

EBA/RTS/2024/09

13 June 2024

Final report

Draft Regulatory Technical Standards to specify the procedure and timeframe to adjust the own funds requirements for issuers of significant asset-referenced tokens or of e-money tokens subject to such requirements

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1. Executive Summary

Pursuant to paragraph 1 of Article 35 of Regulation (EU) 2023/1114 issuers of asset-referenced tokens are subject to own funds requirements, and in accordance with paragraph 5 of Article 45 of the same Regulation issuers of significant asset-referenced tokens should hold higher amounts of own funds (3% of the average amount of the reserve assets instead of 2%).

According to the mandate in Article 45(7)(c) of Regulation (EU) 2023/1114, the EBA has been mandated to developed Regulatory Technical Standards (RTS) specifying the procedure and timeframe for an issuer of asset-referenced tokens to adjust its own funds to higher amounts when an asset-referenced token it issues, or has issued, is classified as significant.

The mentioned requirements apply as well to electronic money institutions issuing e-money tokens that are significant by virtue of Article 58(1), point b, of Regulation (EU) 2023/1114 and can be expanded to non-significant tokens, either asset-referenced or e-money, if the competent authority requires it so following Article 35(4) or Article 58(2), respectively, of that Regulation.

Given the novelty of asset-referenced tokens and their issuers, the fact no universal risks assessment framework exists and the rapid developments in this sector, these RTS have been developed with a certain degree of flexibility for competent authorities while keeping the main overall objective of harmonisation of rules and convergence of supervisory practices.

The EBA followed a more prescriptive approach when specifying the procedure for issuers of a significant asset-referenced token to submit a compliance plan, while provided more flexibility to competent authorities on the timeframe to grant an issuer of a significant asset-referenced token to adjust to higher own funds requirements (up to 6 months).

Next steps

The draft regulatory technical standards will be submitted to the Commission for endorsement, following which they will be subject to scrutiny by the European Parliament and the Council, before being published in the Official Journal of the European Union.

2. Background and rationale

1. Article 35(1) of Regulation (EU) 2023/1114 introduces the own funds requirement for issuers of asset-referenced tokens. Issuers of asset-referenced tokens, shall at all times have own funds equal to an amount of at least the highest of:
 - a. EUR 350000;
 - b. 2% of the average amount of the reserve assets (referred to in Article 36 of Regulation (EU) 2023/1114);
 - c. A quarter of the fixed overhead of the preceding year.
2. According to Article 45(5) of Regulation (EU) 2023/1114, the 2% shall be set at 3% of the average amount of the reserve assets for issuers of significant asset-referenced tokens.
3. The EBA is mandated under Article 45(7)(c) of Regulation (EU) 2023/1114, in close cooperation with ESMA, to develop draft regulatory technical standards further specifying¹ the procedure and timeframe for an issuer of a significant asset-referenced token to adjust the amount of its own funds as required by paragraph 5 of that Article.
4. The main purpose of these draft RTS is to provide the procedure and timeframe on how and when the issuers of asset-referenced tokens should adjust their level of own funds to 3% of the average amount of the reserve assets when their asset-referenced tokens are classified as significant asset-referenced tokens, either based on the criteria set out in Article 43 of Regulation (EU) 2023/1114 or on a voluntary basis as envisaged in Article 44 of Regulation (EU) 2023/1114.
5. Significant asset-referenced tokens could be used by a large number of holders and their use could raise specific challenges in terms of financial stability, monetary policy transmission or monetary sovereignty, therefore, issuers of significant asset-referenced tokens should be subject to more stringent requirements, also in terms of own funds.
6. Article 45(5) of Regulation (EU) 2023/1114 also apply to issuers of e-money tokens (either significant or, where decided, non-significant), as per Articles 58(1), point (b), and (2) of that Regulation. The same applies to issuers of non-significant asset-referenced tokens in case the competent authority decides (based on Article 35(4) of that Regulation) to extend the application of the said Article 45(5) of that Regulation. Therefore, these RTS should also be relevant and applicable for those.

¹ Article 45(7)(a) relates to an RTS on governance arrangement on remuneration policies and (b) to an RTS on liquidity management policy and procedures.

