



# ***Navigating New Regulations: MiCA and Stablecoins in Europe's Digital Asset Landscape***

12 November 2024

Meglana Grueva



# Did you know?

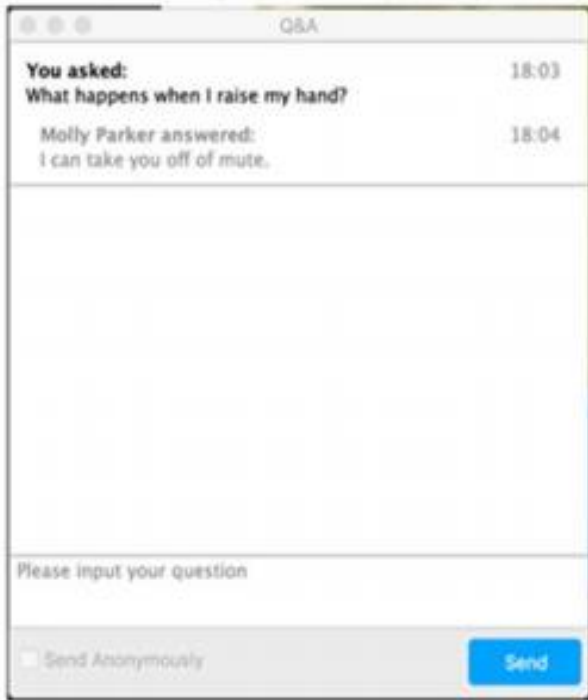
From 1 November 2023, ICAEW's revised Continuing Professional Development (CPD) Regulations brought in new CPD requirements, including a minimum number of hours and an ethics requirement.

This webinar could contribute to up to 1 hour of verifiable CPD, so long as you can demonstrate that the content is relevant to your role.

Find out more about how these changes affect you at [icaew.com/cpdchanges](https://www.icaew.com/cpdchanges).



# *Ask a question*



The screenshot shows a window titled 'Q&A'. It contains a history of questions and answers. The first entry shows a question 'What happens when I raise my hand?' asked at 18:03, followed by an answer 'I can take you off of mute.' from Molly Parker at 18:04. Below this is a large text input area with the placeholder text 'Please input your question'. At the bottom left is a checkbox labeled 'Send Anonymously', and at the bottom right is a blue 'Send' button. An arrow points from the 'NOTE' text to the 'Send' button.

## To ask a question

Click on the **Q&A** button in the bottom toolbar to open the submit question prompt.

Type your question and click send

NOTE: If you wish to ask your question anonymously check the **send anonymously** box shown on the illustration.

# ***Today's speakers***



**Meglana Grueva**  
**Forvis Mazars**



**Polly Tsang**  
**Financial Services Faculty**

# Contents

1. Stablecoins: definition and growth trends
2. Markets in Crypto Assets Regulation (MiCA) – overview, timeline, scope
3. Taxonomy of crypto-assets under MiCA
4. Common requirements for Stablecoins
5. Asset Referenced Token (ART)
6. E-Money Token (EMT)
7. Significant ARTs and EMTs



# Stablecoins

1. Stablecoins are a type of digital assets that are designed to maintain a stable value, typically by linking the value of the token to an underlying pool of collateral.
2. Stablecoins play an integral role intermediating transactions in digital asset markets - over 80% of all crypto transactions now use a stablecoin as one leg of the transaction (source: [www.theblock.co](http://www.theblock.co))
3. Use has grown rapidly in recent years as the digital asset market matures, including increased demand for crypto assets with stable cash-like characteristics



source: [State of Crypto Report 2024](#)



