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2023/0212 (COD)**

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**WK 17299/2025 INIT**

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## **WORKING DOCUMENT**

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**From:** General Secretariat of the Council  
**To:** Working Party on Financial Services and the Banking Union (Digital Euro Package)  
Financial Services Attachés

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**Subject:** Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the establishment of the digital euro  
- Final Presidency compromise

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Following the written comments received, delegations will find attached the final Presidency compromise text on the Regulation in subject. Changes as compared to the Commission proposal are marked in bold (additions) and bold and strikethrough (deletions), either in black font (previous retained amendments) or in green font (latest round of changes).

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WK 17299/2025 INIT

**2023/0212 (COD)**  
**Proposal for a**  
**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**  
**on the establishment of the digital euro**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 133 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Central Bank<sup>1</sup>,

~~Having regard to the opinion of the European Economic and Social Committee<sup>2</sup>,~~

Acting in accordance with the ordinary legislative procedure,

Whereas:

(1) The Commission emphasised in the Digital Finance and Retail Payment Strategies<sup>3</sup> of September 2020 that a digital euro, as a retail central bank digital currency, **available for both consumers and businesses**, would act as a catalyst for innovation in payments, finance and commerce in the context of ongoing efforts to reduce the fragmentation of the Union retail payments market. The Eurosummit of March 2021 called for a stronger and more innovative digital finance sector and more efficient and resilient payment systems. The Eurogroup also acknowledged, in its statement of 25 February, the potential of a digital euro to foster innovation in the financial system. In that context, both the European Parliament<sup>4</sup> and ECOFIN Council<sup>5</sup> welcomed in February and March 2022 the European Central Bank's decision to launch a two-year investigation phase of a digital euro project, starting from October 2021.

(2) On 2 October 2020, the European Central Bank published its "Report on a digital euro"<sup>6</sup>. The report formed the basis for seeking views on the benefits and challenges of issuing a digital euro and on its possible design.

(3) Central bank money in the form of banknotes and coins cannot be used for online payments. Today, online payments rely entirely on commercial bank money. The acceptability and fungibility of commercial bank money rely on its convertibility on a one-to-one basis to central bank money with legal tender, which serves as a monetary anchor. That monetary anchor is at the core of the functioning of monetary and financial systems. It underpins users' confidence in commercial bank money and in the euro as a currency and is therefore essential to safeguard the stability of the monetary system in a digitalised economy and society. As central bank money in physical form alone cannot address the needs of a rapidly digitalising economy, this could gradually remove the monetary anchor for commercial bank money. It is therefore necessary to introduce a new form of official currency with legal tender which is risk free, **resilient**, and helps visualise the convertibility at par of the money issued by various commercial banks.

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<sup>1</sup> OJ C [...], [...], p. [...]

~~<sup>2</sup> OJ C [...], [...], p. [...]~~

<sup>3</sup> Communication from the Commission to the European Parliament, the Council and the Committee of the Regions on a Digital Finance Strategy for the EU (COM/2020/591 final)

<sup>4</sup> European Parliament's resolution of 16 February 2022 on the European Central Bank – annual report 2021/2021/2063(INI)

<sup>5</sup> <https://data.consilium.europa.eu/doc/document/ST-6301-2022-INIT/en/pdf>

<sup>6</sup> European Central Bank, [Report on a digital euro](#), October 2020

(4) To address the need of a rapidly digitalising economy, the digital euro should support a variety of use cases of retail payments. Those use cases include person to person, person to business, person to government, business to person, business to business, business to government, government to person, government to business, and government to government payments. In addition, the digital euro should also be able to fulfil future payments needs, and in particular machine to machine payment in the context of Industry 4.0 and payments in the decentralised internet (web3). **The European Central Bank should closely monitor emerging trends and the evolving needs of the industry in the area of business-to-business payments and, where relevant, identify and advance initiatives to ensure that the digital euro remains adaptable and relevant to these developments. The technical infrastructure should be designed from the outset to support business-to-business transactions effectively, with a particular focus on enabling conditional payments.**

The digital euro should not cater for payments between financial intermediaries, payment service providers and other market participants (that is to say wholesale payments), for which settlement systems in central bank money exist and where the use of different technologies is being further investigated by the **Eurosystem European Central Bank and national central banks.**

(5) In a context where cash alone cannot answer the needs of a digitalised economy, it is essential to support financial inclusion by ensuring universal, affordable, **resilient**, and easy access to the digital euro ~~to~~ **for** individuals in the euro area, as well as its wide acceptance in payments. Financial exclusion in the digitalised economy may increase as private digital means of payments may not specifically cater for vulnerable groups of the society or may not be suitable in some rural or remote areas without a (stable) communication network. According to the World Bank and the Bank for International Settlements, “efficient, accessible and safe retail payment systems and services are critical for greater financial inclusion”.<sup>7</sup> That finding was further substantiated by the study on new Digital Payment Methods commissioned by the European Central Bank, which concluded that for the unbanked/underbanked/offline population, the most important features of a new payment method are easiness of use, not requiring technological skills, and to be secure and free of charge.<sup>8</sup> A digital euro would offer a public alternative to private digital means of payments and support financial inclusion as it would be designed along these objectives, thus catering for free access, easiness of use and wide accessibility and acceptance.

(6) The digital euro should complement euro banknotes and coins and should not replace the physical forms of the single currency. As legal tender instruments, both cash and digital euro are equally important. Regulation (EU) [please insert reference – proposal for a Regulation on the legal tender of euro banknotes and coins - COM/2023/364] would **harmonise further define** legal tender for cash and ensure that cash is widely distributed and effectively used.

(7) Future developments in digital payments may affect the role of the euro in retail payment markets both in the European Union and internationally. Many central banks around the world are currently exploring the issuance of central bank digital currencies (‘CBDCs’) and some countries have already issued a CBDC. In addition, so-called third country stablecoins not denominated in euro, could, if widely used for payments, displace euro denominated payments in the Union’s economy by satisfying demand for programmable payments (which are referred as conditional payments in the context of this Regulation), including in e-commerce, capital markets or industry 4.0. A digital euro would therefore be important to maintain the role of the euro in the digital age.

(8) It is therefore necessary to lay down a legal framework for establishing a digital form of the euro with the status of legal tender, for use by people, businesses and public authorities in the euro area. As a new form of the euro available to the general public, the digital euro should have important societal and economic consequences. It is therefore necessary to establish the digital euro and to regulate its main characteristics, as a measure of monetary law. The European Central Bank is competent to issue and to authorise the issuance of the digital euro

<sup>7</sup> <https://documents1.worldbank.org/curated/en/806481470154477031/pdf/Payment-Aspects-of-Financial-Inclusion.pdf>

<sup>8</sup> [Study on New Digital Payment Methods](#) (europa.eu), March 2022. According to the World Bank, financial inclusion means that individuals have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance”.

by national central banks of the Member States whose currency is the euro, exercising its powers under the Treaties. On the basis of those powers and in accordance with the legal framework set out in this Regulation, the European Central Bank should thus be able to decide whether to issue the digital euro, at which times and in what amounts, and other particular measures that are intrinsically connected to its issuance, in addition to banknotes and coins. **To ensure an effective use of the euro, both its online and offline functional modalities are necessary and essential and both should therefore be available from the first issuance of the digital euro.**

(9) Like euro banknotes and coins, the digital euro should be a **direct liability item on the balance sheet** of the European Central Bank or of the national central banks of the Member States whose currency is the euro towards digital euro users. The digital euro should be issued for an amount equal to the face value of the corresponding liability on the consolidated balance sheet of the European Central Bank and the national central banks of the Member States whose currency is the euro, in particular by converting payment service providers' central bank reserves into digital euro holdings, to satisfy demand from digital euro users. To hold and use digital euros, digital euro users should only need to establish a contractual relationship with payment service providers distributing the digital euro to open digital euro payment accounts. No account or other contractual relationship would be established between the digital euro user and the European Central Bank or the national central banks **in relation to the provision of digital euro payment services**. Payment service providers should manage the digital euro payment accounts of digital euro users on their behalf and provide them with digital euro payment services. ~~Since payment service providers are not a party to the direct liability held by digital euro users towards the European Central Bank and the national central banks of the Member States whose currency is the euro, and are acting on behalf of digital euro users, the insolvency of payment service providers would not affect digital euro users.~~

(9a) The digital euro should be considered an immaterial asset giving rise to in rem rights ~~as a matter of Union law and~~ in the context of national private law. This legal nature should apply to both the online and the offline version, irrespective of their respective technical configuration, as both variants of the digital euro should be fungible at par between each other. Digital euro users should remain the only owners of, or holders of property interests in, the rights represented by digital euros, even though digital euro users access and use their holdings through their respective payment service providers. This is without prejudice to any underlying obligation between the payer and the payee. Under no circumstances the payment service provider should be considered, for the sole fact that it provides digital euro payment services, the owner of, or have any property interest in, the rights represented by digital euros upon the opening of the digital euro payment accounts for the benefit of digital euro users. The digital euro holdings and the means of access thereto should thus be beyond the reach of creditors of the payment service providers. In particular, insolvency proceedings against payment service providers should not affect digital euro users. ~~As long as the Member States comply with the treatment of the digital euro as an immaterial asset and to the extent that a matter is not regulated in this Regulation, the relevant national rules of private law apply.~~

(10) The digital euro should be governed by the provisions of this Regulation. They may be supplemented by the delegated acts that the Commission is empowered to adopt pursuant to Articles 11, 34, 35, and 36 ~~and 38~~, and by the implementing acts that the Commission is empowered to adopt pursuant to Articles ~~16a~~, 17, 17a, 17b, 17c, 17d, 33 37 and 37b. In addition, within the framework of this Regulation and its delegated acts, the European Central Bank may adopt detailed measures, rules and standards pursuant to its own competences. **For the purpose of adopting such detailed measures, rules and standards, or amendments to such measures, rules and standards, the European Central Bank should take into consideration views of all relevant stakeholders in the framework of this Regulation, including payment service providers, merchants and consumers, through appropriate consultative mechanisms.** Where such measures, rules and standards have an impact on the protection of individual's rights and freedoms with regard to the processing of personal data, the European Central Bank should consult the European Data Protection Supervisor. To ensure legal certainty, the Regulation also clarifies that the digital euro is subject to **Directive (EU) 2024/1640 of the European Parliament and of the Council of 31 May 2024 on the mechanisms to be put in place by Member States**

**for the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, Regulation Directive (EU) 2024/1624** of the European Parliament and of the Council, of 31 May 2024, on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing and to Regulation (EU) 2023/1113 of the European Parliament and of the Council of 31 May 2023 on information accompanying transfers of funds **and certain crypto-assets and amending Directive (EU) 2015/849 (repealing Regulation (EU) 2015/847)**, without prejudice to the adjusted anti-money laundering and counter terrorist financing framework laid down in this regulation for offline digital euro payment transactions. **Online digital euro payment transactions and the related digital euro payment services** are also subject to Directive (EU) 2015/2366 of the European Parliament and of the Council, of 25 November 2015, on payment services in the internal market, as amended by Directive [please insert reference - proposal for a Directive of the European Parliament and of the Council on payment services and electronic money services in the internal market amending Directive 98/26/EC and repealing Directives 2015/2366/EU and 2009/110/EC - COM(2023) 366 final] which has provided that ‘funds’ include central bank money issued for retail use (i.e. banknotes, coins and central bank digital currencies), and to Regulation (EU) 2021/1230 on cross border payments. **Those other provisions should only apply insofar as a matter is not regulated under this Regulation. In the event of a conflict between this Regulation and those other provisions, this Regulation should prevail. As long as the Member States comply with the treatment of the digital euro as an immaterial asset and to the extent that a matter is not regulated in this Regulation, the relevant national rules of private law and international private law should apply to the digital euro.**

(10a) Considering that the list of mandatory digital euro payment services as defined in Annex II includes the provision of a digital euro payment account, payment service providers that are only licensed to provide payment initiation services would under Directive (EU) 2015/2366 not in principle be able to offer digital euro payment services based on their license. It is therefore appropriate that this Regulation provides that the provisions of Title III, chapter III 3 of Directive (EU) 2015/2366 of the European Parliament and of the Council, of 25 November 2015, on payment services in the internal market, as replaced by Directive (EU) [please insert reference – proposal for EN 41 EN a Directive on payment services and electronic money services in the internal market - COM/2023/366 final] and Regulation (EU) [please insert reference – proposal for a Regulation on payment services in the internal market - COM/2023/367 final] of the European Parliament and of the Council, of XX/XX/2023, should not apply to digital euro payment services, meaning that a payment initiation service provider should not have a right of access to a digital euro payment account for the purpose of initiating a digital euro payment transaction. However, a payment service provider that is only licensed to provide payment initiation services may provide digital euro payment initiation services by contracting with any account servicing payment service provider distributing digital euro payment services. Account information service providers should have the right to access a digital euro payment account held with another payment service provider to offer account information services.

(11) To ensure the effective protection of the legal tender status of the digital euro as a single currency throughout the euro area, and the acceptance of payments in digital euro, rules on ~~sanctions~~ **penalties** for infringements should be introduced and applied in the Member States.

(12) The relevant provisions of Directive (EU) 2015/2366 as replaced by Directive (EU) [please insert reference – proposal for a Directive on payment services and electronic money services in the internal market amending Directive 98/26/EC and repealing Directives 2015/2366/EU and 2009/110/EC - COM(2023) 366 final], **Regulation (EU) 2024/1624 of the European Parliament and of the Council of 31 May 2024 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing and Directive (EU) 2024/1640 of the European Parliament and of the Council of 31 May 2024 on the mechanisms to be put in place by Member States for the prevention of the use of the financial system for the purposes of money laundering or terrorist financing** [~~please insert reference – proposal for Anti-Money Laundering Directive – COM/2021/423 final~~] and Regulation (EU) 2016/679 should govern the supervision by competent authorities and the sanctions regime and supervisory arrangements between the competent authorities

of the home Member States and of the host Member States, concerning the activities of Payment Services Providers established in Member States whose currency is not the euro. To ensure an efficient supervision of payment services providers distributing the digital euro, the competent authorities responsible under Directive (EU) 2015/2366 for supervising the provision of payment services should also cooperate with the European Central Bank for the purposes of supervising the application of payment-related obligations laid down in Regulation (EU) No XXX on the establishment of the digital euro. Any personal data processing under the present Regulation must comply with Regulation (EU) 2016/679 and Regulation (EU) 2018/1725 insofar as they fall within their respective scope of application. Therefore, the supervisory authorities under Regulation (EU) 2016/679 and Regulation (EU) 2018/1725 are responsible for the supervision of processing of personal data carried out in the context of this Regulation. **In order to ensure the application and enforcement of Article 33, Member States should designate one or more competent authorities. Competent authorities should cooperate with each other.**

(13) Member States, their relevant authorities and payment service providers should deploy information and educational measures to ensure the necessary level of awareness and knowledge of the different aspects of the digital euro.

(14) According to the case-law of the Court of Justice of the European Union<sup>9</sup>, the concept of ‘legal tender’ of a means of payment denominated in a currency unit signifies, in its ordinary sense, that that means of payment cannot generally be refused in settlement of a debt denominated in the same currency unit, at its full-face value, with the effect of discharging the debt.

(15) Legal tender status is a defining characteristic of central bank money. In the euro area, until now euro banknotes and coins are the only means of payment that have the status of legal tender, pursuant to Article 128(1) of the Treaty on the Functioning of the European Union (‘TFEU’) and Article 10 and 11 of Council Regulation (EC) No 974/98<sup>10</sup> on the introduction of the euro<sup>11</sup>.

(16) The digital euro, as a digital currency with the status of legal tender denominated in euro issued by the European Central Bank and national central banks of the Member States whose currency is the euro, as part of the Eurosystem, should be widely accessible, usable, **resilient**, and accepted as a means of payment. Granting legal tender status to the digital euro should support its usability in payments across the euro area and thus also support the efforts to ensure the continued availability and accessibility of central bank money in its role of monetary anchor, as cash alone cannot address the needs of a rapidly digitalising economy. In addition, the mandatory acceptance of payments in digital euro as one of the main conditions of the legal tender status ensures that people and businesses benefit from a wide acceptance and have a real choice to pay with central bank money in a digital way and in a uniform manner throughout the euro area.

(17) The digital euro should have **the status of legal tender status** for offline digital euro payment transactions occurring within in the euro area, similarly to euro banknotes and coins which have legal tender status in the euro area. **As offline digital euro payment transactions can only be made in physical proximity when the payer’s payment instrument and the payee’s point of interaction can exchange data, in situations where there is no such physical proximity, payees operating remotely are therefore unable to accept that payments in offline digital euro.** The digital euro should also have legal tender status for online digital euro payment transactions made to a payee residing or established in the euro area, where the payer is also residing or established in the euro area, **in both situations of proximity and remote payments**. Similarly, the digital euro should have **the status of legal tender status** for online digital euro payment transactions made to a payee residing or established in the euro area, where the payer is not residing or established in the euro area.

<sup>9</sup> See judgment of 26 January 2021 in Joined Cases C-422/19 and C-423/19, *Hessischer Rundfunk*, EU:C:2021:63 point 46.

<sup>10</sup> Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro (OJ L 139, 11.5.1998, p. 1).

<sup>11</sup> OJ L139, 11.5.1998, p.1.

(17a) The manner of acceptance of the digital euro by payees should be consistent with their mode of operation. This may include situations where a payee operating exclusively in a physical environment and accepting digital means of payment at the point of sale would not be expected to accept digital euro payment transactions via an e-commerce gateway. Where payees operate in both environments, they should accept the digital euro accordingly. In situations where the payee is required to accept both the online and offline digital euro payment transactions, the payer should remain free to choose whether to pay with an online or offline digital euro. This upholds the principle of legal tender, ensuring that the digital euro is accepted for both online and offline digital euro payment transactions, while respecting the freedom of choice of the payer.

(18) Since the digital euro requires the capacity to accept digital means of payment, imposing an obligation of mandatory acceptance of payments in digital euro on all payees could be disproportionate. To this end, exceptions to the mandatory acceptance of payments in digital euro should be provided for natural persons acting in the course of a purely personal or household activity. **Furthermore, it is not necessary for the use of the euro as the single currency to provide for Exceptions to mandatory acceptance of the digital euro should also be provided for microenterprises, and self-employed persons, and non-profit legal entities that only accept credit transfers not initiated at the point of interaction, direct debits not initiated at the point of interaction, and/or only euro banknotes and coins. which are particularly important in the euro area for the development of entrepreneurship job creation and innovation, playing a vital role in shaping the economy. Union policies and actions should reduce regulatory burdens for enterprises of this size. Exceptions to mandatory acceptance should also be provided for non-profit legal entities which promote the public interest and serve the public good performing a variety of goals of societal interest, including equity, education, health, environmental protection and human rights. For microenterprises, non-profit legal entities and self-employed persons, the acquisition of the required infrastructure and the acceptance costs would be disproportionate. They should therefore be exempted from the obligation to accept payments in digital euro. In such cases, other means for the settlement of monetary debts should remain available. Nevertheless, microenterprises and non-profit legal entities that accept comparable digital means of payment from payers should be subject to the mandatory acceptance of payments in digital euro. Comparable digital means of payment should include debit card payment or instant payment or other future technological solutions used at the point of interaction, but should exclude credit transfer and direct debit that are not initiated at the point of interaction. Microenterprises and non-profit legal entities that do not accept comparable digital means of payment from their payers in settlement of a debt (e.g. they only accept euro banknotes and coins), but may use digital payments in settlement of a debt to their payees (e.g. they pay with credit transfers), should not be subject to the mandatory acceptance of payments in digital euro.** Finally, a payee may also refuse a payment in digital euro if the refusal is made in good faith and if the payee justifies the refusal on legitimate and temporary grounds, proportionate to concrete circumstances beyond its control, leading to an impossibility to accept payments in digital euro at the relevant time of the transaction, such as a power outage in the case of online digital euro payment transactions, or a defective device in the case of offline or online digital euro payment transactions. **This is without prejudice to the power of Member States, pursuant to their own competences, to regulate the acceptance of private digital means of payment at the point of interaction.**

(19) In order to ensure that additional exceptions to the mandatory acceptance of the digital euro may be introduced at a later stage if they are required, for example due to technical specificities that may appear in the future, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of the introduction of additional exceptions of a monetary law nature to the obligation to accept digital euro payment transactions, which would apply in a harmonised way across the euro area, taking into account any proposals from Member States to this end. The Commission may only adopt such exceptions if they are necessary, justified on grounds of general interest, proportionate, and preserve the effectiveness of the legal tender status of the digital euro. The power of the Commission to adopt delegated acts for the introduction of additional exceptions to the obligation to accept digital euro payment transactions should be without prejudice to the possibility for Member States, pursuant to their own powers in areas of shared competence, to adopt national legislation introducing exceptions to the

mandatory acceptance deriving from the legal tender status in accordance with the conditions laid down by the Court of Justice of the European Union in its judgment in Joined Cases C-422/19 and C-423/19.

(20) In order to ensure that people and businesses benefit from a wide acceptance network and are able to effectively use the digital euro in their day-to-day payments, payees who are subject to the mandatory acceptance of payments in digital euro should not unilaterally exclude payments in digital euro through contractual terms that have not been individually negotiated or **through** commercial practices. **Such unilateral exclusions would undermine the effectiveness of the digital euro as a generally accepted means of payment and could restrict the ability of payers to settle monetary debts with legal tender. However, it is not necessary to prohibit the use of non-individually negotiated contractual terms in relations between enterprises, where standard terms and conditions are widely used, it would be disproportionate to prohibit the use of non-individually negotiated contractual terms for the sole purpose of regulating their mutual commercial arrangements. Exclusionary commercial practices should be prohibited even in relations between enterprises.**

(21) The main objective of the establishment of the digital euro is its use as a form of the single currency with legal tender in the euro area. For this purpose and in line with the Agreement on the European Economic Area, ~~digital euro users~~ **natural and legal persons** residing or established in the euro area, including ~~consumers~~ **natural persons** with no fixed address, asylum seekers and ~~consumers~~ **natural persons** who are not granted a residence permit but whose expulsion is impossible for legal or factual reasons, may be provided digital euro payment services by **payment service providers** established in the European Economic Area. **Citizens of the Union who reside in a Member State whose currency is not the euro or in a third country should also be allowed to receive digital euro payment services while they exercise their rights of free movement in a Member State whose currency is the euro. This would, among others, cover citizens who have a right to work, study or provide goods and services in a Member State whose currency is the euro even though they do not reside there. Furthermore, natural and legal persons who were already receiving digital euro payment services, because they had opened a digital euro payment account at the time they resided or were established in a Member State whose currency is the euro, but no longer reside or are established in such Member State, may still continue to receive digital euro payment services by payment service providers established in the European Economic Area, in line with the Agreement on the European Economic Area. Finally, visitors to a Member State whose currency is the euro should also be allowed to receive digital euro payment services while they are visiting, subject to possible time limitations in relation to the status of residence or establishment of these persons that** The European Central Bank ~~may~~ **should be able to define and impose restrictions on the access to digital euro payment services for visitors and former residents of a Member State whose currency is the euro. Such restrictions should take account of monetary policy considerations, the stability of the financial system and the monetary sovereignty of Member States whose currency is not the euro. It should however be ensured that visitors and former residents can at all times defund their digital euro payment accounts and local storage devices.**

(22) In accordance with Directive (EU) 2015/2366 of the European Parliament and the Council, the notion of ‘funds’ means banknotes and coins, scriptural money or electronic money. As a new form of central bank money with legal tender, the digital euro should be considered as funds under **[Insert PSD3 and PSR] Directive 2015/2366**. It should be ensured that payment service providers distributing the digital euro should be subject to the requirements laid down in this Directive **and Regulation** as transposed by Member States and supervised for this purpose by the competent authorities referred to in this Directive as well. **In relation to users of digital euro payment services, payment service providers should be responsible for all obligations under Directive (EU) 2015/2366 concerning the provision of payment services, including those required for the settlement of digital euro payment transactions in the digital euro settlement infrastructure established by the European Central Bank and the national central banks, as if they maintained the digital euro payment accounts on their books.** When issuing the digital euro, the European Central Bank and national central banks of the Member States whose currency is the euro, as part of the Eurosystem, would be

acting in their capacity as monetary authority and should therefore not be subject to Directive 2015/2366 in accordance with Article 1(e) of that Directive.

(23) Digital euro payment accounts are a category of payment accounts denominated in euro through which digital euro users are able to carry out inter alia the following transactions: place funds, withdraw cash and execute and receive payment transactions to and from third parties, irrespective of the technology used and the structure of the ledger or of the data (e.g. whether digital euros are recorded as holding balances or units of value). Where these activities require processing of personal data, the payment service providers should be controllers.

~~(24) Account servicing payment service providers under Directive 2015/2366 should provide funding and defunding services to their clients, regardless of their ability to provide the liquidity source for those funds in central bank money. At the request of their clients, in view of successfully carrying out funding and defunding services, account servicing payment service providers that are allowed to have an account at the central bank should provide account servicing payment service providers that are not allowed to have an account at the central bank with access to payment systems, and similarly should pass through the settlement infrastructure the transfer orders of the account servicing payment service providers that are not allowed to have an account at the central bank, in an objective, proportionate and non-discriminatory manner.~~

~~(25) For the purpose of properly enforcing any holding limits on the use of the digital euro decided upon by the European Central Bank, when onboarding digital euro users, or during ex post checks where appropriate, payment service providers in charge of distributing the digital euro should verify whether their prospective or existing customer already has digital euro payment accounts. The European Central Bank may support payment service providers in performing the task of enforcing any holding limits, including by establishing alone or jointly with national central banks a single access point of digital euro user identifiers and the related digital euro holding limits. The European Central Bank should implement appropriate technical and organisational measures, including state-of-the-art security and privacy-preserving measures, to ensure that the identity of individual digital euro users cannot be linked with the information in the single access point by entities other than payment service providers whose client or potential customer is the digital euro user. The European Central Bank should be controller to the extent that these activities require processing of personal data. When the European Central Bank establishes the single access point together with the national central banks, they should be joint controllers.~~

(26) To support universal access to the digital euro by the general public in the euro area, and to foster innovation and a high level of competition in the retail payment market, all the relevant intermediaries should be able to distribute the digital euro. All account servicing payment service providers under Directive (EU) 2015/2366, including credit institutions, electronic money institutions, payment institutions, post office giro institutions which are entitled under national law to provide payment services ~~the European Central Bank and national central banks of Member States whose currency is the euro, as part of the Eurosystem, when not acting in their capacity as monetary authority or other public authorities~~, and Member States or their regional or local authorities when not acting in their capacity as public authorities should be able to provide digital euro payment accounts and the related digital euro payment services, regardless of their location in the European Economic Area. Crypto asset services providers regulated under Regulation (EU) 2023/1114 of the European Parliament and of the Council<sup>12</sup> that are account servicing payment service providers under Directive EU 2015/2366 should also be allowed to distribute the digital euro. In accordance with Directive EU 2015/2366, account servicing payment service providers should be obliged to provide access to data on payment accounts to ~~payment initiation and~~ account information service providers based on Application Programming Interfaces (APIs), to allow them to develop and provide innovative additional services. **Given that the**

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<sup>12</sup> 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, OJ L150, 9.6.2023, p. 40

provisions on payment initiation services under Chapter III of Directive (EU) 2015/2366 do not apply to digital euro payment transactions, access rights for payment initiation services do not extend to digital euro payment accounts.

(26a) The provision of cash funding and defunding services for digital euro should only be provided by distributing payment service providers that provide those services for non-digital euro payment accounts. The scope and manner of this obligation should align with the arrangements existing at the relevant time for non-digital euro payment accounts, including as regards the categories of users eligible for such services, e.g., consumers holding their non-digital euro payment account with a different payment service provider, and the channels or technical means through which those services are provided. Furthermore, it should be possible for payment service providers to charge an inter-PSP fee as well as consumer fee for cash services, provided that the fee does not exceed the fee for cash services for non-digital euro payments accounts for the same category of users, and that it remains reasonable and proportionate.

(27) In case the availability of the digital euro were and the provision of mandatory digital euro acquiring services were contingent upon free business decisions by all payment service providers, the digital euro could be marginalised or even excluded by the payment service providers, and the acceptance obligation could not be respected in all cases. That could prevent users from paying and receiving payments in a form of currency endowed with the status of legal tender. In that case, the singleness in the use of the digital euro throughout the euro area required by Article 133 TFEU, would not be guaranteed. It is therefore essential that designated payment service providers be required to distribute digital euro basic mandatory acquiring services- and that ~~merchants-payees~~ under the acceptance obligation have guaranteed access to mandatory digital euro acquiring services.

(28) A requirement to distribute the digital euro should be proportionate to the objective of ensuring an effective use of the digital euro as a legal tender means of payment. Restricting ~~that the distribution~~ obligation to provide mandatory digital euro payment services to credit institutions that are already active in retail business services would ensure the effectiveness of legal tender status, while avoiding putting a disproportionate burden on payment service providers with specialised, non-consumer oriented business models. The obligation to distribute the digital euro is therefore limited to credit institutions providing payment account services at the request of their clients. This is without prejudice to the application of Chapter IV of the Payment Account Directive on access to payment account with basic features to the access to digital euro account with basic features to consumers which are not client of a credit institution. The obligation for payment service providers to provide mandatory acquiring services is also limited to their own clients which are under the acceptance obligation and to whom they already provide acquiring services.

(29) ~~To~~ It is essential to ensure that a wide usage of the digital euro, including for people who do not have a non-digital euro payment account, do not wish to open a digital euro payment account at a credit institution or at another payment service providers that may distribute the digital euro, or persons with disabilities, functional limitations or limited digital skills, and elderly persons, have access to the digital euro as a legal tender means of payment. Therefore, it is essential that public entities, including local or regional authorities, or postal offices, distribute the digital euro. For that purpose, Member States should designate one or more entities that should ~~carry out that task~~ carry provide, as a last resort, digital euro services out that task to unbanked persons within their territory. Such entities, which would be considered as payment services providers under Directive (EU) 2015/2366, should comply with the provisions of that Directive and this Regulation, and other relevant legislation such as Directive (EU) 2015/2366, Regulation (EU) 2024/1624 and Directive (EU) 2024/1640 2015/849. Furthermore, these entities as well as other payment service providers providing digital euro payment services should provide digital inclusion support to persons with disabilities, functional limitations or limited digital skills, and elderly people.

