

TIME TO MICAR

Avantage Reply

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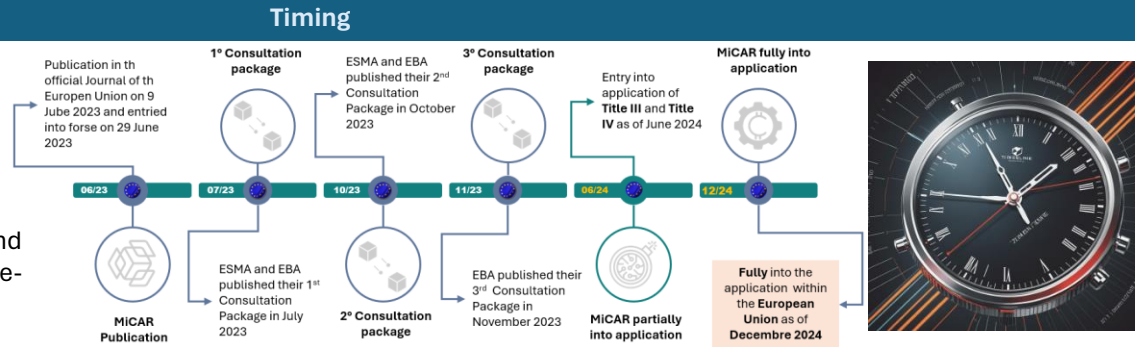
TIME TO MiCAR

MiCAR will apply to all persons who want to issue / offer crypto-assets or provide crypto-asset services to the public in the EU.

MiCAR will fully apply as of: **30 December 2024.**

As of **30 June 2024**

Title III - Asset-referenced tokens and
Title IV - Authorisation as an issuer of e-money tokens **will apply.**



MiCAR defines **rules, transparency, governance** and **disclosure requirements** for:

Issuance/offering and admission to trading of:

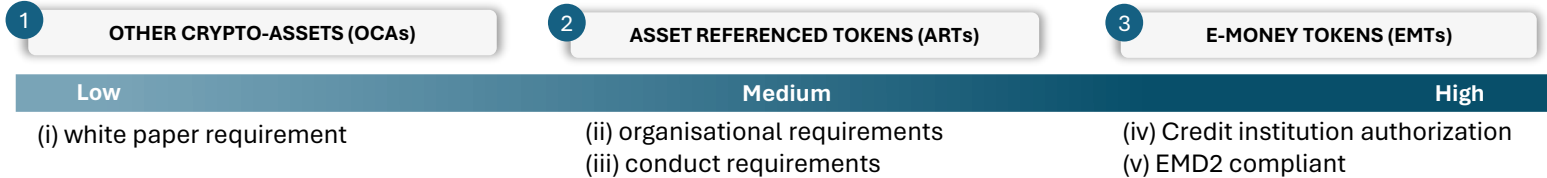
- ✓ Asset-referenced tokens (ARTs)
- ✓ Electronic money token or e-money token (EMTs)
- ✓ Other than ARTs or EMTs (OCAs), if **fungible, transferable**, with an **identified issuer** and not expressly excluded by the regulator (e.g. Cryptocurrencies, utility tokens, etc.)

Crypto-asset service providers (CASPs):

- ✓ **Custody and administration**
- ✓ **Operation of trading platform**
- ✓ **Placing and exchange**
- ✓ **Reception, transmission and order execution**
- ✓ **Providing advice** on crypto-assets
- ✓ **Providing portfolio management**

MiCAR will NOT apply to crypto-assets that are identified as: **financial instruments** under MiFID II (Directive 2014/65/EU); **funds**, as defined in PSDII (Directive 2015/2366/EU); **deposits** within the EU Directive on Deposit Guarantee Schemes (Directive 2014/49/EU); **securitisations** within the Securitisation Regulation (Regulation (EU) 2017/2402); **not fungible** (i.e. NFT); partially applicable to crypto-assets with **not an identifiable issuer** (i.e. Bitcoin¹)

Requirements for crypto-assets issuance and admission to trading:



OCAs, ARTs, EMTs are defined “**significant**” and are subject to additional stringent regulatory requirements if they meet certain quantitative requirements: customer base n° > 10 mln, market cap. € > 5 bln, daily transaction n° > 2,5 mln and daily value € > 500 mln.

