



FROM CASH TO CODE: EXPLORING DIGITAL CURRENCIES AND CRYPTO

MARKETS IN CRYPTO-ASSETS REGULATION (MiCA) – ITS OPPORTUNITIES AND CHALLENGES

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WHAT SHALL WE COVER IN 10 MINUTES?



Background and risks MiCA is designed to address



Opportunities and challenges MiCA brings to the industry



Questions which still need to be answered

BACKGROUND



The initial proposal and finalization of the text of MiCA were directly influenced by the events happening in the market

2019 - Facebook announces the launch of new global cryptocurrency Libra

Mid 2022 - Collapse of Terra USD and LUNA, Celsius Network freeze, etc.

RISKS MICA IS DESIGNED TO ADDRESS



CONSUMER OR INVESTOR PROTECTION RISKS

- Lack of access to adequate information
- Losses resulting from fraudulent activities and deceptive practices
- Immaturity or failings of service providers



MARKET INTEGRITY RISKS

- Lack of fairness or transparency of price formation
- New opportunities for money laundering, terrorist financing and other illicit financing activities.



MARKET FRAGMENTATION RISKS

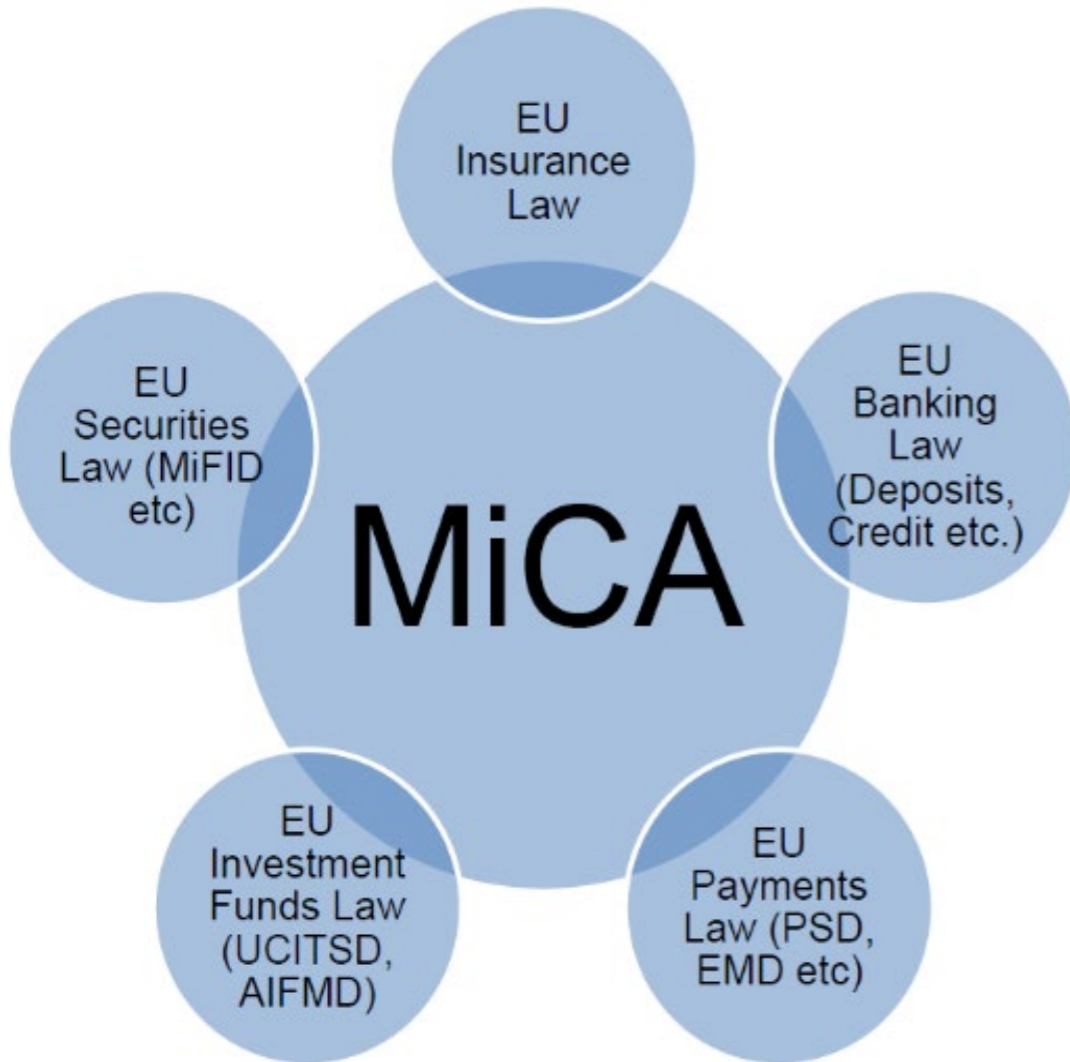
- Divergent national interpretations of how financial services legislation applies to security tokens
- Substantial regulatory fragmentation and legal uncertainty for cross-border operators



FINANCIAL STABILITY AND MONETARY POLICY RISKS

- Risks of potential malfunctioning of GSCs, risks to the stablecoins' value, loss of confidence
- Risks GSCs could pose to monetary policy transmission and monetary sovereignty

MICA OVERVIEW



MiCA is a comprehensive framework for the issuance of, intermediating and dealing in crypto-assets that are not regulated by existing financial services legislation.



Introduces licensing of crypto-asset service providers (CASPs) and issuers of asset-referenced tokens (ART) and e-money tokens (EMT).



Clarifies the regulatory obligations applicable to issuers of ART, EMT and CASPs.



Creates a regulatory regime aimed at combating market abuse, prohibiting market manipulation and insider dealing.



Intentionally left out: NFTs and DeFi (if 'fully decentralized')

OPPORTUNITIES AND CHALLENGES

Brings regulatory clarity to the market



Simplifies licensing in the EU - one passport for all EU countries



Enhances trust among the investors



Requirements set for stablecoin issuers are so robust that the smaller players will end up locked out of the market



Prohibition of interest on stablecoins is a step back



Exact duration of the transitional period is left for the MS to decide



Implementation is still a big question -will there be convergence?



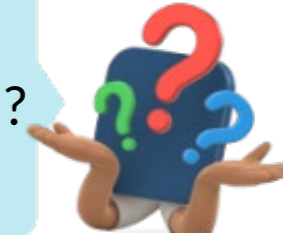
Operational costs & timeline

QUESTIONS STILL TO BE ANSWERED

Some of Level 2 and 3 guidance is still missing. How to prepare?



How will market abuse effectively be detected? Who will monitor?



What happens with MiCA non-compliant stablecoins?



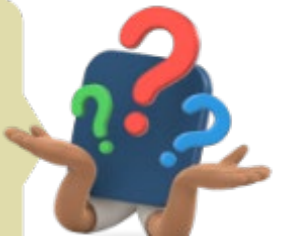
What exactly are the rules with regard to reverse solicitation?



How is the level of decentralization being measured to understand if a DeFi project is in or out of scope of MiCA?



Will there actually be regulatory convergence?



**THANK YOU FOR
LISTENING**

Questions?