

EBA/RTS/2024/12

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13 June 2024

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# Final Report

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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

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# 1. Executive Summary

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Article 45(3) of MiCAR requires issuers of significant asset-referenced tokens to establish, maintain and implement a liquidity management policy and procedures. Based on that policy and procedures issuers have to assess and monitor their liquidity needs to meet any redemption of the asset-referenced tokens that can be requested at any time by their holders. The ultimate target of the liquidity management policy and procedures is to ensure that the reserve assets have a resilient liquidity profile that enables issuers of significant asset-referenced tokens to continue operating normally, including under scenarios of liquidity stress.

The requirement of that liquidity management policy and those procedures applies as well to electronic money (e-money) institutions issuing e-money tokens that are significant by virtue of Article 58(1) MiCAR and can be expanded to issuers of asset-referenced tokens that are not significant and to e-money institutions issuing e-money tokens that are not significant if the competent authority of the home Member State requires it so following Article 35(4) and Article 58(2) of MiCAR respectively.

Article 45(7)(b) of MiCAR requires that the reserve of assets for significant asset-referenced tokens consists of at least 60% of deposits referenced in each official currency.

With these draft Regulatory Technical Standards (RTS) the EBA is complying with its mandate in Article 45(7)(b) of MiCAR to specify, in close cooperation with ESMA, the cited minimum content of the liquidity management policy and procedures and related liquidity requirements.

## 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

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1. Issuers of significant assets referenced tokens (ARTs) and e-money institutions issuing significant e-money tokens (EMTs) (as well as issuers of ARTs that are not significant and e-money institutions issuing EMTs that are not significant, both if required by the relevant competent authority)<sup>1</sup> are required to establish, maintain and implement a liquidity management policy and procedures. These policy and procedures shall ensure that the reserve assets have a resilient liquidity profile so that issuers can operate normally, including during liquidity stress.
2. Accordingly, and as per Article 45(7)(b) of (EU) Regulation 2023/1114 on markets in crypto-assets (MiCAR), the EBA, in close cooperation with ESMA, is mandated to develop draft regulatory technical standards (RTS) specifying the minimum contents of the above liquidity policy and procedures and related liquidity requirements.
3. Moreover, the EBA is also mandated under that provision to specify the minimum banking deposit amount in the reserve of assets for issuers of significant EMTs and ARTs that are referenced to official currencies. This part of the mandate is being addressed by the EBA in the draft RTS under 36(4)(d) of MiCAR, for consistency reasons, together with the specification of the minimum amount of deposits in credit institutions where it comes to EMTs and ARTs referenced to official currencies that are not significant.
4. For the development of these draft RTS, the EBA builds on the December 2022 Basel standards on the prudential treatment of crypto-assets exposures<sup>2</sup>, taking into account Article 86 of the CRD on liquidity risk and the EBA Guidelines on ILAAP<sup>3</sup>, adapted to the crypto-activities of tokens issuers.

### 2.1 Liquidity management related risks of issuers of ARTs and e-money institutions issuing EMTs

5. To ensure that the issuers of ARTs and e-money institutions issuing EMTs can cover their liabilities against holders of their issued tokens, issuers should constitute and maintain a reserve of assets matching the risks reflected within the said liabilities.

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<sup>1</sup> As envisaged in paragraph 3 of Article 45 (on significant ARTs) in conjunction with paragraph 1 of Article 58 (on significant EMTs issued by e-money institutions), paragraph 4 of Article 35 (on non-significant ARTs) and paragraph 2 of Article 58 (on non-significant EMTs issued by e-money institutions).

<sup>2</sup> [Prudential treatment of cryptoasset exposures \(bis.org\)](https://bis.org/prudential-treatment-of-cryptoasset-exposures)

<sup>3</sup> [EBA/GL/2016/10](https://www.eba.europa.eu/media/1000000/2016/10/EBA/GL/2016/10)

6. Issuers should ensure the prudent management of the reserve of assets by mainly ensuring that the value of the reserve is at least equal to the corresponding redemption value of tokens in circulation and that changes in the reserve are adequately managed to avoid adverse impacts on the market of the reserve assets. In this regard the composition and management of the reserve assets, particularly the degree to which they could be liquidated rapidly at or close to prevailing market prices, is of key importance. This is to avoid ending up in situations where large-scale redemptions result in “fire sales” of reserve assets that could reduce the “stable” value of the token or in situations where part of the reserve assets is trapped in other institutions.
7. The loss of value of the reserve of assets, or the mere expectation of it, could impair holders’ confidence in the resilience of the token as a payment mechanism, trigger significant redemption requests with subsequent negative impact on traditional financial institutions and financial markets in which such assets were traded. Also, significant changes in the composition of the reserve assets, even in the absence of large-scale redemption, might trigger spillover effects to the wider financial system. The ability to sell reserve assets in large volume at (or close to) prevailing market prices depends on the duration, quality, liquidity, market depth and concentration of the reserve assets. The degree of transparency as to the nature and liquidity of these reserve assets might also affect confidence in the token.
8. The holders of the tokens have a permanent right of redemption meaning that the issuer has the obligation to redeem the tokens at any time and upon request by holders. The issuer should fulfil this redemption request either by:
  - paying an amount in funds, other than electronic money, equivalent to the market value of the assets referenced by the tokens; or
  - delivering the assets referenced by the tokens (in specie).
9. For the reasons listed above, these liquidity management policy and procedures aim to ensure that the reserve of assets have a resilient liquidity profile to ultimately meet any request for redemption by holders of asset referenced tokens at any time, including during liquidity stress scenarios, without distorting the continuity of operations of the issuer.

## 2.2 Draft regulatory technical standards specifying the minimum contents and liquidity requirements of the liquidity management policy and procedures

10. Article 45(3) of MiCAR envisages that issuers of significant assets referenced tokens need to have in place a liquidity management policy and procedures aiming to ensure that the reserve of assets have a resilient liquidity profile to ultimately meet any request for redemption by holders or assets referenced tokens at any time, including during liquidity stress scenarios, without distorting the normal continuity of operations of the issuer.