MiCAR: background and objective

Part of EU Digital Finance Package, MiCAR defines a set of rules on:

- ❑ **authorisation and supervision** for crypto **providers and issuers**;
- ❑ **transparency and disclosure requirements** for **issuance and admission to trading**;
- ❑ **requirements for holders’ and CASPs clients’ protection**;
- ❑ **market abuse** to ensure **market integrity** on crypto-assets market; and compliance with Anti-Money Laundering as critical aspect.

Current implementation status

MiCAR includes **Level 2 (RTS/ITS)** and **Level 3 (Guidelines)** measures by the **European Banking Authority (EBA)** and **European Securities and Markets Authority (ESMA)**:

- ❑ ESMA has published two consultation packages and part of the 3rd related to **authorisation, governance, conflicts and complaint**.
- ❑ EBA has published three consultation packages to develop several **technical standards and guidelines** specific for **ARTs and EMTs**.

All level 2 and 3 will be published in their final form once they have been adopted by European Council before the fully application.

EU Member States shall facilitate MiCAR implementation. **Entities providing crypto-asset services**, in accordance with national laws, before 30 December 2024, **are allowed to continue until 1 July 2026**.

In **Italy**, crypto-assets provision **is reserved to agents and brokers** approved by Italy’s body: **OAM - Organismo degli Agenti e Mediatori**.

Focus: Crypto-Asset Service providers (CASPs)

Defined as: **any person whose occupation or business is the provision of one or more crypto-asset services to third parties on a professional basis**. Modalities for provision of crypto-asset services:

1. **Authorisation** for new entities;
2. **Notification** for entities that already provide equivalent services;
3. **Simplified** for entities already authorised under national law to provide crypto-asset services.

Services can be provided in all EU countries with the same authorization. Third-country entity needs a prior EU service authorization approved.

¹Crypto-assets that do not have an identifiable issuer (such as Bitcoins) do not fall within the scope of Title II (offerings or admission to negotiation of crypto-assets other than ART or EMT), Titles III (ART discipline) and IV (EMT discipline). However, service providers in relation to such crypto-assets are subject to the provisions of MiCAR.



Given **new trends, market evolution** and **new technology** consolidation around financial industry, including Crypto and DLT, banks need to keep embracing with innovation meanwhile **managing** carefully **risks** and **uncertainty** associated to the new economic and financial scenarios.

Avantage Reply, part of the Reply Group, with offices around the Europe, is **specialized in Financial Services consulting** with specific focus on **Capital Market, Treasury, Risk and Regulatory transformation**, all backed by an in-depth **technological capability**.

Avantage Reply has an extensive financial market and banking understanding, including business, processes and technologies. We bring the right skill-set, functional, technical and technological, to support banks and financial institutions' strategic digital and innovation plan, for the next years.

Thanks to SMEs and specialized teams, we can assist you to execute a detailed case-by-case or a full end-to-end assessment and implementation of a new crypto-assets activity in accord with current regulatory frameworks.

Main provided services in crypto world are:

Strategic crypto-assets advisory and IT Change

- ✓ Advisory on regulatory framework, business and IT technologies
- ✓ Roadmap definition and E2E crypto-assets processes design
- ✓ Governance, implementation and validation of new crypto activity.

On top of the above line of services, Avantage Reply is highly specialized and advice our clients on all EU developments and relevant regulations, including **Basel, CRD, AML, DORA, Cyber Security ACT, Data governance ACT and Digital Service ACT**.



CONTACTS

Angelo Santarossa
Senior Manager, Avantage Reply
Via Castellanza, 11
20151 - Milano - ITALY

Phone: +39 02 535761
Mobile: +39 340 4603950
E-mail: a.santarossa@reply.it

Michela Martella
Senior Consultant, Avantage Reply
Via Castellanza, 11
20151 - Milano - ITALY

Phone: +39 02 535761
Mobile: +39 342 7535893
E-mail: m.martella@reply.it

Andrea Lacorte
Manager, Avantage Reply
Via Castellanza, 11
20151 - Milano - ITALY

Phone: +39 02 535761
Mobile: +39 333 6548932
E-mail: a.lacorte@reply.it

Valentina Sammartino
Consultant, Avantage Reply
Via Castellanza, 11
20151 - Milano - ITALY

Phone: +39 02 535761
Mobile: +39 342 7526477
E-mail: v.sammartino@reply.it

Letizia Bucci
Lead, Avantage Reply
Via Castellanza, 11
20151 - Milano - ITALY

Phone: +39 02 535761
Mobile: +39 345 8602260
E-mail: l.bucci@reply.it