7. In accordance with Article 17(4) of Regulation (EU) 2023/1114, in line with its recital 44 and recital 71, credit institutions that act as issuers of asset-referenced tokens or e-money tokens are not subject to own funds requirements. Therefore, these RTS to adjust the amount of its own funds to 3%, as required by paragraph 5 of Article 45 of Regulation (EU) 2023/1114, for significant asset-reference token is not applicable to credit institutions.

2.1 Own funds requirements of issuers of significant asset-referenced tokens

2.1.1 Procedure and timeframe

8. Within 25 working days from the classification of the asset-referenced token as significant asset-referenced token or the decision under Article 58(2) of Regulation (EU) 2023/1114 to apply Article 45(5) of that Regulation and after a dialogue with the issuer, the competent authority should provide the relevant issuer with the timeframe within which it should adjust its own funds. The relevant issuer should then provide within 25 working days from the notification the plan to adjust its own funds, which should include time-bound steps and procedures to carry out the adjustment within the set timeframe and ensure that the funds consist of the Common Equity Tier 1 items and instruments.
9. In order to ensure the effective and timely adjustment of own funds, the competent authority should closely monitor the implementation of the plan by the issuer. Whenever necessary, the competent authority should be able to request additional information, and in case the measures do not progress as initially planned, an alternative course of action should be agreed.
10. When setting the timeframe for the relevant issuer to adjust its own funds the competent authority should take into account the potential impact on the issuer and its specificities. In any case, the competent authority should not grant the issuer more than 6 months to adjust its level of own funds.

3. Draft regulatory technical standards

COMMISSION DELEGATED REGULATION (EU) .../...

of XXX

supplementing Regulation (EU) 2023/1114 of the European Parliament and of the Council with regard to regulatory technical standards specifying the procedure and timeframe for an issuer to adjust the amount of its own funds to 3% of the average amount of the reserve of assets

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2023/1114 of the European Parliament and of the Council on Markets in Crypto-assets, and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and Directive (EU) 2019/1937², and in particular Article 45(7), fourth subparagraph, thereof,

Whereas:

- (1) Considering that requirements set out in Articles 35, points (2), (3) and (5) and Article 45(5) of Regulation (EU) 2023/1114 also apply to issuers of e-money tokens (either significant or, where decided, non-significant), as per Articles 58(1), point (b), and (2) of that Regulation, and that requirement in Article 45(5) of that Regulation may also apply to issuers of non-significant asset-referenced tokens as per Article 35(4) of that Regulation, provisions specifying such requirements should also apply to the relevant issuers that are subject to or may be required to comply with those requirements.
- (2) Issuers of asset-referenced tokens or e-money institutions issuing e-money tokens once classified as significant or, where applicable, in accordance with Article 58(2) of Regulation (EU) 2023/1114, should elaborate a plan to adjust the level of own funds to the required level within the timeframe required. Those should discuss and agree the feasibility of such plan with the relevant competent authorities. Implementation of such plan should be closely monitored by competent authorities and, for that purpose, the

² 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) 2019/193 (OJ L 150, 9.6.2023, p. 40).

relevant issuers should notify to the competent authority steps taken, including a final notification of the adjustment completion.

- (3) Competent authorities are well suited to determine the timeframe to adjust their own funds for issuers of a significant asset-referenced tokens or e-money tokens that becomes subject to the requirement set out in Article 45(5) of Regulation (EU) 2023/1114. Such timeframe should have a maximum deadline and, in principle, be as short as possible and based on a case-by-case assessment and determined after a dialogue with that issuer, having regard to the potential impact on the said issuer, its specificities and risks to the financial stability of the wider financial system.
- (4) This Regulation is based on the draft regulatory technical standards submitted to the Commission by the European Banking Authority.
- (5) The European Banking Authority has conducted open public consultations on the draft regulatory technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the advice of the Banking Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council,³

HAS ADOPTED THIS REGULATION:

Article 1
Procedure

1. Within 25 working days from the notification to the issuer of the classification as significant of the relevant asset-referenced tokens or to the e-money institution issuing e-money tokens, referred to either in Article 43(6), or Article 44(3) or Article 56(4) of Regulation (EU) 2023/1114, or from the notification of the need to comply with the requirement in Article 45(5) of that Regulation to the relevant issuer of non-significant asset-referenced or e-money tokens, as per Articles 35(4) or 58(2) of that Regulation, the competent authority shall, after a dialogue with such issuer, notify the timeframe within which it shall adjust its own funds to meet the requirements in Article 45(5) of that Regulation.
2. Within 25 working days from receipt of the notification on the timeframe referred to in paragraph 1, the relevant issuer shall submit to the competent authority a detailed plan on how its own funds will be adjusted to meet the requirements in Article 45(5) of Regulation (EU) (EU) 2023/1114.
3. The plan referred to in paragraph 2 shall:

³ Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2020, p. 12).

