








Procedure file

Basic information	
<p>COD - Ordinary legislative procedure (ex-codecision procedure) Regulation</p> <p>2020/0265(COD)</p>	Awaiting Parliament's position in 1st reading
<p>Digital finance: Markets in Crypto-assets (MiCA)</p> <p>Amending Directive 2019/1937 2018/0106(COD)</p> <p>Subject</p> <p>2.50.03 Securities and financial markets, stock exchange, CIUTS, investments</p> <p>2.50.08 Financial services, financial reporting and auditing</p> <p>2.50.10 Financial supervision</p> <p>3.30.06 Information and communication technologies, digital technologies</p> <p>8.50.01 Implementation of EU law</p> <p>Legislative priorities</p> <p>Joint Declaration 2021</p> <p>Joint Declaration 2022</p>	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	ECON Economic and Monetary Affairs		15/10/2020
		 BERGER Stefan	
		Shadow rapporteur	
		 HEINÄLUOMA Eero	
		 KOVARÍK Ondřej	
		 URTASUN Ernest	
		 RINALDI Antonio Maria	
		 MOŽDŽANOWSKA Andželika Anna	
		 MACMANUS Chris	
Council of the European Union	Committee for opinion	Rapporteur for opinion	Appointed
	BUDG Budgets	The committee decided not to give an opinion.	
	ITRE Industry, Research and Energy	The committee decided not to give an opinion.	
	IMCO Internal Market and Consumer Protection	The committee decided not to give an opinion.	
	LIBE Civil Liberties, Justice and Home Affairs	The committee decided not to give an opinion.	
	JURI Legal Affairs	The committee decided not to give an opinion.	

European Commission	Commission DG	Commissioner
	Financial Stability, Financial Services and Capital Markets Union	MCGUINNESS Mairead
European Economic and Social Committee		

Key events			
24/09/2020	Legislative proposal published	COM(2020)0593	Summary
13/11/2020	Committee referral announced in Parliament, 1st reading		
14/03/2022	Vote in committee, 1st reading		
14/03/2022	Committee decision to open interinstitutional negotiations with report adopted in committee		
17/03/2022	Committee report tabled for plenary, 1st reading	A9-0052/2022	Summary
23/03/2022	Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 71)		
04/04/2022	Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 71)		
09/10/2022	Approval in committee of the text agreed at 1st reading interinstitutional negotiations	PE737.216 PE737.220	
09/10/2022	Approval in committee of the text agreed at 1st reading interinstitutional negotiations	PE737.216 GEDA/A/(2022)006309	

Technical information	
Procedure reference	2020/0265(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
	Amending Directive 2019/1937 2018/0106(COD)
Legal basis	Treaty on the Functioning of the EU TFEU 114-p1
Other legal basis	Rules of Procedure EP 159
Mandatory consultation of other institutions	European Economic and Social Committee
Stage reached in procedure	Awaiting Parliament's position in 1st reading
Committee dossier	ECON/9/04223

Documentation gateway					
Legislative proposal		COM(2020)0593	24/09/2020	EC	Summary
Document attached to the procedure		SEC(2020)0306	24/09/2020	EC	
Document attached to the procedure		SWD(2020)0380	24/09/2020	EC	
Document attached to the procedure		SWD(2020)0381	24/09/2020	EC	

European Central Bank: opinion, guideline, report		CON/2021/0004 OJ C 152 29.04.2021, p. 0001	19/02/2021	ECB	
Committee draft report		PE663.215	25/02/2021	EP	
Amendments tabled in committee		PE693.707	03/06/2021	EP	
Amendments tabled in committee		PE693.740	03/06/2021	EP	
Amendments tabled in committee		PE693.741	03/06/2021	EP	
Amendments tabled in committee		PE693.742	03/06/2021	EP	
Document attached to the procedure		N9-0053/2021 OJ C 337 23.08.2021, p. 0004	24/06/2021	EDPS	
Committee report tabled for plenary, 1st reading/single reading		A9-0052/2022	17/03/2022	EP	Summary
Committee letter confirming interinstitutional agreement		PE737.220	05/10/2022	EP	
Coreper letter confirming interinstitutional agreement		GEDA/A/(2022)006309	05/10/2022	CSL	
Text agreed during interinstitutional negotiations		PE737.216	05/10/2022	EP	