(30) To enable a wide usage of the digital euro and keep pace with innovation in digital payments, digital euro payment services should include basic mandatory and additional digital euro payment services. Basic

**Mandatory** digital euro payment services are payment, account or support services that are considered essential for the use of the digital euro by natural persons. This includes inter alia the provision of at least one **physical and one non-physical** payment instrument to natural persons. ~~Only Credit institutions account-servicing payment service providers under Directive 2015/2366~~ should be required to provide the entire set of **basic mandatory** digital euro services. ~~Other account-servicing payment service providers under Directive (EU) 2015/2366~~ are free to provide digital euro payment services. Where they do so, they should also provide the full set of mandatory digital euro payment services in order to ensure regulatory coherence, avoid fragmentation of the distribution landscape and prevent a pick-and-choose approach that could undermine fair competition between those payment service providers obliged to distribute the digital euro and those distributing it on a voluntary basis, as well as the integrity, consistency and proper functioning of the digital euro. In addition to these **basic mandatory** digital euro payment services, account servicing payment service providers ~~and other payment service providers~~ under Directive 2015/2366 that provide mandatory digital euro payment services may develop and provide additional digital euro payment services. Additional digital euro payment services include for instance conditional digital euro payment transactions like pay-per-use ~~or payment initiation services~~. The digital euro infrastructure should facilitate the deployment of such ~~optional~~ additional services.

(31) Pursuant to its powers under the Treaties and in line with the provisions of this Regulation, the European Central Bank should ~~be able to develop instruments that set limits on~~ the use of the digital euro as a store of value. ~~The effective use of the digital euro as a legal tender means of payment should be preserved through limits inter PSP or merchant fees.~~

(31a) Furthermore, in order to ensure the effective use of the digital euro as a legal tender means of payment, and to avoid excessive charges on payees subject to the obligation to accept the digital euro, while providing compensation for the relevant costs incurred by payment service providers for the provision of digital euro payment services, limits should be imposed on the amount of inter-PSP fees ~~or~~ and merchant service charges.

(32) The digital euro, as a form of the euro, should have all the characteristics of a single currency, with a special emphasis on its effective use as a means of payment, alongside other existing means of payment. However, ~~An~~ unrestricted use of digital euro as a store of value could endanger financial stability in the euro area, with adverse effects on credit provision to the economy by credit institutions. This ~~may~~ require that the European Central Bank, with a view to ensuring the stability of the financial system ~~and the effective implementation of monetary policy, and in line with the principle of proportionality,~~ introduces instruments that ~~limits on~~ the digital euro's use as a store of value. The policy tools that could be used for this purpose should include, ~~but would not be restricted to,~~ quantitative limits to individual digital euro holdings. They may also include further instruments such as ~~and~~ limits to the conversion of other categories of funds to digital euro in a specified timeframe. When deciding on these instruments and their parameters ~~and use of the instruments referred to in paragraph 1,~~ the European Central Bank should respect the framework defined in this Regulation and should, in particular, act in line with the principle of proportionality. It should also respect the principle of an open market economy with free competition, in accordance with Article 127(1) TFEU. Furthermore, when setting the quantitative limits to individual holdings the European Central Bank should take into account the evolving architecture of the financial system and the various business models of the deposit-taking entities operating across the euro area.

(32a) For the purpose of enforcing any limits on the use of the digital euro as a store of value, payment service providers distributing the digital euro should verify, when on-boarding digital euro users or during ex-post checks where appropriate, whether their prospective or existing digital euro customers already hold digital euro payment accounts. Since digital euro users may hold digital euro payment accounts in different Member States and in view of the need to ensure the efficient functioning of the digital euro across the euro area, the European Central Bank and national central banks may support

**payment service providers in performing the task of enforcing these limits, including by establishing a single access point of digital euro user identifiers and the related digital euro holding limits.**

(33) Limits should not be used ~~as a~~ substitute for early intervention or other supervisory measures. Neither should such limits be imposed to address situations of individual credit institutions which competent resolution authorities or other relevant authorities would normally deal with by using tools and powers at their disposal, including suspensions of payment, moratoria, measures available under Directive 2013/36/EU, Directive 2014/59/EU or Regulation (EU) No 806/2014, or other similar measures which are aimed at restoring the viability, resolving the institution concerned or otherwise remedying the situation of financial distress.

**(33a) There should be an overall ceiling, to be set by the Council, for the definition of the holding limits by the European Central Bank. The overall ceiling should aim at safeguarding financial stability of the euro area while allowing an effective use of the digital euro and an effective implementation of the single monetary policy. The overall ceiling should be set at a level that avoids interference with the European Central Bank's exclusive power to authorise the issuance of the digital euro. However, the Council should be able to ~~be~~ set different ceilings for legal and natural persons.**

**(33aa) The calibration of holding limits should take account of the different characteristics of natural persons and legal persons, in particular from a financial stability perspective. While the behaviour of natural persons is generally subject to statistically predictable patterns, the aggregate behaviour and the number of legal persons is more uncertain and subject to corporate reorganisation decisions. For instance, a single natural person may establish multiple legal persons. This poses challenges as regards the predictability of the impact of holding limits and hence their calibration. Contrary to natural persons, an effective use by legal persons of the digital euro as a legal tender means of payment does not necessarily require legal persons to have permanent holdings, since they typically process outgoing payments during their business hours. In this context, it should be possible, where appropriate, to set holding limit applicable to legal persons at a level that does not entail permanent holdings, including the possibility to set a zero holding limit, without at the same time preventing legal persons from discharging their mandatory acceptance obligations. For these reasons, it should be possible to differentiate individual holding limits for the digital euro between accounts of natural persons and legal persons.**

**(33ab) As a general rule, the possibility for legal persons to hold digital euros should be limited so as to avoid risks to financial stability in the euro area. Legal persons are more likely ~~to~~ have access to greater financial resources and can swiftly mobilise or concentrate significant amounts of liquid funds, whether as part of corporate reorganisations, liquidity management, or other business activities. Such patterns may result in large, unpredictable flows of funds, which could amplify systemic risks and complicate the calibration of monetary policy instruments. For these reasons, it may be appropriate to apply stricter holding limits to legal persons than to natural persons in order to safeguard financial stability. Furthermore, the holding limit for legal persons should be set in a manner that is proportional to business activity. The holding limit applying to legal persons, including a zero holding limit, should nonetheless allow those persons to automatically defund their digital euro holdings with a pre-established regularity (for example, at the end of each business day, similarly to the emptying of cash registries), even if this implies exceeding the holding limit within that limited timeframe. This aspect should also be taken into consideration when setting the ceiling for the holding limits for legal persons.**

**(33b) In the interest of predictability and preparedness for the first issuance of the digital euro, the European Central Bank should, following a discussion in the European Council and no later than two years in advance, publicly announce the envisaged date of the first issuance of the digital euro. No later than 12 months before the announced date of the first issuance, the European Central Bank should publish a technical report on the limits for the use of the digital euro as a store of value.**

**(33c) In order to ensure uniform conditions for the implementation of this Regulation and in view of the importance for the financial stability in the euro area, of the decision on setting the overall ceiling for the holding limits, implementing powers should be conferred on the Council. Given the exclusive competence of the European Central Bank to authorise the issue of the euro, its expertise, and its mandate to maintain price stability, while also contributing to the stability of the financial system, the Council should act on the basis of a recommendation of the European Central Bank, to be submitted in agreement with the Commission. The Council should act by a qualified majority of votes in accordance with Article 238(3), point (b) TFEU and should be able to adopt the recommendation unamended or with amendments.**

**(33d) In view of the important function of the overall ceiling for the setting of the holding limits, the Council should adopt its implementing decision no later than six months from the submission of the recommendation. If a Council implementing decision has not been adopted at the end of that period, the European Central Bank should be able to set the holding limits so as to comply with the level set out in its recommendation. The expiry of the six-month deadline should not constitute an implied rejection of the recommendation by the Council and the Council should be able to act upon that recommendation even after the expiry of that deadline.**

**(33e) The overall ceiling should be reviewed at least every two years in order to ensure that it continues to contribute to the financial stability of the euro area. To that end, it is appropriate to limit the temporal scope of application of the Council implementing decision to two years. At least six months before the end of application of the Council implementing decision, the European Central Bank should publish a new technical report and submit to the Council, in agreement with the Commission, a recommendation for a Council implementing decision on the overall ceiling. The Council should be in a position to adopt its implementing decision within six months from the submission of the recommendation of the European Central Bank. To that end, the Council should act by qualified majority in accordance with Article 238(3), point (b) TFEU, including when it amends the European Central Bank recommendation. In order to avoid a legal gap as regards the overall ceiling, it should be foreseen that if the Council has not acted before the end of application of the Council implementing decision, the period of application of that implementing decision should be tacitly extended for two years.**

**(33f) Whenever the Council adopts its implementing decision, the holding limits should, where applicable, be revised without delay in order to respect the overall ceiling thus set.**

(34) Digital euro users should have the choice to use the digital euro either online or offline, or both, subject to the limits set respectively by the European Central Bank and by a Commission implementing act. The payment service providers should register and de-register the local storage devices for offline digital euro payment transactions of their customers. The payment service providers should only store the identifier of the local storage device used for offline digital euro for the duration of facilitating the provision of offline digital euro to their customers. The payment service providers should implement appropriate technical and organisational measures, including state-of-the-art security and privacy-preserving measures to ensure that the identifier of the device of individual digital euro users cannot be used for other purposes other than for the purpose of the provision of offline digital euro.

(35) The payment service providers should register and re-register the local storage devices for offline digital euro payment transactions of their customers. The payment service providers should only store the identifier of the local storage device used for offline digital euro for the duration of facilitating the provision of offline digital euro to their customers. The payment service providers should implement appropriate technical and organisational measures including state-of-the-art security and privacy-preserving measures to ensure that the identifier of the device of individual digital euro users cannot be compared with the information about the digital euro user in order to identify the data subject, except for the purpose of Article 37.

(36) The digital euro should allow for a smooth payment experience **and provide payment continuity also in circumstances where the online digital euro is unavailable by ensuring continued availability of offline digital euro payment transactions.** Any instruments that the European Central Bank might employ to limit the digital euro's store of value function should take this objective into account. Automated mechanisms that link a digital euro payment account with a non-digital euro payment account should allow for an uninhibited payment functionality of the digital euro, by ensuring that transactions are successfully executed in the presence of individual digital euro holding limits that may become binding on the payer's or payee's side. In particular, digital euro users should be able to initiate a digital euro **online** payment transaction even though the amount of their digital euro holdings is ~~inferior to lower than~~ the amount of the transaction, by automatically mobilising funds from a non-digital euro payment account to complement the transaction amount ('reverse waterfall functionality'). Conversely, digital euro users should be able to receive **online** digital euro payment transactions even though the amount of the transaction exceeds the limit set on their digital euro holdings, by automatically transferring funds in excess of the limit to a non-digital euro payment account ('waterfall functionality'). **If the non-digital euro account of a natural person is not operationally available, the incoming digital euro payments exceeding the holding limit will be automatically transferred to a non-digital euro payment account as soon as the non-digital euro payment account becomes available.** Such payment functionalities should ~~only apply when they be~~ have been expressly authorized by digital euro users. **Merchants and self-employed persons, when acting as payees in digital euro payment transactions, may accumulate holdings of incoming digital euro payments during each business day with a single transfer of funds to the non-digital euro payment account ("waterfall functionality") at the end of the business day, in a similar manner as physical shops empty their cash register. In exceptional circumstances, when the non-digital euro payment account is not operationally available, the frequency of this transfer of funds may need to be extended beyond the end of the business day in order to facilitate that these merchants and self-employed persons can continue to receive digital euro payments. Where digital euro payment account held by one payment service provider is linked with non-digital euro payment account held by another payment service provider, they should enter into an arrangement specifying their respective roles and responsibilities under data protection rules, as well as agree on the security measures necessary to ensure secure transmission of personal data between the two payment service providers.**

(36a) Account servicing payment service providers under [Insert PSD3 and PSR] should provide funding and defunding services to their clients - which includes the case where the client is the digital euro user or payment institution with which the digital euro user holds an account, regardless of their ability to provide the liquidity source for those funds in central bank money. These services should be offered free of charge for consumers. By contrast, it should not be mandatory for payment service providers to support funding and defunding of a digital euro payment account from a non-digital euro payment account held with a different payment service provider. Where a digital euro payment account of a natural person held by one payment service provider is linked to a non-digital euro payment account held by another payment service provider, they should enter into an arrangement defining the conditions for enabling the funding and defunding functionalities provided by the payment service provider holding the non-digital euro payment account. If a payment service provider that provides non-digital euro payment accounts decides to enable funding and defunding functionalities by linking the non-digital euro payment account to a digital euro payment account held with another payment service provider, all manual and automated funding and defunding functionalities should be offered and all of these functionalities should be offered free of charge to consumers. Furthermore, the payment service providers should specify their respective roles and responsibilities under data protection rules, as well as agree on the security measures necessary to ensure secure transmission of personal data between the two payment service providers. For this purpose, ~~At the request of their clients, in view of successfully carrying out funding and defunding services, account servicing payment service providers that are allowed to have~~ hold an account at the central bank should provide account servicing payment service providers that are not allowed to ~~have~~ hold an account at the central bank with access to payment systems, and similarly should pass through the settlement infrastructure the transfer orders of the account servicing payment service providers that are not allowed to have an account at the central bank, in an objective, proportionate and non-

**discriminatory manner. Given the uncertainty surrounding future market developments, this framework should be reviewed three years after the first issuance of the digital euro. In its review, the Commission should assess, in particular, whether the approach to open funding and defunding continues to ensure an appropriate balance between usability, competition and strategic autonomy. Where it deems it necessary, the Commission may propose amendments to this Regulation.**

(37) While instruments employed by the European Central Bank to limit an excessive use of the digital euro as a store of value aim at safeguarding financial stability and financial intermediation, they may nonetheless **have an impact on and interact with the European Central Bank's monetary policy stance. Such instruments should** ~~would~~ therefore ~~need to~~ be applied uniformly across the euro area in order to ensure the use of the digital euro as a single currency and the singleness of the monetary policy. Furthermore, a uniform application would be necessary to ensure a level playing field for payment service providers in the European single market or avoid an overly complex enforcement of any instrument through payment service providers on the basis of digital euro users' residency. ~~Within the framework of this Regulation, T~~he digital euro should not bear interest for the purposes of primarily using the digital euro as a means of payment while limiting its use as a store of value. **This should be interpreted to mean that, within the framework of this Regulation, the European Central Bank and the national central banks, as issuers of the digital euro, should neither pay nor charge interest to a digital euro user for the mere holding of digital euros. However, monetary obligations between digital euro users that are settled in digital euros could yield an interest rate as part of a contract between the two parties.**

(38) Limits to the use of the digital euro for digital euro users residing or established outside the euro area should not be ~~more favourable~~ **less restrictive** than for digital euro users residing or established in the euro area, also to cater for monetary sovereignty and financial stability concerns ~~both within and outside the euro area in the European Union.~~

(39) ~~Any~~ **The** limits to the store of value function ~~set by that~~ the European Central Bank ~~decided on~~ should be binding on and implemented by the payment service providers distributing the digital euro. While natural or legal persons may have one or more digital euro payment accounts at the same payment service provider or at different payment service providers, they should be subject to an individual holding limit that a digital euro user may allocate across different payment services providers. Payment service providers may offer digital euro users the possibility to ~~legally have a jointly hold a~~ digital euro payment account. In this case, any holding limit applied to the joint digital euro payment account should be equal to the sum of the ~~allocated~~ holding limits **that each of the joint account holder digital euro users allocates to it. To avoid any circumvention of the holding limits, w**Where a digital euro payment account is ~~legally~~ held by only one digital euro user, but can be technically accessed to and used by ~~several other~~ persons, upon de facto or legal mandate given by the digital euro user, any holding limit applied to ~~that~~ digital euro payment account should ~~remain equal to not exceed~~ the **individual** holding limit ~~defined for a digital euro payment account held by a~~ allocated by ~~that~~ single digital euro user, ~~to avoid any circumvention of the holding limits.~~

(40) To ensure wide access to and use of the digital euro **and respect of**, ~~consistent with~~ its status of legal tender, and to support its role as monetary anchor in the euro area, natural persons residing in the euro area, **citizens of the Union who do not reside in the euro area but who exercise their free movement rights, natural persons who opened a digital euro account at the time they resided in the euro area, but no longer reside there,** as well as visitors, should not be charged for ~~basic mandatory~~ digital euro payment services **insofar as they use their digital euro payment account exclusively in their capacity as consumers, i.e. acting for purposes which are outside his trade, business, craft or profession.** That means that such digital euro users should not ~~bear pay~~ any direct fees ~~for their basic access to and basic use of the~~ to receive **mandatory** digital euro payment services, including ~~not being charged~~ transaction fees or any other fees that are directly associated with the provision of ~~services related to the basic use of the~~ mandatory digital euro payment services.

(40a) Distributing payment service providers should be able to charge digital euro users for the provision of additional digital euro payment services beyond the mandatory digital euro payment services. The provision of services to convert digital euro into cash or cash into digital euro (funding and defunding of digital euro to and from cash) should not be covered by the obligation to provide mandatory digital euro payment services free of charge since the handling of cash and the operation between cash and digital euro involves specific costs for payment service providers. However, payment service providers should apply justified and proportionate fees and should not charge more to the same customers when they fund and defund digital euro from and into cash, than what they charge for cash services in relation to non-digital euro payment accounts. **Where the digital euro user asks to receive one payment instrument that allows them to make online and offline digital euro payment transactions, payment service providers should provide that free of charge. Payment service providers may charge an objectively justified and proportionate fee for the provision of additional second payment instruments. Payment service providers should also be able to charge for currency conversions.** Digital euro users should not be required to have or open a non-digital euro payment account or to accept other non-digital euro products. Where the digital euro user agrees to a package of services comprising **both** non-digital euro services and **basic mandatory** digital euro payment services, the payment service provider should be able to charge that package of services at its discretion. In that case, **a digital euro payment account must remain as a free addition to this package and therefore there should not constitute** ~~be~~ a differentiated charge for the non-digital euro services when they are offered separately or as part of a package including **basic mandatory** digital euro payment services. Where ~~the~~ **a digital euro user asks to receive only basic mandatory digital euro payment services with from** a payment service provider, those services should not be charged. ~~Where the digital euro user asks to receive one payment instrument that allows them to make online and offline digital euro payment transactions, payment service providers should provide that free of charge. Payment service providers may charge an objectively justified and proportionate fee for the provision of additional second payment instruments. Payment service providers should also be able to charge for currency conversions.~~

(40b) Since payment service providers distributing the digital euro would not be able to charge fees to consumers for mandatory digital euro payment services, an inter-PSP fee may be charged to compensate for the distribution costs of those payment service providers. The inter-PSP fee should provide sufficient compensation for the distribution costs of the distributing payment service providers, including a reasonable margin of profit.

(41) The European Central Bank **and the national central banks should do** not charge payment service providers for the tasks they perform through the digital euro settlement infrastructure, nor for the provision of support services to payment service providers ~~costs it bears to support their provision of digital euro services to digital euro users~~. Since the European Central Bank and the national central banks ~~should not charge settlement and scheme fees to payment service providers~~, the fees charged by payment service providers to digital euro users or to other payment service providers should not include costs of activities for which the European Central Bank and the national central banks bears the costs, including settlement and scheme activities.

(42) As the digital euro is a form of the single currency having legal tender status, **payment service providers digital euro payment transactions** should not charge **merchants be subject to** excessive fees ~~by~~ for the provision of mandatory online and offline digital euro payment services ~~providers~~. In particular, granting the digital euro legal tender status, with the corollary of mandatory acceptance, means that merchants would have no choice but to accept digital euro payments transactions. Furthermore, any charge or fee per transaction or period erodes, directly or indirectly, the face value of payments received, which is an essential component of the legal tender status. It is therefore essential that **any fee or a charge**, as a restriction of the face value of the digital euro, be objectively justified and proportionate to the objective of ensuring an effective use of the digital euro as a legal tender means of payment.

**(42a)** In order to ensure the effective use of the digital euro as legal tender, to prevent unjustified or disproportionate charges to merchants, and to provide adequate compensation for payment service providers, this Regulation should establish rules on fees and charges that duly take into account the fact that the use of the digital euro is going to develop over time and that it may only reach a sufficiently stable situation after a significant period of time has lapsed from its first issuance.

**(42b)** During the initial phase after the first issuance of the digital euro, the absence of reliable cost data and the lack of stabilised unit costs do not permit to calculate the fee caps on the basis of actual costs incurred for the provision of digital euro payment services. Consequently, the fee caps applicable during the transitional period should be based on relevant data concerning comparable means of payment. It is expected that at least five years will be needed before the level of use of the digital euro is sufficiently stable. Both the merchant service charge and the inter-PSP fee should therefore be capped by reference to the euro area-wide uniform cap based on the fee levels observed for comparable means of payment, ensuring fairness, predictability and simplicity during the transitional period of implementation.

**(42ba)** In view of the heterogeneity of charges for acquiring payment service markets across the Union, the application of a uniform euro area-wide cap from the outset could undermine the achievement of the objectives of the Regulation in important parts of the euro area where the average fee levels for comparable means of payment is substantially below the euro-area average. In such situations, the application of a uniform approach could alter competitive dynamics, discourage participation by payment service providers, or impose an excessive burden on merchants. On the other hand, allowing the application of caps that would cater for the objectively existing heterogeneity, could be better suited to achieve the objectives of the Regulation on a transitional basis, after the first issuance of the digital euro.

**(42bb)** It is therefore necessary to reconcile the need to take into account objectively existing heterogeneous situations at the moment of introduction of the digital euro with the requirement of a harmonised and legally uniform approach. For that purpose, the fees should be set on the basis of objective and verifiable data collected at Union level. The euro-area average levels of the merchant service charge and the inter-PSP fee should constitute the general reference point for setting the euro-area uniform caps. At the same time, it is appropriate to allow, on a transitional basis, the use of a national fee cap where that cap is lower than the euro-area uniform cap by a statistically significant margin. Such approach is limited in time and proportionate in view of the complexities of the context in which the digital euro compensation model is required to function and is designed to facilitate the orderly and effective introduction of the digital euro.

**(42bc)** For the purposes of the transitional period, it is appropriate to determine the fee caps by reference to comparable means of payment that reflect existing market practices. Using such benchmarks intends to ensure that the level of the merchant service charge and the inter-PSP fee for mandatory digital euro payment services remains consistent with conditions observed in the wider payments market. Such an approach provides a transparent and predictable reference point during the transitional period, avoids undue distortions of competition, and supports a fair relationship between the costs of the digital euro and those of comparable instruments.

**(42c)** Five years after the first issuance of the digital euro, the Commission should evaluate whether the conditions for the application of the cost-based approach are met. The Commission should in particular assess whether sufficient and reliable data on payment service providers' costs incurred for the provision of digital euro payment services have become available, whether average unit costs are sufficiently stable, and whether the application of the cost-based fee cap would better achieve the objectives set out in Article 15(2). If the Commission concludes that those conditions are met, it should adopt an implementing act to this end. If the Commission considers that those conditions are not met, it should provide grounds for this conclusions and repeat the evaluation on a yearly basis, for a maximum of five years.

(42d) If the conditions for the application of the cost-based fee cap are not met, the transitional model period based on the comparable means of payment should continue to apply to provide legal certainty and preserve market stability. In any event, the transitional model period should not exceed a maximum of ten years from the first issuance of the digital euro.

(42e) A methodology for calculating the fee caps should be provided. For that purpose, the fee cap based on actual costs should reflect the relevant unit costs of providing mandatory digital euro payment services, including a reasonable margin of profit, based on a statistically representative group of cost-efficient payment service providers on the basis of clearly defined accounting and reporting parameters. The methodology should ensure that the framework is fair, transparent and sustainable in economic terms once sufficient and reliable cost information becomes available.

(42fa) The methodology for calculating the fee caps based on comparable means of payment should provide the rules for the determination of the merchant service charge and the inter-PSP fee caps. They should reflect the fee levels applicable to comparable means of payment across the Union, including both international and domestic consumer debit card schemes that can be used by consumers at the point of sale and in e-commerce. The calculation should be based on a weighted average of the relevant fees applied during the preceding twelve-month period, with weighting determined by the value of payment transactions in that period, and data collected from statistically representative samples of payment service providers. The methodology should ensure that the transitional framework remains transparent, harmonised and proportionate.

(42fb) In order to provide for uniform conditions of implementation, the Commission should be empowered to adopt implementing acts to develop the methodology for the calculation of the fee caps, both for the cap based on costs and for that based on comparable means of payment. The methodology should be adopted no later than 12 months from the entry into force of this Regulation.

(42g) At the latest ten years after the first issuance of the digital euro, the Commission should conduct a comprehensive review of the overall compensation model. This review should assess the effectiveness, proportionality, and market relevance of the regulatory framework, including comparison to other means of payment, and determine whether other models could better achieve the objectives of this Regulation. In that context, the Commission may consider submitting relevant legislative proposals.

(42h) To ensure transparency and consistent data across Member States, the European Central Bank should provide technical assistance to the Commission in the collection, aggregation and validation of fee and cost data from payment service providers and merchants. The Commission, with the technical assistance of the European Central Bank, should publish aggregated results periodically to promote transparency and well-functioning market conditions. **The European Central Bank and the Commission should remain responsible within their own competences, including as regards non-contractual liability claims, for the respective tasks they perform in the context of the calculation and publication of the fee caps, referred to in Article 17 of this Regulation.**

(42i) For the distribution of fees to payment service providers providing mandatory digital euro payment services to **natural persons consumers**, offline digital euro payment transactions do not generate transaction data that would allow the costs of individual operations to be allocated directly among the relevant payment service providers. Without a compensatory mechanism, the distribution of fees for offline transactions between payment service providers that provide mandatory acquiring services to legal persons and payment service providers that provide mandatory digital euro payment services to natural persons could therefore diverge from such compensatory mechanism applying to online transactions, thereby distorting the interplay between the two essential modalities of use of the digital euro. To address this challenge while maintaining the high level of data protection and privacy inherent to the offline functionality of the digital euro, the inter-PSP fee cap applicable to online digital euro

transactions should also apply equally to offline digital euro transactions and the allocation of the inter-PSP fees for offline digital euro payment transactions should rely on a proxy-based allocation mechanism. That mechanism should allow to remunerate distributing payment service providers for the funding and defunding services they perform, without requiring the processing of personal or transaction data. The merchant service charge applicable to mandatory online digital euro payments should also apply to offline transactions, ensuring consistency and simplicity for merchants.

(42j) Under that proxy-based mechanism, payment service providers that provide mandatory acquiring services to **merchants legal persons** should **contribute a defined proportion of the merchant service charge** transfer the applicable inter-PSP fee to a common inter-PSP pool managed by the European Central Bank, from which inter-PSP compensation would be redistributed to payment service providers that provide mandatory digital euro payment services to **natural persons consumers**, in accordance with the level of their respective funding and defunding activity. The detailed methodology for that mechanism should be laid down in an implementing act adopted by the Commission in accordance with the examination procedure referred to in Article 39(2), after consulting the European Central Bank. The offline compensation model should be reviewed to ensure that it remains proportionate, cost-reflective and consistent with the objectives set out in Article 15(2).

(43) To ensure that ~~the fees and charges to merchants and public sector entities are justified and proportionate, any such fees should be limited in a uniform manner throughout the euro area.~~ ~~€The Commission, with the technical support of the European Central Bank, should regularly monitor their level and on this basis, be empowered to adopt, by means of implementing acts, the methodology for the calculation of maximum fees or charges publish the corresponding amounts together with an explanatory report.~~ A maximum fee or charge should allow for free competition between intermediaries below that level. While complying with the maximum fees and charges as determined in a Commission implementing act, the fees or charges actually charged, may vary depending on the payment service provider, the Member State of their establishment, the relevant payment use cases and the type of payees, such as merchants and public sector entities. The inter-PSP fee cap should serve as the applicable fee level for digital euro payment transactions, paid by the acquiring payment service provider to the distributing payment service provider, unless a lower fee is agreed between the distributing and the acquiring payment service provider. ~~Fees or charges should not exceed the relevant costs incurred by payment service providers for the provision of digital euro payment services in relation to digital euro payment transactions, which are objective elements, and may include a reasonable margin of profit. For that purpose, the Commission, with the technical support of the European Central Bank, should use an estimate of the representative average cost incurred by payment service providers across the euro area and should therefore be in a position to collect relevant data from payment service providers. The relevant costs for providing digital euro payment services in relation to digital euro payment transactions should be based on the costs incurred by a representative group of the most efficient payment service providers in a given year. Competent authorities designated by Member States should be responsible for ensuring compliance by payment service providers with these maximum fees or charges.~~

(43a) For the purpose of the cost-based methodology, fees or charges should not exceed the relevant costs incurred by payment service providers for the provision of digital euro payment services, which are objective elements, and may include a reasonable margin of profit. To ensure its proportionality, payment service providers should orient their margin of profit towards an industry conform rate of return on capital that payment service providers make on investments in payment services with a similar risk profile, as long as that rate is reasonable. To calculate the costs, the Commission, with the technical support of the European Central Bank, should use an estimate of the average relevant costs incurred by payment service providers across the euro area and should therefore be in a position to collect relevant data from payment service providers. The calculation of the relevant costs for the provision of **mandatory** digital euro payment services in relation to digital euro payment transactions should be based on the costs incurred by a statistically representative group of cost-efficient payment service providers. This group

should be representative, at least of the different national payment markets, and of payment service providers' turnovers in digital euro. Cost efficiency should be measured in terms of the average costs, including both relevant variable and fixed costs, for a given payment service provider providing mandatory digital euro payment services, assessed at the level of the national entity or subsidiary in the case of payment service providers operating in several Member States. Only the costs directly linked to the provision of mandatory digital euro payment services should be considered. When reporting their data, payment service providers should justify the inclusion of cost categories, their measurement and allocation, and split the costs between variable and fixed costs.