- (a) include time-bound steps and procedures to carry out the own funds' adjustment within the timeframe set in article 2; and
 - (b) ensure that the own funds items and instruments that will be used to comply with the increased, adjusted requirement fulfil entirely the conditions set out in Article 35, paragraph 2, of Regulation (EU) 2023/1114.
4. The relevant issuer shall inform the competent authority immediately and in writing in case any step or procedure of the plan in paragraph 2 cannot be achieved in a timely manner. In such a case, the said issuer shall submit to the competent authority an update of the plan, including alternative steps or procedures that allow the issuer to adjust its own funds in the set timeframe.
 5. The competent authority shall closely monitor the implementation of the plan in paragraph 2.
 6. The relevant issuer shall inform the competent authority of the completion of the steps provided in the plan, including a final notification to the competent authority when the required own funds adjustment has been completed, within a maximum of 20 working days as from the completion.

Article 2

Timeframe

1. When an issuer of significant asset-referenced tokens or an e-money institution that issues significant e-money tokens or, where applicable, that issue non-significant asset-referenced or e-money tokens, are required to comply with the requirements set out in Article 45(5) of Regulation (EU) 2023/1114, the relevant issuer of such tokens shall adjust its own funds to meet the requirements in Article 45(5) of that Regulation within the timeframe set by the competent authority in Article 1(1).
2. In setting the timeframe referred to in Article 1(1), the competent authority shall not grant more than 6 months as from the notification referred to in paragraph 1 of Article 1 to the relevant issuer to adjust its own funds, having regard to the potential impact on the relevant issuer, its specificities and risks to the financial stability of the wider financial system.

Article 3

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*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the Commission
The President*

*[For the Commission
On behalf of the President
[Position]*

4. Accompanying documents

4.1 Draft cost-benefit analysis / impact assessment

11. Following Article 10 of Regulation (EU) No 1093/2010 (EBA Regulation), the EBA shall analyse the potential costs and benefits of draft Regulatory Technical Standards. RTS developed by the EBA shall therefore be accompanied by an Impact Assessment (IA) that analyses ‘the potential related costs and benefits’.

12. This analysis presents the IA of the main policy options discussed and assessed in the elaboration of the draft RTS on the procedure and timeframe for an issuer of significant asset-referenced tokens to adjust the amount of its own funds, which the EBA is mandated to develop under Article 45(7) of Regulation (EU) 2023/1114⁴.

A. Problem identification

13. Significant issuers of asset-referenced tokens would have a considerable market penetration and be used by a large number of holders. As such, they could pose challenges in terms of monetary policy transmission and monetary sovereignty, as well as the overall stability of the financial system if they were not adequately capitalised. They should therefore be subject to more stringent own-funds requirements than non-significant issuers. To ensure consistency among the EU Member States, it is important that the set of rules regulating the procedure and timeframe to adjust to these requirements is harmonised throughout the Union.

B. Policy objectives

14. The aim of this RTS is to provide competent authorities and significant issuers of asset-referenced tokens with a harmonised procedure and timeframe for significant issuers to adjust their amount of own funds when demanded by the competent authority.

C. Baseline scenario

15. In the baseline scenario, issuers of significant asset-referenced tokens would be subject to own-funds requirements as per Regulation (EU) 2023/1114, excluding any additional specification provided by this RTS. In the absence of this harmonised set of rules, competent authorities may

⁴ This Regulation is also relevant for issuers of e-money tokens that are subject to or required to comply with the requirements referred to in Article 45(5) of Regulation (EU) 2023/1114

adopt divergent approaches throughout the EU, which could jeopardise financial stability and compromise the level-playing field among issuers and Member States.

D. Options considered

General approach

16. The EBA has adopted a prescriptive approach in outlining the procedure for significant issuers to submit their compliance plan, while providing competent authorities with a relatively larger degree of flexibility in setting the timeframe for significant issuers to adjust their amount of own funds (up to 6 months).

