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| Reply form  on the second Consultation Paper for MiCA implementation |
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**Responding to this paper**

ESMA invites comments on all matters in this consultation paper and in particular on the specific questions. Comments are most helpful if they:

* respond to the question stated;
* indicate the specific question to which the comment relates;
* contain a clear rationale; and
* describe any alternatives ESMA should consider.

ESMA will consider all comments received by **14 December 2023.**

**Instructions**

In order to facilitate analysis of responses to the Consultation Paper, respondents are requested to follow the below steps when preparing and submitting their response:

1. Insert your responses to the questions in the Consultation Paper in the present response form.
2. Use this form and send your responses in Word format (**pdf documents will not be considered except for annexes**);
3. Please do not remove tags of the type <ESMA\_QUESTION \_MIC2\_1>. Your response to each question has to be framed by the two tags corresponding to the question.
4. If you do not wish to respond to a given question, please do not delete it but simply leave the text “TYPE YOUR TEXT HERE” between the tags.
5. When you have drafted your response, name your response form according to the following convention: ESMA\_MIC2\_nameofrespondent\_RESPONSEFORM. For example, for a respondent named ABCD, the response form would be entitled ESMA\_MIC2\_ABCD\_RESPONSEFORM.
6. Upload the form containing your responses, **in Word format**, to ESMA’s website (www.esma.europa.eu under the heading “Your input – Open Consultations” -> Consultation Paper on the clearing and derivative trading obligations in view of the benchmark transition”).

**Publication of responses**

All contributions received will be published following the close of the consultation, unless you request otherwise. Please clearly and prominently indicate in your submission any part you do not wish to be publically disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure. A confidential response may be requested from us in accordance with ESMA’s rules on access to documents. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by ESMA’s Board of Appeal and the European Ombudsman.

**Data protection**

Information on data protection can be found at [www.esma.europa.eu](http://www.esma.europa.eu) under the heading [Legal Notice](http://www.esma.europa.eu/legal-notice).

**Who should read this paper**

# All interested stakeholders are invited to respond to this consultation paper. In particular, ESMA invites crypto-assets issuers, crypto-asset service providers and financial entities dealing with crypto-assets as well as all stakeholders that have an interest in crypto-assets.

**General information about respondent**

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| --- | --- |
| Name of the company / organisation | Emerging Technologies Sustainability Taskforce |
| Activity | Other Financial service providers |
| Are you representing an association? |  |
| Country/Region | United Kingdom |

**Questions**

1. : Do you agree with ESMA’s assessment of the mandate for sustainability disclosures under MiCA?

<ESMA\_QUESTION\_MIC2\_1>

This consultation response has been written by the Emerging Technologies Sustainability Taskforce (ETST) – in particular: Kirsteen Harrison PIEMA MCIWM  (Zumo); Cathy Mulligan PhD; and Suzanne Morsfield PhD CPA (Lukka).  Other key contributors to this response are: Daniel Taylor, Research & Policy  Lead @ Zumo; Brian Whitehurst, Head of Regulatory Affairs and Regulatory Counsel @Lukka; and James McDonald, Senior Product Manager @ Lukka.

We seek to take a collaborative approach and  welcome the opportunity to be involved in any further discussions in relation to this RTS - please contact kirsteen@zumo.money.

We thank ESMA for the opportunity to respond to the ‘*RTS on content, methodologies and presentation of sustainability indicators on adverse impacts on the climate and the environment*’.   The ETST strongly supports the further development of sustainability disclosures and frameworks. We are supportive of ESMA’s intent to provide clarity to the market, and broadly support the proposed mandate for sustainability disclosures *in principle*.  However, there remain a number of unanswered questions - some of which are significant - that we would like clarity on before endorsing.

The  key areas that we seek clarity on are as follows.

1. **Proportionality** - The consultation document includes references to CSRD and SFDR (items 27 and 28) and states that ‘*proportionality is already embedded in these requirements from the outset’*.  We seek clarity as to how proportionality has been embedded.  For example, it  would be useful to make available the process for determining ‘proportionality’, noting that this RTF applies to all CASPs (with only a very limited exclusion for MiCA white paper reporting requirements ([MiCA Art. 27](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023R1114))). Consequently, the reporting threshold suggested by the current proposals does not compare with the CSRD’s high threshold for applicability (with phased in compliance by size of reporting entity, and direct exclusions for non-listed SMEs). On this basis,we consider that the lack of an equivalent threshold / de minimis for reporting (both at reporting company level and at the environmental significance level) leads to questions over the ‘proportionality’ of the disclosure requirements. We welcome clarification on how this is addressed. Further, having understood from this RTS that disclosure requirements will mirror the trigger points for white paper drafting, we would also appreciate confirmation that (a) the white paper exclusion criteria outlined in [MiCA (27)](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023R1114) apply also to these proposals (b) we could assume that the additional website listing requirement is subject to the same exemptions as the white paper requirement.
2. **Alignment with ESRS E1** - Further to the comment on ‘proportionality’ above, we invite clarity on the alignment of the mandate for sustainability disclosure under MiCA and that under CSRD (primarily ESRS E1).  The language between the two is notably inconsistent, and whilst we appreciate this may be due in part to the need for ‘proportionality’, it does appear that the selective reporting of ‘non-renewable energy’ only (ESRS E1 also includes a requirement to report ‘renewable energy’) and the use of the term ‘adverse impacts’ as opposed to ESRS E1’s language of ‘material positive and negative actual and potential impacts’ presents a negative skew to the reporting required in this RTS.  Moreover, the current reporting templates do not allow for the reporting of improvements (in energy efficiency, procurement of renewables etc) and therefore do not incentivise this.  Currently, we view this as an incomplete if not misleading implementation of the retail investor information mandate, and recommend that in line with CSRD, material positive and negative actual and potential impacts are included.  Further, the EU appears to be creating an imbalance in the application of legislation by pressing forward with this sustainability RTS under MiCA whilst postponing other sector-specific standards for CSRD purposes.
3. **Scope (financial institutions and non-qualifying digital assets)** - From [MiCA Art (9)](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023R1114), we understand that digital assets that would be defined as financial instruments are excluded from MiCA scope (and therefore these requirements). We seek clarification as to whether blockchain/DLT-issued tokenised securities, financial instruments and the wider scope of digital assets (e.g. CBDC) that are not treated as qualifying cryptoassets will be treated on an equivalent basis in terms of sustainability disclosures and language, and what measures have been considered to achieve this. As a forward-looking question, we also ask for clarification on the treatment of cryptoasset fund products as opposed to direct purchase of cryptoassets, where we observe there might be an unintended inequality between a retail investor investing directly in a qualifying cryptoasset, and investing in a financial instrument such as an exchange traded fund that gives exposure to the underlying qualifying cryptoasset. Intuitively, retail investors require the same disclosures in both instances, even if the fund product itself is not a qualifying cryptoasset.
4. **Data requirements** - Separate reporting of scope 1 and 2 may not be workable at network level for certain public blockchains that are sufficiently decentralised to preclude gathering individual actor level data. We recommend instead that a ‘Total network carbon footprint’ figure is more appropriate.  Not only does including Scope 1 and 2 reporting requirements lead to confusion (to the CASP these are of course Scope 3), it is hard to interpret what added value these metrics would bring to a retail investor audience (as opposed to ‘total carbon footprint’), in line with the stated purpose of the MiCA white paper concept ([Art 24](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023R1114)): “*In order to ensure their protection, prospective retail holders of crypto-assets should be informed of the characteristics, functions and risks of the crypto-assets that they intend to purchase.*”
5. **Audit** - We believe the omission of requirements / guidelines for audit from the RTS should be addressed.  We recommend that the RTS should provide a clear definition of audit expectations including what needs to be audited, by whom and to what standard.  For example, an audit that simply verifies data may be of little use in many cases - instead, the audit function needs to encompass methodology, assumptions, data accuracy, and in some instances may also include code. We recommend that clarity on audit requirements is provided.

