Crypto, TradFi & Digital

AI, tokenisation and smart glasses special: Europe organises the supervision of uses

Decoding financial, AI and data regulation to anticipate, comply and decide

AI, tokenisation and smart glasses: Europe organises the supervision of uses

Previous editions of the Regulatory Brief have documented ESMA's new strategic supervisory priority on digital innovation (Edition #26), the institutional contributions to the review of MiCA (Editions #26 and #27) and the shift of supervision from the model to the action, from the meeting of the European scientific panel on “loss of control” incidents to the ICO's work on AI agents (Edition #28). This twenty-ninth edition continues that trajectory with two publications, adopted on the same day, 13 October 2026, concerning the supervision of technological uses in two distinct fields.

This week, the regulatory signal comes not from a new regulation but from the preparation of supervision. On one side, the three European financial supervisory authorities are placing artificial intelligence and tokenisation on their joint work programme for 2027. On the other, the European Data Protection Board is clarifying how the GDPR applies to smart glasses, including where they incorporate AI features.

This edition devotes its main focus to the work programme of the joint committee of the financial authorities and covers the EDPB statement.

The main signal

Regulators are now seeking to track technologies that cut across several sectors and several legal frameworks at once.

The common thread of the two publications of 13 October is the same. A financial project using AI may fall simultaneously under the AI Act, under the GDPR where it processes personal data, under DORA for operational resilience, and under the sectoral rules applicable to the financial activity concerned. Smart glasses incorporating an AI assistant engage the GDPR, but also, depending on the uses, civil, criminal or employment law, image rights or sectoral rules.

In both cases, the institutional response is identical: organising the coordination of supervisors and clarifying the allocation of responsibilities before the uses become widespread. The challenge will no longer be merely to demonstrate that an experiment complies with a given text: it will be necessary to be able to explain how all the applicable regulations fit together around the same product or service.

Main focus: AI and tokenisation, the three European financial authorities prepare coordinated surveillance

On 13 October 2026, the Joint Committee of the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA) published its work programme for 2027. The programme pays particular attention to artificial intelligence and tokenisation. The work will mainly be carried out within the European Forum for Innovation Facilitators (EFIF), which brings together the national authorities responsible for innovation hubs and regulatory sandboxes.

Growing interest in tokenisation, without an equivalent increase in crypto-asset issuances

The authorities report having observed in 2026 a rise in the queries addressed to innovation hubs concerning smart contracts, distributed ledger technologies (DLT) and tokenisation. This increase has not, however, been matched by a comparable rise in issuances or offers of crypto-assets. The Joint Committee considers that this divergence could reflect a shift of innovation towards the tokenisation of traditional financial assets or services. This hypothesis will need to be explored further in 2027.

This observation matters. It suggests that the issues surrounding blockchain are no longer concentrated solely on the assets falling under MiCA. They increasingly concern the banks, insurers, investment firms, asset managers and market infrastructures experimenting with the representation or transfer of financial assets on distributed ledgers. The applicable framework will

then depend on the legal nature of the asset and the service concerned: MiCA is not necessarily the central text where the token represents a financial instrument, a bank deposit or another asset that is already regulated. This finding ties in directly with ESMA's analyses of tokenised equities (Edition #24) and the ESCB's position refusing to extend MiCA to all tokenised assets (Edition #26).

AI becomes a subject of convergence between financial supervisors

For artificial intelligence, the EFIF plans to continue the exchanges between authorities on use cases and on the experiments conducted in regulatory sandboxes. These exchanges are to be supplemented by presentations from companies as well as consumer or investor associations. The aim is to improve knowledge of uses, opportunities and risks and, where justified, to bring supervisory practices closer together.

The programme provides in particular for: cross-cutting monitoring of technologies, use cases and operating models of interest to several financial sectors; the identification of regulatory or prudential difficulties encountered in innovation schemes; the analysis of new risks and of any unintended obstacles to scaling up; a section devoted to AI and tokenisation in a future factsheet on the main trends in financial innovation; and the production of common materials for supervisors. It is therefore not yet an inspection campaign: rather, the programme prepares a common analytical base that may later feed into guidance, convergence instruments or coordinated supervisory actions.