11. For these reasons, the liquidity management policy and procedures need to include and keep updated at least the following items to ensure that issuers have the minimum resources in place to assess their liquidity needs in view of potential redemptions requests by token holders:

- The issuer's liquidity risk management framework, with the identification of the processes in place for identifying, measuring, managing and reporting liquidity risk. It should include the risk appetite limit, the drivers for liquidity risk selected by the issuer for monitoring its liquidity position, needs and availabilities, with particular attention to meet ultimately any potential redemption request by holders.
- The issuer's strategy to manage the reserve of assets in an effective and prudent manner and with the ultimate target to ensure that the risks associated to the reserve assets and the assets referenced by the ARTs are covered. This strategy includes the determination of the minimum size of the reserve of assets, that depends on the number of tokens and the overcollateralisation, the criteria to determine their market value, concentration limits, gap analysis for relevant time horizons and approaches to ensure currencies matching and details on the branches and legal entities in the scope of the issuer, among other aspects. This strategy should be consistent with the risk appetite of the issuer as set by the management body. The strategy should consider the necessary correlation between the assets referenced and the ARTs' reserve of assets.
- The issuer's liquidity contingency plan including a description of the strategies for addressing liquidity shortfalls in emergency situations and of the lines of responsibilities for its monitoring and execution, a description of the tools in place to monitor market conditions to determine in a timely manner whether execution of measures is warranted. It should include liquidity risk mitigation tools, internal limits for early reaction to be able to withstand a range of different stress events, idiosyncratic, market-wide, and combined ones, and identified funding alternatives.
- Description of the custody policy of the reserve assets that aims to ensure prompt access to them as required by MiCAR. Indeed, concentration by custodian needs to be avoided following MiCAR. Therefore, issuers should have in place adequate policies that ensure a prudent diversification of custodians.
- Description of the liquidity stress testing framework following Article 45(4) MiCAR, in particular the risks identified for this exercise and parameters considered to cover them with detailed information of their calibration. The liquidity management policy should reflect the outcome of the liquidity stress testing with a description of potential measures taken to strengthen the liquidity arrangements. The liquidity stress testing shall be made on a monthly basis at least as established in the draft RTS under Article 35(6) MiCAR to further specify, among others, the minimum requirements for the design of stress testing programmes including the frequency of the different stress testing exercises.

12. The liquidity management policy and procedures of the issuer need to be separate for each ARTs consistently with the required legal and operational segregation of their corresponding reserve

of assets. Different assets referenced and correlation with the relevant token's reserve of assets might need differentiated risk limits, management tools and strategies.

13. The liquidity management policy and procedures of the issuer related to its crypto-assets activities should be separate and specific (from a formal and content related perspective) from the liquidity policy of its other activities. For example, if the issuer is a credit institution, the liquidity management policy and procedures related to its activities as issuer of ART should be separate from the one on its banking activities. This is consistent with the required legal and operational segregation of the reserve of assets from the issuer's estate. Other relevant aspects are segregation of duties, independence of risk control or independent internal reporting. However, this should not be interpreted as a recommendation not to conduct in a holistic manner the management of an entity.
14. The EBA would like to highlight that the provisions envisaged in these RTS should be read together with the provisions related to liquidity as envisaged in the upcoming EBA guidelines on liquidity stress testing envisaged in Article 45(4), applicable to issuers of tokens that are significant and to those that are not significant if required by the competent authorities, the EBA guidelines on the minimum content of the governance arrangements, for issuers or ARTs, under Article 34(13), in particular as regards internal control mechanisms established in paragraph 10 and the EBA guidelines on recovery plans under Article 46(6) for issuers of ARTs.

## 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 for specifying the minimum contents of the liquidity management policy and procedures**

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 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) 2019/1937<sup>4</sup>, and in particular Article 45(7) (b), fourth subparagraph, thereof,

Whereas:

- (1) The minimum content and procedures for identifying, measuring and managing liquidity risk of issuers of crypto-assets should be set out with the ultimate target to ensure that the value of their reserves of assets can meet any redemption request by token holders under normal or stress scenarios ensuring the normal continuity of the business. Issuers of crypto-assets should pay particular attention to the volatility of assets referenced relative to the reserve of assets and perform a subsequent analysis of the necessary overcollateralisation. Issuers of crypto-assets should avoid any concentration by custodian to mitigate any counterparty risk.
- (2) Issuers of crypto-assets should establish a contingency plan with early warning signals and mitigation tools. In particular, issuers of crypto-assets should monitor as an early warning signal the volatility of assets referenced relative to the reserve of assets and the evolution of any gap between the market value of the tokens and the market value of the assets referenced. This indicator is considered specially relevant for spotting potential massive redemptions requests, particularly in view of any potential underestimation of the market value of tokens in the market. Given that an overestimation of the market value of a token in the market might likely create the incentive to sell it, issuers should pay attention to transaction volumes and prices in order to be ready to react to any adverse evolution.
- (3) As a reserve of assets for one token is segregated from a reserve of assets from other tokens, the liquidity management policies related to each of them should be segregated as well.
- (4) A detailed description of the risks covered, the parameters identified and their calibration for the purposes of the liquidity stress testing established in Article 45(4)

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<sup>4</sup> OJ L 150, 9.6.2023, p. 40.

of Regulation (EU) 2023/1114, as well as the outcome of the exercise, should be envisaged in the liquidity management policy. The review of this information, that should be updated for each liquidity stress testing exercise, is expected to allow supervisors to decide on appropriate measures to strengthen the issuers' liquidity requirements if necessary.

