set; (ii) finality protections attach at the point of receipt and validation of the transfer order and are not contingent on the technological layer through which execution occurs; and (iii) insolvency protections under the SFD apply on equal terms to tokenized and non-tokenized securities settled within such a hybrid system. Absent this clarification, market participants face a structural disincentive to engage with DLT-based settlement infrastructure, not because of genuine legal incompatibility, but because of avoidable ambiguity that a targeted SFD guidance note or MiCA Review provision could resolve. This is directly relevant to WFE members operating or considering hybrid post-trade infrastructure.

6. Property Law for Stablecoins

The legal uncertainty described above for tokenized equities applies equally to stablecoins used as settlement assets. Unlike traditional financial instruments, where ownership rights and their transfer are anchored in statute, the holding and transfer of stablecoins rests entirely on contractual arrangements defined by the issuer. These arrangements vary significantly across issuers and may offer considerably weaker protection. As long as the legal nature of holding and transferring stablecoins remains dependent on the contractual discretion of individual issuers, market participants face an unpredictable legal environment that discourages institutional engagement. The MiCA Review should seek to reduce this uncertainty by establishing a clearer and more harmonized legal foundation for the ownership and transfer of crypto-assets, including stablecoins, across Member States. This would directly support the broader objective of enabling stablecoins as reliable settlement and collateral instruments in regulated financial markets.

About the World Federation of Exchanges (WFE):

Established in 1961, the WFE is the global industry association for exchanges and clearing houses. Headquartered in London, it represents the providers of over 250 pieces of market infrastructure, including standalone CCPs that are not part of exchange groups. Of our members, 39% are in Asia Pacific, 42% in EMEA and 19% in the Americas region. The WFE's 74 member CCPs and clearing services collectively ensure that risk takers post some USD 1.4 trillion (equivalent) of resources to back their positions, in the form of initial margin and default fund requirements. WFE exchanges are home to over 41,000 listed companies, and the market capitalization of these entities is over \$137 trillion; around \$198.5 trillion in trading annually passes through WFE members (at end-2025).

The WFE is the definitive source for exchange-traded statistics and publishes over 350 market data indicators. Its free statistics database stretches back 50 years and provides information and insight into developments on global exchanges. The WFE works with standard-setters, policy makers, regulators and government organisations around the world to support and promote the development of fair, transparent, stable and efficient markets. The WFE shares regulatory authorities' goals of ensuring the safety and soundness of the global financial system.

With extensive experience of developing and enforcing high standards of conduct, the WFE and its members support an orderly, secure, fair and transparent environment for investors; for companies that raise capital; and for all who deal with financial risk. We seek outcomes that maximise the common good, consumer confidence and economic growth. And we engage with policymakers and regulators in an open, collaborative way, reflecting the central, public role that exchanges and CCPs play in a globally integrated financial system. If you have any further questions, or wish to follow-up on our contribution, the WFE remains at your disposal.

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