(43b) Acquiring payment service providers should be able to charge digital euro users for the provision of **dispute services and** additional digital euro payment services beyond the mandatory digital euro **acquiring** payment services. In particular, **acquiring** payment service providers should be free to determine fees related to **the provision of dispute resolution services** ~~disputes resulting from fraud cases,~~ provided the related fees are proportionate and justified.

~~(44) Furthermore, to ensure an effective use of the digital euro, it is important that fees or charges are not higher than those requested for comparable private digital means of payment. International card schemes regulated under Regulation (EU) 2015/751 of the European Parliament and the Council<sup>30</sup>, national card schemes, and instant payments at the point of interaction provided by payment service providers should be considered comparable means of payments.~~

(44) Competent authorities designated by Member States should service providers comply with these maximum fees or charges.

~~(45) As payment services providers distributing the digital euro would not be in a position to charge fees to natural persons for basic digital euro payment services, an inter-PSP fee may be needed to provide compensation to those payment service providers for the distribution costs. The inter-PSP fee should provide sufficient compensation for the distribution costs of both the distributing and acquiring payment service providers, including a reasonable margin of profit.~~

(46) The distribution of the digital euro by natural or legal persons residing or established outside the euro area would contribute to foster the international use of the euro. This would also bring benefits to the euro area and other economies by facilitating cross-border payments for the purpose of trade or remittances, in line with the G20 agenda.

(47) An excessive distribution of the digital euro **to natural or legal persons residing or established** outside the euro area could have an unwanted impact on the size and composition of the consolidated balance sheet of the European Central Bank and **the national central banks of the Eurosystem**. Impacts on monetary sovereignty and financial stability of non-euro area countries may also differ depending on the use of the digital euro outside the euro area. Those impacts could be harmful in case the digital euro replaces the local currency in a high number of domestic transactions. In particular, a situation in which the digital euro becomes dominant in a Member State whose currency is not the euro, thus de facto replacing the national currency, could interfere with the euro area **adoption convergence** criteria and **adoption** process as set out in Article 140 TFEU. To avoid undesirable effects and prevent monetary sovereignty and financial stability risks, both within and outside the euro area, it is necessary to provide for the possibility for the Union to conclude **international** agreements with third countries, and for the European Central Bank to conclude arrangements, **which may include legally binding measures**, with the national central banks of Member States whose currency is not the euro and with the national central banks of third countries, to specify the conditions for the ~~regular~~ provision of digital euro payment services to digital euro users residing or established outside the euro area. Such agreements and arrangements should not cover visitors to the euro area, to whom payment service providers established in the

European Economic Area<sup>13</sup>, in line with the Agreement on the European Economic Area, may directly provide digital euro payment services, **nor Union citizens who reside in a Member State whose currency is not the euro or in a third country while they exercise their free movement rights in a Member State whose currency is the euro (such as workers, self-employed persons or by providing services).**

(48) The provision of digital euro payment services to digital euro users residing or established in a Member State whose currency is not the euro should be subject to a prior arrangement between the European Central Bank and the national central bank of the Member State whose currency is not the euro, following a **request decision** from the Member State whose currency is not the euro **to request such provision. The arrangement should specify the necessary implementing measures and procedures, and the cases under which the arrangement may be restricted, suspended, or terminated. The arrangement should include, among other matters, the main rights and obligations of the contracting parties, clauses regarding cooperation and exchange of information, and the date of entry into force. The arrangement should not endanger the monetary sovereignty of non-euro area Member States. Therefore, the arrangement should not require non-euro Member States to adopt legal provisions that could harm monetary sovereignty, such as Article 7 regarding legal tender status and Article 14 regarding the obligation for credit institutions to provide digital euro services.** In line with the Agreement on the European Economic Area, digital euro users residing or established in non-euro area Member States may be provided digital euro payment services by payment service providers established in the European Economic Area.

**(48a) Allowing merchants established outside of the euro area to receive digital euro payments initiated by digital euro users, without being able to hold digital euro, would promote the free movement of payment services across the European Union and the euro's international role. At the same time, the effects of this possibility on the consolidated balance sheet of the European Central Bank and national central banks of the Member States whose currency is the euro, on the monetary sovereignty and financial stability of Member States whose currency is not the euro and of third countries, as well as on the fulfilment of euro area accession criteria and the process set out in Article 140 TFEU for Member States whose currency is not the euro would be negligible. Merchants in Member States whose currency is not the euro, and merchants in third countries, should be able to accept digital euro payment transactions from digital euro users that have access to the digital euro pursuant to Article 12a, without being subject to the conditions laid down in Articles 18, 19 or 20. This possibility should be without prejudice to Articles 18, 19, and 20, and to any possible prohibition of such use in legislation of the Member State whose currency is not the euro, or of the relevant third country.**

(49) The provision of digital euro payment services to digital euro users residing or established in third countries, with the exclusion of third countries or territories that are under a monetary agreement with the Union, should be subject to a prior **international** agreement between the Union and such third country. This should also apply in the case of States that are a party to the Agreement on the European Economic Area or the Convention establishing the European Free Trade Association. Such agreement should be complemented by an arrangement between the European Central Bank and the national central bank of the third country. Intermediaries established in the same country of residence or establishment than digital euro users and payment service providers established in the European Economic Area may provide digital euro payment services to digital euro users residing or established in third countries. Intermediaries providing digital euro payment services in third countries should be subject to adequate regulatory and supervisory requirements, with the objectives to ensure that the digital euro, which is a central bank money, is safely and adequately distributed, and is not misused. Regulatory and supervisory requirements should be determined as part of the conclusion of the international agreement, based on proportionate, objective and uniform criteria. Agreements and arrangements with high-risk third countries identified pursuant to Regulation (EU) 2024/1624 ~~—please insert reference—~~ **proposal for a Regulation for Anti Money Laundering Regulation — COM/2021/421 final** should be restricted, suspended, or terminated.

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<sup>13</sup> Agreement on the European Economic Area (OJ L 1, 3.1.1994, p. 3).

(50) The provision of digital euro payment services to digital euro users residing or established in third countries or territories, under a monetary agreement with the Union, should be governed by monetary agreements. Intermediaries established in the same country of residence or establishment than digital euro users and payment service providers established in the European Economic Area may provide digital euro payment services to digital euro users residing or established in third countries or territories, under a monetary agreement with the Union.

(51) The use of the digital euro in cross-currency payments would furthermore contribute to foster the international use of the euro. This would also bring benefits to the euro area and other economies by facilitating cross-border payments for the purpose of trade or remittances, in line with the G20 agenda.

(52) Digital euro users, whether they reside or are established within the euro area or not, may also have the capacity to receive or initiate cross-currency payments between the digital euro and a local currency. Arrangements concluded between the European Central Bank and national central banks in Member States whose currency is not the euro and in third countries should specify the conditions for access to and use of interoperable payment systems for the purpose of cross-currency payments involving the digital euro.

(53) Agreements and arrangements related to the provision of digital euro payment services or cross-currency payments involving the digital euro should be concluded on a voluntary basis, in priority with non-euro area Member States. The European Central Bank ~~should~~ cooperate with national central banks of Member States whose currency is not the euro for the purpose of **enabling interoperable** cross-currency payments involving the digital euro.

(54) The technical design of the digital euro should make it widely accessible to and usable by the general public. That design should, in particular, support access to financially excluded persons or persons at risk of financial exclusion, persons with disabilities by ensuring compliance with accessibility requirements laid down in Annex I of Directive (EU) 2019/882 of the European Parliament and the Council<sup>14</sup> (European Accessibility Act), persons with functional limitations who would also benefit from accessibility, or persons with limited digital skills and elderly persons. For that purpose, the digital euro should have usage features that are simple and easy to handle, and should be sufficiently accessible through a wide range of hardware devices to cater for the needs of different groups of the population. Furthermore, payment service providers should provide digital euro users with digital euro payment services, regardless of those users holding non-digital euro payment accounts. In addition, those users should be allowed to have digital euro payment accounts with payment service providers that are different from the ones with which they have non-digital euro payment accounts. **Payment service providers should not be obliged to allow the use of a digital euro payment account by more than one digital euro users. Where a non-digital euro payment account is held jointly, each of those persons should be entitled to link their digital euro payment account to that non-digital euro payment account. As regards natural persons, this should not affect the right of the users to a digital euro account provided free of charge. To facilitate smooth business operations by legal persons and self-employed persons that receive digital euro payment transactions, payment service providers that are obliged to provide these persons with mandatory digital euro acquiring services should provide them with more than one digital euro payment account for commercial or professional purposes, at their request. For natural persons, multiple digital euro payment accounts provided by the same payment service provider are not essential for their usability of digital euro. All digital euro users should be able to use multiple digital euro payment accounts held across payment service providers.**

**(54a) An effective legal tender status for the digital euro requires every digital euro user to have the technical means to make both online and offline digital euro payment transactions to every payee that**

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<sup>14</sup> Directive (EU) 2019/882 of the European Parliament and of the Council of 17 April 2019 on the accessibility requirements for products and services (OJ L 151, 7.6.2019, p. 70).

accepts or that has an obligation to accept digital euro. However, multiple options regarding digital euro payment instruments and associated communication technologies may be possible and these could evolve in the future. Without coordination between the distribution obligation imposed on payment service providers and the acceptance obligation imposed on some payees, the general mandatory acceptance of digital euro would in principle require payees to accept digital euro via all available communication technologies. Otherwise, this situation could create gaps and mismatches. Therefore, to avoid creating an excessive burden on payees, while ensuring effective legal tender status for the digital euro, a set of required payment instruments and communication technologies should be defined, which payment service providers should provide to all digital euro users and through which all payees that accept or that have an obligation to accept digital euro are able to receive digital euro payments. Within that framework, the European Central Bank is to define that instrument or instruments and the associated communication technologies as part of the detailed measures, rules and standards adopted by the European Central Bank concerning the digital euro. To define these required payment instruments and communication technologies, the European Central Bank should consult with merchants, payment service providers and consumer representatives. The European Central Bank should ensure that the minimum set of required payment instruments and associated communication technologies takes into account the wide usability of the digital euro for payers and the burden on payees, and reflects technological change and people's changing payment habits, updating this minimum set accordingly over time. The European Central Bank may also make available additional, optional, payment instruments and communication technologies

(54b) The digital euro access number is a unique pseudonymous identifier for every digital euro payment account that facilitates the processing of digital euro transactions and can be linked to an identifiable natural or legal person by the payment service provider distributing the digital euro or by the payment service user. In order to ensure that every digital euro payment account receives a unique digital euro access number, it is generated by the European Central Bank, alone or jointly with the national central banks. The digital euro access number is the compulsory alias, but already today, payment services based on other alias than IBANs are provided in the European Union. In addition to compulsory aliases, such as the digital euro access number, payment service providers should therefore be able to provide a payment service that allows for the execution of a digital euro payment by using another alias when requested by the digital euro user. This should contribute to the uptake of the digital euro. Such other user aliases could include a phone number. The digital euro user would register these aliases with the digital euro payment service provider. Only the payment service provider should be able to identify its users on the basis of the additional aliases. To ensure an accurate and secure execution of the digital euro payment initiated by optional aliases, any payment service provider should be able to link the additional alias with the digital euro access number. To ensure that any payment service provider can retrieve the digital euro access number from any optional alias and reliably link the alias with the digital euro access numbers across the Union, a single alias look-up service should be provided as part of the digital euro infrastructure. This service would ensure that the alias is not transmitted with the payment, in line with the data minimisation principle. A comparable service currently exists in payment service schemes. The information on optional aliases in the alias look-up component should be kept securely and separately from the digital euro payment account component and neither the European Central Bank, nor the national central banks should have access to it.

(55) The digital euro should support the programming of conditional digital euro payment transactions by payment service providers. The digital euro should, however, not be “programmable money”, which means units that, due to intrinsically defined spending conditions, can only be used for buying specific types of goods or services, or are subject to time limits after which they are no longer usable. Conditional payment transactions are payments which are automatically triggered by software based on pre-defined and agreed conditions. Conditional payments should not have, as object or effect, the use of digital euro as programmable money. Payment service providers could develop different types of logic to offer a range of conditional payment transactions to digital euro users, including automated payment transactions for placing or withdrawing digital

euros, payment standing orders that trigger automatic payments of a specific amount on a specific date, and payments between machines where those machines are programmed to automatically trigger payments for their own spare parts upon ordering them, for charging and paying electricity at most favourable market conditions, for paying insurance, and leasing and maintenance fees on a usage basis.

(56) To facilitate the use of digital euro and the provision of innovative services, the **European Central bank and the national central banks Eurosystem** should support the provision of conditional digital euro payment transactions. First, some types of conditional payment services could be supported through detailed measures, rules and standards that could help payment service providers to develop and operate interoperable applications that execute conditional logic. That could include a set of technical tools such as application programming interfaces. Second, the **European Central bank and the national central banks Eurosystem** could provide additional functionalities in the digital euro settlement infrastructure, necessary for the provision of conditional payment services to digital euro users. That ~~should encompass~~ **could facilitate** the reservation of funds in the settlement infrastructure for future execution of some conditional payments. **Payment service providers should likewise offer to their customers the services necessary to facilitate the reservation of funds.** Payment service providers should **furthermore** adapt the business logic for conditional digital euro payment transactions in accordance with the standards and application programming interfaces which the **European Central bank and the national central banks Eurosystem** may adopt to facilitate such transactions.

**(56a) To ensure that the digital euro remains technologically robust, secure and open to innovation over time, the European Central Bank should continuously monitor developments in technologies relevant to the functioning of the digital euro infrastructure. Such monitoring should in particular cover technologies that enhance privacy and data protection, strengthen security and resilience, or improve fraud detection and prevention. Where appropriate and after a thorough assessment of their purpose, maturity, large-scale availability, safety, efficiency, innovation potential and any dependencies or risks arising from their use, the European Central Bank should consider integrating such technological developments into the digital euro infrastructure. This approach is necessary to ensure that the digital euro can evolve in line with technological progress while safeguarding the integrity, continuity and resilience of the Eurosystem's infrastructure.**

(57) European Digital Identity Wallets could facilitate digital transactions by enabling authentication, identification and the exchange of attributes including licenses and certificates. European Digital Identity Wallets should contribute to the effective universal access to and use of the digital euro. Member States should issue European Digital Identity Wallets based on common standards and practices set out in the implementing legislation. The European Digital Identity Wallet should have strong and specific safeguards to ensure data protection and privacy and high-level security certification. **Digital euro user interfaces Front-end solutions** to be developed by **payment service providers and** the European Central Bank should therefore duly consider the technical specifications governing the European Digital Identity Wallets. This would enable the relevant interoperability with the European Digital Identity Wallets that would allow to capitalise on these benefits. Based on user choice, interoperability with the European Digital Identity Wallet should also allow to discharge customer due diligence **obligations** under Regulation (EU) **2024/1183624** ~~[please insert reference – proposal for a Regulation for Anti Money Laundering Regulation – COM/2021/421 final]~~. Furthermore, to achieve a coherent customer experience, intermediaries might choose to fully integrate their digital euro **user interface front-end services** into the specifications governing the European Digital Identity Wallets.

**(58) Benefiting from the functionalities offered by the European Digital Identity Wallets, Users should be able, if they so wish, to onboard to digital euro payment services and authorise payments made with the digital euro by using the European Digital Identity Wallets. Payment service providers should therefore be obliged to accept the European Digital Identity Wallets for the verification of both prospective and existing customers' identities, in line with Regulation (EU) 2024/1183624** ~~[please insert reference – proposal for a Regulation for Anti Money Laundering Regulation – COM/2021/4201 final]~~. To facilitate the opening of digital euro accounts across the Union, payment service providers should also be able to rely on qualified attestations provided by the European Digital Identity Wallets, including for the remote performance of customer due diligence. Payment service providers should also accept the use of European Digital Identity Wallets if the payer wishes to use the wallet for payment authorisation of digital euro payment transactions. Further, **the European Digital Identity Wallets may be used** to facilitate offline proximity payments in digital

euro, ~~it should be possible to use the European Digital Identity Wallets for the storage of digital euros in the payment device.~~ In accordance with Article 5a(15) of Regulation (EU) 2024/1183624, the use of the European Digital Identity Wallets remains voluntary.

(59) To facilitate a harmonised user experience, the digital euro rules, standards and processes that the European Central Bank may adopt pursuant to its own competences should ensure that any digital euro user is able to carry out digital euro payment transactions with any other digital euro users across the euro area regardless of the payment service providers involved and the **digital euro user interfaces front-end services** used. To reduce the fragmentation of the European retail payments market, and to support competition, efficiency and innovation in that market, and the development of payment instruments across the Union in keeping with the objective of the Commission's retail payment strategy, the digital euro should be, to the extent possible, compatible with private digital payment solutions, building on functional and technical synergies. In particular, the European Central Bank should ~~seek to~~ ensure, **to the extent possible**, that the digital euro is compatible with private digital payment solutions at the point of interaction, **which includes point-of-sale, e-commerce, m-commerce, as well as payees' environments that may cater for developments of future retail payments**, and in person-to-person payments, where the fragmentation of the Union retail payments market is currently significant. The use of open standards, common rules and processes, and possibly shared **payment infrastructures of payment service providers and merchants such as payment terminals**, should support such compatibility. While existing solutions may be leveraged where such solutions are deemed appropriate to ensure that compatibility, notably in view of minimising overall adaptation costs, **the European Central Bank should ensure that relevant technical standards for the digital euro are published well in advance of the issuance of the digital euro in order to allow for sufficient time for adopting the new standards by market participants and private solutions.** However, such existing solutions should not create undue dependencies that could prevent adaptation of the digital euro to new technologies or would be incompatible with the digital euro features. In order to achieve these objectives, and without conferring any enforceable rights upon market ~~operators participants~~, the European Central Bank should ~~seek to~~ ensure, **to the extent possible**, that the digital euro is compatible with private digital payment solutions on a best-effort basis and where deemed appropriate.

(60) To ~~facilitate dispute resolution~~ protect consumers, maintain trust in the digital euro and contribute to its proper functioning, the European Central Bank should provide **support to payment service providers and digital euro users with technical and functional support for to facilitate the resolution of pre-disputes and disputes resolution** related ~~at least~~ to online digital euro payment transactions ~~technical and fraud (pre) disputes~~. **The European Central Bank and the national central banks should, as a minimum, may establish mechanisms of technical and functional support that facilitate the exchange of messages between payment service providers in view of the resolution of pre-disputes and disputes and make these mechanisms available to payment service providers. Disputes may arise in a number of situations which, including those concerning the execution of a digital euro payment transaction, such as payments-related fraud or technical issues, or those relating to the good or service underlying a transaction.** Technical disputes include inter alia situations where the transaction amount differs, where there are duplicates, or where there is ~~no an issue with~~ authorization or pre-validation ~~or with the switching of digital euro payment accounts~~. ~~Payment fraud-related~~ disputes include inter alia situations of identity theft, merchant identity fraud, and payment service provider impersonation ~~fraud-counterfeit goods~~. Payment Service Providers should only be required to offer dispute resolution services for disputes pursuant to Directive (EU) 2015/2366. They may, however, make use of the mechanisms referred to in this Regulation for dispute services other than those pursuant to Directive (EU) 2015/2366, without being obliged to provide such services to digital euro users. **Pre-dispute procedures that are conducted prior to any formal claim may resolve certain cases before they develop into formal disputes and thus reduce the number of disputes requiring formal processing. Payment service providers should offer procedures enabling a structured exchange of information between the parties concerned. Such procedures typically involve structured exchanges of information between the parties concerned, making use of the technical and functional support mechanisms provided by the European Central Bank and the national central banks where appropriate.** Without prejudice to the functions of national central banks foreseen in other legislations or

their involvement in alternative dispute resolution procedures, the **European Central Bank** and the national central banks should not act as a party in any of those **pre-disputes and disputes**. **Comparable payment schemes, particularly those operating cross border, have similar dispute resolution mechanisms in place and offer significant support to payment service providers in the resolution of disputes, including for commercial disputes.**

(60a) Any liability of payment service providers towards digital euro users in relation to the provision of digital euro payment services, should be governed by the provisions of Directive (EU) 2015/2366. Digital euro users should be able to seek compensation from payment service providers in accordance with that Directive, including for unauthorised digital euro payment transactions or for the non-execution, defective or late execution of digital euro payment transactions. Payment service providers should be able to have a recourse to the European Central Bank for compensation when the breach is due to its actions or omissions, in accordance with its extra-contractual liability in accordance with the Treaties and with any contractual terms governing the distribution of the digital euro. **The European Central Bank, in consultation with payment service providers, should establish and maintain a binding operational recourse scheme. The European Central Bank should ensure that the scheme is transparent, fair, reasonable and non-discriminatory among all payment service providers.**

(61) ~~To access and use the digital euro as part of digital euro payment services, d~~ Digital euro users should be provided with a digital euro user interface ~~front-end services~~ that ensures an easy, harmonised and inclusive access to the digital euro and to all mandatory digital euro payment services, including online and offline digital euro services. ~~Those u~~ Users should have the possibility to access and use digital euro payment services via digital euro user interfaces ~~the front-end services~~ provided by payment service providers ~~or and~~ by the European Central Bank and the national central banks. Payment service providers providing digital euro payments services should make available to their digital euro users at least one digital euro user interface. Payment service providers should be able to choose to rely on a digital euro user interface ~~front-end services provided~~ developed by other stakeholders, including the European Central Bank and the national central banks, notably in the case where the costs of developing and operating front-end services, including applications, are disproportionate. Where digital euro users can choose between different digital euro user interfaces ~~front-end services~~ made available by the same payment service provider, for example one developed by that payment service provider and one provided by the European Central Bank and national central banks, the decision to select a given digital euro user interface ~~front-end service~~ should ultimately rest in the hands of those users and should not be imposed by payment service providers or the European Central Bank and the national central banks. ~~In this respect, payment service providers should have capacity to provide digital euro users with the possibility to access and use digital euro payment services via front-end services solution provided by the European Central Bank.~~ Where a payment service provider does not offer a digital euro user interface itself or where such a digital euro user interface is temporarily unavailable, the payment service provider should offer digital euro payment services to its digital euro users through the digital euro user interface provided by the European Central Bank and the national central banks. The European Central Bank and the national central banks and the payment service providers ~~shall~~ **should** implement appropriate technical and organisational measures, including state-of-the-art security and privacy-preserving measures, to ensure that the **European Central Bank and the national central banks cannot identify** of individual digital euro users ~~cannot be accessed by the ECB via its the digital euro user interface front-end solution developed by the European Central Bank and the national central banks.~~

(62) To avoid interfering in the payment service providers' customer relationships and their role in the digital euro distribution, the digital euro user interface ~~front-end solutions~~ provided by the European Central Bank and the national central banks should be limited to providing an interface between digital euro users and the payment infrastructures of payment service providers. In particular, the European Central Bank and the national central banks would not have a contractual relationship with digital euro users even if those users use the digital euro user interface ~~front-end services solution~~ provided by the European Central Bank and the

~~national central banks. The ECB and the payment service providers should implement appropriate technical and organisational measures including state-of-the-art security and privacy preserving measures to ensure that the identity of individual digital euro users cannot be accessed by the ECB via its front-end solution.~~

(63) To enable a smooth user experience, payment service providers that provide ~~digital euro users with digital euro user interfaces front-end services to access and use the digital euro~~ should take care that digital euro users can quickly and easily access and use the digital euro **with those interfaces**. In particular, digital euro payment accounts should be clearly labelled ~~by the use of~~ **with** the official digital euro logo. Digital euro payment accounts should be accessed via one the main pages of the Internet website or an application, or any other **digital euro user interface front-end services**, on an equal footing with non-digital euro payment accounts.

**(63a) It is of fundamental importance that payment service providers comply effectively with their obligations stemming from restrictive measures adopted by the Union in accordance with Article 215 TFEU in respect of a person, body or entity that is subject to an asset freeze or a prohibition on making funds or economic resources available to it, or for its benefit, either directly or indirectly (targeted financial restrictive measures). Union law, however, does not lay down rules on the procedure or tools to be used by payment service providers to ensure their compliance with those obligations. Payment service providers PSPs thus apply various methods, depending on their individual choice or on the guidance provided by the competent national authorities. The practice of complying with obligations stemming from targeted financial restrictive measures by screening the payer and the payee involved in each credit transfer transaction, whether national or cross-border, leads to a very high number of payment transactions being flagged as potentially involving persons or entities subject to targeted financial restrictive measures. However, the large majority of such flagged transactions turn out, after verification, not to involve any of the persons or entities subject to targeted financial restrictive measures. Due to the nature of instant payment transactions, it is impossible for payment service providers to verify, within the applicable short time limit, those flagged transactions and, as a result, they are rejected. That situation creates operational challenges for payment service providers to offer the payment service of sending and receiving instant credit transfers to their payment service users across the Union in a reliable and predictable way. To provide for greater legal certainty, to increase the efficiency of payment service providers efforts to comply, in the context of instantly settled digital euro payment transactions, with their obligations stemming from targeted financial restrictive measures and to prevent unnecessary hindering of sending and receiving instantly settled digital euro payment transactions, payment service providers should periodically, and at least daily, verify whether their payment service users are persons or entities subject to targeted financial restrictive measures, and should no longer apply transaction-based screening in that specific context. The obligation of payment service providers to periodically verify their digital euro users is related only to persons or entities subject to targeted financial restrictive measures. Other types of restrictive measures adopted in accordance with Article 215 TFEU or restrictive measures that are not adopted in accordance with Article 215 TFEU fall outside the scope of that obligation.**

**(63b) To prevent the initiation of instantly settled digital euro payment transactions from payment accounts belonging to persons or entities subject to targeted financial restrictive measures and to immediately freeze funds sent to such payment accounts, payment service providers should carry out verifications of their digital euro users immediately following the entry into force of a new targeted financial restrictive measure. That obligation should apply to all payment service providers sending or receiving instantly settled digital euro payment transactions, thereby ensuring that all payment service providers comply in an effective manner with their obligations stemming from targeted financial restrictive measures. In order to ensure consistency with Article 20 of Regulation (EU) 2024/1624 (AMLR), which requires the screening of ‘the customer or the beneficial owner(s) [...] and, in the case of a customer or party to a legal arrangement who is a legal entity, whether natural or legal persons subject**

to targeted financial sanctions control the legal entity or have more than 50% of the proprietary rights of an entity or majority interest in it, whether individually or collectively', a digital euro user should be considered to be a 'customer' for the purpose of applying the AMLR. The obligation on payment service providers to periodically verify whether their digital euro users are persons or entities subject to targeted financial restrictive measures does not interfere with actions that payment service providers should be able to take to comply with Union law on the prevention of money laundering and terrorist financing, in particular with its risk-based requirements, to comply with restrictive measures, other than an asset freeze or a prohibition on making funds or economic resources available, that are adopted in accordance with Article 215 TFEU, or to comply with restrictive measures that are not adopted in accordance with Article 215 TFEU.

(64) To provide for instantaneous settlement, both online and offline digital euro transactions, including in the context of funding and defunding, and as waterfall and reverse waterfall functionalities, should be settled instantaneously, in a few seconds only, in normal circumstances. The settlement of online digital euro payment transactions should be performed in the digital euro settlement infrastructure ~~adopted~~ **established** by the **European Central Bank and the national central banks Eurosystem**. Online digital euro payment transactions should be settled in a matter of seconds as specified under the functional and technical requirements adopted by the European Central Bank. Final settlement of online digital euro payment transactions should be achieved at the moment of recording the digital euros concerned of the payer and the payee in the digital euro settlement infrastructure approved by the European Central Bank, irrespective of whether digital euros are recorded as holding balances or units of value, or of the technology used. The digital euro settlement infrastructure should seek to ensure adaptation to new technologies, including distributed ledger technology.

(65) Due to the absence of network connectivity, the settlement of offline proximity payments in digital euros should be performed in the local storage ~~devices of the payment device~~ respectively of payers and payees. Offline proximity payments in digital euros should be settled in a matter of seconds as specified under the functional and technical requirements adopted by the European Central Bank. Final settlement should occur at the moment of updating the records of relevant digital euro holdings in the local storage devices of, respectively, the payer and the payee, irrespective of whether digital euros are recorded as holding balances or units of value, or of the technology used.

(66) Since payment service providers are not party to a digital euro payment transaction between two digital euro users, digital euro payment transactions do not carry systemic risks and therefore do not warrant designation as a system as defined in Article 2, point (a), of Directive 98/26/EC of the European Parliament and of the Council<sup>15</sup>. Digital euro payment transactions should be settled in a matter of seconds and therefore no options to net should be allowed.

**(66a) To prevent errors and fraud, all payer-initiated online digital euro payment transactions where a digital euro user enters a unique user alias and the name of the payee should require verification of the identity of the payee by payment service providers. Funding and defunding transactions are initiated by payees and hence do not require verification of the payee. As the payee's payment account is not a digital euro payment account, such verification of the identity of the payee will be conducted in line with the legal provisions applicable to credit transfers. In order to ensure the correct execution of digital euro payments transactions to and from linked accounts, when initiated by payers, should be exempt from the verification of the identity of the payee, in the same way as direct debit transactions, where the payee's identity is only verified during the initial setup rather than in every subsequent transaction.**

(67) ~~In line with For reasons of~~ contractual freedom and to ensure competition, digital euro users should ~~be able have the possibility~~ to switch ~~the provider of~~ their digital euro payment ~~accounts~~ **services** to a different payment service providers. At the request of the digital euro users, payment service providers should then

<sup>15</sup> 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.

enable the switching ~~of the digital euro payment accounts~~, while maintaining the same **digital euro access number account identifiers**. ~~In exceptional circumstances where a payment service provider is unable to perform this task, including due to having lost the relevant digital euro payment account related data, the European Central Bank should be able to authorise the switching of digital euro payment accounts so that the new payment service provider designated by the digital euro user can retrieve the information about the digital euro holdings of the digital euro user and complete the switching without relying on the unavailable payment service provider. This process should allow a digital euro user to then continue accessing its digital euro holdings via the new designated payment service provider. The European Central Bank would not have any operational role in the switching on account both in both going concern situations and exceptional circumstances.~~ The obligation to store the copy of the information required to identify the direct liability of the European Central Bank or of national central banks towards the digital euro users should safeguard the users' access to their holdings and facilitate switching. The storing of that information by payment service providers should be subject to the requirements of Regulation (EU) 2022/2554, and additional digital euro-specific safeguards, which ensure the digital operational resilience of financial entities, including for payment service providers offering digital euro payment services.