Procedure and timeframe

17. In drafting this RTS, the EBA could have either adopted a rule-based approach (option A), providing a detailed set of rules to be strictly followed by significant issuers and competent authorities, or a principle-based approach (option B), leaving a high degree of flexibility to competent authorities.

18. Under option A, issuers of significant asset-referenced tokens should follow a strict procedure in adjusting their own funds when demanded by the competent authority. The steps of these procedure would refer to a detailed timeframe, with little room for the competent authority to adjust its requests to any potential specificities. This would favour an easy and harmonised implementation throughout the Union, but could also lead to a lack of effectiveness given the disregard to contingent circumstances.

19. Option B envisions a more flexible procedure for significant issuers and competent authorities to follow, allowing the latter to adjust the timeframe within which the former should comply to the new own-funds requirement. While this approach would enable competent authorities to adjust their demands also based on contingent circumstances, it also risks pushing them to adopt divergent procedures across Member States, thus jeopardising the level-playing field in the Union.

20. In both cases, the maximum timeframe within which significant issuers should be allowed to adapt is shorter than for own funds adjustments for non-significant issuers under Article 35(6) of MiCAR, given their potential to affect not only the market of asset-referenced tokens, but also the stability of the overall financial system.

E. Preferred option

21. In determining the procedure and timeframe for issuers of significant asset-referenced tokens to adapt to higher own-funds requirements, the preferred option is a combination of options A and B.

22. On the one hand, the EBA has adopted a relatively strict procedure that competent authorities and significant issuers must follow in adjusting own-funds requirements, providing a clear and harmonised implementation framework. On the other hand, a reasonable degree of flexibility is left to competent authorities in determining the timeframe for significant issuers to comply, as long as it does not exceed 6 months. Within the limits ensuring supervisory convergence throughout the EU, this will allow competent authorities to adjust their demands also based on the specificities that could apply to each case.

4.2 Feedback on the public consultation

The EBA publicly consulted on the draft proposal contained in this paper.

The consultation period lasted for 3 months and ended on 8 February 2024. 7 responses were received, of which 4 were public and published on the EBA website.

The summary below, provides the key points and some other comments arising from the consultation, the analysis and discussion triggered by these comments and the actions taken to address them if deemed necessary.

In many cases several stakeholders made similar comments, or the same body repeated its comments in the response to different questions. In such cases, the comments, and EBA analysis are included in the section of this paper where EBA considers them most appropriate.

Changes to the draft RTS have been incorporated as a result of the responses received during the public consultation.

Summary of key issues and the EBA's response

The EBA received answers to the questions in the consultation paper on these RTS that can be divided into comments regarding concerns about the level 1 text and feedback received specifically on the provisions included in the RTS.

Regarding the former group of comments on the level 1 text, respondents suggested that views from the industry should be further considered to improve the common understanding of the role of issuers of asset-referenced tokens, their challenges and how they interact with the competent authority. Respondents also expressed concerns of the possible cliff effects when an issuer becomes issuer of significant asset-referenced tokens, as they may need a full restructuring of their business model to adjust to the regulatory requirements.

Regarding the latter on the procedure and timeframe set in these RTS for issuers of asset-referenced tokens to adjust the own funds when a token becomes significant, respondents generally agreed with the process but argued that the time to provide a plan to adjust the own funds and the timeframe to implement such plan might be too strict, recommending the EBA to adopt a holistic view and consider all the regulatory requirements to which issuers are subject to when they become issuers of significant asset-referenced tokens.

Finally, most respondents agreed that there is no need to impose business restrictions (such as ban of new issuances) during the timeframe an issuer is implementing its plan to adjust to higher own funds requirements. Specifically, it is argued that such restrictions would be detrimental to the business of the issuers and pose a risk to its financial stability.

