

## MiFID Refit – Euronext Position on Digitalisation and New Technologies

### Guiding Principles

Euronext believes that clarifications to the current EU regulatory framework governing digitalisation and new technologies should be prioritised to accommodate new and emerging activities. In so doing, it will be essential to find a balance between encouraging the emergence of innovative offerings while maintaining and safeguarding investor protection.

Any legislative changes should be established on **key principles** upon which the EU can build a role in facilitating the development and implementation of financial technologies. The principles include the need for:

1. The application of the **same rules for the same activities undertaken** based on the principles of technology neutrality (for example, if a ‘security token’ qualifies as a financial instrument, then all applicable EU regulation should apply).
2. A risk-based approach in reviewing the existing regulatory framework, built on the principles of **proportionality and materiality**. Based on the technology used, this could allow for the creation of an EU Regulatory Sandbox, to facilitate the uptake of innovative practices with small groups of customers, while ensuring a level playing field across the EU.
3. A **balancing** of the local (country) risks alongside the benefits of cross-border markets (i.e. scalability, interoperability and passporting of services), notably for the use of ‘stablecoins’.

While national frameworks can also play a role, we believe it is preferable for requirements to be established at the EU level due to the cross-border nature of certain technologies (for example, the use of Distributed Ledger Technology).

### MiFID II Framework

**The existing MiFID II framework is based on the principle of technology neutrality** and does not require market participants to use any particular type of technology. The legislation, and its underlying principles, should be maintained to accommodate the emergence of new products and services that result from financial technologies. This is most notably the case in the realm of Distributed Ledger Technology (DLT), where **digital or crypto-assets should be treated in a “substance-over-form” approach**. Concretely, if they, for example, fulfil the criteria of a financial instrument in accordance with the current regulatory framework, they should be treated as such.

Accordingly, Euronext supports the Commission’s proposal to have an **EU definition of ‘digital assets’ and ‘crypto-assets’**, with a view to creating an **EU classification of ‘crypto-assets’**. This will also allow for the creation of an EU framework for markets in crypto-assets that is based on the current legislative framework, thereby safeguarding market integrity and investor protection.

It will also respect the technology neutral principle and establish a level playing field between financial market participants trading ‘crypto-assets’ that are considered as financial instruments (i.e. ‘crypto-securities’) and those trading ‘financial instruments’. More details can be found in the [Euronext Position on an EU framework for Crypto-Assets](#).