Finally, a key point on **overall scope & structure:** Following discussions with other parties who are also responding to this consultation, we have reached the conclusion that Tables 1 and 2 provide indicators to be used in relation to the entire cryptoasset network by each CASP who issues / trades that cryptoasset.  Thus our understanding is that ALL CASPs would report the same metrics for each cryptoasset, irrespective of the CASP size or network share.  Our responses are based on this understanding.  However, we note that the terminology in Table 1 (use of ‘Scope 1’ and ‘Scope 2’) conflicts with this interpretation, given it would be applicable to miners / validators who directly use electricity in nodes - data which is almost unobtainable in public blockchain contexts. We have used best endeavours to respond appropriately but accept that we may not have fully interpreted all aspects of the consultation as ESMA has intended them.

The above points relate directly to the content of the consultation document, but we would like to provide additional thoughts at the onset about important questions that we believe are not addressed in the package, and for which we believe answers are important to address **in parallel** to the questions in the consultation.  These are:

* **Mapping** - Has a full mapping exercise of MiCA requirements against other relevant EU requirements (e.g. ESRS E1, SFDR) been conducted? If so, where are the differences, and why do they exist?  We explore the key differences in our response, but a mapping exercise to explain these differences would be helpful.
* **Industry-specific mandate** - Why has an industry-specific mandate been issued only for the crypto / digital asset sector at this time?  The EU appears to have postponed sector-specific standards for CSRD purposes, yet MiCA is essentially a sector-specific mandate.
* **Outcomes** - What are the expected outcomes of this sustainability RTS? How exactly does the mandate lead to positive change, rather than simply reporting adverse metrics?
* **Cost/benefit analysis** - A cost benefit analysis has not been clearly disclosed, and the reasons for not including this analysis would be useful. Global standard-setting often includes both a focus on and process for assessing the costs (as well as the benefits) of proposed and final standards. We invite clarity on this aspect of the proposed requirements.

We strongly encourage ESMA to consider these questions alongside those asked in the consultation.  The ETST would be happy to input into this process.

<ESMA\_QUESTION\_MIC2\_1>

1. : In your view, what features of the consensus mechanisms are relevant to assess their sustainability impacts, and what type of information can be obtained in relation to each DLT network node?

<ESMA\_QUESTION\_MIC2\_2>

Our comments here are split into two separate areas - technical comments (points 1-2) , and comments related to sustainability impacts (points 3-5)

1. **Categorisation by consensus mechanism** - as the successful mining of some cryptocurrencies such as Bitcoin requires specialist equipment, whereas others can simply be validated using a standard laptop, we strongly encourage differentiation by consensus mechanism and a proportionate approach.  For example, in Proof of Work (PoW) consensus mechanisms, detailed information on the hardware is required for accurate reporting.  In a fully decentralised system with free access, such as Bitcoin, geographical distribution (as granular as possible) is required to determine grid energy mix.  Other consensus mechanisms may have a capped number of validators which makes it much easier to pinpoint location. This raises the fundamental point: Table 1 would benefit from being adjusted so that it does not treat all consensus mechanisms the same. In some instances, the Table 1 metrics might not actually provide meaningful information for a given mechanism. It is also worth considering a ‘de minimis’ threshold point at which requirements apply, so that the wood isn’t lost for the trees in terms of trying to track blockchain environmental impact.
2. **DLT node definition** - We  seek clarity as to the scope of the definition of ‘DLT node’.  There may be a number of different types of nodes on public blockchain networks - light nodes, full nodes, archive nodes etc - added to which certain participants may additionally elect to act as validators or miners depending on the network in question. Not all network participants will operate the same kind of node, and some network participants (including private individuals) may operate only a single or small number of nodes for the purpose of monitoring and interacting with a given blockchain network (i.e. without participating as validators or miners).  Arguably, in many cases, operating a non-validating/non-mining ‘node’ will be indistinguishable from everyday IT equipment from an energy use perspective.  We encourage proportionate disclosures in relation to nodes, and clarification as to which are in scope, with the basic point that in public blockchains energy consumption is primarily a function of participation in the network as a miner or validator, given the increased hardware requirements and electricity consumption associated with this activity, and not simply the act of maintaining a network node.
3. **‘Adverse impacts’ focus of metrics** - We also suggest that by focusing solely on ‘adverse impacts’ (principally in relation to energy and climate) the sustainability disclosures will not give a complete picture.  For example (and as explored in depth in the WEF ‘Guidelines for Improving Blockchain's Environmental, Social and Economic Impact’(2022), led by Dr Cathy Mulligan, one of the authors of this consultation response), it is crucial to take a unified approach when assessing the impact – one that balances environmental, social and economic effects.  A reduction in energy usage may be accompanied by a corresponding decrease in security.  More readily available figures for energy use may be accompanied by a decreasing level of decentralisation.  Energy use does not tell the whole story, and focusing on this metric at the expense of others risks giving an incomplete picture at best and a flawed picture at worst.
4. **Transaction based metrics** - The discussion paper places a heavy emphasis on a per transaction model, which we consider particularly unsuited for PoW blockchains such as Bitcoin. As respected sources have pointed out in the past (CCAF, [p.83](https://www.jbs.cam.ac.uk/wp-content/uploads/2020/08/2019-09-ccaf-2nd-global-cryptoasset-benchmarking.pdf)), energy consumption is not causally linked with transaction volume: the bulk of miner incentivisation comes not from transaction fees but from block rewards. Whether a block is empty or full, the energy cost of producing it will be the same and, were transaction throughput hypothetically to increase by an accepted alteration to protocol rules, this would not fundamentally alter the energy required for the network to function. Further, what constitutes a ‘transaction’ may be difficult to determine, given that a single on-chain Bitcoin transaction may conceal hundreds of ‘bundled’ offchain transactions from an exchange or Layer 2 solution. This belies the crux of the point: Bitcoin’s energy consumption is not for transaction validation per se, but rather the ‘security budget’ that allows for consensus in a highly adversarial context. This is tied to miner proof of work, and not transaction processing.  Certainly for Bitcoin and proof of work, we therefore question a primarily transaction-based lens, which we consider has been sufficiently discredited by the collective industry to be detrimental to proper investor information. We refer back to our point in the introduction about the need for consensus mechanism specific consideration.
5. **Encouraging positive action** - Given the purpose of these disclosures, i.e. unbiased investor information, consideration should be given as to whether the information given is effective in providing the appropriate context to retail investors. At the moment, it seems lacking that no information is provided around renewable shares in blockchain electricity consumption, the initiatives that are being undertaken to advance this, and any year-to-year comparison that would be able to illustrate progress over time.  Put simply, the current proposals for Table 1 and Table 2 disclosures do not incentivise positive action to be taken by CASPs. Presenting only the negative externalities does a disservice to the evolution of a fledgling technology and lessens the chances of positive coordinated action. We strongly recommend that ESMA seeks the views of practitioners in the industry on the positive developments in this area - the ETST would welcome the opportunity to feed into this process.

