

XReg.Consulting

MiCA Explained ^{2nd ed.}

**What are MiCA's Technical Standards and Guidelines
and how will they affect my business?**

WEBINAR 1.2

8 February 2023

What we'll cover

1. Welcome
2. Quick overview of MiCA
3. Housekeeping
4. 38 Technical Standards and Guidelines
5. Four noteworthy examples
6. Timeline and next steps
7. Q&A



Who is XReg Consulting?

Boutique public policy and regulatory affairs consultancy specialising in crypto-assets

We help

- crypto-asset businesses thrive and follow the rules
- governments formulate sound policy
- regulators supervise effectively
- public authorities build capacity

Over 25, mainly former regulators and government policy officials, operating from six locations around the world



Your presenters



Siân Jones
Senior Partner



Lloyd DeVincenzi
EU Policy Lead



David Mazzucchi
Consultant

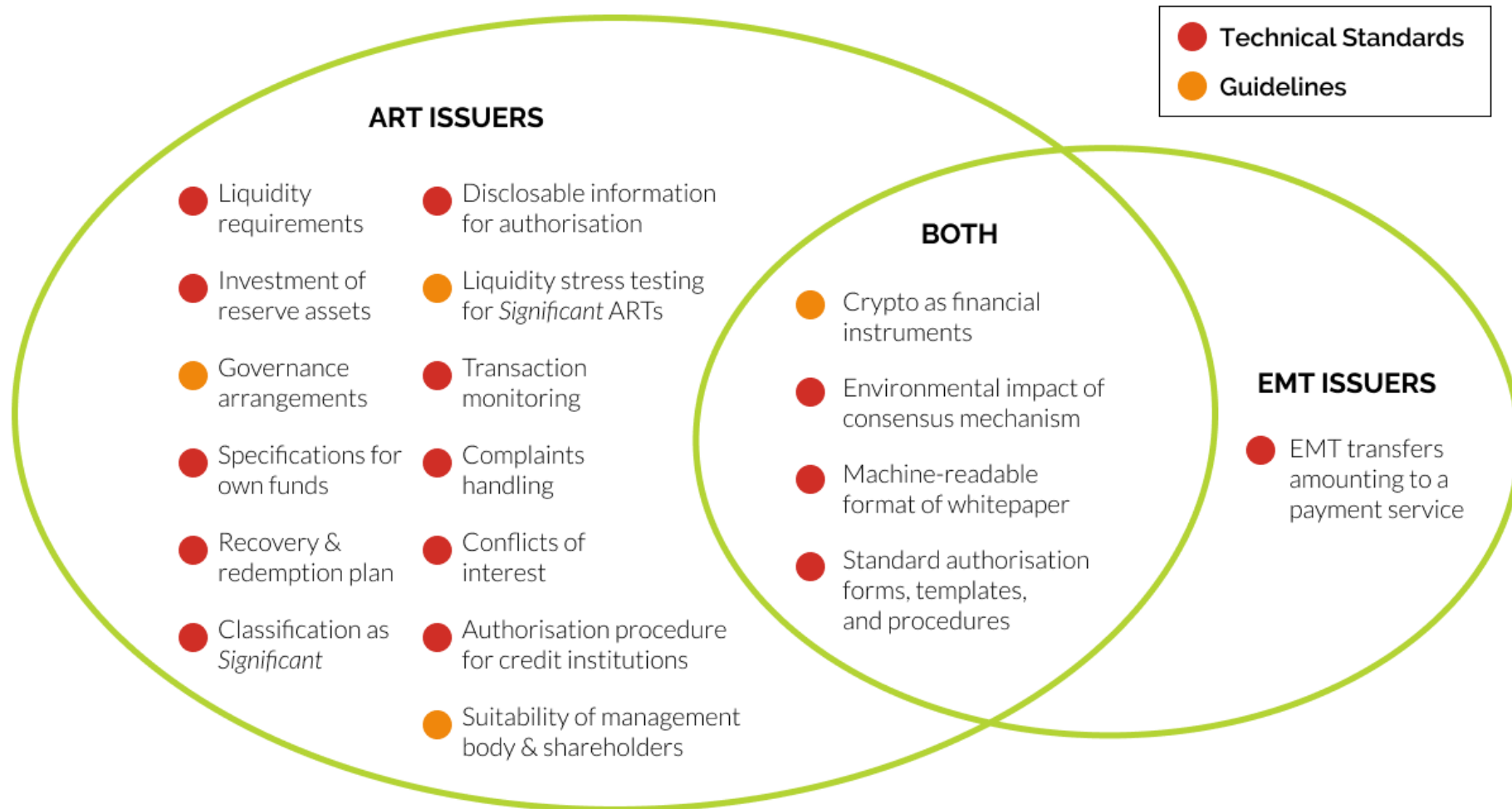


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Standards & guidelines - stablecoins



Standards & guidelines – ARTs

Standards

- Reserve liquidity requirements
- Investment of reserve assets
- Monitoring transactions when ARTs are a means of exchange
- Complaints handling
- Specifications for own funds
- Conflicts of interest
- Credit institution authorisation procedure
- Disclosable information for authorisation