# Markets in Crypto Assets (MiCA) Regulation

## EU-wide comprehensive regulatory framework for crypto assets



**Part of the  
EU Digital Finance  
Package provided by the  
European Commission  
on 24 September 2020**

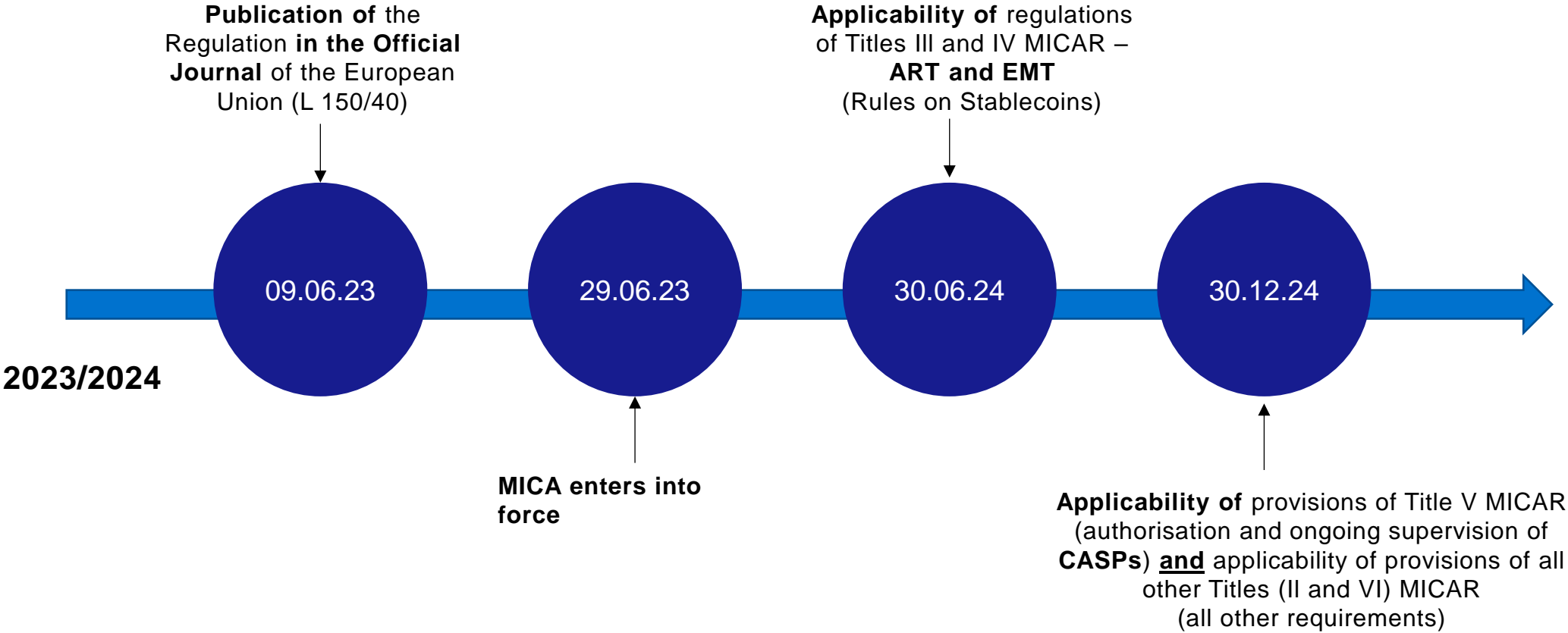


**Enhance  
competitiveness  
and digital innovation  
within  
EU's financial sector**



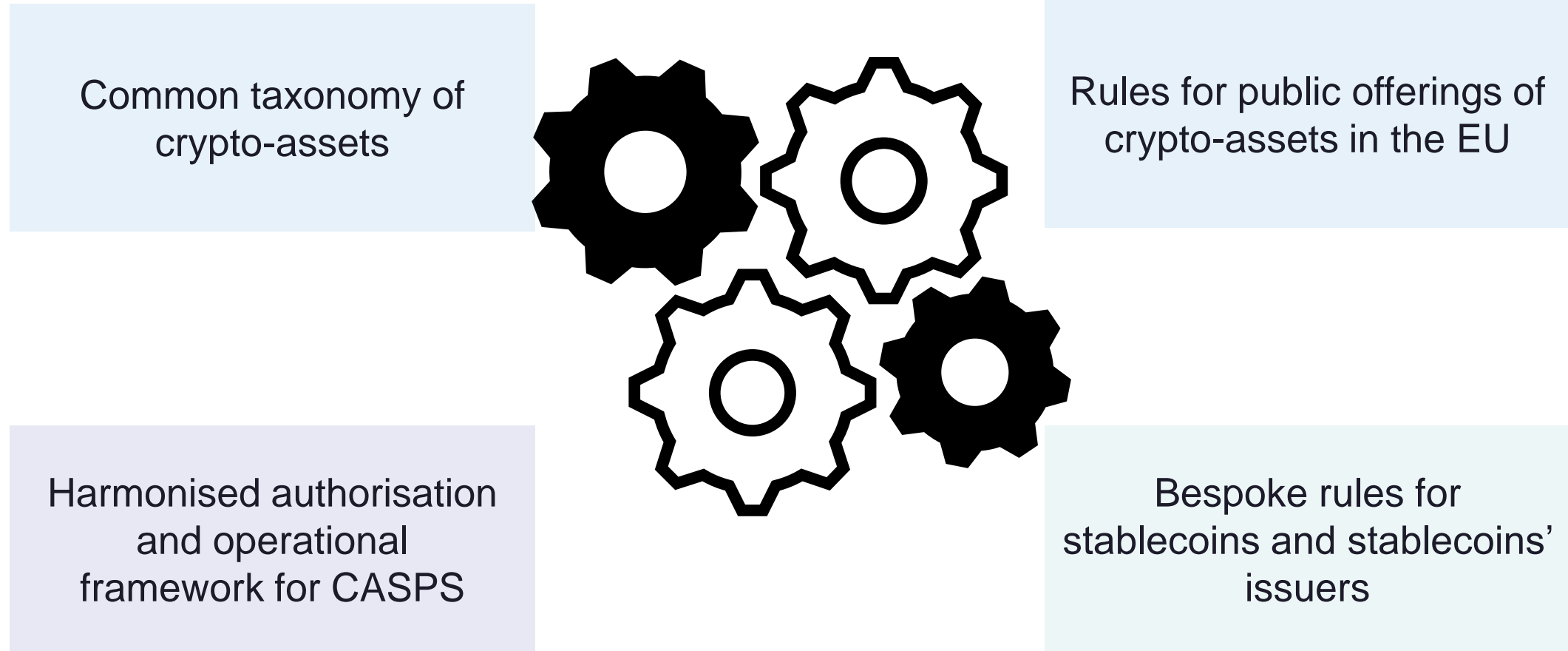
**Provide  
legal certainty,  
investor protection,  
market integrity  
and  
financial stability**