Summary of responses to the consultation and the EBA’s analysis

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
General comments			
Timeline for implementation MiCAR technical standards and guidelines	<p>Some respondents are concerned that due to the enormous number of MiCAR level 2 technical standards and guidelines the ESA’s need to produce within a short timeframe, not enough consideration can be given to the interdependencies and consistency between the different regulatory instruments nor that there is sufficient time for dialogue with the crypto-assets industry to have a full and holistic overview on the impact of these regulatory instruments on the issuers and market.</p> <p>These respondents request the EBA keep these technical standards longer under review and to delay the submission of the technical standards to the Commission to a later date to allow for more dialogue and reflection with the industry.</p>	<p>EBA acknowledges the comment. To facilitate the development and later the implementation of the regulatory instruments, EBA used a staggered approach to the consultation process to ensure sufficient time and consideration could be given to each regulatory product, while still making it possible for the EBA to comply with its legal requirement to submit these RTSs to the Commission by 30 June 2024. Furthermore, delaying the submission of technical standards to the Commission would lead to an increased uncertainty for supervisors and issuers on compliance with the rules and could hamper the development of the market.</p> <p>EBA also notes that according to Article 140 of MiCAR by 30 June 2025, the Commission (after consulting EBA and ESMA) shall present an interim report to the European Parliament and the Council on the application of this Regulation accompanied, where appropriate, by a legislative proposal. EBA suggest the stakeholders to make use of this timeframe to highlight to the Commission some of the concerns that have been raised in this consultation paper.</p>	No change.
Cliff effects in own funds for issuers becoming ‘significant’	Some respondents highlight the fact that issuers of significant EMTs/ARTs, and subject to national	EBA acknowledges the comment. However as pointed out by the respondents these concerns are directly	No change.