An expected articulation between the different sandboxes

The most concrete point concerns the coordination between the financial sector's sandboxes and those that the Member States must set up under the AI Act. A single financial project using AI may indeed fall simultaneously under the AI Act, under the GDPR where it processes personal data, under DORA for questions of operational resilience and the management of technology providers, and under the sectoral rules applicable to the financial activity concerned.

The joint programme seeks to prevent such projects from being examined separately by authorities applying divergent approaches. It does not, however, create a one-stop shop and does not yet settle the allocation of competences between the different supervisors.

BigTechs remain within the scope of surveillance

The Joint Committee also plans a third information-gathering exercise on BigTechs and on groups simultaneously carrying on financial and non-financial activities in the European Union. This exercise is to lead, subject to the EFIF's subsequent decisions, to a mapping as well as a short report or factsheet presenting the main findings. It is also intended to facilitate the sharing of information between home-country authorities and those of the States in which the groups provide their services.

The combination of this exercise and the work on AI is particularly significant: a substantial share of the models, cloud infrastructures and AI services used by financial players is supplied by large technology groups that do not belong exclusively to the financial sector.

What financial players can take from this

The programme does not immediately impose any new obligation. It is nevertheless a signal inviting institutions to document more thoroughly: their AI and tokenisation use cases; the group entities and service providers involved; the legal framework applicable to each project; dependencies on technology providers; the lessons learned from innovation hubs and sandboxes; and the allocation of responsibilities between the innovation, compliance, data protection and IT risk teams.

A reading precaution is required. The Joint Committee's work programme is not a new regulation; it does not create additional, immediately applicable obligations; it does not announce any specific inspection campaign; and it does not mean that all AI or tokenisation projects will fall under the three authorities. The deliverables currently envisaged are mainly a mapping, a thematic factsheet, exchanges between supervisors and convergence tools, and the document states that their content and priorities may still evolve.

What to watch

- The **further exploration in 2027 of the hypothesis of a shift of innovation** towards the tokenisation of traditional financial assets or services.
- The **practical arrangements for coordination between the financial sandboxes and those provided for by the AI Act**, and the allocation of competences between supervisors, which has not yet been settled.
- The **results of the third information-gathering exercise on BigTechs** and the expected mapping, subject to the EFIF's subsequent decisions.

Data protection: smart glasses and AI, the EDPB clarifies who bears GDPR responsibility

On 13 October, the European Data Protection Board (EDPB) adopted its Statement 1/2026 on smart glasses. The CNIL relayed this position, drawn up against the background of the growing spread of devices incorporating cameras, microphones, software and, in some cases, AI systems intended in particular for translation or object identification.

The user's responsibility depends on the use

The user may benefit from the so-called “household” exemption where the processing remains strictly personal or family-related, for example to share a photograph with a relative or use a translation service in a private context. That exemption must, however, be interpreted strictly. It notably no longer applies where images are published to an indeterminate number of people on a public social network or where the glasses are used in a professional, official, political or commercial context. Depending on the circumstances, the user may then be characterised as a controller or a joint controller. Even where a use falls outside the GDPR, it may remain subject to civil, criminal or employment law, image rights or sectoral rules.

Manufacturers and AI providers retain their own obligations

The EDPB stresses that the household exemption that may apply to the user does not relieve the manufacturer, the provider of the application or the provider of an AI feature of the duty to comply with the GDPR. These actors may be characterised as independent or joint controllers where they determine the purposes and means of the processing. They cannot therefore transfer their obligations to the user, in particular where the data captured by the glasses is analysed by an AI assistant or reused for another purpose.

The EDPB further considers that justifying a reuse of the data on the basis of legitimate interest would be particularly difficult where it pursues a commercial purpose going beyond the service requested by the user or where it serves to train an AI system on data concerning people in the vicinity.

