**Business Justification**

**for the development of new ISO 20022 financial repository items**

*Note: the purpose of this document is to give guidelines to organisations that want to develop new candidate ISO 20022 message definitions. Such requests are subject to the approval of a business justification by the ISO 20022 Registration Management Group (RMG). Please consult the iso20022.org website for additional details on* [*the registration process*](http://www.iso20022.org/development.page)*. The business justification must include the following captions, as described.*

*Business justifications* are to be submitted through the ISO 20022 website through following [*e-request*](https://www.iso20022.org/development-new-iso-20022-message-definitions-request), in which this template must be attached.

1. **Name of the request:**

**“Crypto-Asset reporting”**

1. **Submitting organisation(s):**

European Securities and Markets Authority (ESMA)
201-203 rue de Bercy
75012 Paris
France

1. **Scope of the new development:**

**Background**

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 ([MiCA](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023R1114)) require ESMA to develop Regulatory Technical Standards (RTS) detailing data reporting and disclosure requirements for issuers and service providers of crypto-assets.

**Scope:**

This new development is based on Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets[[1]](#footnote-2) and

* the regulatory technical standards specifying records to be kept of all crypto-asset services, activities, orders and transactions undertaken (hereafter the **RTS on recordkeeping**) and specifically to Article 68 for the records to be kept of all crypto-asset services, activities, orders and transactions undertaken

*Paragraph 9. Crypto-asset service providers shall arrange for records to be kept of all crypto-asset services, activities, orders, and transactions undertaken by them. Those records shall be sufficient to enable competent authorities to fulfil their supervisory tasks and to take enforcement measures, and in particular to ascertain whether crypto-asset service providers have complied with all obligations including those with respect to clients or prospective clients and to the integrity of the market.*

*The records kept pursuant to the first subparagraph shall be provided to clients upon request and shall be kept for a period of five years and, where requested by the competent authority before five years have elapsed, for a period of up to seven years.*

*Paragraph 10. ESMA shall develop draft regulatory technical standards to further specify the records to be kept of all crypto-asset services, activities, orders and transactions undertaken referred to in paragraph 9.*

* the regulatory technical standards specifying the content and format of order book records for crypto-asset service providers operating a trading platform for crypto-assets (hereafter the **RTS on order book**) and specifically to Article 76 for the records to be kept of all crypto-asset services, activities, orders and transactions undertaken

*Paragraph 15. Crypto-asset service providers operating a trading platform shall keep at the disposal of the competent authority, for at least five years, the relevant data relating to all orders in crypto-assets that are advertised through their systems, or give the competent authority access to the order book so that the competent authority is able to monitor the trading activity. That relevant data shall contain the characteristics of the order, including those that link an order with the executed transactions that stem from that order.*

*Paragraph 16. ESMA shall develop draft regulatory technical standards to further specify the content and format of order book records to be maintained as specified in paragraph 15.*

The new MICA messages will use the ISO 20022 Business Application Header (BAH) without repeating header elements within the message.

These messages could be complemented with additional messages in the future based on potential needs.

The submitting organisation expects to develop one set of messages composed of 3 messages for MiCA regulatory information.

The submitting organisation wants to deploy the future message in the default ISO 20022 XML syntax. Separate Business Justification could be issued in the future if additional ISO 20022 syntax is supported by ISO 20022 standards.

The proposed business area for the three sets of messages is “auth”.

Based on the scope, the submitting organisation proposes to assign the Securities Derivatives Standards Evaluation Subgroup (SubSEG) under the leadership of the Securities Standards Evaluation Group (SEG) for the evaluation of the candidate ISO 20022 messages, once developed.

1. **Purpose of the new development:**

ESMA has conducted open public consultations on the draft regulatory and implementing technical standards on which this request is based, analysed the potential related costs and benefits, and requested the opinion of the Securities and Markets Stakeholder Group established by Article 37 of Regulation (EU) No 1095/2010 of the European Parliament and of the Council.

The new MiCA development is related to:

* RTS on order book records
* RTS on records to be kept

The RTS on order book records clarifies the template to be used by crypto-asset services providers operating trading platforms for crypto-assets to keep records of all orders in crypto-assets that are advertised through their systems and to make such records available to the National Competent Authorities (NCAs) or provide access to the order book, including the details of orders covering among others the identification of the relevant parties, of the order, prices and events affecting the order.