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>discretion, non-significant issuers, are facing several potential increases of own funds.</p> <p>According to Article 45(5) of MiCAR, the minimum percentage of own funds is increased by 50% from 2% to 3% of the reserve assets, with further additional own funds requirements up to 20% under Article 35(3) of MiCAR and a further increase by another 20-40% under Article 35(5). In the most extreme cases, significant EMTs/ARTs could be required to hold up to 4.8% of reserve assets as own funds consisting of common equity tier 1 capital.</p>	<p>related to the MiCAR level 1 text and outside the scope of these RTS.</p> <p>EBA also notes that according to Article 140 of MiCAR by 30 June 2025, the Commission (after consulting EBA and ESMA) shall present an interim report to the European Parliament and the Council on the application of this Regulation accompanied, where appropriate, by a legislative proposal. EBA suggest the stakeholders to make use of this timeframe to highlight to the Commission some of the concerns that have been raised in this consultation paper.</p>	
<p>Interconnectedness and interdependencies between regulatory requirements when issuers become ‘significant’</p>	<p>Some respondents highlight the fact when issuers become ‘significant’, these entities will need to deposit a larger share of reserve assets with credit institutions and inevitably have a higher liquidity, credit and interconnectedness risk. Plus, due to the change from holding primarily Highly liquid financial instruments to mainly deposits with credit institutions as reserve assets, the issuers profitability will be impacted and hence their ability to build up own funds by retaining profits will be reduced, at the same time, potentially jeopardising their business model. This should be carefully reviewed and adapted during the upcoming first MiCAR review.</p>	<p>EBA acknowledges the comment. However as pointed out by the respondents these concerns are directly related to the MiCAR level 1 text and outside the scope of these RTS.</p> <p>EBA also notes that according to Article 140 of MiCAR by 30 June 2025, the Commission (after consulting EBA and ESMA) shall present an interim report to the European Parliament and the Council on the application of this Regulation accompanied, where appropriate, by a legislative proposal. EBA suggest the stakeholders to make use of this timeframe to highlight to the Commission some of the concerns that have been raised in this consultation paper.</p>	<p>No change.</p>
<p>Responses to questions in Consultation Paper EBA/CP/2023/29</p>			
<p>Question 1. Is the procedure clear and the timelines for the</p>	<p>Most respondents agree that the procedure and timelines are clear, however most respondents argue that the timelines for the issuer to submit a</p>	<p>According to Article 45(5), from the moment an issuer is classified as ‘significant’, or where applicable, in accordance with Article 58(2) an issuer is required, at</p>	<p>Paragraph 1 of Article 1 has been amended to include</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
<p>issuer to submit the plan reasonable?</p>	<p>plan should be more than 20 working days. Respondents have proposed different timelines for the issuer to submit a plan from 25 workings days, to at least 40 working days, to no time limits but based on an issuer-by-issuer analysis. One respondent believes 20 working days is sufficient.</p> <p>Some respondents have requested an additional consultation step in the process between the competent authority and the issuer. Those respondents believe there should be a specifically designated period between 7 to 14 days following the notification by the competent authority and the period to produce a plan by the issuer to provide the issuer the opportunity to be heard and discuss the timeframe to increase the own funds requirements before it's formalised.</p>	<p>all times, to have at least 3% of the average amount of the reserve assets referred to in Article 36. To comply with this legal requirement, it is essential that the issuer promptly prepares a plan and adjusts its own funds as soon as possible.</p> <p>The EBA acknowledges the need of issuers to interact with internal and external stakeholders when preparing a plan to adjust its own funds. Consequently, an adjustment to the time limit for the issuer to provide the plan is deemed reasonable, changing it from 20 to 25 working days. An additional increase would excessively lengthen the process and would ultimately delay the increase in own funds.</p> <p>The EBA acknowledges the suggestion to provide the issuer the opportunity to be heard and discuss with the competent authority the timeframe to increase the own funds before it's formalised. This is also in the spirit of recital (3) of this Regulation, basing the determination of the timeframe on a case-by-case assessment.</p> <p>For this reason, the EBA adjusted the procedure described in the first paragraph of Article 1 requiring the competent authority to have a formal dialogue with the issuer before the notification of the timeframe to adjust the own funds to meet the requirements in Article 45(5). The EBA believes the dialogue between the competent authority and the issuer should occur within the 25 working days the competent authority has to notify the issuer of the timeframe to adjust its own funds requirements after the notification referred to either in Article 43(6) or</p>	<p>the requirements of a dialogue with the issuer before competent authority notify issuer of timeframe to increase the own funds.</p> <p>Pragraph 2 of Article 1 has been changed to 25 working days (instead of 20 working days)</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
<p>Question 2. Are the timeframes for issuers to adjust to higher own funds requirements feasible?</p>	<p>All respondents consider that a 3-months timeframe to increase capital is not feasible.</p> <p>Some respondents argue that competent authorities should consider the potential impact on the token holders and/or the size of the issuer and possible adjustments to the reserve structure, governance, operational requirements and overall business models of the issuer when determining the timeframe to increase own funds. Most respondents recommend increasing the maximum timeframe to up at least 6 or 12 months.</p> <p>One respondent also argues that the timeframe should only start from the moment the plan has been submitted and not from the moment the issuer is classified as 'significant'.</p>	<p>Article 44(3) and doesn't believe it's necessary to incorporate a designated period of 7 or 14 working days as this would excessively lengthen the process and would ultimately delay the increase in own funds.</p> <p>The EBA acknowledges that in some cases there is the possible need for an issuer to adjust the reserve structure, governance, operational requirements, overall business models and/or the need to raise additional capital when an issuer is classified as 'significant', or where applicable, in accordance with Article 58(2) an issuer is required, at all times, to have at least 3% of the average amount of the reserve assets referred to in Article 36.</p> <p>For these reasons, the maximum amount of time that the competent authority may grant to the issuer has been adjusted to 6 months from the moment this issuer is classified as 'significant', or where applicable, in accordance with Article 58(2) an issuer is required, at all times, to have at least 3% of the average amount of the reserve assets referred to in Article 36. A longer timeframe would in EBA's view not encourage issuers to be prepared and be pro-active in planning the business needs in case the issuer is classified as 'significant', or where applicable, in accordance with Article 58(2) is required to hold more own funds.</p>	<p>Paragraph 2 of Article 2 has been amended to change timeframe to 6 months (instead of 3 months)</p>
<p>Question 3. During the period when own funds need to be increased by the issuer, should</p>	<p>All respondents argue that the issuer should not be subject to any mandatory restrictions during the implementation of the additional own funds'</p>	<p>The EBA acknowledges the risks that introducing business restrictions during the adjustment of own funds may pose issues to the stability of the issuer and</p>	<p>No changes.</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
<p>there be more restrictions on the issuer to ensure timely implementation of the additional own funds' requirements, for example banning the issuance of further tokens?</p>	<p>requirements. For example, banning the issuance of further tokens may impair token holder confidence and lead to an increase in run-risk, resulting in price volatility with unintended consequences or have other market effects on the tokens or other tokens in the market. It could also enhance the issuers operational and liquidity risk and impact other counterparties involved.</p> <p>Some respondents also argue that as long as the issuer follows the plan outlines and provides regular updates to the competent authorities there is no reason for a ban on new issuances to be enforced. Any restrictions must always be appropriate to the individual issuer, its risk profile and considered on a case-by-case basis.</p>	<p>the possible impairment of token holders' confidence.</p>	