Transparency must be immediately perceptible

Traditional information notices are not necessarily sufficient where the people being filmed have no relationship with the manufacturer or the service provider. The EDPB therefore recommends combining several mechanisms: sufficiently visible indicator lights; audible sound signals or voice commands; proximity notifications on smartphones, provided they are not the only mechanism; a design making it possible to distinguish smart glasses from ordinary glasses; and mechanisms that are difficult to deactivate or circumvent. The signal must enable those present to understand that a

recording or an analysis is under way. In particular, it must not be possible to continue recording while the indicator is covered.

Minimisation measures from the design stage

The statement also recommends limiting continuous recording, live streaming and retention periods. Where the glasses are mainly intended to provide real-time assistance, the persistent retention of sounds, images or videos may not be necessary and should then be deactivated by default. The EDPB also mentions: blurring or masking the identity of people present; pseudonymisation or anonymisation before any sharing or reuse; on-device processing where possible; geographical restrictions in certain sensitive places; and mechanisms slowing down immediate sharing on social networks. Heightened vigilance is expected in healthcare establishments, schools, workplaces, changing rooms and other sensitive environments.

A first position, not definitive guidelines

The statement is a preliminary position. The EDPB indicates that it will continue its work and that complementary guidance may prove necessary. The sociological report published in parallel, “The connected gaze. Video recording, surveillance and administering evidence in the age of smart glasses”, must be distinguished from the statement: it was produced by an external expert under the expert reserve programme, following a proposal from the CNIL, and its conclusions do not necessarily represent the EDPB's official position.

What to watch

- The **complementary guidance the EDPB may adopt** following this first position.
- The **application by the national authorities** (including the CNIL, which relayed the statement) in their inspections and their responses to complaints.
- The **interplay with the rules on embedded AI systems** (translation, object identification) and the question of training models on data captured from third parties.

Key takeaways

Six structural points to take on board:

- The **European financial authorities will make AI and tokenisation a common strand of their work in 2027**, mainly within the EFIF.
- The **increase in queries relating to smart contracts and DLT** could signal a shift of innovation towards the tokenisation of traditional financial assets.
- The **supervisors want to bring the financial sandboxes closer to those provided for by the AI Act**, without creating a one-stop shop or settling the allocation of competences.
- The **EDPB confirms that the household exemption applicable to certain users of smart glasses does not automatically protect manufacturers and providers of services or AI**, who retain their own GDPR obligations.
- The **transparency owed to the people being filmed must be built directly into the design of the product**: indicator lights, signals, distinctive design and mechanisms that are difficult to circumvent.
- Neither of the two developments **creates, on its own, new, immediately applicable legislative obligations**.

Conclusion

The two publications of 13 October 2026 follow the same logic, observed over several editions: regulators are supervising technologies that cut across several sectors and several legal frameworks at once. On the financial side, the Joint Committee is preparing a common analytical base on AI and tokenisation, articulating the sandboxes and keeping BigTechs under its surveillance, without creating any new obligation. On the personal data side, the EDPB is allocating responsibilities around smart glasses between users, manufacturers and AI providers, and placing transparency and minimisation at the level of product design. For the players concerned, the operational line is the same in both fields: document the use cases, identify the legal framework applicable to each project and be able to explain how all the regulations fit together around the same product or service. The supervision of uses is taking shape, and the obligations flowing from it will be clarified in 2027.

Main sources

- Joint Committee of the European Supervisory Authorities, *2027 Work Programme*, reference JC 2026 21, 13 October 2026.
- ESMA, *"European Supervisory Authorities set priorities for 2027"*, 13 October 2026.
- EDPB, *Statement 1/2026 of the EDPB on smart glasses*, adopted 13 October 2026.
- CNIL, *« Le CEPD publie une déclaration sur les enjeux de protection des données liés aux lunettes connectées »*, 13 October 2026.
- Regulation (EU) 2016/679, the General Data Protection Regulation.
- Regulation (EU) 2024/1689, the Artificial Intelligence Act.
- Regulation (EU) 2022/2554, the Digital Operational Resilience Act for the financial sector (DORA).

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