Digital finance: Markets in Crypto-assets (MiCA)

PURPOSE: to establish a new fully harmonised EU legal framework regarding the proper functioning of crypto-asset markets.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: this proposal is part of the Digital Finance package, a package of measures to further enable and support the potential of digital finance in terms of innovation and competition while mitigating the risks. The digital finance package includes a new [Strategy on digital finance for the EU financial sector](#) with the aim to ensure that the Unions financial services legislation is fit for the digital age, and contributes to a future-ready economy that works for the people, including by enabling the use of innovative technologies. The Union has a stated and confirmed policy interest in developing and promoting the uptake of transformative technologies in the financial sector, including blockchain and distributed ledger technology (DLT).

This package also includes a [proposal](#) for a pilot regime on distributed ledger technology market infrastructures, a [proposal](#) for digital operational resilience, and a [proposal](#) to clarify or amend certain related EU financial services rules.

As a reminder, in finance, crypto-assets are one of the major DLT applications. Crypto-assets are digital representations of value or rights that have the potential to bring significant benefits to both market participants and consumers. By streamlining capital-raising processes and enhancing competition, issuances of crypto-assets can allow for a cheaper, less burdensome and more inclusive way of financing small and medium-sized enterprises (SMEs).

When used as a means of payment, payment tokens can present opportunities in terms of cheaper, faster and more efficient payments, in particular on a cross-border basis, by limiting the number of intermediaries. Some crypto-assets qualify as financial instruments. The majority of crypto-assets, however, fall outside of the scope of Union legislation on financial services.

There are no rules for services related to crypto-assets. The lack of an overall Union framework for crypto-assets can lead to regulatory fragmentation and a lack of users confidence in those assets, which will hinder the development of a market in those assets and can lead to missed opportunities in terms of innovative digital services, alternative payment instruments or new funding sources for Union companies.

A dedicated and harmonised framework is therefore necessary at Union level to provide specific rules for crypto-assets and related activities and services and to clarify the applicable legal framework.

CONTENT: this proposal therefore seeks to provide legal certainty for crypto-assets not covered by existing EU financial services legislation and establish uniform rules for crypto-asset service providers and issuers at EU level. It shall replace existing national frameworks applicable to crypto-assets not covered by existing EU financial services legislation and also establish specific rules for so-called stablecoins, including when these are e-money.

General objectives

This proposal, which covers crypto-assets falling outside existing EU financial services legislation, as well as e-money tokens, has four general objectives:

(1) provide legal certainty: for crypto-asset markets to develop within the EU, there is a need for a sound legal framework, clearly defining the regulatory treatment of all crypto-assets that are not covered by existing financial services legislation;

(2) support innovation and fair competition: to promote the development of crypto-assets and the wider use of DLT, it is necessary to put in place a safe and proportionate framework to support innovation and fair competition;

(3) instil appropriate levels of consumer and investor protection and market integrity given that crypto-assets not covered by existing financial services legislation present many of the same risks as more familiar financial instruments;

(4) ensure financial stability.

Crypto-assets are continuously evolving. While some have a quite limited scope and use, others, such as the emerging category of stablecoins, have the potential to become widely accepted and potentially systemic.

Specific objectives

These include:

- removing regulatory obstacles to the issuance, trading and post-trading of crypto-assets that qualify as financial instruments, while respecting the principle of technological neutrality;
- increasing the sources of funding for companies through increased Initial Coin Offerings and Securities Token Offerings;
- limiting the risks of fraud and illicit practices in the crypto-asset markets;
- allowing EU consumers and investors to access new investment opportunities or new types of payment instruments in particular for cross-border situations (EU passporting).