<ESMA\_QUESTION\_MIC2\_2>

1. : Do you agree with ESMA’s approach to ensure coherence, complementarity, consistency and proportionality?

<ESMA\_QUESTION\_MIC2\_3>

The ETST agrees with the need to identify and mandate proportionate disclosures and metrics in a timely and effective way in light of the sector’s growth and potential significance, both to the climate and to the EU economy.  However, we do not agree with the approach set out in its current form.

* To elaborate further, points 25-28 of the discussion document at first sight appear to lay out the considerations clearly.  For example: ‘The definitions and concepts in the MiCA disclosure requirements are aligned, to the extent possible, with rules in respect of the CSRD and SFDR’.  However, no further information is given on the process of alignment, and why alignment was chosen against certain features of CSRD (e.g. reporting of non-renewable electricity) but not others (e.g. reporting of renewable electricity).
* We invite ESMA to share the process followed to ensure coherence and complementarity. Particularly, we note Art 66 of the MiCA mandate, which specifically calls out the consideration of use of renewable energy: *“When developing the draft regulatory technical standards referred to in the first subparagraph, ESMA shall consider the various types of consensus mechanisms used to validate crypto-asset transactions, their incentive structures and the use of energy,* ***renewable energy*** *and natural resources, the production of waste and greenhouse gas emissions.”* We consider the lack of reporting of renewable electricity in these proposals a failure of the MiCA mandate, and ask for this to be addressed in the consultation response.
* It is notable to the reader that the ESMA consultation focuses disproportionately on ‘adverse impacts’ and, while we support the mandatory disclosure of relevant sustainability indicators, we find the sole focus on ‘adverse’ to be problematic.  ESRS E1 has a broad and non-emotive scope -  ‘*how the undertaking affects climate change, in terms of* ***material positive and negative*** *actual and potential impacts*’.  It allows for risks and opportunities to be described qualitatively as well as quantitative information to be provided.  Crucially, the wording of CSRD allows disclosing companies the opportunity to state what choices they have made to reduce energy consumption (or procure renewables), whereas the ESMA proposal stipulates energy consumption as a standalone metric which cannot be contextualised.
* We wish to re-emphasise the point made about proportionality and thresholds in response to Q1.  The RTS makes it clear that the guidance applies to ALL consensus mechanisms, regardless of efficiency, size or electricity consumption.  Given that some consensus mechanisms use very little energy to function (c.f Proof of Stake etc) we encourage consideration of thresholds / exclusions for certain situations. By way of an example, the electricity consumption of the entire Ethereum network reduced by more than 99% after the Merge, and is now estimated to consume approx 6-7 GWh of electricity annually.  According to the Cambridge Centre for Alternative Finance, this is comparable to the annual energy usage of the Eiffel tower or British Museum. We are therefore concerned that (a) cryptoassets will receive a disproportionate treatment as against other activities in the general ICT realm (b) reporting overreach will obscure the areas of genuine concern where progress must be made with an overwhelm of non-consequential disclosures. We recommend a consideration of a qualification threshold based on network electricity consumption.
* It appears from point 28 that proportionality has been considered as only a sub-set of information required from CSRD has been included in MiCA.  However we believe that doing this may have two unintended outcomes: (1) the indicators are skewed to the negative, presenting a challenge to investors who wish to use disclosures to assess which CASPs / cryptoassets are taking positive action (as discussed above) (2) The threshold for reporting companies to CSRD is high (based on turnover / assets / staff numbers) whereas there is no proportional/equivalent threshold for MiCA.  This will have a disproportionate effect on smaller companies which may not have large compliance or sustainability teams.  As set out in our response to Q1, we recommend that mapping against CSRD and SFDR is made available.
* Again, as highlighted in Q1, we invite ESMA to elaborate on the outcomes desired from MICA reporting. We would invite a similar approach as that found in ESRS 1, for example, where the objectives of the standard are clearly laid out, and where both positive, as well as negative information is required, along with trends and improvements over time.

<ESMA\_QUESTION\_MIC2\_3>

1. : Do you agree with ESMA’s approach to mitigating challenges related to data availability and reliability? Do you support the use of estimates in case of limited data availability, for example when data is not available for the entirety of a calendar year?

<ESMA\_QUESTION\_MIC2\_4>

The approach proposed in section 3.3.2 sounds broadly sensible but it raises a number of questions.  If we are correct in our understanding that all CASPs will need to report data in respect of the entire network for each cryptoasset they hold / trade, then this implies there will need to be consistency of data across CASPs.  If CASP A reports on the same cryptoasset as CASP B, but each uses a different data source and set of assumptions they could quite legitimately report very different results.  This will not support investor disclosures, and may in fact have the opposite effect of creating market uncertainty.

