# Article 118: Electronic-money-token transition

Council first-reading position 8543/1/26 REV 1, 4 November 2026. Verified 19 November 2026. Final wording and numbering may change.

**Application**
Article 124 provides application from eventual entry into force. For Article 118 the transition ends 21 months later. Final Official Journal text and calendar dates remain to be checked.

**Provision**
Article 118, opening provision and (a)-(c); recital 178

**Requirement**
The temporary PSD2 derogations exclude direct unintermediated electronic-money-token payments, the specified crypto-provider exchanges and providers' own-account transfers. For ledger-settled token transactions, specified information may instead be supplied by reasoned estimation where compliance is impossible for circumstances not attributable to the provider. The article also disapplies specified PSD2 initiation and account-information provisions for token transactions.

**Responsible**
Providers and digital-assets, payments and legal owners classify the transaction and verify which exact PSD2 derogation applies.

**Timing**
The transition applies from eventual entry into force until 21 months after entry. Conditional estimates must be provided as soon as possible and before the payer authorises the transaction.

**Conditions and exceptions**
Point (b) is limited to the named PSD2 information duties and the stated cause of inability. Point (c) identifies PSD2 Articles 66(4) and 67(3). The exclusions do not cover an entire crypto business or every token transaction.

**PSD2 comparison**
The Council correlation Annex lists no direct PSD2 predecessor. This does not exclude thematic or technical-standard precursors.

Source: Council of the European Union, 8543/1/26 REV 1. Updated article card.

**What it means for the fraud function**

- Classify the actual token flow, intermediary role and provider capacity before relying on an exclusion.

- Record why the specified information cannot be determined and why that circumstance is not attributable to the provider.

- Track the transition end and prepare the applicable replacement controls.

**Common misreadings**

- Article 118 is not a general exemption from financial regulation for crypto providers.

- The information-estimate route does not permit unexplained guesses after authorisation.

Episodes: Season 1 episode 1, Season 1 episode 3. Links on the updated HTML card.