(67a) Where a payment service provider is operationally unable to perform switching, or has lost the relevant data related to the digital euro payment account, the European Central Bank or the relevant national central bank should be able to authorise the switching of the digital euro payment accounts concerned so that the receiving payment service provider is able to retrieve the information about the digital euro holdings of the digital euro user and perform the switching without the need to exchange information with the unavailable payment service provider. This process should allow digital euro users to maintain access to their digital euro holdings via the receiving payment service provider. In this case, the switching does not extend to other digital euro payment services that were offered by the unavailable payment service provider, including conditional payments. The provision of those digital euro payment services would therefore have to be re-established, if appropriate, with the receiving payment service provider. The European Central Bank and the national central banks should not be operationally involved in the switching of digital euro payment accounts between unavailable and receiving payment service providers. To support receiving payment service providers in the process of switching digital euro payment accounts from unavailable payment service providers, the European Central Bank, alone or jointly with the national central banks may use a single access point.

(68) The prevention of fraud by payment service providers is essential for the protection of citizens making use of the digital euro, the integrity of the personal data processed in digital euro payments, and to ensure the smooth and efficient functioning of the digital euro. Fraud prevention plays an essential role in maintaining trust in the single currency. **Appropriate measures should be in place to mitigate against the risk of fraud, given that online digital euro transactions may be used across the Union and will be settled instantaneously. Instant payments feature higher rates of fraud than conventional credit transfers.<sup>21</sup> In addition, fraud rates for cross-border payments are higher than that for purely domestic transfers.<sup>22</sup> In consequence, a general fraud detection and prevention mechanism is essential to ensure a high level of consumer protection to protect digital euro users from demonstrated levels of fraud risk.** For this purpose, the European Central Bank may **alone or jointly with the national central banks** establish a general fraud detection and prevention mechanism to support fraud management activities performed by payment service providers on online digital euro payment transactions. A general fraud detection and prevention mechanism delivers a range of essential functions to detect fraud patterns that a single payment service provider could not detect on its own. Often one payment service provider does not have the full picture about all elements that could lead to timely fraud detection. However, it can be made more effective with information on potentially fraudulent activity stemming from other payment service providers. **Securing payment information is an integral part of the general fraud detection and prevention mechanism. Securing payment information (e.g. digital euro access number), when this information is exchanged between payment initiation and payment acceptance devices, is necessary to protect digital euro users against the risk of fraud and cyber-attacks, by means of, for instance, substituting payment information with a surrogate value.** This general

fraud detection function exists in comparable payment schemes and is necessary to achieve demonstrably low fraud rates in order to keep the digital euro secure for both consumers and merchants. **This regulation provides appropriate safeguards to ensure that the processing of personal data in the context of the general fraud detection and prevention mechanism is compliant with the principle of proportionality and limited to what is strictly necessary to prevent and detect fraudulent transactions. To ensure proportionality, the tasks performed in the context of the general fraud detection and prevention mechanism should be limited to online digital euro transactions and should not cover offline digital euro transactions. The processing of personal data for online digital euro transactions should be limited to the types of personal data laid out in Annex V. As provided by Article [...] of Regulation [...], the European Central Bank should consult the European Data Protection Supervisor before developing details on the operational elements of the fraud detection and prevention mechanism to ensure the protection of fundamental rights.** The transfer of information between **PSPs payment service providers** and the fraud detection and prevention mechanism should be subject to state-of-the-art security and privacy-preserving measures to ensure that individual digital euro users are not identified by the central fraud detection and prevention mechanism.

(69) To process digital euro payments online or offline, it is essential that **digital euro user interface front-end service** providers for the digital euro and issuers of European Digital Identity Wallets obtain access to near field communication technology (NFC) on mobile devices. These components include, in particular but not exclusively, NFC antennas and the so-called secure elements of mobile devices (e.g.: Universal Integrated Circuit Card (UICC), embedded SE (eSE), and microSD etc). It is therefore necessary to ensure that whenever needed to provide digital euro **payment** services, original equipment manufacturers of mobile devices or providers of electronic communication services would not refuse access **to all the necessary the relevant components, including but not limited to NFC antennas and secure elements to NFC antennas and secure elements**. Central bank money with legal tender status should be widely accessible. To ensure this also in the digital economy, providers of **digital euro user interfaces front-end services** for the digital euro and operators of European Digital Identity Wallets ~~shall~~**should** be entitled to store software on relevant mobile devices' hardware in order to make transactions with digital euro technically possible both online and offline. For this purpose, original equipment manufacturers of mobile devices and providers of electronic communication services should ~~be obliged to~~ provide access ~~on fair, reasonable and non-discriminatory terms~~ to all hardware and software components when needed for online and offline digital euro **payment transactions. The terms of that access should be fair, reasonable, and non-discriminatory. In case of disputes, the general conditions established by original equipment manufacturers of mobile devices and providers of electronic communication services should identify an appropriate alternative dispute settlement mechanism in the territory of the European Union. Such a mechanism should offer an adequate, independent, impartial, transparent and effective means of resolving disputes between the parties. In any event, disputes related to terms of access should not constitute grounds for withholding or delaying access to all hardware and software components necessary for online and offline digital euro payment transactions.** In all instances, such operators would be obliged to provide adequate capacity on relevant hardware and software features in mobile devices **to securely process and execute online or offline digital euro payment transactions.** This obligation should be without prejudice to Article 6 paragraph (7) of Regulation (EU) 2022/1925, which obliges gatekeepers to provide, free of charge, effective interoperability with, and access for the purposes of interoperability to, the operating system, hardware or software features of mobile devices, which is applicable to existing and new digital means of payments, including the digital euro. **To protect digital euro users, maintain the integrity of the digital euro, and ensure a smooth and efficient functioning of the digital euro, a high security standard should apply to online and offline digital euro. This high security standard should apply to all critical processes concerning online and offline digital euro payment transactions including all operations that are needed to securely store, transfer and otherwise process data.**

(69a) In order to ensure the uniform and effective application of the obligation of original equipment manufacturers and providers of electronic communication services to provide access to all hardware and software components when needed for online and offline digital euro transactions on fair, reasonable and non-discriminatory terms referred to in this Regulation, and taking into account the specific nature of the

**digital euro having legal tender status within the meaning of Article 133 TFEU, it is appropriate to lay down a Union framework specifying the meaning and application of those terms. The Commission should therefore be empowered to adopt implementing acts establishing common criteria for assessing whether the conditions for access to the hardware and software features of mobile devices are fair, reasonable and non-discriminatory. Those criteria should in particular reflect the need to ensure secure and continuous access for payment service providers and digital euro users. To guarantee coherence and legal certainty across the Union, the Commission should, in cooperation with the competent authorities designated pursuant to this Regulation, coordinate at Union level the supervision and enforcement of the relevant obligations, facilitate cooperation and the exchange of information among those authorities, and, where appropriate, issue guidelines, recommendations or opinions to ensure their consistent application, without prejudice to the responsibilities of national competent authorities under this Regulation. As part of this governance framework, coordination with relevant stakeholders, including the European Digital Identity Cooperation Group established pursuant to Regulation (EU) No 910/2014, should be ensured to facilitate effective enforcement of the access obligations and identify and leverage synergies.**

(70) The rights to privacy and personal data protection are fundamental rights enshrined in Article 7 and 8 of the Charter of Fundamental Rights of the European Union. As stressed by the European Data Protection Board<sup>16</sup>, a high standard of privacy and data protection is crucial to ensure the trust of Europeans in the future digital euro. This is also in line with the G7 Public Policy Principles for Retail Central Bank Digital Currencies. The processing of personal data for compliance and in the context of this Regulation would be carried out in accordance with Regulation (EU) 2016/679<sup>17</sup> and Regulation (EU) 2018/1715<sup>18</sup>, as well as, where applicable, Directive 2002/58/EC<sup>19</sup>.

(71) The digital euro should therefore be designed so as to minimise the processing of personal data by payment service providers and by the European Central Bank, **national central banks, and providers of support services** to what is necessary to ensure the proper functioning of the digital euro. The digital euro should be available offline, with a level of privacy vis a vis payment service providers which is comparable to withdrawals of banknotes at automatic teller machines. The settlement of digital euro transactions should be designed in such a way that neither the European Central Bank nor national central banks can attribute data to an identified or identifiable digital euro user.

(72) Data protection by design and data protection by default should be embedded in all data processing systems developed and used within the framework of this Regulation. The processing of personal data should be subject to appropriate safeguards to protect the rights and freedoms of the data subject. Those safeguards should ensure that technical and organisational measures are in place in particular to ensure respect for the data protection principles laid down in Regulation (EU) 2016/679 and Regulation (EU) 2018/1715, including data minimisation and purpose limitation.

(73) Payment service providers should be able to process personal data in so far as it is necessary to fulfil tasks that are essential to the proper functioning of the digital euro. **In line with Article 6(1)(c) of Regulation (EU) 2016/679, processing activities should be considered lawful as regards the digital euro if and to the extent that they are necessary for compliance with a legal obligation to which the controller is subject pursuant to this Regulation.** In the framework of this Regulation, the processing of personal data for the purposes of the **implementation and enforcement of holding limits, the initiation of the funding and de-funding of a user's holdings digital euro payment account, switching** and the management of local storage devices for offline

<sup>16</sup> Statement on the design choices for a digital euro from the privacy and data protection perspective adopted on 10 October 2022.

<sup>17</sup> Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation), OJ L 119, 4.5.2016, p. 1–88.

<sup>18</sup> Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC, OJ L 295, 21.11.2018, p. 39–98.

<sup>19</sup> Directive 2002/58/EC of the European Parliament and of the Council of 12 July 2002 concerning the processing of personal data and the protection of privacy in the electronic communications sector, OJ L 201, 31.07.2002, p. 37.

digital euro payments are tasks in the public interest that are essential for the protection of citizens making use of the digital euro as well as for the stability and integrity of the Union's financial system. Payment service providers will be the controllers of personal data as regards these tasks. In addition, payment service providers may process personal data to comply with existing tasks in the public interest or for compliance with a legal obligations established in pursuant to Union law that apply to **the digital euro funds defined in Directive (EU) 2015/2366. These tasks apply to the provision of payment services and the prevention and detection of fraud in accordance with Directive (EU) 2015/2366, combatting money laundering and terrorist financing in accordance with Directive (EU) 2015/849, the fulfilment of obligations related to taxation and tax avoidance, and the management of operational and security risks in line with Regulation (EU) 2022/255.** Where payment service providers provide additional digital euro payment services, the processing of personal data may be allowed to the extent necessary for the performance of a contract to which digital euro users are a party or to the extent a digital euro user has given consent, in accordance with Article 6(1), **points (a) or (b) of Regulation (EU) 2016/679.**

(74) Any processing of personal data to verify whether users are listed persons or entities pursuant to restrictive measures adopted in accordance with Article 215 TFEU should be in line with Regulation (EU) 2016/679 of the European Parliament and of the Council. Processing of the names and the **digital euro payment access numbers payment account identifiers** of natural persons is proportionate and necessary to ensure the compliance with restrictive measures adopted in accordance with Article 215 TFEU providing for asset freeze or prohibition of making funds or economic resources available.

(75) Offline digital euro payment transactions are payments that occur in close physical proximity (“face-to-face”) **and that do not require connectivity.** They have similarities with transactions in cash and should be treated in a similar way in terms of privacy. Payment service providers should therefore not process personal data related to offline digital euro payment transactions, but only personal data related to depositing or withdrawing digital euros from digital euro payment accounts to load them onto the local storage devices, or from the local storage devices into the digital euro payment accounts. This includes the identifier **and attributes of authenticity** of the local storage devices which payment service providers attribute to a digital euro user that holds offline digital euro. That level of privacy would be comparable to withdrawals of banknotes at automatic teller machines, when payment service providers process personal data related to a user’s identity and data pertaining to how funding and defunding transactions have been carried out. That means that no transaction data monitoring should occur for offline digital euro payment transactions **and that, as an exception to Article 77 of Regulation (EU) 2024/1624, offline digital euro payment transaction data should not be retained.**

(76) **The European Central Bank and the national central banks should as a rule only process non-personal data to ensure the proper functioning of the digital euro. Where this cannot be achieved by processing of non-personal data only,** the European Central Bank and national central banks may process personal data in so far as it is necessary to fulfil tasks that are essential to the proper functioning of the digital euro. **In those circumstances, the European Central Bank, alone or jointly with the national central banks, would be the controllers of personal data.** In the framework of this regulation, the processing of ~~personal~~ data for the purposes of the settlement of digital euro payment transactions, ~~and~~ the management of the security and integrity of the digital euro **settlement infrastructure and the protection of the digital euro against counterfeiting and the prevention of doublespending of digital euros are** is a tasks in the public interest that ~~are~~ **is** essential for the protection of citizens making use of the digital euro as well as for the stability and integrity of the Union's financial system. The task of maintaining the security and integrity of the digital euro infrastructure includes activities related to ensuring the stability and operational resilience of the digital euro. ~~The European Central Bank and national central banks would be the controller of personal data as regards these tasks.~~ The European Central Bank and national central banks should process ~~personal~~ data for these tasks **using that have been subject to** state-of-the-art security and privacy-preserving measures, such as pseudonymisation or encryption, to ensure that data cannot be used to directly identify a specific digital euro user. **The European Central Bank and the national central banks should not request any information that would allow for the identification of an individual, such as encryption or pseudonymisation keys, to**

payment service providers, nor should they use any information obtained as part of other tasks enshrined upon them by Union or Member State law to identify individual digital euro users.

**(76a)** To ensure an accurate and secure digital euro payment execution, each digital euro payment account should be associated to one single digital euro access number. To ensure that the digital euro payment is settled, this number should be created by the European Central Bank or the national central banks and allow the European Central Bank and the national central banks to identify the digital euro service provider providing this account. Only the digital euro payment service provider should be able to identify its users based on the digital euro access number. The European Central Bank should keep the list of generated digital euro access numbers and the list of the digital payment service providers structurally and logically separated from the digital euro payment settlement component.

~~(77) For the purpose of enforcing the holding limits and ensuring the exceptional switching of digital euro payment accounts in emergency situations upon the request of the digital euro user, a single access point of digital euro user identifiers and the related digital euro holding limits is necessary to ensure the efficient functioning of the digital euro across the entire euro area, as digital euro users may hold digital euro payment accounts in different Member States.~~ When establishing the single access point, the European Central Bank and the national central banks should ensure that the processing of personal data, in so far as this is necessary, is minimised to what is strictly necessary and that data protection by design and by default is embedded, and implement appropriate technical and organisational measures to ensure that the identity of individual digital euro users cannot be inferred from the information accessed via the single access point, except by relevant payment service providers. The European Central Bank and the national central banks should consider, where appropriate and to minimise the risk of data breaches, the use of decentralised data storage.

~~(78) With its package on the prevention of the use of the financial system for the purposes of money laundering and terrorist financing, adopted by the Commission on 21 July 2021<sup>20</sup>, ('AML package'), the Commission has proposed to significantly strengthen anti-money laundering ('AML') rules across the Union. In keeping with that objective and~~ To ensure an effective application of AML/CFT requirements to the digital euro, this Regulation should provide that online digital euro payment transactions are subject to AML/CFT requirements laid down in Regulation (EU) 2024/1624, Directive (EU) 2024/1640 and Regulation (EU) 2023/1113 Directive (EU) 2015/849.

(79) To facilitate the widespread uptake of the digital euro, it is essential that prospective digital euro users can easily access digital euro payment services provided by payment services providers in a harmonised manner across the euro area. It is therefore appropriate, without any prejudice to the risk approach underpinning the AML-package, for the anti-money laundering authority of the Union ('AMLA') to address the opening of digital euro payment accounts in its Regulatory Technical Standards on customer due diligence. For low-risk transactions or business relationships, AMLA should identify relevant simplified due diligence measures that payment services providers should apply. AMLA should prioritise the development of these Regulatory Technical Standards.

(80) In contrast to offline digital euro payment transactions, online digital euro payment transactions are not limited to physical proximity transactions, and can be used to transfer funds at distance between digital euro users. For online digital euro payment transactions, central bank digital currencies could present greater AML/CFT risks than cash as they would be acting as an instrument whose liquidity is similar to that of cash but

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<sup>20</sup> Proposal for a regulation on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (COM/2021/420 final); Proposal for a Directive establishing the mechanisms that Member States should put in place to prevent the use of the financial system for ML/TF purposes, and repealing Directive (EU) 2015/849 (COM/2021/423 final); Proposal for a Regulation creating an EU Authority for anti-money laundering and countering the financing of terrorism ('AMLA') (COM/2021/421 final); and Proposal for the recast of Regulation (EU) 2015/847 expanding traceability requirements to crypto-assets (COM/2021/422 final)

without the limitations on portability that are implicit in cash. It should therefore be laid down that an online digital euro payment transaction is to be subject to **Regulation (EU) 2024/1624 and Directive (EU) 2024/1640 Directive (EU) 2015/849** of the European Parliament and of the Council, and Regulation (EU) ~~2023/1113~~**2015/847** of the European Parliament and of the Council<sup>21</sup>.

(81) In order to ensure a consistent application of the legal tender requirements and keep pace with technological developments, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission to supplement this Regulation by adopting delegated acts in respect of additional exceptions to mandatory acceptance and the types of personal data processed by payment services providers, the European Central Bank and the national central bank and providers of support services. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level. The Commission, when preparing and drawing up delegated acts, should ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and to the Council.

(82) While offline digital euro payment transactions have similarities with transactions in cash and should be treated in a similar way in terms of privacy, specific holding and transaction limits for offline proximity payments are essential to mitigate AML/CFT risks. **In order to take into consideration existing AML/CFT risk mitigation measures national risk patterns across the euro area, Member States may request the Commission to lower the offline digital euro transaction limits in their territory, should the euro area-wide limits pose increased money laundering and terrorist financing counterfeiting risks as regards offline digital euro transactions in that particular Member State compared to the existing money laundering and terrorist financing risk mitigation measures existing in that Member State for cash payments. In its request, the Member State shall submit a substantiated, on the basis of objective data, specific and higher money laundering and terrorist financing risk assessment counterfeiting risks related to the offline use of the digital euro in its territory of that Member State, justifying the application of lower limits on the basis of objective data for offline transactions. The lower transaction limits should be in line with the principle of proportionality and preserve the practical usability of the digital euro. If the conditions of proportionality, usability and objective justifications are met, the Commission shall adopt an implementing act containing the offline digital euro transaction limits applicable for that Member State. The Commission should may, on its own motion or following a request of the Member State concerned repeal the implementing decision adopting the lower transaction limits on the basis of objective data if it is no longer justified. If the Commission, on its own motion, repeals the implementing decision adopting the lower transaction limits, the Member State shall be consulted. The Commission may also adapt it if the circumstances have changed.**

(83) In order to ensure uniform conditions for the application of holding and transaction limits for offline proximity payments, implementing powers should be conferred on the Commission. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council<sup>22</sup>. The examination procedure should be used for the adoption of the implementing acts specifying the transaction and holding limits of the offline digital euro, given that those acts contributes to the fight against money laundering and terrorist financing.

(84) In accordance with the principle of proportionality, it is necessary and appropriate for the achievement of the basic objective of ensuring that the euro is used as a single currency in a digitalised economy to lay down rules concerning in particular its legal tender status, distribution, use and essential features. This Regulation

<sup>21</sup> Regulation (EU) 2015/847 of the European Parliament and of the Council of 20 May 2015 on information accompanying transfers of funds and repealing Regulation (EC) No 1781/2006 (OJ L 141, 5.6.2015, p. 1).

<sup>22</sup> Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13).

does not go beyond what is necessary in order to achieve the objectives pursued, in accordance with Article 5(4) on the Treaty on European Union.

(85) The European Data Protection Supervisor and the European Data Protection Board were consulted in accordance with Article 42 of Regulation (EU) 2018/1725 of the European Parliament and of the Council<sup>23</sup> and delivered a joint opinion on [XX XX 2023].

**(86Recital A)** To strengthen the resilience of digital euro payments in exceptional circumstances, such as natural disasters, major cybersecurity incidents or other events of comparable impact, and to leverage on the digital euro resilience for the benefit of ensuring the continuity of payments, it is appropriate to provide for measures aimed at safeguarding the continuity of digital euro payments. These measures, consisting of the possibility to increase offline digital euro holding and transaction limits, activate emergency switching and enhance the distribution of the digital euro, should be limited in time, duly justified and proportionate. They may only be adopted when credible and substantial risks of disruptions to the continuity of digital payments, including digital euro payments, are growing to a level where actions are needed or when widespread and severe disruptions are already present and affecting, in whole or in part, one or more Member States of the euro area or the euro area as a whole. The measures should cease to apply as soon as they are no longer necessary in view of the exceptional circumstances justifying them. The Member States have the main responsibility to assess whether a situation of exceptional circumstances prevails and to communicate with the relevant parties in line with Chapter IXa of this Regulation. This Regulation is without prejudice to national procedures that Member States may establish for the purpose of requesting the adoption of the measures under this Chapter, to procedures under national law to declare national emergencies, or to the powers of the Member States to adopt other measures regarding the continuity of payments within their own sphere of competence.

**(87Recital B)** To strengthen the resilience of society, payment systems, and the euro, and to support the use of the digital euro in exceptional circumstances, it should be possible to temporarily increase the applicable offline digital euro payment transaction limits and offline digital euro holding limits. These limits should in any event respect the limits to the use of the digital euro as a store of value that are set out in accordance with Article 16. Such a decision may be adopted by the Commission either at the request of one or more Member State concerned or at the Commission's own initiative. In its request, a Member State may indicate whether the temporary increase should apply to natural persons, legal persons, or both, within its jurisdiction. The adoption by means of a Commission implementing act should allow for a rapid activation, also by specifying the relevant time limits for consultation of the Commission, the affected Member States and other Member States, as well as the time limits for adoption. The Commission implementing act should take account of the need of balancing its possible impact on money laundering/terrorist financing risks with the need to maintain the usability of the digital euro in exceptional circumstances, and it should allow for input from the affected Member States, other Member States and the European Central Bank. The Commission implementing act should allow for subsequent amendments, including adjustments to its timeframe, the affected jurisdictions and the applicable limits, as circumstances evolve. These requests for amendments or withdrawal of the implementing act could also be made by the affected Member State or Member States. To in which the measure is actively applied may also request Commission to amend or repeal the measure. There should be close monitoring of the situation in the affected Member States and an ongoing exchange of information between the Commission and those Member States, in order to ensure that the measures remain appropriate.

**(88Recital C)** To safeguard the operational continuity of digital euro payments in exceptional circumstances and to ensure uninterrupted access for users to their digital euro holdings, it is appropriate to allow emergency switching of providers of digital euro payment services. Such emergency switching should be authorised by the European Central Bank or the relevant national central bank, following a reasoned request from the Member State concerned. To this end, Member States may designate payment service providers mentioned in Article 14(3) located in their national territory or in another Member State, as a backup system to support the temporary provision of mandatory digital euro payment services. To be able to provide these temporary services, the entities should participate in the digital euro scheme and have implemented the necessary preparatory measures. These entities may leverage on

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<sup>23</sup> Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC (OJ L 295, 21.11.2018, p. 39).

existing national backup systems to promote operational efficiency and avoid unnecessary administrative burden. Emergency switching should be strictly limited in time and should only apply for as long as it is justified in view of the achievement of the relevant objectives in exceptional circumstances.

**(89Recital D)** The authorities or entities designated to support the temporary provision of mandatory digital euro payment services may be the same as the specific entities designated for the distribution of the digital euro in the framework of Article 14(3), but they may also be other entities within the categories mentioned in that provision. Member States may use service agreements when designating the authorities or other entities to reduce the burden imposed on them. This could create synergies, as under normal circumstances the designated authorities and entities could be tasked with providing mandatory digital euro payment services to these consumers, as well as the appropriate face-to-face support. This would ensure access to digital euro payment services to vulnerable groups. In exceptional circumstances, these authorities or entities could be designated to serve a broader range of users, including users that are not already their customers, with digital euro payment services and instruments to facilitate the continuity of payments on a temporary basis. To be able to provide these services, these authorities or other entities should participate in the digital euro scheme and have implemented the necessary preparatory measures.

## CHAPTER I SUBJECT MATTER AND DEFINITIONS

### Article 1 Subject matter

With a view to adapting the euro to technological changes and to ensuring its use as a single currency, this Regulation establishes the digital euro ~~as a form of central bank money issued for retail use~~ and lays down rules concerning, in particular, its legal tender status, distribution, use, and essential technical features.

### Article 2 Definitions

For the purpose of this Regulation, the following definitions shall apply:

1. ‘digital euro’ means the digital form of the single currency available to natural and legal persons, ~~issued by the European Central Bank or a national central bank, constituting a liability item on the balance sheet of the issuer;~~
2. ‘credit institution’ means a credit institution as defined in Article 4(1), point (1), of Regulation (EU) No 575/2013 of the European Parliament and of the Council<sup>1</sup>;
3. ‘digital euro payment transaction’ means an act, initiated by a payer or on his or her behalf, or by the payee, of placing, transferring or withdrawing digital euro, irrespective of any underlying obligations between the payer and the payee;
4. ‘digital euro user’ means ~~anyone~~ **anyone a natural or legal person** making use of a digital euro payment service ~~in the capacity of payer, payee, or both;~~
5. ‘digital euro payment account’ means an account held by one or more digital euro users with a payment service provider to access digital euro recorded in the digital euro settlement infrastructure or in ~~an offline digital euro~~ **an offline digital euro** device and to initiate or receive **online** digital euro payment transactions, ~~whether offline or online, and irrespective of technology and data structure;~~

6. 'European Digital Identity Wallets' means the wallets set out in Article 65a of Regulation (EU) No 910/2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC (EUDIWR) ~~please insert reference proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 910/2014 as regards establishing a framework for a European Digital Identity COM(2021) 281 final~~;

7. 'payment service provider' means a payment service provider as defined in Article 4, point (11) of Regulation and Directive 2015/2366 [PSD3/PSR], who is incorporated in a Member State whose currency is the euro;

8. 'digital euro payment service' means any of the business activities set out in Annex II, Annex IIa, and any other additional digital euro payment service;

8a. 'distribution of the digital euro' means provision of digital euro payment services, including mandatory and additional digital euro payment services, as well as services enabling a payee to receive digital euro payment transactions;

9. 'payer' means a natural or legal person ~~anyone~~ who holds ~~has~~ a digital euro payment account and either receives or allows a payment order from that digital euro payment account or uses a local storage device to transfer digital euro to a payee;

10. 'payee' means a natural or legal person who is the intended recipient of funds which ~~have been~~ are the subject of a digital euro payment transaction;

10a. 'merchant' means any natural or legal person who, for purposes which are linked his or her trade, business, craft or profession, ~~in the course of its trade or economic activity~~ contracts acquiring services with a view to receiving digital euro payments;

11. 'funding' means the process whereby a digital euro user acquires digital euros, in exchange for either euro banknotes and coins ~~cash~~ or other funds, creating a direct liability on the balance sheet of the European Central Bank or a national central bank towards that digital euro user;

12. 'defunding' means the process whereby a digital euro user exchanges digital euro with other funds, extinguishing the liability item on the balance sheet of the European Central Bank or national central bank towards that digital euro user;

13. 'national central bank' means a national central bank of a Member State whose currency is the euro;

14. 'online digital euro payment transaction' means a digital euro payment transaction where the settlement takes place in the digital euro settlement infrastructure;

15. 'offline digital euro payment transaction' means a digital euro payment transaction, made in physical proximity, where authorisation and settlement take place in the local storage devices of both payer and payee;

16. 'residence' or 'residing' means the place where a natural person is legally resident in the Union as defined in Article 2, point (2), of Directive 2014/92/EU of the European Parliament and of the Council<sup>2</sup>;

17. 'conditional digital euro payment transaction' means a digital euro payment transaction which is instructed automatically upon fulfilment of pre-defined conditions agreed by the payer and by the payee;

18. 'programmable money' means units of digital money with an intrinsic logic that limits each unit's full fungibility;

19. the ‘digital euro settlement infrastructure’ means the settlement infrastructure of the digital euro adopted by the **European Central Bank, national central banks, or both Eurosystem;**

~~20. ‘front end service’ means all components necessary to provide services to digital euro users that interact via defined interfaces with back end solutions and other front end services;~~

**20a. ‘digital euro user interface’ means a digital interface through which digital euro users can access and use digital euro payment services provided by their respective payment service providers.**

21. ‘third country’ means a country that is not a ~~M~~**member State** of the European Union;

22. ‘visitor’ means a natural person who does not have its domicile or residence in a Member State whose currency is the euro, and who is travelling to and staying in one of those Member States, including for tourism, business or education and training purposes;

23. ‘Member State whose currency is not the euro’ means a Member State in respect of which the Council has not decided that it fulfils the necessary conditions for the adoption of the euro in accordance with Article 140 TFEU;

**23a. ‘inter-PSP fee’ means a fee per digital euro transaction paid directly or indirectly between the two payment service providers involved in a digital euro payment transaction.**

24. ‘merchant service charge’ means a fee paid by the payee to a payment service provider when acquiring a digital euro payment transaction;

~~25. ‘comparable digital means of payment’ means digital means payment, including debit card payment and instant payment at the point of interaction but excluding credit transfer and direct debit that are not initiated at the point of interaction;~~

**25a. ‘point of interaction’ means the payee’s physical or virtual environment where a digital euro payment transaction is initiated;**

**25b. ‘communication technology’ means technology used for the transmission of data between the payer’s device payment instrument and the point of interaction to initiate a payment transaction;**

~~26. ‘switching’ means, upon a digital euro user’s request, transferring digital euro payment accounts-services from one payment service provider to another in accordance with Articles 31 either and 37c the information about all or some digital euro payment services, including recurring payments, executed on a digital euro payment account, or the digital euro holdings from one digital euro payment account to the other, or both, with or without closing the former digital euro payment account, while maintaining the same account identifier;~~

27. ‘user identifier’ means a unique identifier created by a payment service provider distributing the digital euro, that unambiguously differentiates, ~~for online digital euro purposes,~~ digital euro users ~~but that is not attributable to an identifiable natural or legal person by the European Central Bank and the national central banks;~~

28. ‘user alias’ means ~~an~~ **digital euro payment account-specific unique** pseudonymous identifier, **generated by the European Central Bank and/or national central banks upon request of the payment service provider,** used to protect the user’s identity when processing digital euro payment transactions that can only be attributable to an identifiable natural or legal person by the payment service provider distributing the digital euro

or by the digital euro user, **including a compulsory alias (the digital euro payment alias access number) and, if requested by a digital euro user, additional proxy aliases that can also be linked to the digital euro payment account;**

29. ‘user authentication’ means a unique piece of information created by the payment service provider distributing the digital euro that together with the user identifier allows a digital euro user to prove ownership of the online digital euro holdings recorded in the digital euro settlement infrastructure;

30. ‘providers of support services’ means one or more entities, appointed by the European Central Bank, that provide services to all payment service providers distributing the digital euro that are aimed at facilitating the smooth functioning of digital euro payment transactions;

31. ‘mobile device’ means a device that enables digital euro users to authorise digital euro payment transactions online or offline, including in particular smart phones, tablets, smart watches and wearables of all kind.