Safeguards

This proposal includes safeguards to address potential risks to financial stability and orderly monetary policy that could arise from stablecoins. Safeguards include capital requirements, custody of assets, a mandatory complaint holder procedure available to investors, and rights of the investor against the issuer. Issuers of significant asset-backed crypto-assets (so-called global stablecoins) shall be subject to more stringent requirements (e.g. in terms of capital, investor rights and supervision).

Budgetary implications

This proposal holds implications in terms of costs and administrative burden for national competent authorities, the European Banking Authority and the European Securities and Markets Authority. The magnitude and distribution of these costs will depend on the precise requirements placed on crypto-asset issuers and service providers and the related supervisory and monitoring tasks. The estimated supervisory costs for each Member State (including staff, training, IT infrastructure and dedicated investigative tools) can range from EUR 350 000 to EUR 500 000 per year, with one-off costs estimated at EUR 140 000.

Digital finance: Markets in Crypto-assets (MiCA)

The Committee on Economic and Monetary Affairs adopted the report by Stefan BERGER (EPP, DE) on the proposal for a regulation of the European Parliament and of the Council on markets in crypto-assets and amending Directive (EU) 2019/1937.

This proposal is part of a package of legislative proposals to strengthen the EU's anti-money laundering and countering terrorism financing rules. It aims to update the existing rules on information accompanying money transfers. The update aims to extend the scope of the rules to certain crypto-assets, which are increasingly at risk of being exploited for criminal and money laundering purposes.

The committee responsible recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the proposal as follows:

Objective of the Regulation

The Regulation would establish uniform rules on:

- transparency and disclosure requirements for the issuance, offering and admission to trading of crypto-assets on a crypto-asset trading platform;
- the authorisation and supervision of crypto-asset service providers and issuers and offerors of both asset-referenced tokens and issuers of electronic money tokens;
- the operation, organisation and governance of issuers and offerors of asset-referenced tokens, issuers and offerors of electronic money tokens and crypto-asset service providers;
- consumer protection rules for the issuance, trading, exchange and custody of crypto-assets;
- measures to prevent market abuse to ensure the integrity of crypto-asset markets.
- measures to prevent the misuse of crypto-assets for illicit purposes and to protect the internal market from the risks relating to money laundering, terrorist financing and other criminal activities.

This Regulation applies to persons that are engaged in the issuance or offering of crypto-assets for the purpose of trading or providing services related to the trading of crypto-assets in the Union.

By 1 January 2025, the Commission should include crypto-asset mining in the economic activities that contribute substantially to climate change mitigation in the EU Sustainable Finance Taxonomy.

Crypto-Assets, other than asset-referenced tokens or e-money tokens

No person should offer crypto-assets, other than asset-referenced tokens or e-money tokens, in the Union to the public, or seek an admission of such crypto-assets to trading on a trading platform for crypto-assets, unless that person:

- is a legal entity established in the Union, a natural person having its residence in the Union, or an entity established or having a seat in the Union and subject to the rights and obligations of the Union, or is a decentralised autonomous organisation;
- has drafted a crypto-asset white paper in respect of those crypto-assets;
- has received authorisation from a competent authority;
- has measures in place to prevent the misuse of the offering of crypto-assets to the public or trading on a platform for crypto-assets for the purposes of money laundering or financing of terrorism;
- does not have a parent undertaking, or a subsidiary, that is established in a third country that: (i) is listed as a high-risk third country having strategic deficiencies in its regime on anti-money laundering and counter terrorist financing; (ii) has a 0 % corporate tax rate or no taxes on companies profits.