* It is therefore very important that there is consistency in data - and that there is some mechanism in place to achieve this, such as a facility to draw on approved, audited material from trusted providers, or an industry agreed standard.  The mandate may correctly encourage new tools and data sources to arise that will assist preparers and users of the required information by encouraging additional attention to the data requirements and data quality themselves. Models and assumptions underlying the data utilised by reporting entities will be key for the users of the reported metrics to make sense of them and appropriately use them in valuation and other contexts. As with financial reporting, analysts need a deep and broad understanding of whether a given number is an estimate or an  observed value, and ultimately how each of the metrics can be assessed for quality. The point made on audit in Q1 is pertinent here
* We strongly suggest that focus is placed on proportionality when looking at the resources needed to gather, analyse and report on data.   For ARTs, EMTs & cryptoassets other than those with low electricity consumption / low carbon footprint it is reasonable to assume that estimates could be used.  For those that are known to have the highest electricity consumption (e.g. BTC), quality of data becomes more important.
* Because a degree of clarity is still required around what data will be reported in practice, and where estimates are allowed, our response here is limited.  However, we encourage consideration of the difference between a respected industry standard estimate (e.g CCAF) and an internal estimate which has the potential to be deliberately played down by an unscrupulous CASP.
* Estimates are a common feature of corporate reporting more broadly. Reporting entities and the users of the information are used to dealing with them for financial reporting. There are recognised areas that are clearly understood to be estimates (that may rely on management judgement). Sustainability estimates may be a necessary component of the current requirements, but then much should be learned and embraced from how financial reporting estimates are prepared, audited, and ultimately used. The clarity required in the notes to the financial statements for ‘Level 3 Fair Value’ is an excellent example of how regulators could seek to ensure that enough information is made available about any estimate’s  key inputs, assumptions and judgements to be truly decision useful.
* We agree with ESMA’s proposal that the use of 3rd parties to validate disclosure data is indicated.  However this in itself raises certain questions - what standards will auditors be auditing against, and what level of competence in MiCA / CASPs / cryptoassets / consensus mechanisms will they be expected to have? Disclosure as to qualifications of auditors, and level of assurance (reasonable or limited) should be included rather than simply a blanket statement about 3rd party assurance.  As a contextual point, third party audit at the CASP level (as indicated in Table 1) is likely to be useful only where a CASP is using data to complete its own calculations as opposed to drawing on data for a well known cryptoasset from  a primary industry source.  More pertinent is audit of the data, methodology and assumptions that is provided to CASPs in order to fulfil their white paper requirements.
* In relation to point 42 ‘notably when the same cryptoasset is admitted to different trading platforms’ - this implies the need for further guidance around reporting.  This can quickly become quite complex. Relevant considerations include: 1/ Clear guidance on what constitutes a qualifying cryptoasset 2/ Clear disclosure treatment for crypto ‘tokens’ which rely on an underlying blockchain for transaction processing and constitute a large majority of the current landscape of cryptoassets. 3/ Clear disclosure treatment for when a token (e.g. USDC) is made available on multiple different blockchains 4/ Clear disclosure treatment for [‘Layer 0’ blockchains](https://wiki.polkadot.network/docs/polkadot-v1) that allow for shared security to be inherited on application-specific ecosystem blockchains 5/ Clear disclosure treatment for ‘Layer 2’ blockchains that rely on a ‘Layer 1’ blockchain for functions of data availability and settlement. This kind of modularity or ‘borrowing’ of certain functionality from one blockchain for another blockchain to function clouds the definition of scope reporting - what is scope 1, 2 and 3 to whom? We suggest a lot of headaches could be avoided by simply defining a ‘de minimis’ environmental threshold for reporting, considering that in many of these instances, component activity (e..g Layer 2 transaction execution) will be trivial in terms of energy usage, and the burden of environmental impact likely falls on the infrastructure components that are providing settlement/security assurance.
* Finally, and as highlighted as a key issue in response to Q1 - what is the role of audit in the data and metric reporting requirements? This is one of the key areas that does not appear to be fully addressed in the consultation. Regulators, reporting entities, users, auditors, and long-term sustainability metric experts  likely should be brought together for extensive discussions and decisions about how exactly the required information can be effectively audited (especially given the presence of extensive estimates of metrics that have not been in use or audited over an extensive period of time). Clearly, there have been efforts to discuss and address this, however we invite deeper and more substantive discussions that publicly lay out the areas in which effective audits (and therefore, reliable reported information) may be required.

<ESMA\_QUESTION\_MIC2\_4>

1. : What are your views on the feasibility and costs of accessing data required to compute the sustainability metrics included in the draft RTS?

<ESMA\_QUESTION\_MIC2\_5>

On the matter of cost, we see two key types of costs to consider:

1. Costs of the reporting entity (CASP) to retrieve/ purchase data from a reliable source/tool
2. Costs of the data provider who wishes to gather and provide the data to the reporting entities

We envisage a market arising for data stipulated in Tables 1 and 2 and a number of market players providing this data. Clarity should be established beforehand as to the basis on which this is provided. For instance, will different methodologies / assumptions be accepted, with potentially different figures provided by different data providers?  Or will there be one ‘source of truth’ which all CASPs use to report?  Will all CASPs be expected to pay a market rate for this data, or will it be made available free of charge?  If CASPs are indeed required to pay, will consideration be given to smaller CASPs, noting that the threshold for reporting is significantly smaller than for CSRD?

Aside from the considerations of data provision and cost, we have significant additional concerns as to the feasibility of the  specific metrics described in Table 1 and 2. These can be summarised as follows:

**Table 1**

* We caution against the inclusion of reporting requirements for energy use / GHG intensity to validate one transaction, at least in the instance of PoW blockchains, for the reasons given previously - this leads to apples and oranges comparisons.
* The wording of ‘Scope 1’ and ‘Scope 2’ in this table is highly confusing.  If this data is being reported by CASPs, they should not be reporting other entities’ Scope 1 and 2 emissions - these should only be reported by the reporting entity.
* We consider it very difficult to differentiate between Scope 1 and 2 emissions for the purposes of aggregating carbon emissions for an entire network.  Instead, total carbon emissions would be a much more appropriate measure and we recommend that this measure is used instead.  We also note that the inclusion of ‘Scope 2 - purchased’ without specifying whether this is market-based, or location-based, or both, is not in line with GHG Protocol disclosures.
* As stated previously, the inclusion of non-renewable energy consumption but not renewable energy consumption offers a one-sided presentation, means there is little incentive in terms of disclosures to transition to renewables, and is not aligned in format with ESRS E1, which requires both.
* Table 1 and Table 2 do not allow for voluntary procurement of market instruments such as offsets or RECs as an additional disclosure.  There is therefore currently no mechanism for assessing whether an individual CASP is taking progressive measures or not - or indeed any information to distinguish one CASP from any other.  Similarly there is no space for qualitative disclosures around risk etc as per ESRS E1.
* Table 1  includes a requirement to disclose methodology, which we support. We strongly recommend that this is expanded to include a disclosure on assumptions and accuracy of data.