Guidelines

- Governance arrangements
- Suitability of management body and shareholders



Standards & guidelines – ARTs

Standards

- Classification as *Significant*
 - Qualitative criteria to be further specified
- Recovery plan format
- Redemption plan content



Standards & guidelines – EMTs

Guidelines

- When EMT transfers are treated as a payment service



Standards & guidelines – ARTs & EMTs

Standards

- Environmental impact of consensus mechanism
- Machine-readable format of whitepaper
- Standard authorisation forms, templates and procedures

Guidelines

- Crypto as financial instruments



Standards & guidelines – other tokens

Standards

- Adverse environmental impact of consensus mechanism [12 months]
- Machine-readable format of a whitepaper [12 months]

Guidelines

- Crypto-assets as financial instruments [18 months]
- EU-compliant systems and security access protocols [12 months]



Crypto-asset services – CASPs

- Custody
- Trading platform
- Exchange
- Transfer

...and more.



Standards & guidelines – All CASPs

Standards

- Conflicts of interest
- Service continuity and record keeping
- Complaint handling
- Adverse environmental impact: website
- Authorisation application
- Standard forms, templates and procedures

Guidelines

- Reverse solicitation
- Management suitability



Standards & guidelines – some CASPs

- Trading platforms
 - Transparency and records (S)
- Transfer services
 - Procedures and policies (G)
 - Standard forms, templates and procedures (S)
- Portfolio management and advice
 - Knowledge and expertise of team (G)
 - Suitability of crypto-asset service (G)



Standards & guidelines – others

- Market abuse
 - Monitoring (S)
 - Supervision (G)
- Inside information
 - Disclosure requirements (S)
- Acquirers of CASPs
 - Disclosure requirements (S)
- Specified intermediaries
 - Notification information and standard forms (S)



Reverse solicitation for CASPs

- Third-country firms
- Client initiative?
- Deeming
- Soliciting: promoting and advertising and
- Things that won't work
 - Contractual clause or disclaimer
 - Using client 'opener'
- Two sets of guidelines



Crypto-assets as financial instruments

- When are crypto-assets financial instruments?
- Can they be both?
- EU v US approach
- Some crypto-assets excluded from MiCA
- Delineation: criteria and conditions (GL)



Liquidity of reserves for ARTs

This standard will establish:

- % of reserve assets to be held according to daily maturities
- % of reserve assets to be held according to weekly maturities
- Minimum amount of referenced currency held as deposits

The EBA will take into account existing thresholds set out for collective investment funds.