Obligations for all crypto asset service providers

New provisions stipulate that crypto asset service providers should:

- act in an honest, fair and professional manner, in the best interests of their clients and potential clients;
- make publicly available, in a prominent place on their website, information related to the environmental and climate-related impact of each crypto-asset in relation to which they offer services;
- have effective internal control mechanisms and procedures to ensure full traceability of all transfers of crypto-assets for payment purposes within the EU, as well as transfers of crypto-assets from the EU to other regions or from other regions to the EU;
- have effective internal controls and procedures for the prevention, detection and investigation of money laundering, terrorist financing and other criminal activities in accordance with the [Money Laundering Regulation];
- apply adequate customer due diligence procedures by identifying and verifying client identity on the basis of documents, data or information obtained from a reliable and independent source and by identifying the identity of the beneficial owner and taking reasonable measures to verify that person's identity. Internal control mechanisms and procedures should provide for enhanced due diligence measures for customers that wish to transfer crypto-assets to or from unhosted wallets;
- report immediately to the competent authorities any reasonable suspicion that funds, regardless of the amount involved, are the proceeds of criminal activity or are related to the financing of terrorism or other criminal activity, and provide all necessary information directly to the competent authority upon request;
- investigate all complaints fairly and within three working days of receiving a complaint.

Crypto-asset service providers carrying out specified services should have in place a plan that is appropriate to support an orderly wind-down of their activities under applicable national law, including the continuity or recovery of any critical activities performed by those service providers or by any third party entities.

Role of the European Securities and Markets Authority (ESMA)

ESMA should establish and maintain a public register of non-compliant crypto-asset service providers and regularly update this register

ESMA should be conferred sufficient powers to supervise the issuance of crypto-assets, including asset-referenced tokens, as well as crypto-asset service providers, including the power to suspend or prohibit an issuance of crypto-assets or the provision of a crypto-asset service and to investigate infringements of the rules on market abuse. It should monitor and report annually on the scale and severity of any circumvention of this Regulation by third-country actors, as well as propose possible countermeasures.

Transparency				
KOVA?İK Ond?ej	Shadow rapporteur	ECON	13/01/2021	Flint Global
KOVA?İK Ond?ej	Shadow rapporteur	ECON	09/09/2021	Afore Consulting
KOVA?İK Ond?ej	Shadow rapporteur	ECON	10/11/2021	APCO Worldwide
KOVA?İK Ond?ej	Shadow rapporteur	ECON	16/11/2021	Ripple
KOVA?İK Ond?ej	Shadow rapporteur	ECON	08/12/2021	Blockchain and virtual currencies stakeholders
KOVA?İK Ond?ej	Shadow rapporteur	ECON	31/01/2022	European Digital Finance Association
KOVA?İK Ond?ej	Shadow rapporteur	ECON	23/02/2022	Société Générale
KOVA?İK Ond?ej	Shadow rapporteur	ECON	23/02/2022	BBVA

KOVA?İK Ond?ej	Shadow rapporteur	ECON	01/03/2022	Cicero/amo
HEINÄLUOMA Eero	Shadow rapporteur	ECON	02/03/2022	Assemblée nationale
HEINÄLUOMA Eero	Shadow rapporteur	ECON	30/03/2022	Permanent representation of France to the EU
KOVA?İK Ond?ej	Shadow rapporteur	ECON	30/03/2022	Blockchain
KOVA?İK Ond?ej	Shadow rapporteur	ECON	25/04/2022	Rockaway Blockchain Fund
KOVA?İK Ond?ej	Shadow rapporteur	ECON	10/05/2022	European Parliament Relations
KOVA?İK Ond?ej	Shadow rapporteur	ECON	16/05/2022	Binance
KOVA?İK Ond?ej	Shadow rapporteur	ECON	18/05/2022	APCO Worldwide
KOVA?İK Ond?ej	Shadow rapporteur	ECON	21/06/2022	Afore Consulting
KOVA?İK Ond?ej	Shadow rapporteur	ECON	08/09/2022	Crypto stakeholders