- (5) Considering that requirements set out in Article 45, points (1) to (4) of Regulation (EU) 2023/1114 also apply to issuers of e-money tokens issued by electronic money institutions (either significant or, where decided, non-significant), as per Article 58(1), point (a), and (2) of that Regulation, this Regulation should also apply to issuers of e-money tokens issued by electronic money institutions that are subject to or required to comply with those requirements.
- (6) This Regulation is based on the draft regulatory technical standards submitted to the Commission by the European Banking Authority.
- (7) The European Banking Authority, in close cooperation with the European Supervisory Authority (ESMA) established by Regulation (EU) No 1095/2010 of the European Parliament and of the Council<sup>5</sup>, 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,<sup>6</sup>

HAS ADOPTED THIS REGULATION:

### *Article 1*

#### *Procedures for identifying, measuring and managing liquidity risk*

1. Issuers of asset-referenced tokens, and e-money institutions issuing e-money tokens subject to this Regulation, shall have robust strategies, policies, processes and systems for the identification, measurement, management, monitoring and internal reporting of liquidity risk over an appropriate set of time horizons, so as to ensure that they maintain adequate levels of their reserve of assets. These strategies, policies, processes and systems shall ensure the issuer's normal continuity of operations by meeting any redemption request by holders of asset-referenced tokens and e-money tokens.

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<sup>5</sup> Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331, 15.12.2010, p. 84).

<sup>6</sup> 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, 15.12.2010, p. 12).

2. The strategies, policies, processes and systems referred to in paragraph 1 shall be proportionate to the complexity, risk profile, scope of operation of the issuers of asset-referenced tokens and/or, where applicable, e-money institutions issuing e-money tokens, and be approved by the issuers' management body, which shall set risk tolerance levels to each asset-referenced token or e-money token. The strategies, policies, processes and systems referred to in paragraph 1 shall reflect the issuers' current and expected liquidity risks which shall be monitored on an ongoing basis. This shall include the identification of deposits with credit institutions or of any other asset received in the issuance of the tokens and kept in the reserve of assets, and of the highly liquid financial instruments in which the reserve of assets can be invested in, the criteria to determine their market value, the assessment of concentration risk, creditworthiness and liquidity soundness, as well as their limits, time horizons, currencies' consistency and the techniques for ensuring the stability of the reserve of assets' value with respect to the referenced asset(s).
3. Issuers of asset-referenced tokens, and e-money institutions issuing e-money tokens subject to this Regulation, shall establish appropriate arrangements for a sound management of the intra-day liquidity risk. This shall include the identification of the expected intra-day liquidity needs and resources and the setting up of process and procedures coherent with the profile of the issuer, the token and the contingent and expected market situation.
4. Issuers of asset-referenced tokens, and e-money institutions issuing e-money tokens subject to this Regulation, shall monitor their reserve assets to ensure that they are available to cover the value of assets referenced by the tokens at all times, in particular during emergency situations, and assess the appropriateness of overcollateralisation, especially where the assets referenced by the tokens are highly volatile or do not form part of the reserve of assets. The custody service provider, custody policies and related contractual arrangements shall be monitored at any time.
5. Issuers of asset-referenced tokens, and e-money institutions issuing e-money tokens subject to this Regulation, shall have in place specific measures and limits to avoid concentration of the reserve of assets by custodian.
6. Issuers of asset-referenced tokens not referencing official currencies shall establish adequate processes and procedures to address risks arising from cases in which the reserve of assets are not composed by the assets referenced. In particular, the issuers shall have sound and comprehensive arrangements for managing risks arising from the use of derivative instruments or instruments providing a synthetic replica of the referenced assets.

## *Article 2*

### *Contingency policy and mitigation tools*

1. Issuers of asset-referenced tokens, and e-money institutions issuing e-money tokens subject to this Regulation, shall develop and appropriately calibrate early warning

- signals, including maximum deviations between the market value of the reserve of assets and the market value of the assets referenced by the tokens, and between the market value of the tokens and the market value of the assets referenced by the tokens.
2. Issuers of asset-referenced tokens, and e-money institutions issuing e-money tokens subject to this Regulation, shall have in place and regularly review different liquidity risk mitigation tools, including adequate access to diversified funding sources, to react to any early warning signal, embracing normal and stress scenarios.
  3. Issuers of asset-referenced tokens, and e-money institutions subject to this Regulation, shall adjust their strategies, early warning signals, internal policies and limits on liquidity risk, and develop effective contingency plans taking into account the outcome of the stress testing.
  4. On the set-up of the liquidity contingency planning, issuers of asset-referenced tokens, and e-money institutions issuing e-money tokens subject to this Regulation, shall maintain the following policy documentation:
    - (a) description of the lines of responsibilities for designing, approving, monitoring, executing and maintaining up to date the liquidity contingency plan;
    - (b) description of the strategies for addressing liquidity shortfalls in emergency situations;
    - (c) description of a tool, with internal limits, to monitor market conditions that allow issuers to determine, in a timely manner, whether, either escalation or execution of measures, or both of them, is warranted.

### *Article 3*

#### *Segregation of the liquidity management policy and procedures*

1. Issuers of asset-referenced tokens, and e-money institutions issuing e-money tokens subject to this Regulation, shall apply Articles 1 and 2 separately for each asset-referenced or e-money token. The procedures for identifying, measuring, managing and reporting liquidity risk, the contingency policies and mitigation tools, the risk limits, the management tools and strategies shall be established, in content and form, taking into account the different asset referenced by the token and its correlation with the relevant segregated reserve of assets.
2. The liquidity management policy and procedures envisaged in this Regulation shall be separate, in content and form, from the liquidity policy related to other activities of the issuer other than those related to its issuing of crypto-assets.

*Article 4**Liquidity stress testing*

1. Issuers of asset-referenced tokens, and e-money institutions issuing e-money tokens subject to this Regulation, shall include in the liquidity management policy the process and procedures of the liquidity stress testing and an updated description of the following:
  - (a) risks covered in the liquidity stress testing;
  - (b) parameters considered and their calibration under stress, as well as the stress scenarios and time horizons used in the liquidity stress testing;
  - (c) historical data and assumptions, including any expert judgments, considered by the issuer in the calibration of the parameters mentioned in point (b);
  - (d) the outcome of the liquidity stress testing and remedies taken.
2. The liquidity stress testing shall include a reverse stress test element to assess the limit of resilience of the liquidity profile of each reserve of assets.