**Table 2**

* Energy mix - encouraging additional disclosures that relate only to non-renewable energy mix does not incentivise the disclosure of this data.  By highlighting only the ‘bad’ (non-renewable) and providing no facility to report the ‘good’ (renewable) there is little incentive for any CASP to report this.
* Energy use reduction targets - we suggest this should be expanded to include renewables targets.  We also seek clarification as to whether this is an energy use reduction target for the entire cryptoasset network, or for the individual CASP. If the target is for the entire cryptoasset network, the addition of an option for CASPs to include disclosure of their own targets would also be beneficial.
* Scope 3 GHG emissions - according to the definition, this relates solely to those that occur in the value chain of network nodes. We note that significant work has been undertaken within the sector recently to establish how Scope 3 emissions in relation to electricity consumption of CASPs can reasonably be measured, apportioned, reported and managed.  The CCRI / Southpole methodology provides a mechanism for doing this.  For clarity, our reading of the current document is that such metrics would not be required.  We think this is a missed opportunity, as long as such reporting requirements are proportionate and reasonable, and we recommend that Scope 3 GHG emissions / electricity consumption apportioned to CASPs should be included.

<ESMA\_QUESTION\_MIC2\_5>

1. : Do you agree with ESMA’s description on the practical approach to assessing the sustainability impacts of consensus mechanisms? If not, what alternative approach would you consider suitable to assess these impacts?

<ESMA\_QUESTION\_MIC2\_6>

Whilst we broadly agree with the requirement for a high level of sustainability disclosure, and support the introduction of a proportionate sustainability disclosure framework within MiCA, we have some unanswered questions about the approach proposed.

* To recap, we wish to draw attention to point 46 ‘the certainty provided in the draft RTS should enhance the availability of sustainability data in relation to crypto-assets ahead of the application of MiCA requirements by end 2024’.  We agree that certainty is required, and we welcome the intent shown by this draft RTS.  However we are concerned that, due to the number of significant questions the draft RTS raises (see response to Q1 for summary) the draft RTS may actually create further *uncertainty* in the market.  As flagged throughout this response, this includes some fundamental questions. Does Table 1 consist of data which is common to all CASPs that transact a particular cryptoasset? Will data that is tailored to the individual CASP and their apportionment in relation to the entire network be included (our recommended approach)?  How will CASPs (or entire cryptoasset networks) be incentivized to take positive action - in terms of the cryptoassets they support, or targets they set, or renewable energy they procure - if all the indicators focus on ‘adverse’ impacts?  How will alignment with ESRS E1 be assured if only adverse impacts are considered under MiCA but potential positive and negative impacts are considered under ESRS E1?  We strongly encourage that further information is provided in these areas *in advance of the final RTS being published* - only then will market certainty be provided.
* With key questions currently unanswered, it is currently difficult to provide suggestions as to alternatives - although we remain very open to doing so and invite ESMA to contact us directly for further discussion, if appropriate.  Some key areas to address are (1) will the disclosure requirements incentivise positive change in the crypto ecosystem (2) will the focus on ‘per transaction’ footprint give a useful comparative tool?  (3) can the proposals be claimed to ‘ensure complementarity and consistency, and avoid increasing the burden on companies’ ([MiCA Art 7](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023R1114)) (4) do they succeed in providing retail investors with a presentation that is ‘fair, clear and not misleading’ ([MiCA Art 24](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023R1114)). Our initial review of the draft would suggest that the answer to all these questions may currently be no.

<ESMA\_QUESTION\_MIC2\_6>

1. : Do you agree with the definitions proposed in the draft RTS, in particular on incentive structure and on DLT GHG emissions? If not, what alternative wording would you consider appropriate?

<ESMA\_QUESTION\_MIC2\_7>

We have comments on the definition of ‘incentive structure’ and ‘scope 3’, as set out below.

**Incentive structure:** the wording from the draft RTS is as follows:

(a) ‘incentive structure’ means the set of incentives and penalties that a consensus mechanism uses to economically incentivise distributed ledger technology (DLT) network nodes to co-operate in applying the rules and procedures of the consensus mechanism **for the purposes of validating transactions**

We have highlighted the wording that we propose an alternative to.  We suggest that this wording is changed to:

‘…rules and procedures of the consensus mechanism **to achieve common agreement**’

We propose this change in line with our earlier comments in relation to transactions not being the primary driver for network participation in certain circumstances e.g. PoW.

**Scope 3:** the wording in the draft RTS is as follows:

(e) ‘scope 3 DLT GHG emissions’ means all indirect GHG emissions that are not covered by points (3) and (4) that occur **in the value chain of the DLT network nodes**applying the rules and procedures of the consensus mechanism, including both upstream and downstream emissions;

This definition suggests that Scope 3 applies only to the upstream and downstream carbon footprint of the network nodes (manufacture, end of life treatment).  This definition of Scope 3 appears to be narrow and omits two important aspects:

1. Scope 3 carbon footprint of CASPs (apportioned electricity consumption of the cryptoasset network that each CASP is responsible for)
2. Nuances involving assets at application level.  Assets tied to specific networks such as BTC and ETH are relatively straightforward to model electricity consumption.  However other cryptoassets exist that leverage the security of a layer 1 level but sit on a separate network.  Furthermore some protocols are cross-deployed on a number of blockchains.

We believe that there is a missed opportunity here.  Previous comments about proportionality notwithstanding, the RTS currently appears to mandate that all CASPs that trade in a particular cryptoasset report the same metrics for that cryptoasset at network level, irrespective of the size of the CASP or the size of their holdings in that cryptoasset.  We recommend that there be a requirement (optional?) for CASPs to report the electricity consumption network share.  (The current CCRI / Southpole methodology provides a mechanism for this).

This would further serve to incentivise action from CASPs to reduce their own carbon footprint / network share of electricity consumption and take positive action.

<ESMA\_QUESTION\_MIC2\_7>

1. : In your view, are the proposed mandatory sustainability indicators conducive to investor awareness? If not, what additional or alternative indicators would you consider relevant?

<ESMA\_QUESTION\_MIC2\_8>

Importantly, current metrics as required in Table 1 and Table 2 do not allow trends or improvements to be seen - they only allow for absolute values on an annual basis, with no scope for comparing trends over time.  As previously stated, the focus on ‘adverse impacts’ does not allow for reporting on renewable energy use and the use of market-based accounting under the GHG Protocol.  This does not appear to meet the needs of investors, who will want to assess what action a company is taking and may also wish to compare if one blockchain / cryptoasset or CASP is  more / less progressive than another.