The RTS on records to be kept clarifies the templates to be used by crypto-asset services providers to keep at the disposal of the NCA.

* every initial order received from a client and in relation to every initial decision to deal taken, to the extent they are applicable to the order or decision to deal in question
* the details to be kept for all transactions that are undertaken

The RTS specifies the information that must be kept by entities in their record and made available upon request to authorities and also the standards/formats in which these details should be represented (even though it was not possible to impose a specific obligation to maintain the details according to ISO 20022 methodology, the standards/formats prescribed in the templates should be compatible with such methodology).

The crypto-asset services providers should maintain data relating to the RTS on records to be kept and crypto-asset services providers operating a trading platform for crypto-assets should also maintain data on the RTS on order book records and make them available to NCAs when requested, in order for them to exchange them with other NCAs upon request.

MiCA constitutes a new data collection but there are existing ISO 20022 messages containing a comparable set of information that may be reused partially:

* Auth.016
* Auth.113

The proposed new messages will reuse as much as possible these existing ISO 20022 messages and will register additional business concepts related to the digital tokens whenever required to address the specific MiCA regulatory reporting requirements.

1. **Community of users and benefits:**

The community of users for these new messages is represented by the entities, that are subject to reporting and disclosure requirements; the NCAs and ESMA.



1. **Benefits/savings:**

The proposed messages will enable efficient data exchange between entities, collection bodies, and authorities as it will make use of existing ISO 20022 business concepts. At the same time ESMA will benefit from the adoption of these messages as the usage of business concepts from the ISO 20022 standard will allow to apply consistent definitions for the data.

Additionally, the usage of standards is likely to improve data quality and ensure global semantic interoperability with all other ISO 20022 based systems.

1. **Adoption scenario:**

The new messages will be adopted as soon as the Regulatory and Implementing Technical Standards (RTS and ITS) are endorsed by the European Commission and the European Parliament and the Regulations enter into force.

1. **Volumes:**

The expected volume of crypto-assets is not yet known and will be available at a later stage.

1. **Sponsors and adopters:**

Once endorsed by the European Commission, the new Regulatory Technical Standard (RTS) for MiCA will entail the adoption of the new messages by all reporting entities.

1. **Timing and development:**

The new MiCA messages will be included in the Securities Market Regulatory Reporting message set. ESMA expects to have the new candidate ISO 20022 message developed and ready for submission to the RA by November 2024.

1. **Commitments of the submitting organisation:**

The submitting organisation confirms that it can and will:

* undertake the development of the candidate ISO 20022 business and message models that it will submit to the RA for compliance review and evaluation. The submission must be compliant with the [ISO 20022 Master Rules](http://www.iso20022.org/documents/general/ISO20022_MasterRules.ZIP) and include a draft Part 1 of the Message Definition Report (MDR) compliant with the [template for MDR part 1](http://www.iso20022.org/documents/general/ISO20022_MasterRules.ZIP) provided by the RA, the [ISO 20022 Message Transport Mode](http://www.iso20022.org/documents/general/MessageTransportModes.xls) (MTM) that the submitting organization recommends to consider with the submitted message set, and, optionally, examples of valid and invalid instances of each candidate message. The submission may also include a Message User Guide (MUG) to complement the MDR and describe in further details how to use the different possibilities/options of the proposed candidate messages;
* address any queries related to the description of the models and messages as published by the RA on the ISO 20022 website;
* inform and consult the market on the reporting messages but it does not intend to organize any testing of the candidate messages once they have been reviewed and qualified by the RA and before their submission to the SEG(s) for approval;
* be committed to undertake the future message maintenance.

The submitting organisation confirms the knowledge and acceptance of the ISO 20022 Intellectual Property Rights policy for contributing organisations, as follows:

*“Organizations that contribute information to be incorporated into the ISO 20022 Repository shall keep any Intellectual Property Rights (IPR) they have on this information. A contributing organization warrants that it has sufficient rights on the contributed information to have it published in the ISO 20022 Repository through the ISO 20022 Registration Authority in accordance with the rules set in ISO 20022. To ascertain a widespread, public and uniform use of the ISO 20022 Repository information, the contributing organization grants third parties a non-exclusive, royalty-free licence to use the published information”.*

1. **Contact persons:**
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1. **Comments from the RMG members and relevant SEG(s) or SubSEG(s) and disposition of comments by the submitting organisation:**
1. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023R1114> [↑](#footnote-ref-2)