# Crypto-Assets: EU Draft Regulation on Markets in Crypto-Assets (MiCA)

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## Definitions
- **Crypto-assets**: a digital representation of value or rights, which may be transferred and stored electronically, using distributed ledger technology or similar technology.
- **Asset-referenced tokens**: a type of crypto-asset that purports to maintain a stable value by referring to the value of several fiat currencies that are legal tender, one or several commodities or one or several crypto-assets, or a combination of such assets.
- **Electronic money token**: a type of crypto-asset which is primarily to be used as a means of exchange and that purports to maintain a stable value by referring to the value of a fiat currency.
- **Utility token**: a type of crypto-asset which is intended to provide digital access to a good or service available on DLT and is only accepted by the issuer of that token.

## Challenges for implementation
- **Issuers and service providers**
  - Authorization
  - Classification and ongoing information about crypto-assets
  - Reserve assets, own fund requirements
  - Plan for orderly wind down
  - Notification requirements
  - Cross-border provision
  - Governance requirements
  - Draft of white papers (Only issuers)
  - Liability for white paper content

## Key factors for implementation
- **Issuers and service providers**
  - Preparation of a viable business plan for authorization / license application
  - Set up of a compliant governance structure
  - Fulfillment of transparency and disclosure obligations
  - Planning of regulatory capital and liquidity
  - Assessment of risks
  - Implementation of internal controls
  - Set up of an efficient organizational and IT structure
  - Systems, procedures and arrangements to monitor and detect market abuse (service providers)
  - Written agreement with any third parties involved in outsourcing (service providers)

## Key components
- **Transparency and disclosure**
  - Requirements for marketing communications
  - Publication of white papers and marketing communications
  - Provision of crypto-asset white papers

- **Supervision**
  - Requirements for authorization
  - Crypto-asset white paper content
  - Crypto-asset white paper form
  - Liability for white paper content

- **Operational organization and governance**
  - Issuer and main participants
  - Description of issuer project
  - Characteristics of the offer
  - Rights and obligations
  - Technology and standards

- **Market integrity**
  - Summary of key information
  - Fair, clear and non-misleading
  - Concise and comprehensible
  - No material omissions
  - Published on issuer’s website
  - Further technical and language requirements

## Key points
- **Requirements for authorization**
  - Issuer and main participants
  - Description of issuer project
  - Characteristics of the offer
  - Rights and obligations
  - Technology and standards

- **Crypto-asset white paper**
  - Issuer and main participants
  - Description of issuer project
  - Characteristics of the offer
  - Rights and obligations
  - Technology and standards

- **In Scope**
  - Crypto-assets in the EU, which may be transferred and stored electronically, using distributed ledger technology or similar technology
  - Services related to crypto-assets in the EU

- **Out of Scope**
  - Financial instruments within the meaning of MiFID
  - Electronic money within the meaning of Directive 2009/110/EC
  - Deposits within the meaning of MiFID
  - Structured deposits within the meaning of MiFID
  - Securitization within the meaning of EU regulation 2017/2402

- **In Scope**
  - Entities engaged in the issuance of crypto-assets
  - Entities engaged in services related to crypto-assets in the EU

- **Limited Scope**
  - Credit institutions authorized under Directives 2013/36/EU
  - Investment firms authorized under Directives 2014/65/EU

- **Out of Scope**
  - Public authorities, e.g. ECB
  - Insurance / reinsurance undertakings when performing activities as referred to in Directive 2009/138/EC
  - Liquidators / persons acting in the course of an insolvency procedure
  - Persons who provide crypto-asset services exclusively for their group entities
  - European investment bank / European Financial Stability Facility / ESM
  - Public international organizations

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