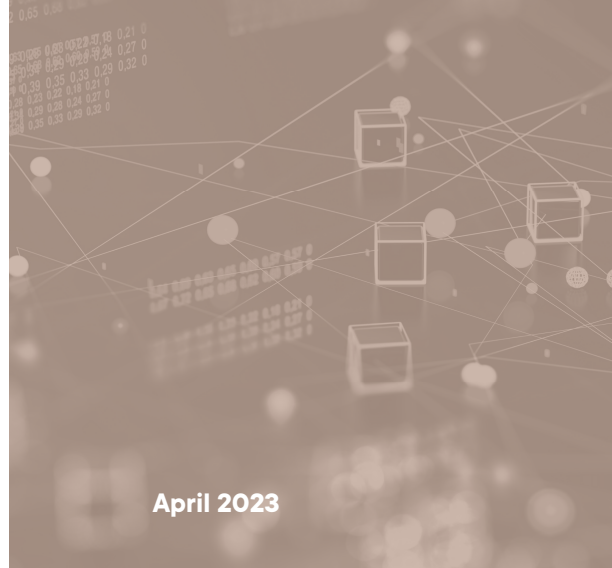




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Update

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The European Regulation shows the way in Crypto Assets Regulation

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Following an enduring legislative journey, that has lasted almost three years, last Thursday, 20 April, the European Parliament passed the [Markets in Crypto-assets Regulation](#) (MiCA Regulation”) by a margin of 517-38 votes. In addition, the EU also endorsed new regulations to trace crypto-asset transfers, prevent money laundering and establish common rules on supervision and customer protection, extending the “Travel Rule” to Crypto Assets.

Stefan Berger, the lead MEP for the MiCA Regulation, stated that the new legislation puts the EU ahead in the token economy, with protection for consumers against fraud and deception, and monitoring of underlying risks around crypto assets that fall outside the scope the EU financial services legislation, such as MIFID.

MiCa Regulation, which may perhaps be the most relevant regulatory milestone in the history of crypto, sets out a pioneer pan-European harmonized and comprehensive regulatory framework, covering the issuance, offer and trading of crypto-assets as well as the provision of related services, also considering the environmental impact disclosure for investors. This specific topic is expected to be further detailed in Regulatory Technical Standards (RTS) to be issued by the ESMA in cooperation with the EBA, which shall provide further guidance on the content, procedures and presentation of information concerning sustainability indicators and other environment related adverse impacts.

To that extent, MiCa Regulation:

- Regulates the issuance and admission to trading of crypto-assets, including transparency and disclosure requirements;
- Introduces licensing for crypto-asset service providers, issuers of asset-backed tokens and issuers of e-money tokens;
- Clarifies regulatory obligations applicable to asset-linked token issuers, e-money token issuers and crypto-asset service providers, including consumer protection rules for the issuance, trading, exchange and custody of crypto-assets;

- Strengthens confidence in crypto-asset markets by establishing a market abuse regime that prohibits market manipulation and insider trading; and
- Clarifies the powers, including the framework for cooperation and sanctions, entrusted to competent authorities.

The next steps for the MiCA will entail: **(i)** final formal vote by the EU member states in the Council of the EU on May 16; **(ii)** its publication in the Official Journal of the EU within the following 20 days (i.e. by June 2023); **(iii)** the entry into force for stablecoins issuers (Asset Reference Tokens and E-Money Tokens and overall crypto assets issuers) and the publication of Regulatory Technical Standards by the ESMA and the EBA by June 2024; leading to **(iv)** the entry into force of **the Regulation** for crypto-asset service providers (“CASPs”) 18 month later (by December 2024).

The particular importance of the MiCA Regulation stems from the fact that it establishes a legal framework for a sector of activity that has so far been mostly unregulated, notwithstanding applicable national laws on the prevention of money laundering and financing of terrorism (ML/FT) and is intended to be the main legal instrument for the regulation of crypto-assets activities and services in the EU.

With the adoption of the MiCA Regulation, a high impact is expected on various players involved in the crypto-assets industry in the EU. The benefits are however clear: this new regulatory framework will provide legal certainty for markets in crypto-assets, placing the EU on the forefront of the crypto industry.