Overall, a one-size-fits-all approach in terms of metrics may not be appropriate.  Instead, disclosures should be considered separately for each consensus mechanism.  Taking WEEE waste as an example - in the case of certain proof of work cryptocurrencies (e.g. Bitcoin) specialist hardware such as ASICs will be used and as they are used solely for mining, any waste hardware can be attributed directly to the mining of cryptocurrency.  Other Proof of Work cryptocurrencies, such as Monero or Ravencoin, achieve Proof of Work consensus utilising GPUs and CPUs, which can be run from specialised equipment or standard IT equipment.  For other consensus mechanisms there may not be such a direct link between the process of mining / validation and the creation of WEEE.  This may be because (1) some consensus mechanisms do not have specialist hardware requirements and therefore standard IT equipment is used, and conducts tasks other than validation (2) standard WEEE waste for validation is produced alongside other standard IT waste e.g. in an office environment.  Finally (3) even if in the above scenarios WEEE waste for validation can be separated from others, in many cases it may not be significant in size and such requirements may not be proportionate.  In such cases internal record keeping will be required to keep records of validation WEEE as opposed to any other type of WEEE - this raises questions of audit, and proportionality.

In our view, indicators (optional or otherwise) must be included to differentiate and incentivise CASPs that are taking positive action.  This may include, but is not limited to: engaging in industry guidance, quantifying their share / their customers’ share of network electricity consumption / GHG emissions, use of market instruments to compensate for this.

<ESMA\_QUESTION\_MIC2\_8>

1. : Do you consider the proposed optional sustainability indicators fit for purpose? If not, what additional indicators would you consider relevant? Would you agree to making these optional sustainability indicators mandatory in the medium run?

<ESMA\_QUESTION\_MIC2\_9>

In summary, while we support proportional sustainability disclosures, we do not consider the proposed optional sustainability indicators fit for purpose for the reasons already stated.

For the avoidance of doubt, these reasons are:

* Omission of ‘renewable energy’ whilst ‘non-renewable energy’ is included.
* Lack of incentive for CASPs to take progressive action due to the fact that positive indicators are not included and the indicators are not currently contextualised.
* Lack of regard for the size of a CASP / their network share and subsequent lack of ability of investors to make meaningful comparisons to aid investment decisions.

We therefore recommend that the following are included:

* An indicator for ‘Renewable energy’
* Electricity consumption / GHG emissions apportioned to each reporting CASP (i.e. for their use of the cryptoasset network, or other appropriate apportionment - (see CCRI / Southpole methodology)
* Indicators that may show progress (positive or negative) over time, which would serve investors (e.g positive actions taken by CASP and / or cryptoasset network, targets for energy / GHG emissions reduction etc)

<ESMA\_QUESTION\_MIC2\_9>

1. : Do you consider the principles for the presentation of the information, and the template for sustainability disclosures fit for purpose? If not, what improvements would you suggest?

<ESMA\_QUESTION\_MIC2\_10>

To repeat key points already made in our response - the information gathered in the templates is biased towards the negative (with the ultimate focus being on ‘adverse impacts’).  Given that sustainability disclosures should incentivise positive action, we believe this is a clear omission.

We recommend that space is included in the disclosure framework in order for CASPs to provide suitable context and qualitative information.  As an example, BSV uses a fraction of the energy of BTC ... but it has been 51% attacked multiple times. The fact it has less of an energy budget protecting it makes it more vulnerable to compromise. We suggest there must be room to communicate these sorts of trade-offs and embed them within disclosures for full investor information.

<ESMA\_QUESTION\_MIC2\_10>

1. : In your view, are the calculation guidance for energy use and GHG emissions included in the draft European Sustainability Reporting Standards relevant for methodologies in relation to the sustainability indicators under MiCA? If not, what alternative methodologies would you consider relevant? For the other indicators for which the calculation guidance of the ESRS was not available, do you consider that there are alternative methodologies that could be used? If so, which ones?

<ESMA\_QUESTION\_MIC2\_11>

Methodologies and standards must be developed for the reporting required under this RTS.  As highlighted in Q1, we also recommend that clear guidelines for audit are also provided.

That being said, there are various methodologies currently in use to measure and apportion electricity consumption / GHG emissions in relation to cryptoassets. Some of these are specific to a given cryptoasset, and others can be applied more widely.

The methodology which has gained most traction and appears to be most aligned to the GHG Protocol and ESRS E1 is the CCRI / Southpole methodology.  However, we understand that this may not be applicable in all cases and encourage further work in this area.

<ESMA\_QUESTION\_MIC2\_11>

1. : Would you consider it useful that ESMA provides further clarity and guidance on methodologies and on recommended data sources? If yes, what are your suggestions in this regard?

<ESMA\_QUESTION\_MIC2\_12>

Yes, we absolutely encourage this. This is an area where clear guidance, standards and frameworks are required.  Whilst significant work has been undertaken by the sector in recent years, notably through forums such as the Crypto Climate Accord, World Economic Forum and Global Digital Finance, it should be stressed that guidance developed within the sector does not necessarily map to, or have approval from, other standards setters and frameworks such as SBTi.

We strongly encourage ESMA to utilise the knowledge of the sector, including sustainability specialists, to determine how such data can be assembled, used and audited.  We at ETST invite ESMA to engage with us if we can support this process. For ease of reference please contact **kirsteen@zumo.money** directly for further information.

The ETST appreciates the opportunity to respond to this consultation,and we are committed to continuing to support ESMA in developing MiCA sustainability requirements that are proportionate, serve investors and drive positive change in the sector.

\*\*NOTE the ETST has not responded to any further questions, our response relates solely to the sustainability RTS\*\*

<ESMA\_QUESTION\_MIC2\_12>

1. : Is the definition for permissionless DLT in Article 1 sufficiently precise?

<ESMA\_QUESTION\_MIC2\_13>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_13>

1. : Throughout the RTS, we refer to ‘critical or important functions’. The term is borrowed from DORA and does not just capture ICT-specific systems. Does this approach make sense?

<ESMA\_QUESTION\_MIC2\_14>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_14>

1. : Do you consider subparagraph (e) in Article 4(2) on external communications with clients in the event of a disruption involving a permissionless DLT appropriate for the mandate (i.e., does it constitute a measure that would ensure continuity of services)?

<ESMA\_QUESTION\_MIC2\_15>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_15>

1. : Should this RTS also specify that CASPs should establish a business continuity management function (to oversee the obligations in the RTS)? In your view, does this fall within the mandate of ‘measures’ ensuring continuity and regularity?

<ESMA\_QUESTION\_MIC2\_16>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_16>

1. : Are there other organisational measures to be considered for specific CASP services?