32. ‘digital euro ~~payment~~ access number’ means a compulsory user alias, that does not contain the country or payment service provider code, and that allows the switching of the payment service provider that provides digital euro payment services while maintaining the same digital euro payment access number;

33. ‘insolvency proceedings’ means any collective measure provided for in Union law or national law, either to wind up the payment service provider or to reorganise it, where such measure involves the suspending of, or imposing limitations on, transfers or payments, or any proceeding which entails the suspension or limitation of activities of a payment service provider with regard to digital euro payment services;

34. ‘consumer’ means any natural person who is acting for purposes which are outside his or her trade, business, craft or profession;

35. ‘local storage device’ means a physical device with tamper resistant hardware and software features, allowing for the secure electronic storage of information and digital euros and the secure processing and execution of **offline** digital euro transactions;

36. ‘targeted financial restrictive measure’ means an asset freeze imposed on a person, body or entity or a prohibition on making funds or economic resources available to a person, body or entity, or for its benefit, either directly or indirectly, pursuant to restrictive measures adopted in accordance with Article 215 TFEU;

37. ‘pre-dispute services’ means services, made available to digital euro users by payment service providers that facilitate **structured exchanges of information between** consumers and merchants to reach an agreement **before a dispute** ~~or disputes prior to the remedies in accordance with available under Article 27;~~

38. ‘attributes of the authenticity of the local storage device’ means security features embedded in the local storage device that authorise holding offline digital euro as well as performing digital euro payment transactions, including requesting and transferring offline digital euro;

39. ‘attributes of the authenticity of the offline digital euro’ means security features embedded in offline digital euro holdings, proving they are a liability of the European Central Bank or the national central banks;

40. ‘self-employed natural persons’ means any natural person who is acting for purposes of his or her trade, business, craft or profession;

41. ‘unmanned point of sale’ means a physical device or system via which goods or services are provided directly to the payer by or on behalf of the payee, in return for payment, without the presence of any staff or agents of the payee. This includes vending machines, ticketing machines, parking meters, self-service fuel and charging stations, and other similar systems.

## CHAPTER II ESTABLISHMENT AND ISSUANCE OF THE DIGITAL EURO

### Article 3 Establishment of the digital euro

The digital euro is hereby established as the digital form of the single currency.

### Article 4 Issuance **and nature** of the digital euro

1. In accordance with the Treaties, the European Central Bank shall have the exclusive right to authorise the issue of the digital euro, and the European Central Bank and the national central banks may issue the digital euro **for retail use, to complement euro banknotes and coins.**

2. The digital euro shall be a **direct liability item on the balance sheet** of the European Central Bank or of national central banks towards digital euro users. **It shall be considered an immaterial asset as a matter of Union law and in the context of national private law.**

3. **Digital euro users shall remain the only owners or holders of property rights in digital euros. Under no circumstances shall payment service providers be, for the sole fact that they provide digital euro payment services, the owners or holders of any property rights in digital euros upon the opening of the digital euro payment accounts for the benefit of digital euro users.**

4. **The digital euro distributed by payment service providers shall be convertible at par with scriptural money and electronic money denominated in euro.**

5. **For the purpose of digital euro payment services, digital euro users shall only enter into a contractual relationship with their payment service provider and shall have no contractual relationship with the European Central Bank or the national central banks.**

6. **Where insolvency proceedings or other proceedings have been brought against a payment service provider providing digital euro payment services, digital euro holdings and the means of access thereto shall be beyond the reach of creditors of the payment service providers of digital euro payment services. The digital euro users may switch service provider in accordance with Article 31(2), or they may request a defunding of their digital euro holdings to a non-digital euro payment account held at another payment service provider.**

### Article 5 Applicable law

1. The digital euro shall be governed by the provisions of this Regulation, **as supplemented by the delegated acts that the Commission is empowered to adopt pursuant to Articles 11, ~~33~~, 34, 35 and 36 and ~~38~~, and by the implementing acts that the Commission is empowered to adopt pursuant to Articles 17, 17a, 17b, 17c, 17d, 33, 37 and 37bB.**

2. Within the framework of this Regulation, the digital euro shall also be governed by the detailed measures, rules and standards that may be adopted by the European Central Bank pursuant to its own competences. Where these detailed measures, rules and standards have an impact on the protection of individuals' rights and freedoms with regard to the processing of personal data, the European Central Bank shall consult the European Data Protection Supervisor prior to their adoption.

3. ~~In accordance with Article 4(25) of Directive (EU) 2015/2366 of the European Parliament and of the Council, of 25 November 2015, on payment services in the internal market, as replaced by Directive (EU) [please insert reference—proposal for a Directive on payment services and electronic money services in the internal market—COM/2023/366 final] and Regulation (EU) [please insert reference—proposal for a Regulation on payment services in the internal market—COM/2023/367 final] of the European Parliament and of the Council, of XX/XX/2023, the provisions of that Directive (EU) 2015/2366 [PSD3/PSR] shall apply to online digital euro payment transactions and the related digital euro payment services and accounts payment transactions, with the exception of:~~

- the provisions on payment initiation services in Chapter III of that Directive and Regulation;

- ~~Article 72 of [PSR] provisions that allow Member States the possibility to set additional rules~~

**In relation to users of digital euro services, payment service providers shall be responsible for all obligations under Directive (EU) 2015/2366 concerning the provision of payment services, including those required for the execution of digital euro payment transactions in the digital euro settlement infrastructure established by the European Central Bank and the national central banks as if they maintained the digital euro payment accounts on their books.**

4. ~~In accordance with Article 2(10) of Regulation (EU) 2021/1230 of the European Parliament and of the Council of 14 July 2021 on cross-border payments in the Union, as amended by Regulation (EU) [please insert reference—proposal for a Regulation on the provision of digital euro services by payment services providers incorporated in Member States whose currency is not the euro—COM/2023/368 final], provisions of that Regulation (EU) 2021/1230 shall apply to digital euro payment transactions.~~

5. Without prejudice to Articles 37 of this Regulation, Directive (EU) 2024/1640 of the European Parliament and of the Council of 31 May 2024 on the mechanisms to be put in place by Member States for the prevention of the use of the financial system for the purposes of money laundering or terrorist financing and -Regulation (EU) 2024/1624 of the European Parliament and of the Council of 31 May 2024 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing ~~of the European Parliament and of the Council, of 20 May 2015, on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing~~ and Regulation (EU) ~~2015/847~~ 2023/1113 of the European Parliament and of the Council of 31 May 2023 on information accompanying transfers of funds and certain crypto-assets<sup>24</sup> ~~of the European Parliament and of the Council of 20 May 2015 on information accompanying transfers of funds~~ shall apply to digital euro payment ~~transactions services~~.

6. Regulation (EU) 2022/2554 of the European Parliament and the Council of 14 December 2022 on digital operational resilience for the financial sector shall apply to payment service providers providing digital euro payment services.

7. The legal acts referred to in paragraphs 2 to 6 shall apply to the extent that the matter is not covered by this Regulation **and the relevant delegated and implementing acts**, and insofar as they are compatible

<sup>24</sup> Regulation (EU) 2023/1113 of the European Parliament and of the Council of 31 May 2023 on information accompanying transfers of funds and certain crypto-assets and amending Directive (EU) 2015/849 (OJ L 150, 9.6.2023)

with it. Where a matter is covered by both this Regulation and those Union acts, this Regulation shall prevail.

## Article 6 Competent authorities

1. ~~The~~ Member States whose currency is the euro shall designate one or more competent authorities to ensure compliance with Chapter III and Articles 17, 17a, 17b(6) and 17d in their territory. They shall inform the Commission thereof, indicating any division of functions and duties.

~~The~~ Member States whose currency is the euro shall lay down the rules on penalties applicable to infringements of **the provisions of** Chapter III and Articles 17, 17a, 17b(6) and 17d and shall take all measures necessary to ensure that these rules are implemented, including the power of competent authorities to access **and process** the necessary data. The penalties provided for shall be effective, proportionate and dissuasive. Member States whose currency is the euro shall, without delay, notify the Commission of those rules and of those measures and shall notify it, without delay, of any subsequent amendment affecting them.

2. ~~[PSD3/PSR] Directive (EU) 2015/2366 of the European Parliament and of the Council, of 25 November 2015, on payment services in the internal market, as replaced by Directive (EU) [please insert reference – proposal for a Directive on payment services and electronic money services in the internal market – COM/2023/366 final]~~ shall govern the supervision by competent authorities, the sanctions regime and supervisory arrangements between the competent authorities of the home Member States and of the host Member States, concerning compliance by ~~P~~payment ~~S~~services ~~P~~providers ~~of~~with their obligations pursuant to Chapters IV, V, VI and VII of this Regulation.

Notwithstanding **the first subparagraph–1**, Directive (EU) 2014/92 shall govern the supervision by competent authorities, the sanctions regime and supervisory arrangements between the competent authorities of the home Member States and of the host Member States concerning compliance by payment service providers with their obligations pursuant to Article 14, paragraph 2, of this Regulation.

2a. Notwithstanding paragraph 2, each Member State shall provide for one or more competent authorities to be responsible for the application and monitoring of Article 33. Member States may establish one or more new authorities or rely on existing authorities. Member States shall notify the Commission of the names of the competent authorities and of their tasks and powers. The Commission shall maintain a public register of those authorities.

Notwithstanding **the first subparagraph–2a**, each Member State shall lay down the rules on penalties applicable to infringements of Article 33. The penalties provided for shall be effective, proportionate and dissuasive. Member States shall, without delay, notify the Commission of those rules and of any subsequent amendment to them.

3. Directive (EU) 2024/1640 of the European Parliament and of the Council of 31 May 2024 on the mechanisms to be put in place by Member States for the prevention of the use of the financial system for the purposes of money laundering or terrorist financing and Regulation (EU) 2024/1624 of the European Parliament and of the Council of 31 May 2024 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing ~~2015/849 as replaced by Directive (EU) [please insert reference – proposal for Anti Money Laundering Directive – COM/2021/423 final]~~ shall govern the supervision by competent authorities, the ~~sanctions enforcement~~ regime and supervisory arrangements between the competent authorities of the home Member States and of the host Member States, concerning the activities of ~~P~~payment ~~S~~services ~~P~~providers in relation to the digital euro for the purpose of ensuring compliance with Chapter IX of this Regulation ~~(EU) No [x] on the establishment of the digital euro.~~

4. For the purposes of supervising compliance with Chapters IV, V and VII of this Regulation, the competent authorities referred to in paragraph 2 **and 2a** shall cooperate with the European Central Bank.

5. Member States shall ensure that adequate measures are in place to raise awareness among the public about the availability and features of the digital euro and possibilities of access to the digital euro.

### CHAPTER III LEGAL TENDER

#### Article 7

##### Legal tender status

1. The digital euro shall have legal tender status.
2. The legal tender status of the digital euro shall entail its mandatory acceptance, at full face value, with the power to discharge from a payment obligation.
3. In accordance with the mandatory acceptance of the digital euro, the payee shall not refuse digital euro tendered in payment to comply with that obligation.
4. In accordance with the acceptance at full face value of the digital euro, the monetary value of digital euro tendered in payment of a debt shall be equal to the value of the monetary debt. Surcharges on the payment of debt with the digital euro shall be prohibited.
5. In accordance with the power of the digital euro to discharge from a payment obligation, a payer shall be able to discharge himself from a payment obligation by tendering digital euro to the payee.

#### Article 8

##### ~~Territorial~~ Scope of legal tender status

1. The digital euro shall have ~~the status of~~ legal tender ~~status for as regards~~ offline payments of a monetary debt denominated in euro that take place within the euro area.
2. The digital euro shall have ~~the status of~~ legal tender ~~status for as regards~~ online payments of a monetary debt denominated in euro to a payee residing or established in the euro area.

#### Article 8a

##### Additional rules on legal tender

1. ~~For the purpose of Article 7(3), where the payee is obliged to accept both online and offline digital euro payment transactions, the payer shall be entitled to choose between an online or and offline digital euro payment transaction functionality.~~
2. **Payees, whether operating in a physical, virtual, or both environments, shall accept digital euro payment transactions at their respective points of interaction in the same manner as they ~~currently~~ accept other digital means of payments.**

#### Article 9

##### Exceptions to the obligation to accept the digital euro

By way of derogation from Article 7(3) and Article 8, a payee shall be entitled to refuse digital euro in any of the following cases:

(a) where the payee is an enterprise **or a self-employed person or a non-profit legal entity as defined in Article 2, point (18), of Regulation (EU) 2021/695, which only accepts credit transfers not initiated at the point of interaction, direct debits not initiated at the point of interaction, and/or only euro banknotes and coins which employs fewer than 10 persons or whose annual turnover or annual balance sheet total does not exceed EUR 2 million, or is a non-profit legal entity as defined in in Article 2, point (18), of Regulation (EU) 2021/695 of the European Parliament and of the Council, unless it accepts comparable digital means of payment initiated at the point of interaction;**

(b) where a refusal is made in good faith and where such refusal is based on legitimate and temporary grounds in line with the principle of proportionality in view of concrete circumstances beyond the control of the payee;

(c) where the payee is a natural person acting in the course of a purely personal or household activity;

(d) where, prior to the payment, the payee has agreed with the payer on a different means of payment, subject to Article 10.

**(e) where the point of sale is an unmanned point of sale that does not accept any other digital means of payment.**

For the purposes of point (b), the burden of proof to establish that legitimate and temporary grounds existed in a particular case and that the refusal was proportionate shall be on the payee.

#### Article 10

##### Prohibition of the unilateral exclusion of payments in the digital euro

1. Payees subject to the obligation to accept the digital euro shall not use contractual terms that have not been individually negotiated or commercial practices which have the object or the effect to exclude the use of the digital euro by the payers of monetary debts denominated in euro. Such contractual terms or commercial practices shall not be binding on the payer. A contractual term shall be regarded as not individually negotiated where it has been drafted in advance and where the payer has therefore not been able to influence the substance of the term, particularly in the context of a pre-formulated standard contract.

**2. Insofar as it relates to contractual terms that have not been individually negotiated, the prohibition referred to in paragraph 1 shall not apply to relations between enterprises.**

#### Article 11

##### Additional exceptions of a monetary law nature

The Commission is empowered to adopt delegated acts in accordance with Article 38 to supplement this Regulation by identifying additional exceptions of a monetary law nature to the principle of mandatory acceptance. Those exceptions shall be justified by an objective of public interest and proportionate to that aim, shall not undermine the effectiveness of the legal tender status of the digital euro, and shall only be permitted provided that other means for the payment of monetary debts are available. When preparing those delegated acts, the Commission shall consult the European Central Bank.

#### Article 12

##### Interaction between the digital euro and euro banknotes and coins

1. The digital euro shall be convertible with euro banknotes and coins at par.

2. Payees of a monetary debt denominated in euro shall accept payments in digital euro according to the provisions of this Regulation, irrespective of whether they accept payments in euro banknotes and coins in accordance with Regulation (EU) [*please insert reference – proposal on the legal tender status of euro*]

*banknotes and coins – COM (2023) 364 final*]. Where the acceptance of euro banknotes and coins and of the digital euro is mandatory in accordance with the provisions of this Regulation and Regulation (XXX on the legal tender of euro banknotes and coins), the payer is entitled to choose the means of payment.

## CHAPTER IV DISTRIBUTION

### Article 12a Digital euro users

1. Payment service providers may provide digital euro payment services to ~~any of the following digital euro users:~~

(a) Natural and legal persons residing or established in the Member States whose currency is the euro;

(b) Natural and legal persons who opened a digital euro **payment** account at the time they resided or were established in the Member States whose currency is the euro, but no longer reside or are established in such Member States;

(c) **Visitors to Member States whose currency is the euro area;**

(d) Natural and legal persons residing or established in Member States whose currency is not the euro, subject to the conditions laid down in Article 18;

(e) Natural and legal persons residing or established in third countries, including territories under a monetary agreement with the Union, subject to the conditions laid down in Articles 19 and 20;

**(f) Citizens of the Union who reside in a Member State whose currency is not the euro or in a third country, and legal persons established in a Member State whose currency is not the euro where these citizens or legal persons exercise their free movement rights in a Member State whose currency is the euro;**

2. For the purpose of **paragraph 1**, point (a), residents shall include both Union citizens and third country nationals who benefit from residence rights pursuant to Union law or national law.

3. The European Central Bank may restrict the access to ~~and use in time of~~ the digital euro for the digital euro users referred to in **paragraph 1**, points (b) and (c) subject to the conditions laid down in Article 16(2). ~~Those timeframes shall be determined in relation to the residence or visiting status of the digital euro users.~~

**4. Within the framework of Directive and Regulation [PSD3/PSR], payment service providers may provide merchants residing or established in a Member State whose currency is not the euro or in a third country digital euro payment services allowing them to receive digital euro payment transactions from persons belonging to the categories set out in paragraph 1, even if the conditions referred to in Articles 18, 19 and 20 have not been complied with, subject to the national legislation of that Member State or third country. Payment service providers should not enable these merchants to hold digital euro as long as the conditions referred to in Articles 18, 19 and 20 have not been met.**

### Article 13

#### Payment service providers **distributing the digital euro**

1. Within the framework of Directive ~~and Regulation 2015/2366~~ [PSD3/PSR], **and without prejudice to Article 14(1), 14(1a)bis and 14(2)**, payment service providers may provide ~~the~~ digital euro payment services ~~set out in Annex I to~~.

Payment service providers ~~entitled~~ authorised to provide payment services ~~under~~ in accordance with Directive **2015/2366** and Regulation [PSD3/PSR] may provide digital euro payment services on the basis of the equivalences between payment services and digital euro payment services determined in Annex VI and Annex VIa.

~~In accordance with the second subparagraph,~~ To that end, ~~those~~ payment service providers wishing to provide equivalent digital euro payment services shall not be required to seek obtain any additional authorisation under Directive and Regulation [PSD3/PSR].

Payment service providers ~~who~~ **which** decide to provide ~~basic~~ digital euro payment services to consumers or do so upon request of their clients pursuant to Article 14(1) shall provide ~~the full list of all the~~ mandatory digital euro payment services as set out in Annex II.

Payment service providers ~~who~~ **which** decide to provide digital euro acquiring services to merchants or do so upon request of their clients pursuant to Article 14(1a) shall provide ~~the full list of all the~~ mandatory digital euro acquiring services as set out in Annex IIa.

~~(a) natural and legal persons residing or established in the Member States whose currency is the euro;~~

~~(b) natural and legal persons who opened a digital euro account at the time they resided or were established in the Member States whose currency is the euro, but no longer reside or are established in such Member States;~~

~~(c) visitors;~~

~~(d) natural and legal persons residing or established in Member States whose currency is not the euro, subject to the conditions laid down in Article 18;~~

~~(e) natural and legal persons residing or established in third countries, including territories under a monetary agreement with the Union, subject to the conditions laid down in Articles 19 and 20.~~

~~The European Central Bank may restrict the access to and use in time of the digital euro for the digital euro users referred to in points (b) and (c) subject to the conditions laid down in Article 16 (2). Those timeframes shall be determined in relation to the residence or visiting status of the digital euro users.~~

~~For the purpose of point (a), residents shall include both Union citizens and third country nationals who benefit from residence rights pursuant to Union law or national law.~~

28. Payment service providers shall make available to the public, free of charge, accessible information about the specific features of digital euro payment services and the conditions of their distribution.

### Article 13a

#### Funding and defunding obligations of payment service providers

1. Payment service providers that provide digital **euro payment** services under Article 13 and **payment service providers** that provide non-digital euro payment accounts within the meaning of Directive **and Regulation 2015/2366** [PSD3/PSR] ~~servicing payment services within the meaning of Directive 2015/2366~~ shall may enable digital euro users to manually or automatically fund or defund their digital euro payment accounts held with another payment service provider, from or to a non-digital euro account ~~to from or to non-digital euro payment accounts, respectively euro banknotes and coins when a payment services provider provides cash services, subject to any limitations that the European Central Bank may adopt in accordance with Article 16 of this Regulation.~~ Such services may be offered on a voluntary basis through contractual arrangements between payment service providers. Any funding or defunding functionalities pursuant to

this article, if provided by a payment service provider, shall be offered free of charge to consumers, except where such operations involve a non-digital euro payment account denominated in a currency other than the euro.

By way of derogation from the first subparagraph, payment service providers referred to therein shall enable merchants to whom they provide the mandatory acquiring services listed in Annex IIa to automatically fund or defund their digital-euro payment accounts held with another payment service provider, from or to a non-digital-euro payment account.

For the purpose of the first subparagraph, payment service providers that hold an account at the European Central Bank or a national central bank shall provide access to digital euro funding and defunding services to payment service providers that do not hold an account in a payment system operated by the European Central Bank or other national central banks, in an objective, non-discriminatory, transparent and proportionate manner.

2. Payment service providers that provide funding and defunding services pursuant to paragraph 1 and payment service providers pursuant to Article 13(1) shall make available funding and defunding functionalities:

(a) at any point in time, on a continuous basis, where funding and defunding take place through non-digital euro payment accounts;

(b) when a payment service provider provides euro cash services where funding and defunding take place through euro banknotes and coins. In this case, cash funding and defunding functionalities for digital euro payment accounts shall be provided in the same manner as the payment service provider's provision of cash services in respect of non-digital euro payment accounts.

3. Payment service providers that provide funding and defunding services pursuant to paragraph 1 and payment service providers pursuant to Article 13(1) ~~providing account servicing payment services within the meaning of Directive 2015/2366~~ shall enable digital euro users:

(a) to have their digital euros in excess of any limitations the European Central Bank may adopt in accordance with Article 16 automatically defunded to a non-digital euro payment account, where an online digital euro payment transaction is received;

(b) to initiate a digital euro payment transaction even though the amount of the payer's digital euro holdings is inferior to the amount of the transaction, by automatically drawing funds from a linked non-digital euro payment account, provided that the excess amount of the online digital euro payment transaction is available on the payer's non-digital euro payment account .

For the purpose of points (a) and (b), and upon prior approval by the digital euro users, payment service providers that provide funding and defunding functionalities shall link each digital euro payment account to one or more ~~a single~~ non-digital euro payment accounts denominated in euro held with the same or another payment service provider, designated by the digital euro users. ~~Digital euro users shall be allowed to have that designated non-digital euro payment account with a different payment service providers than the one where a given digital euro payment account is held.~~

~~5. The digital euro distributed by payment service providers shall be convertible at par with scriptural money and electronic money denominated in euro.~~

~~6. For the purpose of digital euro payment services, digital euro users shall only enter into a contractual relationship with payment service providers PSPs. Digital euro users shall not have any contractual relationship, for this purpose, with the European Central Bank or the national central banks.~~

~~6a. In case of the opening of insolvency proceedings against a payment service provider providing digital euro payment services, the digital euro holdings of digital euro users shall remain the property of the digital euro user and shall be beyond the reach of creditors of that payment service provider. In such a case, the digital euro user can switch the digital euro payment account to another payment service provider without relying on the payment service provider against which insolvency proceedings have been opened, in accordance with Article 31(2), or have their digital euros defunded to a non-digital euro payment account.~~

~~7. Digital euro users Natural persons acting exclusively in their capacity as consumers may have one or several digital euro payment accounts with a payment service provider, and or several digital euro payment accounts with the same or different payment service providers. Legal persons and self-employed natural persons may have one or several digital euro payment accounts with the same or different payment service providers.~~

~~8. Payment service providers shall make available to the public, free of charge, accessible information about the specific features of digital euro payment services and the conditions of their distribution.~~

#### Article 14

Access to the digital euro in Member States whose currency is the euro

1. For the purpose of distributing the digital euro to natural persons referred to in Article ~~13(1)~~ **12a(1), point (a) where these persons are acting as consumers**, credit institutions that provide payment services as referred to in ~~points (1), (2) or (3) of Annex I, points (1), (2) or (3) of Regulation [PSD3/PSR]~~ shall, upon request of their own clients, **for whom they already provide payment services on a contractual basis**, provide those persons with all **basic** mandatory digital euro payment services as referred to in Annex II. **Such digital euro accounts shall not be used for commercial or professional purposes.**

1a. For the purpose of distributing the digital euro to merchants to whom the obligation to accept the digital euro pursuant to Chapter III of this Regulation applies, payment service providers shall, upon request of their clients who are under this acceptance obligation, provide mandatory acquiring services referred to in Annex IIa provided that they already provide them with acquiring services in accordance with Directive and Regulation [PSD3/PSR] for comparable means of payment. This obligation shall comprise the virtual or physical environment in which ~~they~~ **those clients** are already operating.

2. ~~For~~ As regards natural persons referred to in Article ~~13(1)-12a(1), point,~~ **point (a) where these persons are acting as consumers, and who that** do not hold a non-digital euro payment account, Chapter IV of Directive (EU) 2014/92 ~~on access to payment account with basic features~~ shall apply, ~~as transposed into national law by the respective Member State~~, with the exception of Articles 17 and 18, to the **provision of basic** mandatory digital euro payment services as referred to in Annex II ~~access to digital euro account with basic services by consumers.~~

3. Member States shall designate **one or more of the payment service providers** ~~the authorities~~ referred to in Article 1, points (a) to (d), and (f), of ~~the~~ Directive and Regulation [PSD3/PSR], to provide, upon request, mandatory digital euro payment services as referred to in Annex II to natural persons referred to in Article 12a(1), point (a) **where these persons are acting as consumers**, that do not hold a non-digital euro payment account; ~~or post-office giro institutions referred to in Article 1, point (e), of the Directive (EU) 2015/2366 to:~~

~~(a) provide basic digital euro payment services to natural persons referred to in Article 13(1)(a) that do not hold or do not wish to hold a non-digital euro payment account;~~

~~(b) provide basic digital payment services and provide digital inclusion support provided face-to-face in physical proximity to persons with disabilities, functional limitations or limited digital skills, and elderly people.~~

4. Payment service providers referred to in paragraphs 1, 2 and ~~to~~ 3 shall provide digital inclusion support to persons with disabilities, functional limitations or limited digital skills, and elderly persons. **Payment service providers designated pursuant to paragraph 3 shall offer this support also face-to-face in physical proximity. Without prejudice to paragraph 3, point (b), d** Such digital inclusion support shall comprise, **but not be restricted limited to, a dedicated** assistance for onboarding to a digital euro payment account and for using of all **basic mandatory** digital euro payment services.

5. The Authority for ~~a~~Anti-Money Laundering ~~authority~~ and Countering the Financing of Terrorism ~~of the Union ('AMLA') established under Regulation (EU) [please insert reference proposal for a Regulation creating an EU Authority for anti-money laundering and countering the financing of terrorism ('AMLA') - COM/2021/421 final]~~ and the European Banking Authority shall jointly issue guidelines specifying the interaction between AML/CFT requirements and the provision of **basic mandatory** digital euro payment services with a particular focus on financial inclusion of vulnerable groups including asylum seekers or beneficiaries of international protection, individuals with no fixed address or third country nationals who are not granted a residence permit but whose expulsion is impossible for legal or factual reasons.

## CHAPTER V

### USE OF THE DIGITAL EURO AS A STORE OF VALUE AND AS A MEANS OF PAYMENT

#### Article 15 Principles

1. With a view to **contributing to the stability of the financial system, while** enabling natural and legal persons to access and use digital euro, ~~and,~~ to defining and implementing monetary policy **and to contributing to the stability of the financial system, while enabling natural and legal persons to access and use digital euro** the use of the digital euro as a store of value ~~may~~ shall be subject to limits.

2. With a view to ensuring an effective use of the digital euro as a legal tender means of payment, and to avoiding excessive charges for ~~merchants payees~~ subject to the obligation to accept the digital euro under Chapter III while providing compensation for the relevant costs incurred by payment services providers for the provision of digital euro payments ~~services~~, the level of charges or fees to be paid by ~~natural persons or merchants~~ digital euro users to payment service providers, or between payment service providers, shall be subject to limits. **In particular, any merchant service charge and inter-PSP fee in relation to digital euro payment transactions shall comply with the principle of proportionality.**

#### Article 16 Limits to the use of the digital euro as a store of value

1. For the purpose of Article 15(1), the European Central Bank ~~shall develop instruments to limit the use of the digital euro as a store of value and shall decide on their parameters and use, in accordance with the framework set out in this Article. PSPs providing account servicing payment services within the meaning of Directive 2015/2366 to natural and legal persons referred to in Article 12(1) shall apply these limits to digital euro payment accounts.:~~

- (a) shall define quantitative limits to ~~individual~~ digital euro holdings (“holding limits”) and, in addition,
- (b) may develop other instruments to limit the use of the digital euro as a store of value.

