Draft Regulatory Technical Standards to specify the minimum contents of the liquidity management policy and procedures under Article 45(7)(b) of Regulation (EU) 2023/1114

Question 1. Do respondents have any concerns of Article 1 for the identification, measurement and monitoring of liquidity risk of issuers? Do respondents think that the main aspects in the processes for issuers of tokens to properly manage liquidity risk are captured?

We have no concerns regarding the identification, measurement and monitoring of liquidity risk. The procedures are clear.

Question 2. Do respondents have any comment on the minimum content of the liquidity contingency policy proposed in Article 2? In particular, do respondents have any concern on the inclusion of the required indicator to measure deviations between the market value of the token and the market value of the assets referenced as an early warning signal to be calibrated by the issuer?

The minimum content of the liquidity contingency policy seems reasonable. In our opinion, there also should be the requirement to add warning signals These warning signals however should be set by the issuer based on the volatility of overcollateralization of reserve assets. In addition, there should be a reasonable minimum warning signal in place (taking into account that shortly after the first issuance when no investments are done yet high overcollateralization will not be feasible).

Question 3. Do respondents find any challenge in the application of the segregation of the liquidity management policy as envisaged in Article 3?

We would appreciate if you could give more clarification on the definition of "each asset-referenced token and e-money token they issued"? From our understanding it is referring to tokens with different characteristics. We, however, see the requirement of a detailed description of when token would be defined as different token (e.g. currencies, underlying).

In addition, in our opinion, it is reasonable to have separate policies for monitoring and measuring the risk individually for every different e-money token issuers issue. However, the phrase "Those separate policies shall detail differentiated risk limits, management tools…" is vague regarding the "management tools". It is reasonable to have different risk mitigation measures based on the type of e-money token. However, the term "management tools" shall not be understood as an IT system for risk management and/or monitoring. Issuers should not be forced to have different systems for every single token as this will create tremendous additional costs for the issuers as well as increases operational risks and complexity. The issuers should be allowed to use the same tool for risk management and/or monitoring as long as the risks can be monitored and management individually for every token.

However, the provisions should not apply to token which are involving multi-chain issuances. This means tokens, which are identical in of all their characteristics (e. g. currency, risk, whitepaper) apart of the blockchain to be issued and besides of the differences in the smart contracts in order to address the other blockchain. All token holders, independently of the underlying blockchain, will have the same rights. This means, the other blockchain shall only be a different way of distributions, but as stated, leaving everything else equal (e.g. the same euro denominated e-money token once issued on the Ethereum blockchain and once issued

on the Solana blockchain). In these cases, in our opinion, it should be possible to apply the same liquidity management policy and procedures to identify, measure, manage and report risk as well as contingency policies and mitigation and risk management tools. This furthermore should include the possibility of combined reserve assets. Otherwise, the advantages of a multi-chain issued token is even reversed to disadvantages created by the parallel setup of operational as well as legal and regulatory processes creating extremely high operational complexity and costs. In addition, this is to the best of our knowledge also the current market practice for unregulated asset-referenced token.

Question 4. Do respondents have any comment regarding the minimum content envisaged in Article 4 of these RTS about the liquidity stress testing under Article 45(4) of MiCAR to be included in the liquidity management policy?

Regarding letter (c) it is not clear to what historical data it is referred. Is it referring to historical data regarding the constitution of the reserve assets or is it historical data regarding creations and redemptions of the e-money token? If creations and redemptions are meant, the data is not available in the beginning of operations and only reliable after some years of operations. Therefore, if creations and redemptions are meant, this need to be taken into account.

Question 5. Do respondents find any provision unclear to apply?

Please see our answers to the previous questions.

Question 6. Do respondents have any comment on the impact assessment provided?

We do not have comments to the impact assessment.