*Article 5**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

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### 4.1 Draft cost-benefit analysis / impact assessment

1. 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). RTS developed by the EBA shall therefore be accompanied by an Impact Assessment (IA) that analyses ‘the potential related costs and benefits’.
2. This analysis presents the IA of the main policy options as regards the specification of the minimum content of the liquidity management policy and procedures, as well as regarding the potential specification of a higher minimum amount of deposits with credit institutions to be held by issuers of significant ARTs, which the EBA is mandated to develop under Article 45(7)(b) of Regulation (EU) 2023/1114 (MiCAR) on markets in crypto-assets.

#### **4.1.1 Specification of the minimum content of the liquidity management policy and procedures**

3. Article 45(3) MiCAR refers to the liquidity management policy and procedures that issuers of significant ARTs need to have in place to ensure that the reserve assets have a resilient liquidity profile that enables issuers of significant ARTs to continue operating normally, including under scenarios of liquidity -stress.
4. The draft RTS generally envisage a minimum content that seeks to contribute to the identification, measurement, mitigation and evaluation of the liquidity risk in the issuers of ARTs. These minimum strategies that have to be in place contribute to an adequate assessment and monitoring of the liquidity risk and are particularly targeting to ensure that the composition of the reserve of assets of issuers of ARTs are sufficient to cover any redemption request of holders of token in circulation (tokens issued).
5. The EBA initially got inspiration from the content of the liquidity management policies in banks by observing the related expectations under the CRD and the EBA GL on ILAAP. The EBA finally adapted these expectations to the crypto activities of issuers of tokens with the main aim to ensure an appropriate composition of the reserve of assets, across the wide set of eligible highly liquid financial instruments, and sufficient volume of it, with potential overcollateralisation (voluntary or mandatory), to ultimately contribute to a more resilient reserve of assets to meet any redemption request by token holders at any time, including in times of stress.
6. The EBA also takes into account other specific mandates related to the details of the general internal control framework and the liquidity stress testing exercise, via specific guidelines, that

are also related to liquidity risk. These draft RTS seek to avoid any overlapping with these topics for which the legislator envisages specific separate mandates and regulatory products.

7. The inclusion of the basis risk test has been assessed under different alternatives.

**b. Basis risk test**

8. The basis risk test was proposed by the BCBS in previous consultative versions ([link](#)) to the final standards on the prudential treatment of cryptoasset exposures published in December 2022 ([link](#)).

9. The following description show the main features of the basis risk test as assessed in those consultative versions:

**BCBS Second Consultation on the prudential treatment of cryptoasset exposures**

*Basis risk test.* The objective of the basis risk test is to ensure that the holder of a cryptoasset can sell it in the market for an amount that closely tracks the peg value. This element envisages two thresholds, 10bps and 20 bps, to reduce cliff effects. Specifically:

(1) If the peg-to-market value difference does not exceed 10bp more than 3 times over the prior 12 months, the cryptoasset has “fully passed” the basis risk test.

(2) If the peg-to-market value difference exceeds 20bp more than 10 times over the prior 12 months, the cryptoasset has “failed” the basis risk test.

(3) If the cryptoasset has neither “fully passed” nor “failed” the basis risk test, it is considered to have “narrowly passed” the basis risk test. Cryptoassets that meet all the classification conditions for inclusion in Group 1b, but only narrowly pass the basis risk test, will be subject to an add-on to risk weighted assets.

10. As stated in the final standards “The basis risk test, which is a quantitative test based on the market value of the cryptoasset, aims to ensure that the holder of a cryptoasset can sell it in the market for an amount that closely tracks the peg value.” The Committee decided not to implement the basis risk test in the final standards. The Committee agreed to further study whether there are statistical tests that can reliably identify low-risk stablecoins, and if such a test is identified, will consider it as an additional requirement for inclusion in Group 1b.

11. The EBA considered the possibility to introduce some safeguards with respect to the concerns addressed by the basis risk test without introducing the requirement itself taking into account that MICAR does not envisage the basis risk test as a minimum requirement to be passed. Two policy options were assessed in this regard:

- Policy option 1: to envisage as a minimum specific early warning signal in the contingency policy an indicator measuring the difference between the market

value of the token and the market value of the assets referenced. The calibration of the internal limit for such deviation is done by the issuer.

- Policy option 2: to not include any minimum specific early warning signal as such.

	<b>Advantages</b>	<b>Disadvantages</b>
<b>Policy option 1</b>	<p>The consequence of large deviations between the market value of the token and the asset referenced is that token holders might feel motivated to request massive redemption of tokens, in case of a negative deviation where the token is underestimated in the market, or massive sales of tokens if the deviation is positive where the token is overestimated in the market.</p> <p>Under both situations an undesired impact on the stability of the issuer and of the markets could arise.</p> <p>With this indicator issuers might anticipate and thus undertake actions to avoid negative consequences.</p>	<p>Lack of identification in the RTS with regards to which actions might be taken in case that the deviations might exceed the internal limits calibrated by issuers to avoid the risk of massive redemption requests or sales.</p> <p>However, it might be argued that it is up to the issuer to determine the actions to be taken in that case. The market value of the token might be defined by idiosyncratic and market related factors. The issuer could take measures to control idiosyncratic drivers, for example by voluntary overcollateralisation of the reserve of assets...</p>
	<p>The deviation measured by this indicator depends on the definition of the assets referenced and, thus, on the risk appetite of the issuer. This is consistent with the option envisaging its calibration and subsequent potential actions to be taken by the issuer.</p>	<p>It might be argued that the RTS require the inclusion of an early warning signal which calibration is very difficult for some issuers. This complexity might challenge the proper identification of situations of risk for actions to be taken.</p>
<b>Policy option 2</b>	<p>MiCAR requires the market value of the reserve assets to amount to at least the value of the assets referenced. Arguably the market value of the tokens is at least</p>	<p>The trigger of the volatility to cover here is not related to market value changes of the reserve assets only. The targeted volatility here is driven by idiosyncratic related factors</p>