# Markets in crypto-assets (MICA) Regulation – timeline





# Markets in crypto-assets (MICA) Regulation : Four key areas



# Taxonomy of crypto-assets under MICA

## What is not included?

Not applicable to crypto assets, which are considered to be:

- Financial instruments and structured deposits within the meaning of MiFID II
- Amounts of money within the meaning of PSD2 & e-money directive except EMT
- Deposits within the meaning of the Directive on Deposit Guarantee Schemes
- Securitisation positions within the meaning of the Securitisation Regulation
- Various insurance and pension products

Not applicable to unique, non-fungible crypto assets (NFT in the narrow sense), but it captures fractionalised NFTs

Not applicable to the following persons, entities, and companies:

- Central banks, European Investment Bank, European Financial Stability Facility, European Stability Mechanism and international public law organisations
- Insolvency administrator
- Group-internal crypto asset service provider (CASP)



# Taxonomy of crypto-assets under MICA

**Definition:** "a digital representation of value or rights that is able to be transferred and stored electronically using distributed ledger technology or similar technology."

## **Asset-referenced tokens (title III):**

- Crypto-assets that purport to maintain a stable value by being linked to the value of several fiat currencies, one or several commodities, crypto-assets, or a basket of such assets

## **E-money tokens (title IV):**

- Crypto-assets that stabilize their value by being referenced to one particular fiat currency and that are intended to be used for payment purposes

## **Other crypto-assets (title II):**

- Catch-all category which aims to capture all types of crypto-assets that do not fall under the definition of either asset-referenced or e-money token (including virtual currencies)
- Utility tokens: designed to provide access to goods and services offered by their issuers





# Stablecoins: regulatory requirements under MiCA

## Common requirements

- White paper submission to the NCA: very detailed prescriptive requirements about the issuer; the token (rights and obligations); underlying technology; reserve assets management; operational mechanics; overall risks; adverse environment-related impact; unambiguous disclaimers; regular updates; LIABILITY!
- Prudential rules: initial capital and own funds requirements
- Governance requirements
- Recovery and redemption plans
- Marketing regulations
- Prohibition of granting interest
- Specific regime regarding their reserve of assets, including mandatory audits every six months



# Stablecoins: regulatory requirements under MiCA

## Asset Referenced Token (ART)

- The issuer can be – a credit Institution or a legal entity incorporated in the EU and authorised under MiCA
- A novel form of instrument of exchange (not funds)
- Holders have a right of redemption at all times against the issuer in a fiat equivalent to the market value of the referenced assets, or the actual delivery of referenced assets
- Issuers must clearly set out – recovery and redemption plans, reserve asset valuation methods, composition and management of reserves, as well as custody of reserve assets
- Reporting requirements towards issuers (including assistance from CASPs)
- Issuance restrictions to prevent ARTs from becoming too widely adopted as a means of exchange, and settlement of transactions
- Public disclosure requirements on their website regarding the amounts of ARTs in circulation, and the value and composition of the reserve of assets
- Policies describing the stabilization mechanism





# Stablecoins: regulatory requirements under MiCA

## E-Money Token (EMT)

- The issuer can be – a credit Institution or an E-money institution
- Tokens shall be issued at par value
- Holders have a direct claim towards the issuer
- Legally they qualify as funds according to the regulation – hence used as a means of payment
- Title II and III of EMD2 additionally apply to EMTs – clarifications/amendments are needed
- 30% of funds received for the issuance to be held in credit institutions (the remaining should be in HQLAs and denominated in the referenced fiat)
- Specific requirements for issuers non-EU denominated EMTs:
  - quarterly reporting requirements (if issuance value exceeds EUR 100 million globally)
  - restrictions on issuance: daily value of transactions more than EUR 200 million, or 1 million transactions (on a quarterly average basis) within a single currency area within the EU



# Stablecoins: regulatory requirements under MiCA

## Significant ARTs and EMTs

EBA will be able to qualify an ART/EMT as a significant where certain criteria (at least 3) are met out of the following. The criteria for determining significance include quantitative and qualitative elements. Additional obligations apply to issuers of significant ARTs and EMTs.



### Quantitative criteria

- Number of holders > 10 mln
- Value of issued tokens / market cap / size of the reserves > EUR 5 bln
- Number and value of transactions > 2.5 mln daily transaction and their transaction volume > EUR 500 mln in value per day



### Qualitative criteria

- The issuer is a provider of core platform services designated as gatekeeper (DMA)
- Significance of activities of the issuer on an international scale
- Interconnectedness with the financial system
- Provision of crypto-asset services in addition to issuing an ART/EMT





**Q&A**

# ***Digital Assets Conference 2024***



**Scan the QR Code to  
find out more!**





[icaew.com](https://www.icaew.com)