For the purpose of **the first subparagraph, point (a)**, the European Central Bank may set different holding limits for natural persons and legal persons.

1a. When ~~adopting~~ defining the holding limits and developing other instruments referred to in ~~the previous paragraph 1, point (b)~~, the European Central Bank shall decide on the level of the ~~individual holding limits per digital euro user and on the parameters and use of any other instruments it may develop~~, in accordance with the framework set out in this Article.

1b. A decision on the holding limits shall be adopted prior to the first issuance of the digital euro. The holding limits shall respect the overall ceiling set out in accordance with Article 16a.

2. The parameters and ~~the application~~ of the **holding limits and any other instruments developed referred pursuant to ~~in~~ paragraph 1**, shall:

(a) safeguard the objectives set out in Article 15(1), in particular ~~financial stability~~ **the stability of the financial system across the euro area**;

(b) ensure the usability and acceptance of the digital euro as a legal tender instrument;

(c) respect the principles of proportionality.

**(d) take into account the evolving architecture of the financial system and the various businesses models of the deposit-taking entities operating across the euro area. The parameters applicable to legal persons ~~and for the activity of self-employed natural persons~~ may differ from those applicable to natural persons.**

3. The parameters and use of the instruments referred to in paragraph 1 shall be applied in a non-discriminatory manner and uniformly across the euro area.

4. Any holding limits on digital euro payment accounts adopted pursuant to paragraph 1 shall apply to both offline and online holdings. Where a digital euro user uses both an offline and online digital euro, the limit that applies to online digital euro shall equal the overall **holding limit ~~as determined~~ defined** by the European Central Bank **pursuant to this Article** minus the holding limit for offline digital euro ~~set determined~~ by the digital euro users. **For that purpose, a** digital euro user may set its offline holding limit at any amount between zero and the **offline** holding limit set in accordance with Article 37. **Temporary digital euro holdings that legal persons may accumulate in the context of the functionality provided by payment service providers under Annex IIa(g) shall never be considered in breach of the holding limit set pursuant to this article or to Article 37.**

5. Visitors ~~to the euro area as~~ referred to in Article ~~13 12a(1), point (c)~~, and natural and legal persons as referred to in Article ~~13 12a(1), points (b) to, (d), and (e) and (f)~~, shall be subject to limits ~~as regards to~~ the use of the euro as a store of value that are not higher than the ones ~~effectively~~ implemented in the euro area for natural and legal persons residing or established in Member States whose currency is the euro. The parameters and use of the instruments shall be applied in a non-discriminatory manner and uniformly across Member States whose currency is not the euro. When deciding on the use of the instruments in those Member States and setting the parameters, the European Central Bank shall consult national central banks of Member States whose currency is not the euro.

6. In case a digital euro user has multiple digital euro payment accounts, the digital euro user shall specify to the payment service providers with which the digital euro payment accounts are held how the individual holding limit is to be allocated between the different digital euro payment accounts **and local storage devices**.

7. Where a digital euro payment account is ~~jointly~~-held **jointly** by more than one digital euro user, any holding limit on ~~the related this such~~ digital euro payment account ~~adopted pursuant to paragraph 1~~ shall ~~amount~~ **be equal** to the sum of the individual holding limits allocated to **it by each of** its users.

~~(7a) For the purpose of supporting the task of payment service providers to implement and enforce the instruments referred to in paragraph 1, the European Central Bank may, alone or jointly with national central banks, establish a single access point.~~

8. ~~Within the framework of this Regulation,~~ The digital euro shall not bear interest.

**(8a) Payment service providers providing account servicing payment services within the meaning of Directive and Regulation [PSD3/PSR] to natural and legal persons referred to in Article 12a(1) shall apply the limits and instruments pursuant to this Article to digital euro payment accounts. For that purpose, they shall use the single access point referred to in Article 35(8).**

#### Article 16a

##### Overall ceiling for the holding limits

1. The holding limits referred to in Article 16(1)(a) shall be subject to an overall ceiling for legal persons and for natural persons as set in accordance with this article. Different ceilings may be set for legal and natural persons.

2. The European Central Bank shall publicly announce the envisaged date of the first issuance of the digital euro in accordance with Article 4 of this Regulation at least two years prior to such envisaged date. At least one year before the envisaged date of the first issuance of the digital euro, the European Central Bank shall publish a technical report on the limits for the use of the digital euro as a store of value set pursuant to Article 15(1) and shall submit to the Council, in agreement with the Commission, a recommendation for a Council implementing decision setting the overall ceiling for the holding limits referred to in Article 16.

3. The Council shall adopt the Council implementing decision within [six] months from the submission of the recommendation of the European Central Bank, acting by a qualified majority in accordance with Article 238(3)(b) TFEU, including when amending the recommendation. If the Council implementing decision has not been adopted at the end of the six-month period, the European Central Bank shall be able to set holding limits in accordance with its recommendation. The Council may adopt its implementing decision on the basis of that recommendation even after the expiry of the six-month period.

4. The overall ceiling shall be reviewed at least every two years. To that end, the Council implementing decision shall apply for a period of [two] years, without prejudice to paragraph 5. At least [six] months before the end of application of the Council implementing decision, the European Central Bank shall publish a new technical report concerning the holding limits and submit to the Council, in agreement with the Commission, a recommendation for a Council implementing decision on the overall ceiling.

5. The Council may adopt the Council implementing decision for the purpose of paragraph 4 within [six] months from the submission of the recommendation of the European Central Bank, acting by a qualified majority in accordance with Article 238(3)(b) TFEU, including when amending the recommendation. If the Council has not acted before the end of application of the Council implementing decision, the period of application of that Council implementing decision shall be tacitly extended by [two] years.

6. The European Central Bank shall without delay adjust the holding limits set in accordance with Article 16 to comply with the overall ceiling established in a Council implementing decision.

## Article 17

### Fees on digital euro payment services

1. For the purpose of ~~Article 15(2)~~ ensuring an effective use of the digital euro as a legal tender means of payment, ~~without prejudice to any possible fees charged on other digital euro payment services~~, payment services providers shall not charge fees for the provision of mandatory digital euro payment services referred to in Annex II to natural persons ~~as referred to in Article 13 12a(1), points (a), (b), and (c) and (f), where~~ such persons are using digital euro payment ~~account~~ services exclusively in their capacity acting as consumers, ~~for the provision of the basic mandatory digital euro payment services referred to in Annex 2.~~ This is without prejudice to fees that the payment service providers may charge for the provision of other digital euro payment services.

By derogation from the first subparagraph, payment service providers may charge a reasonable fee for funding and defunding digital euros from or into euro ~~cash~~ banknotes and coins. ~~This~~ Such charge shall not exceed the lowest amount charged by the payment service provider to the respective consumer for funding and defunding a non-digital euro payment account from or to euro ~~cash~~ banknotes and coins.

By derogation from the first subparagraph, payment service providers may charge a reasonable fee for the provision of an additional payment instrument that is provided upon request of the user as referred to in Annex II(g). This reasonable fee shall only cover those functionalities that are already provided by the other payment instruments provided free of charge. Payment service providers may also charge reasonable fees for the mandatory services referred to in the first subparagraph insofar as they are provided as part of any additional digital euro payment account with the same payment service provider.

~~2. For the purpose of Article 15(2), any merchant service charge or inter-PSP fee in relation to digital euro payment transactions shall comply with the principle of proportionality. During~~ ~~at the~~ transitional period ~~referred to in Article 17a(1)~~, merchant service charges and inter-PSP fees shall be subject to caps pursuant to Article 15(2), and these caps shall be governed by Article 17a as well as by paragraphs 5 and 6 of this Article. After the end of the transitional period, when the Commission adopts an implementing decision pursuant to Article 17c(2) or no later than ten years after the first issuance of the digital euro, these caps shall be governed by paragraphs 2a to 5.

2a. After the end of the transitional period, any merchant service charge ~~or~~ and inter-PSP fee shall not exceed ~~the lowest of the following two amounts:~~ (a) the relevant costs incurred by payment services providers for the provision of digital euro payment services, including a reasonable margin of profit. **These limits shall be uniform and applied in a non-discriminatory manner across the euro area.**

~~(b) fees or charges requested for comparable digital means of payment.~~

~~2a. The Commission is empowered to adopt delegated acts Article 38 in order to supplement this Regulation by specifying the methodology for calculating the amounts referred to in paragraph 2. The methodology shall be based on the following parameters:~~

~~(a) the amount referred to in paragraph 2, point (a) shall be based on the relevant costs incurred for the provision of digital euro payment services of a statistically representative group of the most cost efficient payment service providers providing digital euro payment services in the euro area and the margin of profit of a statistically representative group of the payment service providers charging the lowest margin for providing digital euro payment services in the euro area;~~

~~(b) the amount referred to in paragraph 2, point (b) shall be based on the fees or charges for comparable digital means of payment of a statistically representative group of payment services providers providing comparable digital means of payment in the euro area;~~

~~(e) comparable digital means of payment mean all payment instruments that may be used in a digital environment where the initiation of the payment takes place at the point of interaction and where the payment order is immediately processed in view of debiting the payer's payment account;~~

~~(d) the amounts referred to in paragraph 2 shall be uniform and applied in a non-discriminatory manner across the euro area.~~

~~The Commission shall consult the European Central Bank for the purpose of developing the methodology under this paragraph.~~

3. The Commission, with the technical assistance of the European Central Bank, shall be empowered, by means of implementing acts, to determine, publish and periodically review the caps referred to in paragraph 2a by applying the methodology set out in Article 17b. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 39.

4. The European Central Bank shall: ~~regularly monitor the information that is relevant for the purposes of the amounts referred to in paragraph 2, and publish periodically the amounts resulting from that monitoring with an explanatory report.~~

(a) ~~regularly monitor~~ collect the information that is relevant for the purposes of calculating the caps referred to in paragraph 2a;

(b) periodically provide the Commission with the data that are necessary for calculating the caps referred to in paragraph 2a; and

(c) provide technical assistance to the Commission when calculating the caps referred to in paragraph 2a.

~~4. The European Central Bank may require pPayment service providers shall to provide to the European Central Bank all information necessary for the application of this Article and to verify compliance with it. Any information requested shall be sent by payment service providers within the time limit set by the European Central Bank. The European Central Bank may require that such information is certified by an independent auditor.~~

5. The methodology to be developed by the European Central Bank for the monitoring and the calculations of the amounts referred to in paragraphs 2 and 3 shall be based on the following parameters:

~~(a) the amount of inter-PSP fees and merchant service charges as referred to in paragraph 2(a) shall be based on the relevant costs incurred for providing digital euro payment services by the most cost-efficient payment service providers representing collectively one fourth of digital euro distributed across the euro area in a given year, as reported to the European Central Bank by payment service providers, including a reasonable margin of profit;~~

~~(b) the reasonable margin of profit included in the maximum amount referred to in paragraph 2(a), shall be calculated on the basis of the margin of profit of the payment service providers charging the lowest margin of profit representing collectively one fourth of the digital euro distributed in the euro area in a given year, as reported to the European Central Bank by payment service providers;~~

~~(c) the amount of inter-PSPs fees and merchant service charges as referred to in paragraph 2(b) shall be based on a representative group of payment services providers providing comparable digital means of payment in the euro area;~~

~~(d) the amounts referred to in paragraph 2 shall be uniform and applied in a non-discriminatory manner across the euro area.~~

5. The merchant service charge shall be the only charge that payment service providers may apply to merchants for the provision of mandatory acquiring services included in Annex II(a), **with the exception of dispute services, for which p-**Payment service providers may charge a **reasonable fee that is proportionate and justified for dispute services**. Payment service providers shall not charge merchants **any additional fees** for the funding and defunding of the digital euro, including digital euro payment transactions referred to in Article 13a(3). Payment service providers shall include costs associated with funding and defunding in the relevant costs referred to in paragraph 2(a).

~~7. No inter-PSP fee shall apply to the funding and defunding of the digital euro, including digital euro payment transactions referred to in Article 13(4).~~

6. No inter-PSP fee shall apply to the funding and defunding from or to merchants' digital euro payment accounts. For funding and defunding from and into cash, any fee that may be charged shall be objectively justified and proportionate and, in any event, shall not exceed the lowest amount charged by the payment service provider to the respective distributing payment service provider for funding and defunding a non-digital euro payment account from or to euro cash.

#### Article 17a

##### Fees on digital euro payment services during a transitional period

1. During a transitional period of a minimum of five years from the first issuance of the digital euro or until the implementing decision provided for in Article 17c has been adopted by the Commission, the caps on the inter-PSP fee and on the merchant service charge applicable to the mandatory digital euro payment services shall be determined in accordance with this article. In any event, the transitional period shall not exceed ten years from the first issuance of the digital euro.

2. The Commission, with the technical assistance of the European Central Bank, shall, by means of implementing acts, be empowered to determine, publish and periodically review the euro-area uniform caps for both the inter-PSP fee and the merchant service charge and the national caps for both the inter-PSP fee and of the merchant service charge based on fees for comparable means of payment, in accordance with the methodology referred to in Article 17b. Those implementing acts shall be adopted in accordance with Article 39.

2a. The European Central Bank shall:

(a) regularly collect, together with national central banks where appropriate, the information that is relevant for the purposes of calculating the caps referred to in paragraph 2;

(b) periodically provide the Commission with the data that are necessary for calculating the caps referred to in paragraph 2; and

(c) provide technical assistance to the Commission when calculating the caps referred to in paragraph 2.

3. The euro-area uniform caps referred to in paragraph 2~~3~~ shall apply throughout the euro-area.

4. By way of derogation from paragraph 3, where a national cap for the inter-PSP fee or the merchant service charge, or for both, is lower than the euro-area uniform cap, the national cap shall apply to transactions where the place of establishment of the payee is located in that Member State, provided that the deviation from the euro-area uniform cap is statistically significant. The Commission shall be **empowered** to define whether the difference is statistically significant, with the technical assistance of the European Central Bank, in the framework of the methodology referred to in Article 17b.

#### Article 17b

## Methodology for calculating the fee caps

1. A methodology for calculating **the** caps for the purpose of Articles 17 and 17a and collecting the necessary data, also for the purpose of conducting the evaluation pursuant to Article 17c, shall be established in accordance with the requirements in this Article.

2. The calculation of fee caps for the purpose of Article 17 shall be based on a statistically representative group of cost-efficient payment service providers representative of national payments market. The cost-efficiency shall be measured by reference to the average cost per transaction for the provision of digital euro services in accordance with Annex II and IIa.

3. The methodology for calculating the fee caps for the purpose of Article 17 and **for** collecting the necessary data, also for the purpose of conducting the evaluation pursuant to Article 17c shall include the following accounting and reporting requirements:

(a) the information to be provided by payment service providers;

(b) accounting methods which ensure a transparent and reliable recording of costs and data transmission that can be attributed to the digital euro;

(c) the cost categories to be considered; and

(d) the format and frequency of reporting.

4. For the purpose of paragraph 3, the European Central Bank or, where appropriate, national central banks shall collect and aggregate the relevant unit cost data and profit margins from the statistically representative sample of cost-efficient PSPs referred to in paragraph 2. The European Central Bank shall aggregate such data and share the aggregated data with the Commission.

5. The methodology for calculating fee caps for the purpose of Article 17a shall:

(a) be based on means of payments covering both international and domestic debit card schemes that are usable at the point of sale and in e-commerce;

(b) provide that only consumer debit card schemes complying with the characteristics referred to in point (a) shall be included in the calculation;

(c) provide that the calculation shall be based on the weighted average fee level based on volume of the inter-PSP fee and the merchant service charge applied to the means of payment referred to in points (a) and (b) during the preceding twelve-month period, relative to the aggregate value of payment transactions in that period;

(d) include the information to be provided by payment service providers; and

(e) include the format and frequency of the reporting to be provided

The methodology shall include the criteria to assess the representativeness of payment service providers. To that end, the Commission shall consult the European Central Bank and ~~the national competent authorities shall be able to provide input to that end.~~

The methodology shall also include a definition of the threshold for determining the existence of a statistical significance for the purpose of Article 17a(4), ensuring that minor statistical deviations do not affect uniform application.

6. For the purpose of paragraph 5, the European Central Bank and national central banks shall collect and aggregate relevant fee data from a statistically representative sample of payment service providers offering services for the means of payment referred to in Article 17a(54) and the European Central Bank shall aggregate such data and may validate such data with merchants receiving those services.

The data collection shall take place on an annual basis to enable the regular recalibration of the fee caps. The European Central Bank shall publish aggregated data on fee levels annually to promote market transparency and support well-functioning market conditions.

6a. Payment service providers shall provide to the European Central Bank and national central banks all information necessary for the application of this Article. Any information requested shall be sent by payment service providers within a reasonable time limit set by the European Central Bank or national central banks. The European Central Bank or national central banks may require that such information is certified by an independent auditor.

7. For the purpose of establishing uniform conditions of application of this Article, the Commission shall, no later than one year from the entry into force of this Regulation, adopt the methodology by means of implementing acts adopted in accordance Article 39(2). The Commission shall consult the European Central Bank on a draft of the methodology.

#### Article 17c Evaluation

1. Five years after the first issuance of the digital euro, the Commission shall assess if the following conditions are met:

(a) sufficient and reliable data on payment service providers' costs incurred for the provision of digital euro payment services are available;

(b) average unit costs are sufficiently stable; and

(c) the application of the fee cap based on actual costs can be expected to achieve the objectives set out in Article 15(2).

2. Where the conditions referred to in paragraph 1 are met, the Commission shall adopt an implementing act to ~~that~~ end the transitional period in accordance with Article 39(2).

3. If, based on the evaluation, the Commission concludes that the conditions set out in paragraph 1 are not complied with, it shall provide the reasons for such conclusion.

4. If the conditions set out in paragraph 1 are not met, the Commission shall conduct the evaluation on a yearly basis, up to a maximum of five years. In any event, ten years after the first issuance of the digital euro the caps determined in accordance with ~~the first subparagraph of~~ Article 17(2a) shall apply automatically.

5. The European Central Bank shall provide technical assistance to the Commission, by means of collecting, aggregating and validating data, for the purposes of this Article. Such data shall be updated annually by the European Central Bank and published in aggregated form to promote transparency and well-functioning market conditions.

#### Article 17d Compensation for offline digital euro payment transactions

1. The merchant service charge and inter-PSP fee caps referred to in Articles ~~17~~ and 17a shall equally apply to offline digital euro payment transactions.

2. For the purposes of determining the compensation between payment service providers for offline digital euro payment transactions, a proxy-based allocation mechanism shall apply.

3. Under the mechanism referred to in paragraph 2, acquiring payment service providers shall transfer the applicable inter-PSP fee to a common inter-PSP pool managed by the European Central Bank. The amounts accumulated in that pool shall be redistributed to distributing payment service providers in proportion to the funding and defunding services they provide in relation to offline digital euro payment transactions.

**4. The detailed methodology for the proxy-based allocation mechanism and for the calculation of the redistribution referred to in paragraph 3 shall be laid down in an implementing act adopted by the Commission in accordance with Article 39(2), after consulting the European Central Bank.**

## **CHAPTER VI DISTRIBUTION OF THE DIGITAL EURO OUTSIDE THE EURO AREA**

### Article 18

Distribution of the digital euro to natural and legal persons residing or established in Member States whose currency is not the euro

1. Payment service providers may only distribute the digital euro to natural and legal persons residing or established in a Member State whose currency is not the euro if the European Central Bank and the national central bank of that Member State have signed an arrangement to that effect **and this arrangement has entered into force.**

2. The signing of the arrangement referred to in paragraph 1 shall be subject to ~~all of~~ the following conditions:

(a) the Member State whose currency is not the euro has notified to the ~~other Member States Council~~, the Commission and the European Central Bank ~~the request its decision to provide access to and use of~~ **allow the provision of digital euro payment services** to natural and legal persons residing or established in that Member State;

(b) in ~~its request~~, **the arrangement with the European Central Bank**, the national central bank of the Member State whose currency is not the euro ~~has~~ **undertakes**:

(i) to ~~ensure that its national central bank shall~~ abide by ~~the any~~ rules, guidelines, instructions or requests issued by the European Central Bank in relation to the digital euro **as outlined in the arrangement**;

(ii) to ~~ensure that its national central bank shall~~ provide all information **that the European Central Bank may require on the access to and the use of the digital euro as part of access to and use of the the provision of digital euro payment services, including digital euro holdings, in that Member State that the European Central Bank may require.**

**2a.(e) The entry into force of the arrangement referred to in paragraph 1 shall be subject to the condition that the Member State whose currency is not the euro has adopted all the national legal provisions legislations that are necessary to ensure respect, insofar as is relevant, of the provisions in this Regulation and of the relevant measures, rules and standards requirements laid down in this Regulation or the rules and standards adopted by the European Central Bank pursuant to Article 5(2).**

3. The ~~agreement arrangement~~ referred to in paragraph 1 shall specify the **main rights and obligations of the parties, including the necessary implementing measures and procedures, clauses regarding cooperation and exchange of information** and the cases under which the ~~agreement arrangement~~ may be restricted, suspended, or terminated.

4. Payment service providers shall implement the limits set by the European Central Bank in accordance with Article 16(4) on the use of the digital euro by natural and legal persons residing or established in Member States whose currency is not the euro, which are applicable in those Member States.

**5. This Article is without prejudice to the provision of digital euro payment services to natural and legal persons referred to in Article 12a(1), ~~points~~ (b), (c) and (f).**

## Article 19

### Distribution of the digital euro to natural and legal persons residing or established in third countries

1. The digital euro may only be distributed to natural and legal persons residing or established in third countries if the Union and the third country concerned have **signed concluded** a prior agreement to that effect.

2. The Council, on a recommendation from the Commission and after **having consulted** the European Central Bank, shall decide ~~on~~ the arrangements for the negotiation and the conclusion of the agreement referred to in paragraph 1, provided that all of the following conditions have been met:

(a) the third country ~~ensures~~ **confirms** that:

(i) ~~its the third country's~~ national central bank and, where appropriate, its national competent authorities ~~shall have undertaken an obligation to~~ abide by ~~the any~~ rules, guidelines, instructions or requests issued by the European Central Bank in relation to the digital euro ~~as outlined in the agreement~~;

(ii) ~~its the third country's~~ national central bank and, where appropriate, its national competent authorities ~~shall have undertaken an obligation to~~ provide all information ~~that the European Central Bank may require on access to and~~ the use of the digital euro ~~as part of the provision and use of digital euro payment services, including digital euro holdings, in that third country that the European Central Bank may require~~;

(b) the third country has adopted all the ~~national legal provisions legislations~~ necessary to ensure respect, ~~insofar as relevant, of the provisions of this Regulation and the measures, rules and standards laid down in this Regulation or~~ adopted by the European Central Bank pursuant to Article 5(2).

(c) the third country ensures that intermediaries established or operating in the third country that distribute the digital euro are subject to supervisory and regulatory requirements, that are at least equivalent to those applied to payment service providers established in the Union.

3. The agreement between the Union and the third country shall specify: ~~the necessary implementing measures and procedures, and the cases under which the agreement may be restricted, suspended, or terminated, in particular where the third country has been identified as a third country with significant strategic deficiencies in its national anti-money laundering and combating the financing of terrorism regime as referred to in Article 23 of Regulation [please insert reference—proposal for Anti-Money Laundering Regulation—COM/2021/420 final] or as a third country with compliance weaknesses in its national anti-money laundering and combating the financing of terrorism regime as referred to in Article 24 of Regulation [please insert reference—proposal for Anti-Money Laundering Regulation—COM/2021/420 final]. That agreement shall be complemented by an arrangement between the European Central Bank and the national central bank and, where appropriate, the national competent authorities of the third country.~~

(a) the main rights and obligations of the parties, including the necessary implementing measures and procedures and clauses regarding cooperation and exchange of information;

(b) the cases under which the agreement may be restricted, suspended, or terminated, in particular where the third country has been identified as a third country with significant strategic deficiencies in its national anti-money laundering and combating the financing of terrorism regime as referred to in Article 29 of Regulation (EU) 2024/1624 on the prevention of the use of the financial system for the purposes of

money laundering or terrorist financing or as a third country with compliance weaknesses in its national anti-money laundering and combating the financing of terrorism regime as referred to in Article 30 of Regulation (EU) 2024/1624 or as a third country posing a specific and serious threat to the Union's financial system as referred to in Article 31 of Regulation (EU) 2024/1624. Where appropriate, the Council may consult the Authority for Anti-Money Laundering and Countering the Financing of Terrorism to this end.

The agreement shall be complemented by an arrangement between the European Central Bank and the national central bank and, where appropriate, the national competent authorities of the third country.

4. Negotiations with third countries may be suspended on the basis of the grounds referred to in paragraph 3, first subparagraph, point (b).

5. Intermediaries established or operating in the third country shall implement the limits set by the European Central Bank in accordance with Article 16(5) on the use of the digital euro by natural and legal persons residing or established in the third country, which are applicable in that country.

#### Article 20

Distribution of the digital euro to natural and legal persons residing or established in third countries or territories under a monetary agreement with the Union

1. Natural and legal persons residing or established in Andorra, Monaco, San Marino and the Vatican City State, the French overseas collectivities of Saint-Barthélemy, and Saint Pierre and Miquelon, or in any other third country or territory under a monetary agreement for the purpose of entitling the concerned third country or territory to use the euro as its official currency in accordance with Council Regulation (EC) No 1103/97<sup>4</sup> and Council Regulation (EC) No 974/98<sup>5</sup>, may be distributed the digital euro, following an amendment of the respective monetary agreements to that effect.

2. Subject to further conditions that may be agreed upon between the Union and the third country or territory concerned, the distribution of the digital euro to natural and legal persons residing or established in third countries or territories governed by the monetary agreement referred to in paragraph 1 shall meet the requirements laid down in this Regulation.

#### Article 21

Cross-currency payments

1. Cross-currency payments between the digital euro and other currencies shall be subject to prior ~~arrangements~~ ~~agreements~~ between, on the one hand, the European Central Bank and, on the other hand, the national central banks of the Member States whose currency is not the euro ~~and the or of~~ third countries.

2. The European Central Bank ~~may~~ **shall, in accordance with the Treaties and where appropriate**, cooperate with national central banks of Member States whose currency is not the euro to enable interoperable payments between the digital euro and ~~other their~~ currencies.

## CHAPTER VII TECHNICAL FEATURES

### Section 1

Digital euro functionalities

#### Article 22

Accessibility and use

1. The digital euro shall:

(a) have usage and service features that are simple and easy to handle, including for persons with disabilities, functional limitations or limited digital skills, and ~~elderly~~ **older** persons;

(b) be accessible for persons with disabilities by complying with the accessibility requirements laid down in Annex I of Directive 2019/882/EU.

2. In their relationships with their payment services providers for the provision of digital euro payment services, digital euro users shall not be required to have or open non-digital euro payment accounts or accept other non-digital euro products.

3. Each digital euro payment account shall have a unique digital euro ~~payment~~ **access number created by the European Central Bank, alone or jointly with the national central banks, upon request of the payment service provider, which shall be understood as a unique identifier for the purposes of the application of the relevant provisions in the [PSR], including for the purposes of exchanging personal data with other payment service providers, who are subject to information sharing arrangements.**

**3a. Payment service providers shall allow digital euro users that are natural persons acting as consumers the use of additional proxy aliases, upon request, in addition to the digital euro payment access number. The European Central Bank may facilitate the use of proxy aliases together with the unique digital euro payment access number, without having access to information on these proxy aliases. The European Central Bank may confer the task of facilitating the use of proxy aliases onto a provider of support services.**

**3b. When opening a digital euro payment account, payment service providers shall give digital euro users the information necessary to identify the direct liability in digital euro of the European Central Bank or of national central banks towards the digital euro user. Payment service providers shall ensure continued access of digital euro users to that information, including at their request.**

4. Each digital euro payment account may be linked to one or more non-digital euro payment accounts that shall be designated by the digital euro user. For the purpose of Article 13a(2) and (3), each digital euro payment account may be linked to one ~~or more~~ **non-digital euro** payment accounts.

**4a. In accordance with Article 14(1), (2) and (3), natural persons acting as consumers shall have the right to hold one digital euro account per payment service provider. The provision of any additional digital euro payment accounts to the same natural person by a payment service provider shall be voluntary. Legal persons and self-employed natural persons may have one or several digital euro payment accounts with the same or different payment service providers.**

5. Payment service providers may allow the holding of digital euro payment accounts by more than one digital euro users, including in fulfilment of their obligations under Article 14(1).

6. Payment service providers that provide digital euro payment services shall make available to all digital euro users at least one physical and one non-physical mandatory payment instrument that allows them to make both online and offline digital euro payment transactions in accordance with Article 28 and Annex II. Consumers shall be provided with one mandatory payment instrument free of charge. The consumer may choose which mandatory payment instrument shall be provided free of charge.

7. Payment service providers that provide digital euro acquiring services shall enable their clients to accept digital euro payments via mandatory communication technologies. Payees subject to ~~an~~ **the mandatory acceptance obligation of digital euro within the meaning pursuant to** of Article 7(3) shall not refuse digital euro payment transactions initiated via such communication technologies.