<ESMA\_QUESTION\_MIC2\_17>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_17>

1. : Do you consider the obligation for CASPs to conduct testing of the business continuity plans in Article 4(4) via an internal audit function appropriate for the mandate?

<ESMA\_QUESTION\_MIC2\_18>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_18>

1. : In Art. 68(8), CASPs are required to take into account the scale, nature, and range of crypto asset services in their internal risk assessments. Is there support for this general principle on proportionality in Article 6? Do you support the proposed self-assessment under Article 6(2) and in the Annex of the draft RTS?

<ESMA\_QUESTION\_MIC2\_19>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_19>

1. : Do you agree with the description provided for the different types of CEX and DEX listed?

<ESMA\_QUESTION\_MIC2\_20>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_20>

1. : For trading platforms: Please provide an explanation of (i) the trading systems you offer to your users, (ii) which type of orders can be entered within each of these trading systems and (iii) whether you consider these trading systems to be a CEX or a DEX (please explain why)?

<ESMA\_QUESTION\_MIC2\_21>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_21>

1. : Do you consider the trading systems described, and the transparency obligations attached to each trading system, in Table 1 of Annex I of the draft RTS appropriate for the trading of crypto-assets? Do you offer a trading system that cannot meet the transparency requirements under the provisions in this Table? Please provide reasons for your answers.

<ESMA\_QUESTION\_MIC2\_22>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_22>

1. : Regarding more specifically AMMs, do you agree with the definition included in Table 1 of Annex I of the draft RTS? What specific information other than the mathematical equation used to determine the price and the quantity of the asset in the liquidity pools would be appropriate to be published to allow a market participant to define the price of the assets offered in the liquidity pool?

<ESMA\_QUESTION\_MIC2\_23>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_23>

1. : Do you agree with ESMA’s proposals on the description of the pre-trade information to be disclosed (content of pre-trade information) under Table 2 of Annex I of the draft RTS? If not, please explain why. If yes, please clarify whether any elements should be amended, added and/or removed.

<ESMA\_QUESTION\_MIC2\_24>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_24>

1. : Do you agree with ESMA’s proposals to require a specific format to further standardise the pre-trade information to be disclosed (format of pre-trade information)? If not, please explain why and how the pre-trade information can be harmonised. If yes, please clarify whether any elements should be amended.

<ESMA\_QUESTION\_MIC2\_25>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_25>

1. : Do you agree with the proposed approach to reserve and stop orders?

<ESMA\_QUESTION\_MIC2\_26>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_26>

1. : Do you agree with the proposed list of post-trade information that trading platforms in crypto assets should make public in accordance with Tables 1, 2 and 3 of Annex II of the draft RTS? Please provide reasons for your answers.

<ESMA\_QUESTION\_MIC2\_27>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_27>

1. : Is the information requested in Table 2 of Annex II of the draft RTS sufficient to identify the traded contract and to compare the reports to the same / similar contracts.

<ESMA\_QUESTION\_MIC2\_28>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_28>

1. : Is there any other information, specific to crypto-assets, that should be included in the tables of Annex II of the draft RTS? Please provide reasons for your answers.

<ESMA\_QUESTION\_MIC2\_29>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_29>

1. : Do you expect any challenges for trading platforms in crypto assets to obtain the data fields required for publication to comply with pre- and post-trade transparency requirements under Annex I and Annex II of the draft RTS?

<ESMA\_QUESTION\_MIC2\_30>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_30>

1. : What do you consider to be the maximum possible delay falling under the definition of “as close to real-time as is technically possible” to publish post-trade information in crypto-assets? Please provide reasons for your answer.

<ESMA\_QUESTION\_MIC2\_31>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_31>

1. : Do you agree with ESMA’s approach on the requirements to be included in the draft RTS in relation to a trading platform’s operating conditions? Please provide reasons for your answer.

<ESMA\_QUESTION\_MIC2\_32>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_32>

1. : Do you consider that ESMA should include in the RTS more specific disclosure rules regarding a trading platform’s operating conditions, in particular in relation to co-location and access arrangements?

<ESMA\_QUESTION\_MIC2\_33>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_33>

1. : From your experience, are all crypto-assets trading platforms making their data available free of charge? If not, what specific barriers have you encountered to access the data (e.g., price, level of disaggregation).

<ESMA\_QUESTION\_MIC2\_34>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_34>

1. : Do you agree with the level of disaggregation proposed in the draft RTS? Please provide reasons for your answer.

<ESMA\_QUESTION\_MIC2\_35>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_35>

1. : In the context of large number of CASPs and possible different models of data access, what kind of measures (common messages, common APIs, others) would you consider feasible to ensure effective and efficient access to data?

<ESMA\_QUESTION\_MIC2\_36>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_36>

1. : Do you agree with using the DTI for uniquely identifying the crypto-assets for which the order is placed, or the transaction is executed? Do you agree with using DTI for reporting the quantity and price of transactions denominated in crypto-assets?

<ESMA\_QUESTION\_MIC2\_37>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_37>

1. : Are there relevant technical attributes describing the characteristics of the crypto-asset or of the DLT on which this is traded, other than those retrievable from the DTIF register? Please detail which ones.

<ESMA\_QUESTION\_MIC2\_38>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_38>

1. : Do you agree with using the transaction hash to uniquely identify transactions that are fully or partially executed on-chain in orders and transactions records? Please clarify in your response if this would be applicable for all types of DLT, and also be relevant in cases where hybrid systems are used.

<ESMA\_QUESTION\_MIC2\_39>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_39>

1. : Do you agree that a separate field for the recording of “gas fees” should be included for the purpose of identifying the sequencing of orders and events affecting the order?

<ESMA\_QUESTION\_MIC2\_40>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_40>

1. : Do you agree with the inclusion of the above data elements, specific for on-chain transactions, in both RTS?

<ESMA\_QUESTION\_MIC2\_41>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_41>

1. : Are some of the proposed data elements technology-specific, and not relevant or applicable to other DLTs?

<ESMA\_QUESTION\_MIC2\_42>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_42>

1. : Do you consider it necessary to add a different timing for the provision of identification codes for orders in the case of CASPs operating a platform which uses only on-chain trading?

<ESMA\_QUESTION\_MIC2\_43>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_43>

1. : Please suggest additional data elements that may be included to properly account for on-chain trading.

<ESMA\_QUESTION\_MIC2\_44>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_44>

1. : Do you find the meaning of the defined terms clear enough? Should the scope be adjusted to encompass or exclude some market practices? Provide concrete examples.

<ESMA\_QUESTION\_MIC2\_45>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_45>

1. : Are there other aspects that should be defined, for the purposes of this RTS?

<ESMA\_QUESTION\_MIC2\_46>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_46>

1. : Do you anticipate practical issues in the implementation of the proposed approach to reception and transmission of orders?