	<p>indirectly related to the market value and composition of the reserve assets. Therefore, the stabilisation mechanism would be covering the main target of the basis risk test already. MiCAR also envisages a supervisory and regulatory framework for cryptoassets markets.</p>	<p>linked to the issuer and its risk appetite and also by market wide related factors triggered by the general performance of crypto assets in markets.</p>
	<p>The basis risk test seems to serve more for the purposes to assess a maximum volatility allowed for crypto assets (ARTs and EMTs in MICAR) from the perspective of the investor, e.g. as a requirement for their eligibility as liquid assets in the LCR if finally decided so, rather than for the purposes of the determination of the composition of the reserve assets.</p>	<p>It could be argued that the fundamentals of the test seem valid to limit the volatility of the token as an asset for investors but also to limit the volatility of the token to cover the issuer against the impact of a potential subsequent massive redemption request or sales with impact on the stability of markets.</p>

12. The EBA opted for option 1 where issuers of ARTs will need to incorporate an indicator as an early warning signal to measure differences between the market value of the token and the market value of the assets referenced. The calibration of the maximum deviation will correspond to the issuer as well as the actions, if any, to be taken. With this the EBA intends to cover at least the basis risk test from a qualitative point of view, the calibration being done by the issuer, to avoid the creation of additional requirements to the MiCAR ones.

## 4.2 Feedback on the public consultation

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

The consultation period lasted for three months and ended on 8 February 2024. 10 responses were received, of which 7 were published on the EBA website.

This paper presents a summary of the key points and 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 industry bodies 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

Broadly, respondents support the draft RTS and the minimum content envisaged for the liquidity management policy of the reserve of assets of issuers of tokens. Some comments and concerns are raised though that are addressed in the concrete related questions below. The EBA has taken into account and assessed the comments received.

Particularly the EBA emphasizes the relevance of the early warning signals proposed in the draft RTS as a minimum and non-restrictive set of indicators that tokens' issuers should monitor and be attentive to due to the underlying risks they may entail in order to be ready to any potential action as needed in anticipation of the materialization of the relevant events. Their calibration remains to the issuers taking into account their specificities.

The EBA understands that the draft RTS already provide the necessary proportionality in the processes inherent to the liquidity management policy and procedures for an appropriate identification, measurement and monitoring of liquidity risk as well as in the related mitigation tools and liquidity contingency policy in general terms.

The EBA is providing clarification to various aspects raised during the consultation, for example as regards interactions with custodians in the context of a proper management of liquidity risk.

For clarification purposes Recital 5 under consultation related to the minimum amount of bank deposits in the reserve assets for significant tokens, has been removed. The EBA is mandated under Article 45(7)(b) of MiCAR to specify the minimum banking deposit amount in the reserve of assets for issuers of significant tokens that are referenced to official currencies. This part of the mandate is being addressed by the EBA in the draft RTS under 36(4)(d) of MiCAR, for consistency reasons, together with the specification of the minimum amount of deposits in credit institutions where it

comes to tokens referenced to official currencies that are not significant. Furthermore, Recital 7 under consultation has been removed since it was redundant to Recital 6 under consultation, that remains.

## Summary of responses to the consultation and the EBA's analysis

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
<b>General comments</b>			
<p>A couple of respondents highlight the challenge of producing a complex, comprehensive and highly technical body of MiCAR level 2 regulatory instruments and related guidelines within a tight timeframe and raises concerns in that these instruments need to ensure consistency across them. Therefore, the respondent flags the need of keeping these instruments under review after their application with close ongoing dialogue with supervisors and the industry. In this context, the respondent refers to the report that the European Commission, after consulting EBA and ESMA, has to present to the European Parliament and the Council by 30 June 2025, according to Article 140 of MiCAR, on the application of MiCAR and accompanied as appropriate by a legislative proposal.</p> <p>Furthermore, it is suggested that the EBA and the European Commission to work on a consolidated document for at least all the liquidity risk related standards that would facilitate its implementation and compliance.</p> <p>Some respondents raised comments on aspects that are related to other consultation papers (e.g. overcollateralization, risks to cover in the liquidity stress testing...), in which case they are addressed in the relevant final report. Some respondents raised concerns and comments on the level 1 text directly, MiCAR, (e.g. minimum amount of deposits...), in which case they are out of the scope of the consultation process of these draft RTS. In some cases, some respondents provide feedback to similar topics across various questions; here the responses are considered in the most appropriate question. The EBA has intended to capture all feedback received in the most appropriate manner avoiding repetitions across questions or different consultation papers.</p>			
<b>Responses to questions in Consultation Paper EBA/CP/2023/26</b>			
<p><b>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?</b></p>			
<b>Diversification of custodians</b>	<p>One respondent suggested adding to paragraph 5 of Article 1 the following wording at the end of its current draft; “... and adopt adequate policies that ensure a prudent diversification of custodians”.</p>	<p>The EBA considers that the content of the proposal is already captured in the current draft of that paragraph where it states: “Issuers...shall have in place specific measures and limits to avoid concentration of the reserve of assets by custodian.”</p>	<p>No changes made</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>One respondent argues that custody does not work the same for physical gold or other physical assets as for financial instruments. The respondent emphasizes that the vault operators for gold, or other physical assets, are limited in number. It proposes some amendment to Article 5(1) to ensure that diversification by custodian is based on the nature of the asset, e.g. gold tokens or other physical assets. Two other respondents, more generally but along the same lines, raise concerns about the requirement of diversification of custodians arguing that custody services for issuers of ARTs and EMTs may not be offered by as many providers as desirable, one of them arguing that this is most likely due to the “de-risking” by credit institutions.</p>	<p>The EBA considers that the regulatory expectation on diversification by custodian is envisaged in the level 1 text. Specifically point (d) of Article 37(1) of MiCAR specifies that “1. Issuers of asset-referenced tokens shall establish, maintain and implement custody policies, procedures and contractual arrangements that ensure at all times that... (d) concentrations of the custodians of reserve assets are avoided;...”. The RTS should not interfere with the expectations of the level 1 text. The RTS simply require that measures and limits adopted by the issuer to fulfil the regulatory expectations in the level 1 text are captured in the liquidity management policy.</p> <p>It should also be noted that recital 55 of MiCAR also flags that “Concentrations of the custodians of reserve assets should be avoided.” and adds that “However, in certain situations, that might not be possible due to a lack of suitable alternatives. In such cases, a temporary concentration should be deemed acceptable.”</p>	
<p><b>Monitoring of custodians and related policies and contractual arrangements</b></p>	<p>One respondent refers to the requirement in paragraph 4 of Article 1 where it is stated that “The custody service provider, custody policies and related contractual arrangements shall be monitored at any time.” It is argued that since ART and EMT issuers don’t have the legal ground nor the capacity to monitor the custody service providers, the cited obligation under paragraph 4 of Article 1 may not be feasible.</p>	<p>The EBA refers to Article 37(1) of MiCAR where it is established that “Issuers of asset-referenced tokens shall establish, maintain and implement custody policies, procedures and contractual arrangements that ensure at all times that:...”.</p> <p>The EBA would also like to refer to Article 37(4) of MiCAR that caters for the selection, appointment and, importantly, review of the custodians of their reserves of assets. In this context and more specifically, its second subparagraph requires issuers</p>	<p>No changes made</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
		<p>to ensure that custodians have “<i>the necessary expertise and market reputation to act as custodians of such reserve assets, taking into account the accounting practices, safekeeping procedures and internal control mechanisms of those crypto-asset service providers, credit institutions and investment firms.</i>”</p> <p>Therefore, the EBA considers that the liquidity management policy should envisage how this monitoring obligation over the custodian, custody policies and contractual arrangements, in the context of the issuer’s obligation to maintain and implement the custody policies and contractual arrangement referred to in Article 37(1), and in the context of the review of the custodians envisaged in article 37(4), is being fulfilled.</p>	
<b>Risk tolerance</b>	One respondent requested to use the wording “risk appetite” rather than “risk tolerance” in Article 1(2).	By using the term “risk tolerance levels to each ART or EMT” the EBA refers to the criteria in, accepting, tolerating and mitigating the risks inherent to those tokens. This term is also used in other legal texts for comparable aspects, e.g. Article 86(2) of the CRD.	No changes made
<b>Correlation between the reserve of assets and the assets referenced</b>	One respondent requested clarification about what is expected from paragraph 2 of Article (1) read in conjunction with paragraph 1 as to the requirements to have “ <i>robust strategies, policies, processes and systems ...</i> ” that extends to the issuer’s “ <i>techniques for ensuring the stability of the reserve of assets’ value with respect to the referenced asset(s)</i> ” as well as about its connection with the requirement under Article 36 (8) of MiCAR “ <i>to have a clear</i>	The requirement in paragraph 2 of Article 1 of the RTS to include in the liquidity management policy the techniques used by the issuer to ensure stability between the value of the reserve of assets and the value of the assets referenced should be understood as the techniques to ensure correlation between their respective market values by minimising different volatility levels in the context of the liquidity management and, therefore, to be included in the	No changes made