**8. The mandatory payment instruments and communication technologies referred to in paragraphs 65 and 76 shall be those that the European Central Bank prescribes as part of the detailed measures, rules and standards pursuant to Article 5(2) and in accordance with Article 28. This is without prejudice to additional, optional, payment instruments and communication technologies that the ECB-European Central Bank may make available pursuant to Article 5(2).**

#### Article 23

##### Offline and online digital euro payment transactions

1. The digital euro shall be available for both online and offline digital euro payment transactions as of the first issuance of the digital euro.
2. The digital euro, held online or offline, shall be convertible at par between each other, at the request of the digital euro users.
3. ~~Before initiating a digital euro payment transaction in a proximity payment, the payee and the payer shall be informed of be able to identify whether the a digital euro payment transaction will be takes place offline or online.~~
4. **Digital euro users shall be able to choose whether their digital euro payments in proximity shall be offline or online by default.**
5. **Digital euro users shall be able to establish an automated funding of their digital euro offline holdings, if the digital euro user's device supports automated funding. Automated funding shall be without prejudice to the limits adopted pursuant to Article 37(5).**

#### Article 24

##### Conditional digital euro payment transactions

1. To ensure that payment service providers and digital euro users can use conditional digital euro payment transactions, the European Central Bank may:
  - (a) adopt detailed measures, rules and standards in accordance with Article 5(2) that payment service providers can use to ensure interoperable conditional digital euro payment transactions;
  - (b) provide the functionalities in the digital euro settlement infrastructure necessary for the execution of conditional digital euro payment transactions, including for the reservation of funds.
2. The digital euro shall not be programmable money.

#### Article 24a

##### Technological State of the Art

1. **The European Central Bank shall monitor technological developments for the purposes mentioned in paragraph 2, including new technologies which are in particular designed to protect privacy, enhance data protection, security, resilience, and fraud detection and prevention.**
2. **The European Central Bank shall consider implementing new technological developments to the digital euro infrastructure, after assessing their purpose; availability at large scale; impact on safety including resilience and preparedness, efficiency and innovation; the dependencies which their adoption may entail; as well as potential risks posed by them.**

Section 2  
Modalities of distribution

Article 25  
European Digital Identity Wallets

1. **Digital euro user interfaces** ~~Front-end services~~ shall be interoperable with or integrated in the European Digital Identity Wallets.

2. On request by digital euro users, payment service providers distributing the digital euro shall ensure that those users can rely on the functionalities of their European Digital Identity Wallets in accordance with Article 65a of Regulation (EU) No 910/2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC ~~please insert reference—proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 910/2014 as regards establishing a framework for a European Digital Identity—COM(2021) 281 final~~;

Article 26  
Interoperability

The European Central Bank shall ~~seek to~~ ensure to the extent possible the interoperability of standards governing digital euro payment services with relevant standards governing private digital means of payment. The European Central Bank shall ~~seek to~~ enable, to the extent possible and where appropriate, private digital means of payment to use rules, standards and processes governing the digital euro payment services.

For the purpose of the first subparagraph, interoperability ~~may~~ shall be supported inter alia by the use of open standards.

Article 27  
Dispute mechanism

~~1. Without prejudice to the disputes concerning the lawfulness of the processing of personal data, disputes shall be governed by Directive 2015/2366. Directive (EU) 2020/1828 shall apply to the representative actions brought against infringements of provisions of this Regulation that harm or may harm the collective interests of consumers.~~

21. The European Central Bank and the national central banks shall ~~may~~ make mechanisms available ~~for payment services providers~~ to facilitate the exchange of messages **between payment service providers** for the resolution of **pre-disputes and disputes related to digital euro payment transactions, including but not limited to the disputes referred to in Article 5(3) and 5(6)**. Those mechanisms may be operated directly by the European Central Bank **and the national central banks** or by ~~the~~ providers of support services designated by the European Central Bank.

~~32. Without prejudice to other applicable legislation including alternative dispute resolution procedures, ¶¶The European Central Bank and the national central banks shall not act as a party in any of the disputes referred to in Article 5(3) paragraphs 1 and 2.~~

Article 28

User interface to access and use the digital euro ~~Front-end services to access and use the digital euro~~

1. Payment service providers providing digital euro payment services shall make available to digital euro users with whom they have a contractual relationship at least one digital euro user interface for accessing

and using ~~at minimum~~ all mandatory ~~basic~~ digital euro payment services. This digital euro user interface shall be provided free of charge to consumers.

21. Payment service providers ~~distributing the digital euro~~ shall ensure that ~~provide digital euro users with the choice of using the following digital front-end services to allow digital euro users to access and use digital euro payment services:~~

- (a) the digital euro user interface they make available displays the official digital euro logo; ~~front-end services developed by payment service providers; and~~
- (b) digital euro users can quickly and easily access and use digital euro payment services through a digital euro user interface; ~~a front-end services developed by the European Central Bank.~~

~~Where a payment service provider does not offer a digital euro front-end service, a European Central Bank's service shall be used by such payment service provider.~~

3. The European Central Bank and the national central banks shall make a digital euro user interface available to all payment service providers. Where a payment service provider does not offer a digital euro user interface itself or when such digital euro user interface is temporarily unavailable, the payment service provider shall offer digital euro payment services to the digital euro users through the digital euro user interface provided by the European Central Bank and the national central banks. The latter shall not entail the establishment of any ~~customer~~ contractual relationship between digital euro users and the European Central Bank or national central banks.

42. The European Ceentral Bbank and the national central banks shall ensure that the digital euro user interface ~~Front-end services provided by the European Central bank referred to in paragraph 31, point (b), shall not provide for customer relationships, that shall solely be provided by payment service providers in their role in the digital euro distribution as laid down in Article 13 and under Directive 2015/2366. The European Central Bank shall not have access to any personal data in relation to the front-end services developed by the European Central Bank and used by the payment services providers:~~

- (a) supports the provision of all the mandatory digital euro payment services set out in Annex II;
- (b) uses the logo of the payment service provider ~~who~~ which offers digital euro payment services.

The European Central Bank shall not have access to any personal data in relation to the digital euro user interface it makes available ~~by the European Central Bank~~ to the payment services providers.

~~3. Payment service providers distributing the digital euro shall ensure that:~~

- (a) ~~digital euro payment services use the official digital euro logo;~~
- (b) ~~digital euro payment accounts can be quickly and easily accessed and used by digital euro users.;~~

## Article 29

Compliance with Union ~~sanctions~~ restrictive measures adopted in accordance with Article 215 TFEU

1. Payment Sservice Pproviders ~~executing offering~~ digital euro payment services ~~transactions~~ shall verify whether any of their digital euro users are ~~listed~~ persons or entities ~~subject to targeted financial restrictive measures adopted by the Union~~. Payment service providers shall carry out such verifications immediately after the entry into force of any new ~~or amended~~ targeted financial restrictive measures ~~adopted in accordance with Article 215 TFEU providing for asset freeze or prohibition of making funds or economic~~

~~resources available~~, and immediately after the entry into force of any amendments to such targeted financial restrictive measures and at least once every calendar day.

2. During the execution of a digital euro payment transaction, the payer's payment service provider and the payee's payment service provider involved in the execution of that transaction shall not verify whether the payer or the payee whose digital euro payment accounts are used for the execution of that digital euro payment transaction are ~~listed~~ persons or entities **subject to targeted financial restrictive measures** in addition to carrying out verifications under paragraph 1.

**The first subparagraph is without prejudice to actions taken by payment service providers in order to comply with restrictive measures, other than targeted financial restrictive measures, adopted in accordance with Article 215 TFEU, with restrictive measures that are not adopted in accordance with Article 215 TFEU, or with Union law on the prevention of money laundering and terrorist financing.**

~~3. A payment service provider that has failed to carry out the verifications referred to in paragraph 1 and executes a digital euro payment transaction causing another payment service provider involved in the execution of that digital euro payment transaction to fail to freeze assets of listed persons or entities, or to make funds or economic resources available to such persons or entities, shall compensate the financial damage caused to the other payment service provider resulting from penalties imposed on that other payment service provider under restrictive measures adopted in accordance with Article 215 TFEU providing for asset freeze or prohibition of making funds or economic resources available.~~

#### Article 30

##### Settlement of digital euro payment transactions

1. Online and offline digital euro payment transactions shall be settled instantaneously, **24 hours a day and on any calendar day**.

**1a. Payment service providers shall execute online digital euro payment transactions instantaneously, 24 hours a day and on any calendar day, and the European Central Bank and national central banks shall enable them to fulfil this obligation.**

2. Final settlement of online digital euro payment transactions shall occur at the moment of recording the transfer of the digital euros concerned from the payer to the payee in the digital euro settlement infrastructure ~~approved~~ established by the ~~Eurosystem~~ **European Central Bank and national central banks**.

3. Final settlement of offline digital euro payment transactions shall occur at the moment when the records of the digital euro holdings concerned in the local storage devices of the payer and payee are updated.

#### Article 30a

##### Time of receipt of execution of payment orders for online payments

**1. The time of receipt of a payment order for an online digital euro payment transaction shall be the moment it has been received by the payer's payment service provider, regardless of the hour or calendar day.**

**If the digital euro user placing a payment order and the payment service provider agree that the execution of the payment order shall start on a specific day or at the end of a certain period or on the day on which the payer has put the funds at the payment service provider's disposal, the time of receipt for the purposes of Article 30a(1) shall be deemed to be that agreed day, regardless of the hour or calendar day.**

By way of derogation from the first **sub**paragraph, the time of receipt of the payment order for a online digital euro payment transaction shall be:

a) for a non-electronic payment order for an online digital euro payment transaction, the moment when the payer's payment service provider has introduced the payment order information into its internal system, which shall occur as soon as possible after the non-electronic payment order for an online digital euro payment transaction has been placed by the payer with the payer's payment service provider;

b) for an individual payment order for an online digital euro payment transaction belonging to a package, where the conversion of that package into individual digital euro payment transactions is carried out by the payer's payment service provider, the moment when the ensuing digital euro payment transaction has been unpacked by the payer's payment service provider; the payer's payment service provider shall start the conversion of the package immediately after it has been placed by the payer with the payer's payment service provider and complete that conversion as soon as possible;

c) for a payment order for an online digital euro payment transaction from payment accounts that are not denominated in euro, the moment when the amount of the payment transaction has been converted into euro; such currency conversion shall take place immediately after the payment order for an online digital euro payment transaction has been placed by the payer with the payer's payment service provider.<sup>2</sup> The obligation for a payment service provider to notify the payer when that payment service provider suspends the execution of a payment order under paragraph 1a of Article 65 of the [PSR] shall not apply to [online] digital euro transactions. The payment service provider shall assess, on the basis of the transaction monitoring referred to in paragraph 1 of that article, and on any other relevant information available to the payment service provider, whether or not to execute the payment order.

3. When the payer's payment service provider refuses to execute a digital euro payment transaction in the circumstances provided for in Article 65(2) of the [PSR], that payment service provider shall provide the notification of the refusal [within 10 seconds] of the time of receipt of the payment order, and provide the reasons for the refusal without undue delay, unless prohibited by other relevant Union or national law.

#### Article 30b

##### Verification of the payee in the case of online digital euro payment transactions

1. A payer's payment service provider shall offer the payer a service ensuring verification of the payee to whom the payer intends to send an online digital euro payment transaction for payer-initiated online digital euro payment transactions where the digital euro user is required to enter a user alias (service ensuring verification). The payer's payment service provider shall perform the service ensuring verification immediately after the payer provides relevant information about the payee and before the payer is offered the possibility of authorising that online digital euro payment transaction. The payer's payment service provider shall offer the service ensuring verification regardless of the payment initiation channel used by the payer to place a payment order for the online digital euro payment transaction.

2. The service ensuring verification shall not apply to funding and defunding between digital euro payment accounts and the linked non-digital euro payment accounts referred to in Article 22(4).

3. The service ensuring verification shall be provided in accordance with the following requirements:

(a) where the unique user alias and the name of the payee have been inserted in the payment order for the online digital euro payment transaction by the payer, the payer's payment service provider shall provide a service for matching the unique user alias with the name of the payee. Upon the request of the payer's payment service provider, the payee's payment service provider shall verify whether the unique user alias and the name of the payee provided by the payer match. Where they do not match, the payer's payment service provider shall, based on information provided by the payee's payment service provider, notify the payer thereof and inform the payer that authorising the online digital euro payment transaction might lead to transferring the funds to a digital euro user that is not the payee indicated by the payer. Where the name of the payee provided by the payer and the unique user alias almost match, the payer's payment service provider shall indicate to the payer the name of the payee associated with the unique user alias provided by the payer;

(b) where the payee is a legal person and the payer's payment service provider offers a payment initiation channel which allows the payer to place a payment order by providing the unique user alias -together with data elements other than the name of the payee that unambiguously identify the payee, such as a fiscal number, a European unique identifier as referred to in Article 16(1), second subparagraph, of Directive (EU) 2017/1132 of the European Parliament and of the Council (\*2) or a **legal entity identifier LEI**, and where those same data elements are available in the internal system of the payee's payment service provider, that payment service provider, upon the request of the payer's payment service provider, shall verify whether the unique user alias and the data element provided by the payer match. Where the unique user alias and the data element provided by the payer do not match, the payer's payment service provider shall, based on information provided by the payee's payment service provider, notify the payer thereof;

(c) where a digital euro payment account identified through a unique user alias provided by the payer is held by a payment service provider on behalf of multiple payees, additional information allowing the payee to be unambiguously identified may be provided by the payer to the payer's payment service provider. The payment service provider holding that digital euro payment account on behalf of multiple payees shall, upon the request of the payer's payment service provider, confirm whether the payee indicated by the payer is among the multiple payees on whose behalf the payment account is held. The payer's payment service provider shall notify the payer if the payee indicated by the payer is not among the multiple payees on whose behalf the digital euro payment account is held;

**43.** In the case of paper-based payment orders, the payer's PSP shall perform the service ensuring verification at the time of receipt of the payment order, unless the payer is not present at the time of receipt.

**54.** Payment service providers shall ensure that the performance of the service ensuring verification does not prevent payers from authorising the online digital euro payment transaction concerned.

**65.** Payment service providers shall provide digital euro users that are not consumers with the means to opt out from receiving the service ensuring verification when submitting multiple payment orders as a package.

Payment service providers shall ensure that digital euro users that opted out from receiving the service ensuring verification have the right to opt in at any time to receive that service.

**76.** Whenever the payer's payment service provider notifies the payer in accordance with paragraph 1, point (a), (b) or (c), that payment service provider shall at the same time inform the payer that authorising the online digital euro payment transaction might lead to transferring the funds to a payee not indicated by the payer. A payment service provider shall provide that information to the digital euro user that is not a consumer when that digital euro user opts out from receiving the service ensuring verification when submitting multiple payment orders as a package. Payment service providers shall inform their digital euro users of the implications for payment service providers' liability and digital euro users' refund rights resulting from a decision by digital euro users to ignore a notification as referred to in paragraph 1, points (a), (b) and (c).

**87.** A payment service provider shall not be held liable for the execution of an online digital euro payment transaction to an unintended payee on the basis of an incorrect unique user alias identifier, as laid down in Article 88 of Directive (EU) 2015/2366 [as replaced by Regulation (EU)], provided that it has fulfilled the requirements of this Article.

Where the payer's payment service provider fails to comply with paragraph 1 of this Article, and where that failure results in a defectively executed online digital euro payment transaction, the payer's payment service provider shall without delay refund the payer the amount transferred and, where applicable,

restore the payer's digital euro payment account to the state in which it would have been had the transaction not taken place.

Where the failure to comply occurs because the payee's payment service provider failed to comply with its obligations under this Article, the payee's payment service provider shall compensate the payer's payment service provider for the financial damage caused to the payer's payment service provider by that failure.

Any further financial loss caused to the payer may be compensated in accordance with the law applicable to the contract concluded between the payer and the relevant payment service provider.

#### Article 31

##### Switching of provider of digital euro payment ~~accounts~~ services

1. ~~At the request of digital euro users, P~~payment service providers shall ~~enable digital euro users at their request to switch their the provision of digital euro payment services accounts~~ to other payment service providers ~~without undue delay while maintaining the same account identifiers~~.

1a. When switching is carried out in accordance with this Article, the digital euro payment access number shall be maintained.

1b. In cases where the digital euro payment account is held jointly by two or more legal account holders, request for switching shall be obtained by all of them.

1c. Without prejudice to Directive and Regulation [PSD3/PSR], the payment service provider to whom the provision of digital euro payment services are being switched shall, prior to the switching, make available to the digital euro user the list of digital euro payment services it offers beyond the mandatory digital euro payment services, that the user is currently receiving and that are eligible to be switched in addition to the mandatory digital euro payment services. The digital euro user shall specifically select the digital euro payment services, other than the ~~basic~~ mandatory services, that they wish to switch and shall be informed in advance by the receiving payment service provider if any fees apply to services other than the ~~basic~~ mandatory digital euro payment services.

1d. Payment service providers shall only exchange the information required for the switching of the digital euro payment services.

2. In exceptional circumstances where a payment service provider is operationally not in a position to provide digital euro ~~payment switching~~ services to digital euro users ~~upon their request as set out in paragraph 1 for a prolonged period of time~~, or has lost the digital euro payment account-related data concerned, the European Central Bank and national central banks may authorise the switching of digital euro payment ~~services accounts~~ held with that payment service provider to another payment service provider designated by the digital euro user. ~~That switching~~ This shall enable the new ~~receiving~~ payment service provider to complete the switching ~~upon digital euro user's request~~, without relying on the ~~need to exchange information with~~ the unavailable payment service provider.

~~23~~a. Upon the opening of a digital euro payment account to digital euro users, payment service providers shall request from digital euro users their authorisation to share with other payment service providers or third parties as applicable the information necessary to identify the direct liability in digital euro of the European Central Bank or of national central banks towards the digital euro user in order to facilitate switching in accordance with the conditions established in paragraph 2 of this Article. Digital euro users may give that authorisation or withdraw it at any time thereafter, provided that such choice is made in an informed and unambiguous manner through a clear affirmative action.

## Article 32

### General fraud detection and prevention mechanism

1. The European Central Bank may, alone or jointly with the national central banks, facilitate the fraud detection and prevention tasks that payment service providers shall perform under Directive **and Regulation 2015/2366 [PSD3/PSR]** establishing a general fraud detection and prevention mechanism for online digital euro **payment** transactions to ensure the smooth and efficient functioning of the digital euro. That general fraud detection and prevention mechanism may be operated directly by the European Central Bank, alone or jointly with the national central banks or by the providers of support services designated by the European Central Bank.
2. The European Central Bank shall consult the European Data Protection Supervisor prior to developing the details on the operational elements of the fraud detection and prevention mechanism. If the national central banks contribute to the development of the details on the operational elements of the fraud detection and prevention mechanism, they shall consult their respective data protection supervisory authorities.
3. The fraud detection and prevention mechanism shall:
  - (a) assess the exposure to fraud risk of online digital euro **payment** transactions in real-time at the exclusive use of payment service providers before the transaction is introduced into the digital euro settlement infrastructure;
  - (b) support payment service providers in **securing payment information and** detecting fraudulent transactions in online digital euro payment transactions that have been settled.
4. For the purpose of this Article, payment service providers shall provide the fraud detection and prevention mechanism with information referred to in Annex **V5**. Payment service providers shall implement appropriate technical and organisational measures including state-of-the-art security and privacy-preserving measures to ensure that the support service shall not be able to directly identify the digital euro users on the basis of the information provided to the fraud detection and prevention mechanism.

## Article 33

### Fair, reasonable and non-discriminatory access to mobile devices

1. Without prejudice to Article ~~6~~**paragraph (7)** of Regulation (EU) 2022/1925 of the European Parliament and of the Council of 14 September 2022 on contestable and fair markets in the digital sector and amending Directives (EU) 2019/1937 and (EU) 2020/1828, original equipment manufacturers of mobile devices and providers of electronic communication services within the meaning of Article 2(1) of Directive (EU) 2018/1972<sup>7</sup> shall allow providers of **digital euro user interfaces front-end services, and** providers of European Digital Identity Wallets **and third-party technical support providers acting on their behalf** effective interoperability with, and access for the purposes of interoperability to, the hardware features and software features **that are necessary for the secure storing and transferring data to process processing and execution of** online or offline digital euro **payment** transactions. ~~on~~ **The terms of access shall be fair, reasonable and non-discriminatory terms and shall not depend on the services offered by original equipment manufacturers of mobile devices and providers of electronic communication services.**
2. Original equipment manufacturers of mobile devices and providers of electronic communication services referred to in paragraph 1 shall not be prevented from taking strictly necessary and proportionate measures to ensure that interoperability does not compromise the integrity of the hardware and software features concerned by the interoperability obligation provided that such measures are duly justified.
3. For the purpose of applying fair, reasonable and non-discriminatory terms pursuant to paragraph 1, original equipment manufacturers of mobile devices and providers of electronic communication services referred to in

paragraph 1 shall publish general conditions of effective interoperability and access. **They shall make publicly available the general conditions of interoperability and access referred to in this paragraph no later than [twelve] months from the entry into force of this Regulation**

Such general conditions shall include an ~~European Union based~~ alternative dispute settlement mechanism **based in the territory of the European Union**. The **decision of the** dispute settlement ~~mechanism~~ **body** shall be without prejudice to the right to seek redress before judicial authorities in accordance with Union and national law. **The relevant dispute settlement body shall adopt its decision on a matter referred to it within [90] days of receipt of a request submitted in accordance with this paragraph. The decision shall be in writing or on a durable medium and shall be supported by a statement of reasons.**

**4. As part of the detailed measures, rules and standards referred to in Article 5(2), the European Central Bank, shall adopt reference standards, technical specifications and procedures concerning software and hardware that ensure that payment service providers can securely process online and offline digital euro payment transactions. The European Central Bank shall adopt the reference standards, technical specifications and procedures within [6] months after the entry into force of the Regulation.**

**4a. For the purpose of ensuring effective interoperability and access for providers of digital euro user interfaces, providers of European Digital Identity Wallets and third-party technical support providers acting on their behalf in accordance with paragraph 1, the Commission, with the technical assistance of the European Central Bank, is empowered to adopt implementing acts, specifying the measures that the original equipment manufacturers of mobile devices and providers of electronic communication services referred to in paragraph 1 are to implement in order to effectively comply with the obligations laid down in paragraph 1. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 39. The Commission shall adopt the implementing acts within [6] months after the entry into force of the Regulation.**

**5. In addition to the implementing acts referred to in paragraphs 4a and 6, original equipment manufacturers of mobile devices and providers of electronic communication services referred to in paragraph 1 shall comply with the standards, technical specifications and procedures referred to in paragraph 4 and with the implementing acts referred to in paragraph 4a.**

**6. For the purpose of applying fair, reasonable and non-discriminatory terms pursuant to paragraph 1, the Commission shall, within [8] months from the entry into force of this Regulation adopt implementing acts further specifying the meaning and concrete application of fair, reasonable and non-discriminatory terms referred to in paragraph 1, including the further specification of the criteria to be respected when determining whether terms are fair, reasonable and non-discriminatory. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 39.**

**7. The Commission shall, in cooperation with the competent authorities designated to ensure compliance with this Article pursuant to Article 6, coordinate at Union level the supervision and enforcement of this Article. For that purpose, the Commission shall facilitate cooperation and the exchange of information between those authorities and may, where appropriate, issue guidelines, recommendations or opinions to ensure the consistent application of this Article throughout the Union.**

## **CHAPTER VIII PRIVACY AND DATA PROTECTION**

### **Article 34**

#### **Processing of personal data by payment service providers**

1. Payment service providers perform a task in the public interest where they process personal data for the following purposes:

(a) the **implementation and enforcement of limits, including the verification of whether prospective or existing digital euro users have digital euro accounts with another PSP, as referred to in Article 16, including by providing information to and consulting the single access point referred to in Article 35(8) ~~16(7a)~~**;

(b) funding and defunding as referred to in Article 13(2) and (3), and digital euro payment transactions as referred to in Article 13(4);

(c) the provision of offline digital euro, including the registration and de-registration of the local storage devices as referred to in letter **(jb)** of Annex II;

**(c') to comply with the anti-money laundering and countering the financing of terrorism rules applying to offline digital euro in accordance with Article 37(3).**

**(ca) switching as referred to in Article 31, including by providing information to and consulting the single access point referred to in Article 35(8);**

**(cb) ensuring access to and use of online digital euro holdings, in particular as foreseen in Article 22(3b), Article 31(2) and in exceptional circumstances as defined in Article 37c.**

(d) compliance with Union ~~sanctions~~ **restrictive measures** as referred to in Article 29;

~~**(e) the obligations of payment service providers under Directive (EU) 2015/2366 related to the execution of transactions and the prevention and detection of fraud, combatting money laundering and terrorist financing under Directive (EU) 2015/849, taxation compliance under Council Directive 2006/112/EC, Directive (EU) 2011/16/EU and relevant national law, the management of operational and security risks under Regulation (EU) 2022/2554 and obligations under Directive (EU) 2014/92/EU, in so far as they concern the digital euro.**~~

**(e) the provision of information to and the consultation of the fraud detection and prevention mechanism as referred to in Article 32(4).**

For the ~~provision~~ **funding and defunding** of offline digital euro, the processing of personal data by payment service providers is limited to **personal data** referred to in ~~accordance with~~ Article 37 ~~paragraphs (3), (4) and 5~~ and Annex III.

**For the purpose of letter c and c', payment service providers shall not process personal data, including payment transaction data related to the use of the offline digital euro user interface, except to the extent it is strictly necessary to ensure the integrity and security of the offline digital euro.**

2. For the purposes referred to in paragraph 1, **points (a) to (ef)**, of this Article, Annex III lays down the types of personal data.

3. The Commission is empowered to adopt delegated acts in accordance with Article 38 to ~~update~~ **supplement or amend, including deletion**, the types of personal data listed in Annex III.

Payment service providers shall be considered ~~to be~~ the controllers of personal data as regards the purposes referred to in paragraph 1 of this Article. Where a digital euro payment account held by one payment service provider is linked with a non-digital euro payment account held by another payment service provider in accordance with Article 13(4), these payment service providers shall be joint controllers.

4. Payment service providers shall implement appropriate technical and organisational measures including state-of-the-art security and privacy-preserving measures to ensure that any data communicated to the European Central Bank and the national central banks or to providers of support services **are pseudonymised in accordance with Article 4, point (5) of Regulation 2016/679 do not directly identify individual digital euro users.**

5. For the purposes referred to in paragraph 1, point (cb), payment service providers shall store a copy of the information necessary to identify the direct liability in digital euro of the European Central Bank or of national central banks towards digital euro users. This copy shall be stored in order to ensure that digital euro users, or the receiving payment service provider on the digital euro user's behalf, can retrieve this information at all times.

6. Without prejudice to the payment service provider's obligations pursuant to Regulation (EU) 2022/2554, for the purposes referred to in paragraph 1, point (cb), payment service providers shall include in the scope of the data that is subject to the backup obligations set out in Article 12 of Regulation (EU) 2022/2554 a copy of the information necessary to identify the direct-liability in digital euro of the European Central Bank or of national central banks towards digital euro users. Payment Service Providers shall store this copy in order to ensure that digital euro users, or the receiving payment service provider on the digital euro user's behalf, can retrieve this information at all times.

Payment service providers shall ensure that the information necessary to identify the direct liability in digital euro of the European Central Bank or of national central banks towards digital euro users is stored on information and communication technology systems that are physically and logically segregated from the payment service providers source information and communication technology systems and that digital euro users, or the receiving payment service provider on the digital euro user's behalf, can retrieve this information at all times, including during exceptional circumstances as referred to in Article 37a. Where digital euro users have given their permission to share the information necessary to identify the direct liability in digital euro of the European Central Bank or of national central banks towards the digital euro user in accordance with Article 37c(5), payment service providers shall ensure that the payment service providers designated by a Member State in accordance with Article 37d(1) can retrieve this information during exceptional circumstances.

7. Any outsourcing arrangements or arrangements between payment service providers and third parties for the sharing or storing of the relevant information as referred to in paragraph 1, point (cb), should include adequate safeguards to ensure a high level of data protection, in accordance with Regulation (EU) 2016/679, and apply high-level cyber-security requirements in accordance with the Regulation (EU) 2022/2554.

#### Article 35

Processing of personal data by the European Central Bank and the national central banks

1. The European Central Bank and the national central banks perform a task in the public interest or exercise official authority where they process personal data for the following purposes **and insofar as these purposes cannot be exclusively achieved by exclusively processing non-personal data:**

(a) provision of access for payment service providers to the digital euro settlement infrastructure and support the exchange of messages between payment service providers;

(b) settlement of online digital euro payment transactions;

(c) safeguarding the security and integrity of the digital euro settlement infrastructure and of local storage devices;

**(ca) protection of the digital euro against counterfeiting and prevention of double spending of digital euros;**

(d) supporting ~~verification by the implementation and enforcement of limits by payment service providers of whether a prospective user already has digital euro payment accounts with other payment service providers in order to prevent the circumvention of limits,~~ in accordance with Article 16(7a); and

(e) ~~in exceptional circumstances as defined in Article 31(2),~~ authorising ~~payment service providers in and supporting the switching of payment service providers that provide digital euro payment services in accordance with Article 31(2) and (3) and Article 37c held with a payment services provider to another payment service providers designated by the digital euro user;~~

(f) facilitating the exchange of messages for the resolution of disputes in accordance with Article 27; and

(g) facilitating the securing of payment information and fraud detection and prevention tasks of payment service providers in accordance with Article 32.

2. ~~For the purposes referred to in paragraph 1,~~ Annex IV lays down the types of personal data that the European Central Bank and the national central banks may process for the purposes referred to in paragraph 1, points (a) to (g). ~~Annex V lays down the types of personal data that the European Central Bank and the national central banks may process for the purposes referred to in paragraph 1, points (f) and (g).~~

3. The Commission is empowered to adopt delegated acts in accordance with Article 38 to ~~update supplement or amend, including deletion,~~ the types of personal data listed in Annex IV and Annex V.

4. Without prejudice to Article 34(4), the European Central Bank and the national central banks ~~Personal data processed for tasks referred to in paragraph 1 shall be supported by~~ adopt and implement appropriate technical and organisational measures, including state-of-the-art security and privacy-preserving measures. This shall include the clear segregation ~~of between, on the one hand, the personal data processed by to ensure that the European Central Bank and the national central banks and, on the other hand, the personal data held by the payment service providers that allow to identify a digital euro user.~~ The European Central Bank and the national central banks shall not be in a position to lift these measures during any processing of the data which is carried out under their control. These measures shall prevent the European Central Bank and the national central banks from attributing the data to the data subject including by recourse to other means of identification such as crosschecking with other factors, in such a way that the person concerned is not identifiable by the European Central Bank and the national central banks. ~~cannot directly identify individual digital euro users.~~ In particular, the European Central Bank and the national central banks shall not request from the payment service providers any information, and shall not use any information obtained as part of other tasks enshrined upon them by Union or Member States law to identify individual digital euro users.