<ESMA\_QUESTION\_MIC2\_47>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_47>

1. : What transaction information can be retrieved in cases where a CASP execute the order on a third country platform/entity?

<ESMA\_QUESTION\_MIC2\_48>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_48>

1. : Do you anticipate problems in retrieving information about the buyer/seller to the transaction?

<ESMA\_QUESTION\_MIC2\_49>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_49>

1. : Do you anticipate practical issues in the implementation of the methods for client identification that are used under MiFIR?

<ESMA\_QUESTION\_MIC2\_50>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_50>

1. : Do you anticipate practical issues in the implementation of the short selling flag?

<ESMA\_QUESTION\_MIC2\_51>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_51>

1. : Do you consider that some of the proposed data elements are not applicable/relevant to trading in crypto-assets?

<ESMA\_QUESTION\_MIC2\_52>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_52>

1. : Do you consider that additional data elements for CAPS operating a trading platform are needed to allow NCAs to properly discharge their supervisory duties?

<ESMA\_QUESTION\_MIC2\_53>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_53>

1. : Do you believe that a specific definition of routed orders should be provided as it applies to orders that are routed by the trading platform for crypto-assets to other venues? Should this definition include CASPs operating a platform which uses only on-chain trading?

<ESMA\_QUESTION\_MIC2\_54>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_54>

1. : Do you believe that fill-or kill strategies as referenced in MiFID II apply to trading in platforms for crypto-assets? Do they apply to partially filled orders?

<ESMA\_QUESTION\_MIC2\_55>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_55>

1. : Do you agree with using messages based on the ISO 20022 methodology for sharing information with competent authorities?

<ESMA\_QUESTION\_MIC2\_56>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_56>

1. : Do you agree with the criteria proposed for identifying a relevant machine-readable format for the MiCA white paper and consequently with the proposal to mandate iXBRL as the machine-readable format for MiCA white papers, subject to the outcome of the study referred to in paragraph 239?

<ESMA\_QUESTION\_MIC2\_57>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_57>

1. : If yes, do you agree that the white paper should be required to be a stand-alone document with a closed taxonomy (i.e., without extensions nor complex filing rules)?

<ESMA\_QUESTION\_MIC2\_58>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_58>

1. : If not, please elaborate your answer and propose alternative solutions that would best meet the criteria identified in section 7.3.

<ESMA\_QUESTION\_MIC2\_59>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_59>

1. : Are you currently preparing white paper documents in a different machine-readable format? If yes, which one?

<ESMA\_QUESTION\_MIC2\_60>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_60>

1. : How different is the white paper mandated by MiCA and further specified in this Consultation Paper from any white paper which you have drawn up or analysed prior to MiCA? Do you think that any additional information that used to be included in white papers prior to MiCA but that is no longer allowed under the relevant provisions of MiCA for the white paper will continue to be made available to investors as marketing communication?

<ESMA\_QUESTION\_MIC2\_61>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_61>

1. : Do you agree with ESMA’s estimate of the cost of preparing a white paper in iXBRL format? If not, where would you put the estimate of a preparing a white paper in iXBRL format (not considering costs of information sourcing which should be considered as base scenario)?

<ESMA\_QUESTION\_MIC2\_62>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_62>

1. : Do you agree with the proposed template for presenting the information as indicated in the Annex to this CP? We welcome your comments on the proposed fields and values/descriptions to be included in the fields - please provide specific references to the fields which you are commenting in your response and pay specific attention to the areas where additional explanatory description of the information is provided.

<ESMA\_QUESTION\_MIC2\_63>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_63>

1. : Are there additional data elements in the table of fields that would benefit from further explanatory descriptions to ensure that the information provided by a given issuer/offeror is understandable and comparable to the information provided by other issuer/offeror of the same type of crypto-asset? If yes, please elaborate and provide suggestions.

<ESMA\_QUESTION\_MIC2\_64>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_64>

1. : Would you deem it useful for ESMA to provide an editable template to support preparers with the compliance of the format requirements proposed in the draft ITSs?

<ESMA\_QUESTION\_MIC2\_65>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_65>

1. : Are there any other data elements that you would consider relevant to ensure that investors can properly compare different crypto-asset white papers and NCA can perform their classifications on the basis of harmonised information?

<ESMA\_QUESTION\_MIC2\_66>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_66>

1. : Do you agree with ESMA’s conclusion that an issuer, an offeror or a person seeking admission to trading of crypto-assets should always be eligible for an LEI? If not, please provide a description of the specific cases

<ESMA\_QUESTION\_MIC2\_67>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_67>

1. : Do you agree with the proposed metadata elements, also considering the mandatory metadata expected to be mandated in the context of ESAP?

<ESMA\_QUESTION\_MIC2\_68>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_68>

1. : Do you have any feedback in particular with regards to the metadata on the “industry sector of the economic activities” and its relevance for the ESAP search function?

<ESMA\_QUESTION\_MIC2\_69>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_69>

1. : Do you agree with the listed definitions? Would you consider useful to clarify any other term used in the ITS?

<ESMA\_QUESTION\_MIC2\_70>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_70>

1. : Do you agree with the proposed requirements for publication on the website of the issuer, offeror or person seeking admission to trading? Would you consider necessary any additional requirements regarding the publication on the website?

<ESMA\_QUESTION\_MIC2\_71>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_71>

1. : In your view, is there any obstacle for the website of the relevant parties to allow for specific alerts?

<ESMA\_QUESTION\_MIC2\_72>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_72>

1. : In your view, what are the media most relied upon by the public to collect information on crypto-assets? In case you are an issuer, offeror or person seeking admission to trading, please specify/add which media you would normally use to communicate with investors and the reasons supporting your choice.

<ESMA\_QUESTION\_MIC2\_73>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_73>

1. : Should a social media or a web-based platform be media reasonably relied upon by the public, what are the risks that you see when using them to achieve dissemination of inside information in relation to crypto assets? Should the dissemination rather take place through traditional media channel?

<ESMA\_QUESTION\_MIC2\_74>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_74>

1. : Please comment the proposed means for dissemination of inside information? Please motivate your answer by indicating why the means they are/are not valuable tools for dissemination purposes.

<ESMA\_QUESTION\_MIC2\_75>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_75>

1. : Would you add any means of communications for the persons subject to the disclosure obligation to consider when disseminating inside information? Please motivate your answer.

<ESMA\_QUESTION\_MIC2\_76>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_76>

1. : Do you agree with the technical means for delaying the public disclosure of inside information as described?

<ESMA\_QUESTION\_MIC2\_77>

TYPE YOUR TEXT HERE

<ESMA\_QUESTION\_MIC2\_77>