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p><i>and detailed policy describing the stabilisation mechanism of such tokens”.</i></p> <p>In the respondent’s view, issuers should be free to organise their documentation of risk management policies and processes, internal control mechanisms and the management of the reserve of assets as they deem fit without necessarily creating a separate standalone policy on the stabilisation mechanism.</p>	<p>related policy. This is different from the policy required by Article 36(8) of MiCAR which refers to merely listing the assets referenced and the reserve of assets but not to the technique used to manage them.</p>	
<p><b>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?</b></p>			

**Early warning signals**

One respondent, while agreeing that the minimum content of the liquidity contingency policy is reasonable, suggested that in addition to the required early warning signals in the RTS, an additional requirement should be added for the issuer to set additional early warning signals based on the volatility of the overcollateralization of reserve assets, and taking into account that shortly after the first issuance, when no investment is done yet, high overcollateralization will not be feasible.

Differently, two respondents request the EBA to not include a minimum specific early warning system as such.

One of them argues that, while there may already be similar practices taken by the issuers, the measures need to be adapted to the idiosyncratic and market-related factors. This respondent states that the measurement required in the RTS may reflect the market conditions and serve for the purposes of identifying the best reserve asset. Furthermore, the respondent states that even though it may be one of the important ones that are already taken into consideration by some issuers, it may not be the most relevant indicator within the liquidity contingency policy.

Article 2(1) of the RTS refers to the obligation of the issuers to develop and calibrate early warning signals including two specific ones. This does not mean that issuers shall include these two ones only. It means that these two shall always be included, and at all times, also at the moment of the first issuance. These two early warning signals are required as a minimum in line with the mandate for the RTS to include minimum contents of the liquidity management policy.

Indeed Article 45(3) of MiCAR refers to the issuers' liquidity management policy, further developed by these RTS, that shall ensure that the reserve of assets have a resilient liquidity profile that enables issuers to continue operating normally, including under scenarios of liquidity stress. Therefore, the EBA expects that other early warning signals are developed and calibrated by issuers as necessary for these purposes, especially taking into account their specific business models.

The EBA would like to confirm the importance of early warning signals monitoring the consistency and correlation between the market value of the reserve of assets and the assets referenced as well as between the market value of the tokens and their assets referenced to ensure proper management of, among others, redemption, volatility, liquidity and market risk and de-pegging risk. Therefore, the EBA deems it necessary to keep these early warning signals as minimum requirements to be included in the liquidity management policy.

No changes made



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The other respondent, while recognising the benefits of early warning signals as a tool to indicate potential disruptions to the liquidity profile of issuers of a significant ART or EMT and reckons that the early warning signal proposal was the preferred policy option over the implementation of the BCBS basis risk test, is concerned about the challenges for the calibration to be developed by issuers on the two required early warning signals and argues lack of detail provided for it. Special challenges raised are about: (1) the measure to identify emerging risks and (2) how to allocate a separate funding source for an early warning signal. In their view, the early warning signals should remain as an optional, rather than obligatory indicator, given it is not referenced in the Level 1 text, and should be left up to the discretion and risk vulnerabilities of the issuers to implement where needed. The proposed liquidity policy in itself is argued to be sufficiently well-developed and should be sufficient as a tool to enhance the risk resilience of issuers of significant tokens under MiCAR.

As the calibration of these early warning signals depends on the specific business model of the issuers and the specificities of each issuance (e.g. type of token, type of reserve of assets, risk profile, etc.), the EBA cannot provide a fully harmonised calibration approach in the RTS that fits all issuers.