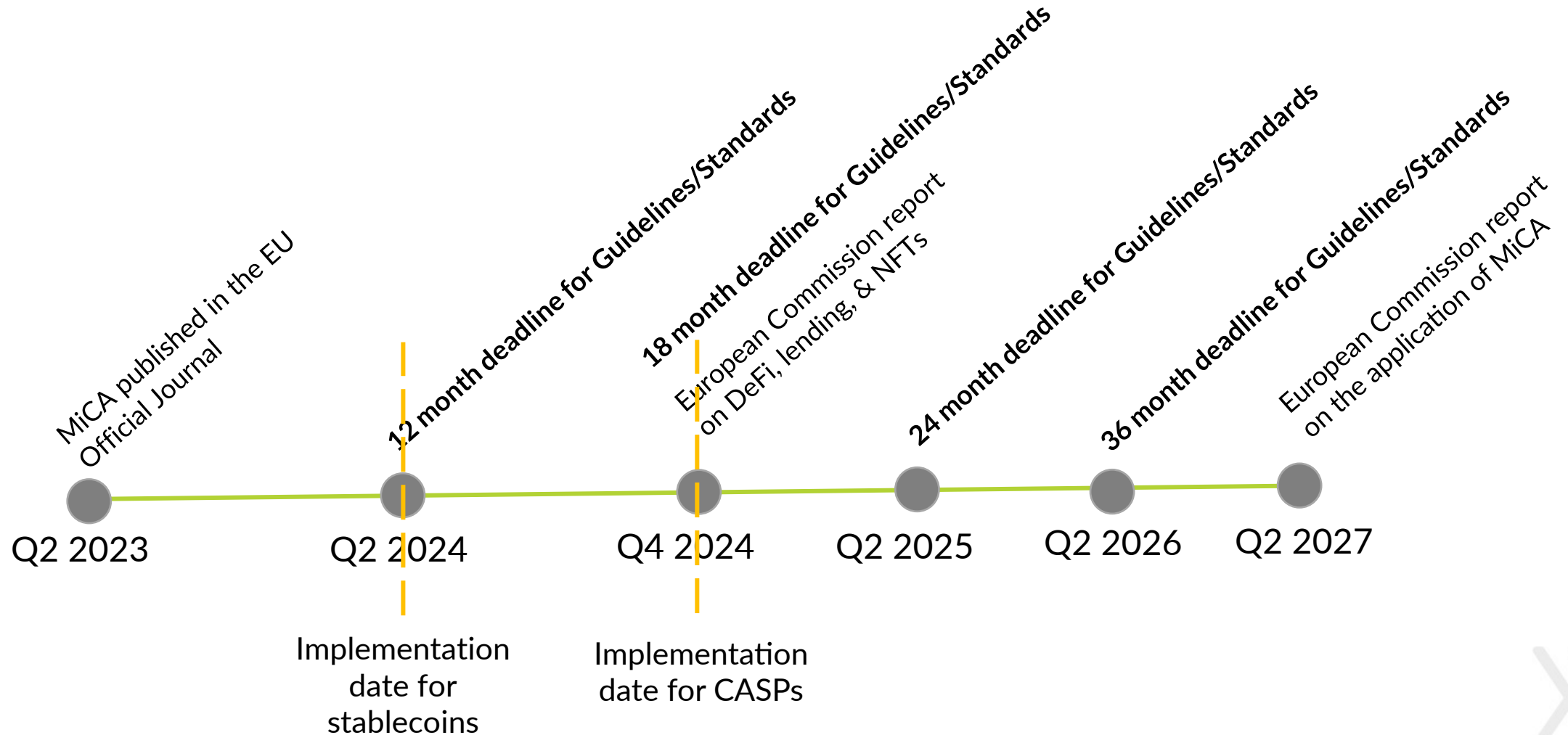
Environmental impact for issuers

- Proof-of-work (POW) vs. proof-of-stake (POS)
- Bitcoin is the big energy consumer
- ART Issuer to include environmental impact of consensus mechanism in whitepaper



Source: Cambridge University [Bitcoin Electricity Consumption Index](#).

Next steps



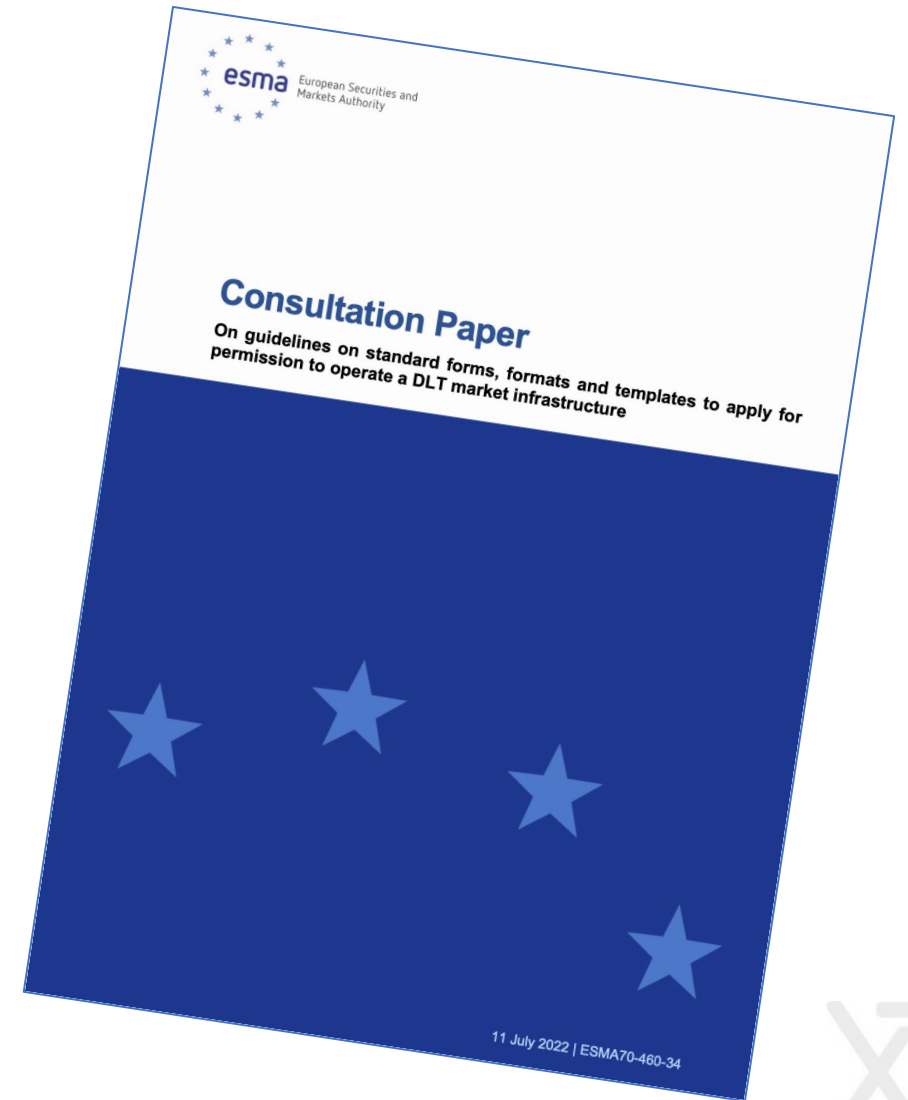
What can I do?

The European Supervisory Authorities will decide on what is put out for consultation.

Past ESMA consultations for financial services have included:

- Authorisation process
- Transparency of trade data
- Governance

Consultations typically open for 2 months.





Questions?

Connect with us.

contact@xreg.consulting

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www.xreg.consulting