5. The European Central Bank shall be considered the controller of personal data ~~under~~ as regards ~~to~~ the purposes referred to in paragraphs 1 ~~and 8 of this Article~~. When the European Central Bank carries out a task referred to in paragraphs 1 ~~and 8~~ jointly with the national central banks, they shall be joint controllers for that task.

6. This Article is without prejudice to the processing of personal data involved in the performance of the other tasks and powers, including for the supervision of credit institutions and the oversight of payment systems, of the European Central Bank and the national central banks.

7. ~~Where the European Central Bank decides not to confer tasks referred to in Articles 27 and 32 upon providers of support services, the European Central Bank may process the types of personal data referred to in Annex 5 subject to the requirements referred to in paragraph 4 of this Article.~~

~~8. For purpose of supporting the task of payment service providers to enforce the holding limits in accordance to Article 16(1) and ensuring the emergency switching upon the request of the user in accordance with Article 31(2), the ECB may alone or jointly with national central banks establish a single access point of digital euro user identifiers and the related digital euro holding limits as referred to in point (4) of Annex 4.~~ For the purpose of supporting the task of payment service providers to enforce the holding limits in accordance ~~to~~ with Article 16(1) and (8a) and ensuring the emergency switching upon the request of the user in accordance with Article 31(2) or in the circumstances of Article 37c, the European Central Bank may alone or jointly with national central banks establish a single access point of digital euro user identifiers and the related digital euro holding limits as referred to in point (4) of Annex IV. The European Central Bank shall implement appropriate technical and organisational measures including state-of-the-art security and privacy-preserving measures to ensure that the identity of individual digital euro users cannot be inferred from the information accessed via the single access point by entities other than payment service providers whose customer or potential customer is the digital euro user.

9. The European Central Bank and national central banks shall not have access to the information stored pursuant to Article 34(5).

#### Article 36

##### Processing of personal data by providers of support services

1. Where the European Central Bank decides to confer tasks referred to in Articles 22, 27 and 32 upon providers of support services providers of support services shall provide payment-related services across ~~PSP~~ **payment service providers**. In such a situation, ~~providers of support services~~ **payment service providers** perform a task in the public interest, where they process personal data for the following purposes:

**(aa) supporting the use of the unique digital euro payment alias access number together with user aliases in accordance with Article 22(3a);**

(a) supporting the **securing of payment information and the** prevention and detection of fraud across payment service providers in accordance with Article 32;

(b) supporting the exchange of messages for the resolution of disputes in accordance with Article 27.

2. For the purposes referred to in paragraph 1, Annex V lays down the types of personal data.

3. The Commission is empowered to adopt delegated acts in accordance with Article 38 to ~~update supplement or amend, including deletion,~~ the types of personal data listed in Annex V.

~~4. The processing of personal data for the purposes referred to in paragraph 1~~ The European Central Bank, national central banks and providers of support services shall ~~only~~ take ~~place when~~ appropriate technical and organisational measures including state-of-the-art security and privacy-preserving measures ~~are implemented~~ to ensure that the providers of support services cannot directly identify individual digital euro users. **This shall include maintaining the pseudonymisation and clear segregation of personal data.**

5. The providers of support services shall be considered to be the controllers of personal data as regards the purposes referred to in paragraph 1 of this Article. ~~This paragraph is without prejudice to t~~The European Central Bank ~~and the national central banks shall not process personal data when~~ appointing the operators of any payment-related services across ~~PSPs~~ **payment service providers** and ~~when auditing of the service performance level of providers of support services without processing any personal data.~~

## CHAPTER IX ANTI-MONEY LAUNDERING

### Article 37

**Offline digital euro payment transactions** and ~~an~~ anti-money laundering rules applying to offline digital euro payment transactions

1. Payment services providers shall apply paragraphs 2 to 6 to offline digital euro payment transactions.
2. ~~Transaction data~~ **Transaction data pertaining to offline digital euro payment transactions** shall not be retained by payment service providers or by the European ~~C~~entral ~~B~~anks and the national central banks.
3. Payment service providers shall retain data of funding and defunding for storing digital euros on payment instruments in accordance with Article 40 of Directive (EU) 2015/849 and national provisions transposing that Article. Payment service providers shall, upon request, make those data available to the Financial Intelligence Unit and other competent authorities as referred in Article 2(~~3144~~) of Regulation (EU) 2024/1624 [~~please insert reference – proposal for Anti Money Laundering Regulation – COM/2021/420 final~~].
4. For the purposes of paragraph 3, the funding and defunding data means the following:
  - (a) the amount funded or defunded;
  - (b) the identifier of the local storage device for offline digital euro payment;
  - (c) the date and hour of the funding and defunding transaction;
  - (d) the accounts numbers used for funding and defunding.
5. The Commission ~~is empowered to~~shall adopt implementing acts setting offline digital euro payment transaction limits, ~~and offline digital euro holding limits or both~~. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 39. **Offline digital euro holding limits shall not exceed the limits established in accordance with Article 16.**
6. Member States may request the Commission to lower the offline digital euro transaction limits in their territory. In its request, the Member State shall substantiate, on the basis of objective data, that ~~there are specific and higher AML/CFT risks related to the offline use of the digital euro in its territory and that lower limits for offline transactions are necessary for the effectiveness of the fight against money laundering and terrorism financing in that Member State to reduce that risk~~. If these conditions are met, the Commission shall adopt the lower transaction limits by an implementing act, in accordance with the examination procedure referred to in Article 39. The lower transaction limits adopted by the Commission shall respect the principle of proportionality and preserve the practical usability of the digital euro. The Commission may, on its own motion or following a request of the Member State concerned, repeal the implementing act providing for lower transaction limits if it is no longer justified. ~~The Commission may also adapt the lower transaction limits if the situation justifying it has changed. The Commission shall adopt those decisions on the basis of objective data~~. If the decision is adopted at the initiative of the Commission, the Member State shall be consulted.
7. Payment service providers shall ensure that the offline devices of their clients respect the offline digital euro transaction limits applicable in the territory of the Member State in which their clients reside.

~~6-8.~~ Transaction and holding limits shall take into account the need to prevent money laundering and terrorist financing while not unduly restricting the use of the offline digital euro as a means of payment. The Commission, when drawing up the implementing acts referred to in paragraph 5, shall take into account in particular the following:

- (a) an assessment of the money laundering and terrorist financing threats, vulnerabilities and risks of the digital euro when funding and defunding their payment instrument;
- (b) relevant recommendations and reports drawn up by international organisations and standard setters with competence in the field of preventing money laundering and combating terrorist financing;
- (c) the objective of ensuring the usability and acceptance of the digital euro as a legal tender instrument;

**(d) the need for the limits to be sufficiently high to allow for purchases of necessities over a period of at least 72 hours.**

For the purposes of point (a) **and (b)**, the Commission ~~may shall~~ request ~~AMLA~~ **the Authority for Anti-Money Laundering and Countering the Financing of Terrorism** to adopt an opinion assessing the level of money laundering and terrorist financing threats associated with the offline digital euro and its vulnerabilities. The Commission ~~may shall~~ consult the European Data Protection Board.

#### **Chapter IXa – Resilience and preparedness as regards digital euro payments**

##### **Article 37a**

##### **Possibility to adopt certain measures in exceptional circumstances**

One or more of the following measures may be adopted pursuant to the provisions of this **eChapter**, as appropriate, in situations where there is widespread and severe disruption of the continuity of digital payments, including digital euro payments, or a credible and imminent risk of such disruption that affects or threatens to affect, in whole or in part, a Member State or the euro area:

- a) raising offline digital euro holding and payment transaction limits;
- b) emergency switching;
- c) enhancing the distribution of the digital euro;

The measures listed in the first subparagraph, points (a), (b), and (c), shall be limited in time, duly justified and proportionate. The measures shall be applied during the period of time that is necessary in view of the exceptional circumstances in question.

##### **Article 37b**

##### **Procedures for raising the offline digital euro holding and transaction limits**

1. In the circumstances set out in Article 37a, one or more Member States may submit a request to the Commission for a temporary increase of the applicable offline digital euro payment transaction limits and offline digital euro holding limits, within the limits to the use of the digital euro as a store of value set out in accordance with Article 16. Such a request shall specify, and be limited to, the relevant categories of users under the jurisdiction of the requesting Member State or Member States, and shall contain the grounds justifying that measure and the envisaged start date and end date for its application. The duration of the measure shall not exceed three months. ~~Upon expiry~~ **Before the expiration** of that period, the Member State concerned may submit a renewed request in accordance with this Article, where duly justified.

2. The European Central Bank and the Member States other than those requesting the measure envisaged in paragraph 1 may submit their opinion on the proposed measure without undue delay and in any event within a limit of 24 hours from the notification of the request by the Commission.

3. If the circumstances as referred to in Article 37a are present and the conditions set out in this Article for the adoption of the measure are met, the Commission, after duly considering the opinions referred to in paragraph 2, shall adopt its implementing act setting out the temporary increase of the digital euro offline payment transaction and holding limits, the scope of its application, including the territorial application and the timeframe of that increase, without undue delay and in any event within 48 hours after receiving the request referred to in paragraph 1. In case of a negative decision, the Commission shall provide the grounds for it. In adopting such an implementing act, the Commission shall take into account the principles referred to in Article 37(6).

4. The Commission may adopt such a measure also on its own initiative. Paragraph 2 shall apply *mutatis mutandis*.

5. The measure shall cease to apply at the end of the timeframe provided for in the Commission implementing act. In duly justified cases, where the circumstances set out in Article 37a justifying the adoption of the measure continue to exist, change or cease to exist, the Commission shall on its own initiative or after request from the Member state concerned, without undue delay, adopt a new implementing act under paragraph 3 amending or repealing the measure. Paragraph 2 shall also apply.

#### Article 37c

##### Emergency switching in exceptional circumstances

1. In the circumstances set out in Article 37a, one or more Member States may submit a reasoned request to the European Central Bank or the relevant national central bank to authorise the emergency switching to the entity or entities designated by those Member States under Article 37d if, on the basis of the information provided by the requesting Member State, the measure is justified and proportionate for the achievement of one or more of the following objectives:

(a) to ensure the continuity of digital euro payment functions;

(b) to protect the access of digital euro users to their digital euro holdings.

1a. For the purpose of this Article, emergency switching shall mean an authorisation of the switching of the provision of mandatory digital euro payment and mandatory acquiring services, as referred to in Annex II and Annex IIa, from one payment service provider or providers to another payment service provider or providers designated by the Member State in accordance with Article 37d(1). The receiving payment service provider shall perform the emergency switching upon notification of such authorisation, without undue delay and without the need to exchange information with the unavailable payment service provider.

2. The European Central Bank or the relevant national central bank may discuss with the requesting Member State the proportionate measures to be adopted. They shall only refuse to authorise emergency switching if such authorisation is not justified in view of the achievement of the objectives set out in paragraph 1.

3. The emergency switching under this Article shall be a temporary measure. It shall only apply for as long as the measure is justified in view of the achievement of the objectives set out in paragraph 1. Where the circumstances set out in Article 37a justifying the adoption of the measure change or cease to exist, the measure shall be amended or repealed according to the same methods and procedures that led to its adoption. The duration of the measure shall not exceed three months. Before expiration of that period, the Member State concerned may submit a renewed request in accordance with this Article, where duly justified.

4. When the emergency switching is carried out in accordance with this Article, the digital euro payment access number shall be maintained.

**5. Upon the opening of a digital euro payment account, payment service providers shall request from digital euro users their authorisation to share with other authorities or entities designated to provide temporary digital euro payment services according to Article 37d the information necessary to identify the direct liability in digital euro of the European Central Bank or of national central banks towards the digital euro user in order to facilitate the emergency switching in the conditions established in this Article. Digital euro users may also decide not to give that authorisation to share the information necessary to identify the direct liability in digital euro of the European Central Bank or of national central banks towards the digital euro user or withdraw it at any time thereafter.**

**6. The payment service providers shall inform digital euro users about the consequences of not authorising the sharing of the information necessary to identify the direct liability in digital euro of the European Central Bank or of national central banks towards the digital euro user in the conditions established in this Article, in particular the impossibility to carry out the emergency switching foreseen in this Article.**

#### **Article 37d**

##### **Enhancing the distribution of the digital euro in exceptional circumstances**

**In the circumstances set out in Article 37a, and only for as long as it is justified, Member States may decide that one or more of the authorities or other entities referred to in Article 1 (1), points (a) to (d), and (f), of the Directive and Regulation [PSD3/PSR] shall provide temporary digital euro payment services to the persons and entities referred to in Article 12a(1), points (a) to (f), that are necessary to facilitate the continuity of daily mandatory digital euro payment services.**

### **CHAPTER X FINAL PROVISIONS**

#### **Article 38**

##### **Delegated acts**

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.
2. The power to adopt delegated acts referred to in Articles 11, ~~33~~, 34, ~~and~~ 35 and 36 shall be conferred on the Commission for an indeterminate period of time from *[date of entry into force of this Regulation]*.
3. The power to adopt the delegated acts referred to in Articles 11, ~~33~~, 34, ~~and~~ 35 and 36 may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.
4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.
5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.

6. A delegated act adopted pursuant to Articles 11, ~~33~~, 34, ~~and 35 and~~ 36 shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of one month of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.

#### Article 39 Committee procedure

1. The Commission shall be assisted by a committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.

2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

#### Article 40 Reports

1. The accountability arrangements of Article 15(1) and (3) of the Statute of the ESCB and of the European Central Bank shall apply to the issuance and use of the digital euro.

For that purpose, the European Central Bank shall report on the digital euro development and its use. The report shall cover the contribution of the European Central Bank in the implementation of the provisions of this Regulation, including on the following elements:

- (a) the level of fees or charges ~~to be~~ paid by merchants to payment service providers, or paid between payment service providers;
- (b) the interoperability of the digital euro with other currencies in Member States whose currency is not the euro and in third countries;
- (c) the development of central bank digital currencies other than the digital euro in Member States whose currency is not the euro and in relevant third countries, and the relevance of these developments for the euro area;
- (d) market trends in payments and relevance of such trends for innovative use cases.

**(e) the development of existing and emergence of new technologies which might be of relevance for the digital euro infrastructure.**

2. Before the ~~planned first~~ issuance of the digital euro ~~and ahead of the its implementation of any changes of the parameters and use of the instruments referred to in Article 16 or at least every three years after the issuance of the digital euro~~, the European Central Bank shall provide to the European Parliament, the Council and the Commission:

**(aa) information on the technical design and functionalities of the digital euro;**

**(ab) information on the detailed measures, rules and standards that may be adopted by the European Central Bank as referred to in Article 5(2);**

(a) information on the **holding limits and other instruments, and their parameters**, to limit the use of the digital euro **as a store of value** as referred to in Article 16 and the parameters that the European Central Bank **plans envisage** to adopt in view of the prevailing financial and monetary environment;

(b) an analysis on how the **holding limits and other** instruments, and their parameters, referred to in point (a) are expected to meet the objective of safeguarding financial stability.

**(c) information on the privacy-preserving measures implemented by the Eurosystem-European Central Bank and/or national central banks in accordance with Article 35(4).**

**2a. The European Central Bank shall ~~periodically~~ provide the information set out in the first subparagraph 2 periodically and at least every three years after the first issuance of the digital euro, as well as before adopting any changes to the relevant acts of the European Central Bank.**

3. One year after the first issuance of the digital euro and every three years thereafter, the Commission shall submit to the European Parliament and to the Council a report analysing the impact of the parameters and the use of instruments referred to in Article 16 on:

- (a) the role of financial intermediaries in the financing of the economy;
- (b) liquidity requirements laid down in Regulation (EU) No 575/2013 of the European Parliament and the Council.

4. Member States shall, one year after the first issuance of the digital euro and every two years thereafter, provide the Commission with information on all of the following:

- (a) the penalties applied pursuant to Article 6(1);
- (b) the number of digital euro **payment** accounts which have been opened;
- (c) the number of payment service providers that provide digital euro ~~basic~~ **mandatory** services to natural persons as referred to in Articles 14(2) and ~~14~~(3);
- (d) the number of digital euro payment accounts that have been opened by payment service providers referred to in Articles 14(2) and ~~14~~(3).
- (e) the proportion of applications that have been refused by payment service providers referred to in Articles 14(2) and ~~14~~(3)**

#### Article 41 Review

1. By one year from the first issuance of the digital euro, and every three years thereafter, the Commission shall present to the European Parliament and to the Council a report on the application of this Regulation. When preparing its report, the Commission shall take into account the reports by European Central Bank referred in Article 40 and any opinion and views expressed by the European Central Bank.

2. By one year from the date of application of this Regulation, the Commission shall present to the European Parliament and to the Council a report on the developments of retail central bank digital currencies in Member States whose currency is not the euro and the impact of this Regulation on the internal market, accompanied where appropriate by proposals for amending legislative acts governing the use of retail central bank digital currencies across the Union.

3. By 3 years from the first issuance of the digital euro, the Commission shall present to the European Parliament and to the Council a report on whether there is a sufficient and effective access to and acceptance of

the digital euro in the euro area **including an assessment of the adequateness of allowing providers of payment initiation services to offer these services as ancillary digital euro services in conformity with the [PSR/PSD3].**

**4. No later than ten years from the first issuance of the digital euro, the Commission shall conduct a comprehensive review of the compensation model established under Articles 17, 17a, 17b and 17c.**

**By five years from the first issuance of the digital euro, the Commission shall present to the European Parliament and to the Council a report on the compensation for offline digital euro transactions referred to in Article 17d.**

**4a. No later than three years from the first issuance of the digital euro, the Commission shall present to the European Parliament and to the Council a report for the purpose of assessing whether payment initiation service providers should be permitted to provide ancillary digital euro payment services. For the purpose of such assessment, the Commission shall in particular take into account the market developments in regard to open banking in the euro area, the expected impact on innovation in the euro area, were payment initiation service providers be permitted to provide ancillary digital euro payment services, and the impact on payment service providers' business models, on the basis of costs and revenues consideration.**

**4b. No later than three years after the first issuance of the digital euro, the Commission shall conduct a review of Articles 13 and 13a with the respect to open funding arrangements. The Commission shall assess whether the framework continues to ensure an appropriate balance between usability, competition, and strategic autonomy. Where necessary, the Commission may propose amendments to this Regulation.**

**5. In its review, the Commission shall inter alia assess: (a) the effectiveness of the model in achieving the objectives set out in Article 15(2); (b) the proportionality of administrative and reporting obligations; and (c) the need for regulatory adjustments to ensure alignment with the fee structures applicable to other retail payment instruments. The Commission shall submit a report on the outcome of the review to the European Parliament and to the Council. The Commission ~~and~~ may, where appropriate, submit relevant legislative proposals.**

#### Article 42 Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

It shall apply from [**18 months after the date of entry into force**].

This Regulation shall be binding in its entirety and directly applicable in the Member States in accordance with the Treaties.

Done at Brussels,  
For the European Parliament  
For the Council

The President  
The President

#### ANNEX I Digital euro payment services

~~Digital euro payment services consist in:~~

~~(a) enabling digital euro users to access and use the digital euro, without prejudice to possible limitations set by the European Central Bank in accordance with Article 16 and Article 37;~~

~~(b) enabling digital euro users to initiate and receive online and offline digital euro payment transactions and providing digital euro users with digital euro payment instruments;~~

~~(c) managing digital euro users' digital euro payment accounts and local storage devices;~~

~~(d) conducting funding and defunding operations in accordance with Article 13; and~~

~~(da) switching of digital euro payment accounts;~~

~~(e) providing additional any other digital euro payment services in addition to on top of basic the digital euro payment services mentioned in points (a) to (e) pursuant to Annex II.~~

## ANNEX II

### Basic Mandatory digital euro payment services

Basic Mandatory digital euro payment services ~~for natural persons~~ shall consist of:

(a) opening, holding, ~~managing~~ and closing ~~of a one~~ digital euro payment account ~~per digital euro user~~ payment service provider, including consulting balances and transaction records;

~~(b) managing a digital euro payment account, including consulting balances and transaction records;~~

(ba) switching of payment service provider as referred to in Articles 31 and Article 37c€;

c) ~~non-~~ manual and automated funding and defunding, including funding and defunding operations referred to in Article 13a(3), from or into non-digital euro payment accounts, if the digital euro payment account and the non-digital euro payment account are provided by the same payment service provider;

(d) manual funding and defunding from or to euro banknotes and coins if the distributing payment service providers provides such services for non-digital euro payment accounts, and ~~only~~ in the same manner, in which it provides such ~~cash~~ services for non-digital euro payment accounts, as referred to in 13a(2), point (b3); ~~manual funding and defunding from / or into cash;~~

(e) enabling the initiation and reception of online and offline digital euro payment transactions by means of an electronic payment instrument, ~~to the exclusion of conditional digital euro payment transactions other than~~ including standing orders and pre-authorisation service for online digital euro payment transactions, ~~in the following use cases:~~

- ~~- person to person people digital euro payment transactions;~~
- ~~- point of interaction digital euro payment transactions, including point of sale and e-commerce;~~
- ~~- government to person and person to government digital euro payment transactions.~~

~~(f) digital euro payment transactions referred to in Article 13(4) and~~

(g) ~~providing~~ ~~of at least~~, upon request of the user, at least one physical and one non-physical ~~one or more~~ electronic payment instruments for the execution of both online and ~~or~~ offline digital euro payment transactions ~~and one payment instrument for the execution of offline digital euro payment transactions,~~ such as referred to in letter (e);

- (h) providing pre-dispute services as referred to in Article 2(37);**
- (i) providing dispute services on technical and fraud-related disputes as referred to in Article 5(3).**
- (j) managing digital euro users' local storage devices;**

**ANNEX IIa**  
**Mandatory acquiring services**

**Mandatory acquiring services shall consist of:**

- (a) opening, holding, managing and closing of digital euro payment accounts, including consulting balances and transactions;**
- (b) funding and defunding operations as referred to in Article 13a (1), (3), points (a) and (b)(4);**
- (c) enabling the reception and initiation of online and offline digital euro payment transactions, including pre-authorisation service for online digital euro payment transactions;**
- (ca) initiating refund transactions;**
- (e) providing pre-dispute services as referred to in Article 2(37);**
- (f) providing dispute services on technical and fraud-related disputes as referred to in Article 5(3).**
- (g) provide businesses with the possibility to transfer a batch of digital euro funds to their non-digital euro payment accounts only once within a pre-defined time limit ('batch pay-out') respecting any limit set in accordance with Articles 16 and 37(5).**

**ANNEX III**  
**Personal data processed by PSP payment service providers**

1. For the purpose of ~~point (a) of~~ Article 34(1) **point (a)**, processing shall be limited to:
  - (i) the user identifier;
  - (ii) the user authentication;
  - (iii) information on digital euro payment accounts; including information on digital euro holdings of the digital euro user and the unique digital euro payment ~~access account~~ number; ~~and~~
  - (iv) information on online digital euro payment transactions, including the transaction identifier and the transaction amount.
2. For the purpose of ~~point (b) of~~ Article 34(1), **point (b)**, processing shall be limited to:
  - (i) the user identifier;
  - (ii) the user authentication;

(iii) information on digital euro payment accounts, including the unique digital euro payment ~~access account~~ number; and

(iv) information of non-digital euro payment accounts, including the account number of the linked non-digital euro payment account.

3. For the purpose of ~~point (e)~~ of Article 34(1), ~~point (c) and (e<sup>2</sup>)~~, processing shall be limited to:

(i) the user identifier; including the name of the local storage device holders; ~~and~~

(ii) information on the local storage device, including the identifier of the local storage device.

**(iii) attributes of the authenticity of the local storage device; and**

**(iv) attributes of the authenticity of the offline digital euro.**

4. For the purpose of Article 34(1) point, (cb), processing shall be limited to the:

~~(f)~~ information necessary to identify the direct liability in digital euro of the European Central Bank or of national central banks towards the digital euro user.

5. For the purpose of Article 34(1), point (c'), processing shall be limited to:

**(i) funding and defunding data as defined in Article 37(4).**

#### ANNEX IV

##### Personal data processed by the European Central Bank and national central banks

1. For the purposes of ~~point (a)~~ Article 35(1), **point (a)**, processing shall be limited to:

(i) information on digital euro payment accounts, including the unique digital euro payment ~~access account~~ number; and

(ii) information on online digital euro payment transactions **and** information linked to ~~an~~ unique digital euro payment ~~access account~~ number, including the transaction amount

2. For the purpose of ~~point (b) of~~ Article 35(1), **point (b)**, processing shall be limited to:

(i) the user alias;

(ii) the user authentication;

(iii) the reference to digital euro holdings to debit; and

(iv) the reference to digital euro holdings to credit.

3. For the purpose of Article 35(1), **point (c)**, processing shall be limited to the data required for counterfeit analysis of offline digital euro payment transactions: information on the local storage device, including the local storage device number.

4. For the purposes of Article 35(1), **points (d) and (e)**, and the single access point referred to in Article ~~34~~ **35(8)**, processing shall be limited to:

- (i) the user identifier;
- (ii) the user authentication, related to user's existing digital euro holdings; and
- (iii) information on digital euro payment accounts, including the unique digital euro payment ~~access account~~ number, digital euro holdings of the user, the holding limit selected by the user and the type of digital euro account.

5. For the purposes of Article 35(1), **point (ca)**, processing shall be limited to: ~~(i) attributes of the authenticity of the offline digital euro;~~

6. For the purpose of Article 35(1), **points (f) and (g)**, processing shall be limited to:

- (i) information on digital euro payment accounts, including the unique digital euro account identifier;
- (ii) information on online digital euro payment transactions, including the transaction amount; and
- (iii) information on the transaction session of a digital euro user, including the device internet protocol address-range.

#### ANNEX V

Personal data processed by providers of support services

For the purposes of ~~point (a) of~~ Article 36(1), **point (a)**, processing shall be limited to ~~the data required for the prevention and detection of fraud across payment service providers:~~

- (i) information on digital euro payment accounts, including the unique digital euro account identifier;
- (ii) information on online digital euro payment transactions, including the transaction amount; and
- (iii) information on the transaction session of a digital euro user, including the device internet protocol address-range.

#### ANNEX VI

**Correspondence table for the [payment] services to be provided in the framework of the DER, Annex II, and the related license required under PSD3/R**

DER Annex II	PSD3/R Annex II
<b>(a) opening, holding, managing and closing one digital euro payment account per payment service provider, including consulting balances and transaction records;</b>	No equivalent separate service
<b>(ba) switching of payment service provider as referred to in Article 31 and Article 37cC;-;</b>	No equivalent service, as this is not considered a payment service

c) manual and automated funding and defunding, including funding and defunding operations referred to in article 13a(3), from or into non-digital euro payment accounts, if the digital euro payment account and the non-digital euro payment account are provided by the same payment service provider PSPs;	Equivalent to point 2 in Annex II of the PSD3/R concerning execution of payment transactions, including transfers of funds from and to a payment account, including where the funds are covered by a credit line with the user's payment service provider or with another payment service provider.
(d) manual funding and defunding from or to euro banknotes and coins if the distributing payment service providers provides such services for non-digital euro payment accounts, and in the same manner, in which it provides such services for non-digital euro payment accounts, as referred to in 13a(2), point (b);	Equivalent to point 1 in Annex II of the PSD3/R concerning services enabling cash to be placed on and/or withdrawn from a payment account.  <i>Such service would require a Payment institution license.</i>
(e) enabling the initiation and reception of online and offline digital euro payment transactions by means of a payment instrument, including standing orders and pre-authorisation service for online digital euro payment transactions;	Equivalent to point 2 in Annex II of the PSD3/R concerning execution of payment transactions, including transfers of funds from and to a payment account, including where the funds are covered by a credit line with the user's payment service provider or with another payment service provider, and point 3 concerning issuing of payment instruments. Such services would require a Payment institution license
(g) providing, upon request of the user, at least one physical and one non-physical <del>one or more</del> payment instruments for the execution of both online and <del>or</del> offline digital euro payment transactions, such as referred to in letter (e);	Equivalent to point 3 in Annex II of the PSD3/R concerning issuing of payment instruments.  <i>No need for an additional license as already required by (e)</i>
(h) providing pre-dispute services as referred to in Article 2(37).	No equivalent service, as this is not considered a payment service
(i) providing dispute services on technical and fraud-related disputes as referred to in Article 275(3).	No equivalent service, as this is not considered a payment service
(j) managing digital euro users' local storage devices;	<b>No equivalent service, as this is not considered a payment service</b>

#### ANNEX VIa

Correspondence table for the services to be provided in the framework of the DER, Annex IIa, and the related license required under PSD3/R

DER Annex IIa	PSD3/R Annex II
(a) opening, holding, managing and closing of digital euro payment accounts, including consulting balances and transactions;	No equivalent separate service

(b) funding and defunding operations as referred to in Article 13a(3), points (a) and (b);	Equivalent to point 4 in Annex II of the PSD3/R concerning the acquiring of payment transactions.
(c) enabling the reception of online and offline digital euro payment transactions, including pre-authorisation service for online digital euro payment transactions;	Equivalent to point 4 in Annex II of the PSD3/R concerning the acquiring of payment transactions.
(ca) initiating refund transactions.	Equivalent to point 4 in Annex II of the PSD3/R concerning the acquiring of payment transactions.
(e) providing pre-dispute services as referred to in Article 2(37);	No equivalent service, as this is not considered a payment service
(f) providing dispute services on technical and fraud-related disputes as referred to in Article 27(3).	No equivalent service, as this is not considered a payment service
(g) provide businesses with the possibility to transfer a batch of digital euro funds to their non-digital euro payment accounts only once within a pre-defined time limit ('batch pay-out'), respecting any limit set in accordance with Articles 16 and 37(5).	No equivalent service, as this is not considered a payment service

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