The EBA wants to clarify, that there is no requirement to have distinct funding sources for all early warning signals established in Article 2 of the RTS, but instead the issuers shall generally have a diversified set of funding sources to be able to react to any early warning signal.

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
<b>Proportionality contingency policy and mitigation tools</b>	<p>– One respondent, while supporting the EBA’s overall approach in defining the content of the liquidity contingency policy, would still welcome additional clarification as to whether these policies and the documentation is also subject to the principle of proportionality, reflecting the complexity, risk profile and scope of operations of issuers.</p>	<p>Article 1(2) of the RTS envisages that the strategies, policies, processes and systems, as referred to in Article 1(1), for the identification, measurement, management, monitoring and internal reporting of liquidity risk shall be proportionate to the complexity, risk profile, scope of operation of the issuers. The liquidity contingency policy and liquidity risk mitigation tools and related documentation as envisaged in Article 2 should be consistent with the liquidity risk itself as identified in Article 1. Therefore, proportionality on Article 2 implicitly applies from and consistently with Article 1.</p>	No changes made
<b>Mitigation tools and redemption in funds or in-specie</b>	<p>One respondent, while supporting the EBA’s overall approach in defining the content of the liquidity contingency policy, asks the EBA to clarify which liquidity risk mitigation tools could be included in strategies for addressing liquidity shortfalls in emergency situations, considering the in-specie redemption of holders.</p> <p>Another respondent asks clarification as to if transferring the assets referenced directly to token holders could be a valid approach to manage liquidity risks for the purposes of redemption in urgent situations.</p>	<p>First subparagraph of Article 39(2) of MiCAR envisages, as a general, rule that issuers can decide to redeem either by payment in funds the market value of the assets referenced by the token or by delivering the assets referenced themselves (i.e. in-specie).</p> <p>However, its last subparagraph refers to the specific case where issuers, when selling the token, accepted a payment in funds, in which case the token holder will be able to require funds only upon redemption request. Therefore, in this case, payment in-specie will be an option for the issuer unless the token holder has required redemption in funds.</p> <p>Obviously in the case of EMTs redemption is always in funds, as referenced to official currencies. This is also captured in Article 49(4) of MiCAR.</p> <p>If redemption in-specie in a real case can be decided by the issuer following the discussion above, it can be an option desired by the issuer in the case illustrated</p>	No changes made

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
		<p>by the respondent, i.e. cases of liquidity shortfalls in emergency situations where the market value of the reserve maybe has dropped below the market value of the assets referenced and redemption is imminent. In these cases, the obligation to redeem upon request by the market value of the asset referenced could be decided to be fulfilled by delivery of the asset referenced itself. Therefore, mitigation tools should always and ex-ante be developed for cases of both, either redemption in funds or in specie, since normal and stress scenarios need to be considered and any modality of payment could be finally undertaken. Such mitigation tools need to include adequate access to diversified funding sources, as established in Article 2(2), and should include any alternative that the issuer considers necessary, taking into account for example the type of token and related operational risks, the risk profile of the issuer or its business model.</p>	
<b>Question 3. Do respondents find any challenge in the application of the segregation of the liquidity management policy as envisaged in Article 3?</b>			
<b>Resources consuming</b>	<p>One respondent, while stating that segregating liquidity management policies ensures that issuers can specifically address the unique risks associated with different types of tokens and facilitates transparency, considers that developing and maintaining distinct policies requires additional resources, including manpower, time and financial investment, which might be challenging for issuers to allocate their resources efficiently.</p>	<p>The EBA considers that the segregation of the liquidity management policy of the reserve of assets by token is consistent and subsequent to the required segregation of the reserve of assets by token in MiCAR. The EBA also agrees with the benefits of this segregation as raised by the respondent (i.e. better address the unique risk of each token and facilitates transparency) which exceed the potential additional costs that the segregation might entail.</p>	No changes made

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
<b>Definition of “each asset referenced token and e-money token they issued”</b>	<p>One respondent would appreciate if the EBA could give more clarification on the definition of “each asset referenced token and e-money token they issued” in the context of the segregation of liquidity management policies by token. From their understanding, it is referring to tokens with different characteristics.</p> <p>More specifically the respondent considers that no segregation of reserve of assets or the liquidity management policies should apply to tokens which are involving multi-chain issuances, meaning 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.</p>	<p>The reference in Article 3(1) to separate procedures, policies and tools “... by each asset-referenced token and e-money token” issued by issuers follows and should be read consistently with the separation of reserve of assets of issuers from the reserve of assets of other tokens in paragraphs 2 and 3 of Article 36 of MiCAR.</p>	No changes made
<b>Correlated risks across tokens issued by the same issuer</b>	<p>One respondent considers that segregation of liquidity policy management by token is challenging but expects that in practice for cases of different tokens, issued by the same issuer, with similar risk profile across the tokens, where risks across them are highly correlated or somehow interdependent, issuers could apply parallel and holistic approaches to inform the relevant segregated policies.</p> <p>More specifically, one respondent, while considering reasonable to have separate policies for monitoring and measuring the risk individually for each token issued, thinks that in Article 3(1), when it states that “Those separate policies shall detail differentiated risk limits, management tools...”, the wording “management tools” is vague and argues that the term “management tools” should not be</p>	<p>Article 3 requires the segregation of the liquidity management policy and procedures by token, including management tools. It is up to the issuer to detail the liquidity policy of each token, including the the IT approach, as long as they ensure maintenance of “adequate levels of their reserve of assets” and that “the issuer’s normal continuity of operations by meeting any redemption request by holders of asset-referenced tokens and e-money tokens.”, as established in Article 1(1).</p>	No changes made

