



## **Have your say: Payment services – revision of EU rules (new Regulation)**

*Public Comment by the Digital Currencies Governance Group*

Digital Currencies Governance Group (DCGG) is a trade association that represents digital assets issuers and service providers in the European Union and the United Kingdom. Our mission is to facilitate an open dialogue and encourage communication between policymakers and digital asset experts to support the design of a sound and proportionate regulatory framework that ensures safety for all market participants. Our Members include Tether - currently the largest stablecoin issuer worldwide, Ledger - a leading technology service provider for self-custody, Bitfinex - a major centralised crypto-assets exchange, ZKValidator (ZKV) - a leading proof-of-stake validator, and Iden3 - a solutions provider for self-sovereign identity management.

DCGG and its members welcome the opportunity to highlight feedback on the European Commission's proposed Regulation on Payment Services in the Internal Market (PSR) that is aligned with the proposal for a revised Payment Services Directive (PSD3) which governs, inter alia, electronic money institutions (EMIs). As a trade association representing e-money token (EMT) issuers (as defined by the Markets in Crypto-Assets (MiCA) Regulation), we find the PSR proposal as especially timely and relevant for our members, given that MiCA is currently in its implementation phase.

The MiCA text stipulates that EMT issuers are required to receive authorisation as an EMI to be eligible to apply for a MiCA licence in a chosen member state and be allowed to provide services to European customers. Given the alignment of EMD and MiCA will now change and MiCA and the PSD3 and PSR will be equally relevant for the authorisation of EMT issuers in the EU, we strongly support clear and transparent alignment of the rules of these members to promote regulatory certainty and proportionality for these businesses.

According to Article 30 of the PSR proposal, electronic money redemption may be subject to a fee, provided certain conditions are met by the EMI. We fully support and welcome this principle and we believe it adequately promotes consumer information and protection without imposing excessive costs for EMIs due to a prohibition of charging fees for redemption. Importantly, e-money issuers would incur servicing costs when redeeming e-money and they should be able to charge a proportionate fee to cover the costs related to providing this service, as it is in traditional banking where this is a standard practice. It would therefore be contradictory to not allow issuers of e-money to impose such fees to their clients, and we support the Commissions' adherence to this principle through the PSR.

Nevertheless, we see a discrepancy in this provision, where the charging of fees is allowed for all EMIs through the PSR, but that is not the case for EMT/ART issuers (which should also be authorised as an EMI under PSD3/PSR) under MiCA. We are concerned that this is very discriminatory toward EMT issuers and does not abide by the principle of technological neutrality.



The MiCA Regulation provides limited argumentation<sup>1</sup> as to why EMT/ART issuers should be treated differently in terms of redemption conditions as opposed to other EMIs. The original Commission proposal on MiCA explicitly allowed for EMT issuers to charge redemption fees, as long as the conditions are prominently stated in the whitepaper of the token.

We see it as necessary to align both regimes (the Payment Services Regulation and the rules for e-money tokens under MiCA) and the rights stemming from them, including when it comes to redemption fees, and allow for redemption fees to be charged in a proportionate manner, related to the costs incurred by the service provided by EMT issuers.

Allowing for issuers of EMTs, just like other EMIs, to charge redemption fees not only allows for the development of a more vibrant EU crypto-asset and stablecoin industry, but also treats them fairly in relation to their traditional finance counterparts. We therefore urge the Commission to seek alignment of its proposed Regulation and its proportionate rules to what is currently outlined in MiCA, either through coordination with the European Supervisory Authorities' work on Level II measures, or through a revision of the Level I text.

*For any general enquiries or to request further feedback on our members' views on this proposal, please do reach out to [info@dcgg.eu](mailto:info@dcgg.eu)*

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<sup>1</sup> Recital 67: Holders of e-money tokens should be provided with a claim against the issuer of the e-money tokens. Holders of e-money tokens should always be granted a right of redemption at par value for funds denominated in the official currency that the e-money token is referencing. The provisions of Directive 2009/110/EC on the possibility of charging a fee in relation to redemption are not relevant in the context of e-money tokens.