

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 token*:** 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 the main purpose of which is 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 (Only issuers)
- Record keeping (Only service providers)
- Outsourcing conditions & policy on outsourcing (Only service providers)
- Additional challenges specific to the nature of services (Only service providers)

Investors

- Assessment of crypto-asset white papers
- Monitoring of changes in classification of crypto-assets in the investment portfolio

Contact



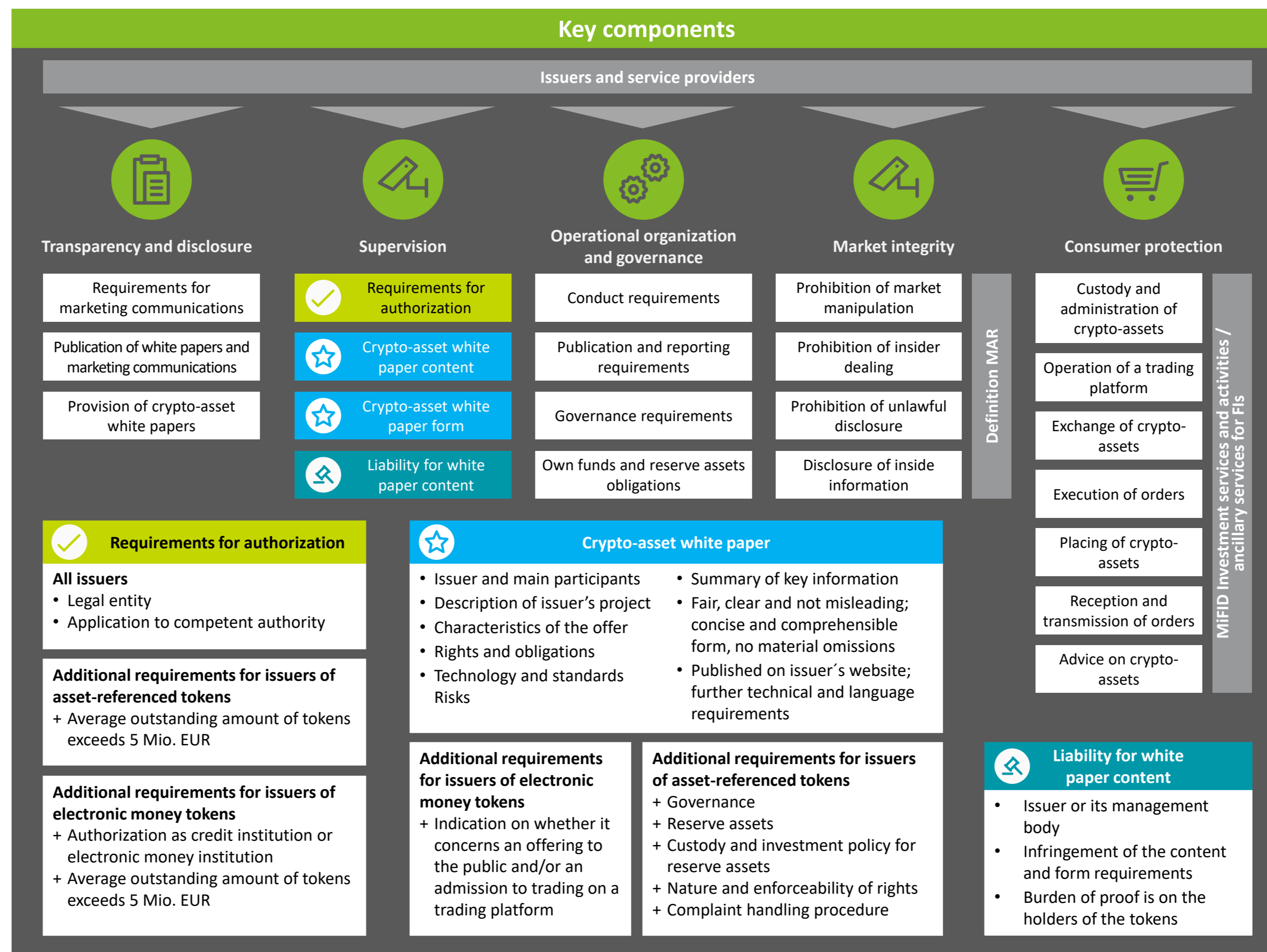
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Scope

Instruments		Entities		
In Scope	Out of Scope	In Scope	Limited Scope	Out of Scope
<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Entities engaged in the issuance of crypto-assets • Entities engaged in services related to crypto-assets in the EU 	<ul style="list-style-type: none"> • Credit institutions authorized under Directive 2013/36/EU* • Investment firms authorized under Directive 2014/65/EU** 	<ul style="list-style-type: none"> • 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

* Issuance of asset-referenced tokens: Not subject to authorization requirements and own fund requirements
 Provision of crypto-asset services: Not subject to authorization requirements
 ** Provision of crypto-asset services: Not subject to authorization requirements

Key factors for implementation

Issuers and service providers	Issuers and service providers
<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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)

Issuers and service providers

- Set up of processes for selection of crypto-assets and tracking of change notifications

Supervision

Ordinary Supervision

Competent authority of the home Member State

Special supervisory regime for "significant" tokens

Only **asset-referenced tokens** and **electronic money tokens** can be qualified as "significant"

3 out of 6 criteria:

- size of the customer base or shareholders
- value or market capitalization
- number and value of transactions
- size of the reserve of assets of the issuer
- significance of the cross-border activities
- interconnectedness with the financial system

Thresholds to be specified by the Commission

Significant asset-referenced tokens

Significant electronic money tokens
 (Dual supervision by both competent authorities and the EBA)

- Issuers are encumbered with additional requirements and supervised by the EBA
- Issuers can request to be qualified as significant

Consultative supervisory college ("College")

- EBA
- ESMA
- ECB (+ if applicable, national central bank)
- Competent authority of the home Member State
- Competent authorities of the most relevant credit institutions or crypto-asset service providers
- Further competent authorities, where applicable

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