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	<p>understood as an IT system for risk management and/or monitoring. The respondent considers that 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. The respondent argues that differentiated IT systems create tremendous additional costs for the issuers as well as increase operational risks and complexity.</p>		
<b>Typo</b>	<p>One respondent note that the reference in Article 3(1) to Article 3 should be dropped.</p>	<p>The EBA appreciates the comments and agrees that this was a typo in the consultation paper including a wrong legal reference. It has been amended together with some further clarification language without changing the substance.</p>	<p>The following change has been made in Article 3(1) to correct a typo that included a wrong legal reference: “ <i>Issuers of asset-referenced tokens, and <del>for</del> e-money institutions issuing e-money tokens subject to this Regulation, <del>that</del> have to apply Article 45(3) of Regulation (EU) 2023/1114 shall apply Articles 1 and 2 separately for each asset-referenced token or e-money token. <del>have separate and adapted information, in</del></i>”</p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
			<p><i>content and form, <del>on</del> The procedures for identifying, measuring, managing and reporting liquidity risk, the contingency policies and mitigation tools, as envisaged in Article 1, 2 and 3 of this Regulation, by each asset-referenced token and e-money token they issue. Those separate policies shall detail differentiated the risk limits, the management tools and strategies shall be established, in content and form, taking into account the different asset referenced by the token and their correlation with the relevant segregated reserve of assets."</i></p>

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
<b>Implications on the appointment of custodians</b>	One respondent asks clarifications on whether the required segregation of the liquidity management policy by token can somehow jeopardise the obligation in Article 45(2) of MiCAR for issuers to ensure that the tokens can be held in custody by different custodians on a fair, reasonable and non-discriminatory basis.	The EBA considers that the segregation of the liquidity management policy of the reserve of assets by token does not have any implication on the application of Article 45(2) of MiCAR.	No changes made
<b>Case of multiple issuers of the same token</b>	One respondent asks the EBA to consider and provide clarification regarding the potentially significant issues as regards the requirements related to the management of the reserve of assets in the case of tokens offered by different issuers where only one reserve of assets shall be maintained, as envisaged in the second subparagraph of Article 36(5) of MiCAR.	<p>The second subparagraph of Article 36(5) of MiCAR refers to the case of multiple issuers of the same token and requires those issuers to operate and maintain only one reserve of assets for that token. At the same time Article 45(3) envisages the obligation of a liquidity management policy and procedures that shall ensure that the reserve assets have a resilient liquidity profile that enables issuers to continue operating normally, including under scenarios of liquidity stress.</p> <p>Article 45(6) of MiCAR refers to the case of multiple issuers of the same token and sets that the obligation to establish, maintain and implement a liquidity management policy and procedures shall apply to each issuer. Reasonably, adequate cooperation is expected among the various issuers in the set-up of the unique reserve of assets and in the development and implementation of their liquidity management policy.</p>	No changes made
<b>Case of the same token being marketed in the Union and in third countries</b>	Two respondents draw particular attention to the cases envisaged in Recital 54 where the token is marketed both in the Union and in third countries and the reserve of assets needs to cover the issuer's liabilities towards Union holders.	Recital 54 states that <i>“The requirement to hold the reserve of assets with firms subject to Union law should therefore apply in proportion to the share of asset-referenced tokens that is expected to be</i>	No changes made

Comments	Summary of responses received	EBA analysis	Amendments to the proposals
<p><b>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?</b></p>			
<b>Reverse stress testing</b>	<p>One respondent agrees with the aspects of liquidity stress testing stipulated in Article 4(1) of the draft RTS. Still, it is considered that the reverse stress testing requirement under paragraph 2 does not provide sufficient detail for issuers to understand their obligations and implement the measures envisioned. The respondent acknowledges the benefit of reverse stress testing as a risk management technique to assess the resilience of internal systems and processes under stress scenarios. It is argued, however, that it is difficult to determine at this stage whether reverse stress testing will be necessary in the scenario where stress testing requirements are sufficient to mitigate emerging risks, and reverse stress testing as a process may lead to an operational burden for issuers of ARTs or EMTs. Furthermore, not all issuers can benefit from relying on historical scenarios on specific risk categories if they are newly set-up in the EU for the purposes of MiCA, and hypothetical scenarios can lack accuracy or be challenging, complex and time-consuming to determine. Its view is that reverse stress testing should not be a regulatory requirement, but rather an optional measure, under this RTS, and should be left to the discretion of the issuer to</p>	<p><i>marketed in the Union.</i>” This should be read together with the obligation to establish, maintain and implement a liquidity management policy and procedures in Article 45(3). Reasonably, due cooperation is expected among the various issuers.</p> <p>The EBA considers that reverse stress testing is a key tool in the liquidity risk management to identify in advance events that might trigger a liquidity stress in the issuer. This will help issuers to anticipate measures as needed to ensure that the amount of the reserve of assets will be able to meet redemption requests under such stress scenarios.</p> <p>Issuers are expected to identify by simulation, among others, the level of severe deterioration of the market value of the reserve of assets, with a proper granularity by type of asset, that would impede the issuer to meet various severe levels of redemption requests under stress. This would allow the issuer to anticipate combinations of levels of deterioration of the reserve of assets combined with levels of redemption requests that might make the reserve of assets insufficient and thus flag the need to anticipate additional measures as needed.</p>	No changes made



Comments	Summary of responses received	EBA analysis	Amendments to the proposals
	decide if they wish to implement this or not, subject to their vulnerabilities to risk.		
<b>Question 5. Do respondents find any provision unclear to apply?</b>			
The following two comments were received that have been considered most appropriate to be addressed under the analysis of the feedback received to the Guidelines establishing common reference parameters of the stress test scenarios for the liquidity stress tests referred in Article 45(4) of MiCAR:			
One comment asked clarification with regards to point (c) of Article 4(1) of the RTS as to which “historical data” is meant to be captured therein.			
Another comment, regarding Article 4 of the RTS, asked clarification on whether the focus and primary concerns in these draft RTS and in the “draft Guidelines establishing the common reference parameters of the stress test scenarios for the liquidity stress tests” is related to the basis-risk or the de-pegging risk. The respondent explained that the same question has been raised in the context of the consultation of the cited draft Guidelines.			
<b>Question 6. Do respondents have any comment on the impact assessment provided?</b>			
One comment was received in relation to the policy options assessed regarding early warning signals. It has been considered most appropriate to be addressed under the analysis of the feedback received to question 2 of these RTS.			