

International Association for Trusted Blockchain Applications

Markets in Crypto Assets (MiCA)

Presentation on INATBA's policy considerations for European Blockchain Observatory & Forum workshop on January 19th 2021



INATBA Overview

Independent, multi-stakeholder organisation connecting DLT actors with policymakers, public bodies and standard setting organizations

Objectives

- Permanent dialogue with public authorities & regulators
- Promote governance models
- Support development & adoption of standards

Constituents

- 170 members in 34 countries
- 25 governments & public bodies
- 45 academics & institutions

Join us at inatba.org

Introduction

MiCA sets out to establish legal certainty, support innovation, increase consumer protection and ensure financial stability.

INATBA is supportive of strategies which support the growth of DLT and blockchain applications for the benefit of society

We welcome the establishment of regulatory and legal certainty and greatly value the work undertaken in preparing MiCA by the European Commission



INATBA's work on MiCA



MiCA Draft Proposal

September 2020

In mid-September, the European Commission announced a far-reaching Digital Finance Package, including a proposal regarding the EU's regulation of crypto-assets: MiCA.



Announcement of Task Force

October 2020

To ensure that the voice of the industry is heard in evaluating MiCA, INATBA launched a public Task Force bringing together civil society groups, trade associations and private companies to work on presenting collected feedback to EU stakeholders.



Collection of Feedbac

November 202

The MiCA Task Force members were sent a survey to provide their feedback. This was disseminated via email as well as two initial meetings with INATBA's Executive Director and a member of its AAB.



Publication of Survey Findings

Coming Sooi

In the next weeks, INATBA will share initial findings from the survey and outputs the Finance Working Group's DFP Task Force.



Inital Response

September 2020

Days after the MiCA announcement, INATBA issued an <u>initial response</u> highlighting positive and negative aspects. INATBA's Executive Director authored a <u>blog</u> <u>post</u> emphasising MiCA's vital role in the ecosystem.



INABTA Internal Work

Ongoing

The INATBA Finance Working Group also formed an internal task force to evaluate the Digital Finance Package (DFP) and present findings and proposed amendments to the EU.



Media Coverage

Ongoing

INATBA's work on MiCA was widely featured, in Coin Telegraph and Ledger Insights, among others. INATBA's Executive Director was quoted in MLex, Politico, and was interviewed on the <u>Bad Crypto</u> <u>Podcast</u> and <u>Coinscrum</u>.



Finance Working Group led a detailed review of MiCA & PRR with input from a diverse membership group of start-ups, large companies, traditional finance operators, innovators and academia.

Academic Advisory Body led a process to gather data and opinion from non-INATBA members using interviews, questionnaires and interactive presentations.

Secretariat leading a series of meetings with stakeholders to present INATBA policy positions and will continue to convene bilateral meetings for benefit of INATBA members

INATBA Policy Positions

Issue #1: The proposed definitions of certain crypto-assets are broad and challenging to apply consistently across EU member states

Issue #2: Certain requirements will be problematic for decentralized projects and may stifle innovation in Europe

Issue #3: Exempting credit institutions from seeking authorisation under MiCA creates an uneven playing field and may result in heightened consumer risk

Issue #4: Lack of transitional arrangements penalise issuers of e-money & ARTs

Issue #5: Technology neutrality not upheld as MiCA proposes to limit capital raises using blockchain to €1m over 12 months whilst other technologies can raise up to €8m over 12 months



INATBA Policy Positions

Issue #1: The proposed definitions of certain crypto-assets are broad and challenging to apply consistently & may pull into scope projects unintentionally

Solution: Amend definitions to become activity based (e.g. investment) & include in primary legislation

Issue #2: The requirement to register as legal entity may be problematic for certain distributed projects (e.g. DeFi)

Solution: Guidance on use of alternate structures (foundations) & consider leveraging the technology

Issue #3: Exempting credit institutions from seeking authorisation = unlevel playing field & more consumer risk

Solution: Credit institutions wishing to issue ARTs or act as CASPs should not be exempt from the requirements

INATBA Policy Positions

Issue #4: The transitional arrangements penalise issuers of ARTs or e-money tokens as issuers pause from date of MiCA coming into force until NCA are able to authorise issuers

Solution: Similar transitional arrangements should be provided for ARTs or e-money tokens as crypto-assets

Issue #5: Technology neutrality not evident in MiCA as DLT capital raises limited to €1m whilst non DLT go up to €8m

Solution: Align both requirements in MiCA and Prospectus Regulations to establish technology neutrality



Contact us

Website: inatba.org

To join the Advisory Bodies: advisory-bodies@inatba.org

For membership: membership@inatba.org