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TRABAJO FIN DE GRADO

EU PROPOSAL FOR A REGULATION ON MARKETS IN CRYPTO-ASSETS. THE MiCA
REGULATION

Raquel Casales González

Pamplona-Iruña 21 de diciembre de 2022

Economía del Sector Público/ Public Sector Economics

IDOYA ZABALETA ARREGUI

Abstract

There is no doubt that in a short period of time, the term "Crypto" has achieved enormous repercussions in our society. However, there is still a notable lack of knowledge about it and the assets that comprise it.

This paper aims to delve into these crypto-assets, analyzing their origin and nature and studying the regulatory framework that organizations such as the European Commission are developing for the regulation of these markets. In particular, a thorough analysis will be carried out of the Proposal for a Regulation of the European Parliament and of the council on Markets in crypto-assets, and amending Directive (EU) 2019/1937, which is expected to enter into force next year.

Emphasis is also placed both on the taxation of crypto-assets and on the specific regulation of cryptocurrencies, a particularly well-known crypto-asset whose popularity has led to changes in taxation at both national and regional level, focusing in the latter case on the Autonomous Community of Navarre.

Key words: Crypto-assets, Cryptocurrencies, Regulatory framework, Taxation.

Resumen

Es indudable que, en un breve periodo de tiempo, el término "Cripto" ha alcanzado en nuestra sociedad una enorme repercusión. Sin embargo, es todavía notable el desconocimiento que existe alrededor de él y de los activos que lo conforman.

El objetivo de este trabajo es profundizar en dichos criptoactivos, analizando su origen, naturaleza y estudiando el marco regulatorio que organismos como la Comisión Europea están desarrollando para la regulación de dichos mercados. En concreto, se realizará un exhaustivo análisis de la Propuesta de reglamento del Parlamento Europeo y del consejo relativo a los mercados de criptoactivos y por el que se modifica la Directiva (UE) 2019/1937, que se prevé que entre en vigor el próximo año.

Asimismo, se hace hincapié tanto en la tributación de criptoactivos, como en la regulación específica de las criptomonedas, criptoactivo especialmente conocido y cuya popularidad ha supuesto modificaciones en materia tributaria tanto a nivel estatal, como autonómico, centrándonos en este último caso en la Comunidad Foral de Navarra.

Palabras clave: Criptoactivos, Criptomonedas, Marco regulatorio, Materia tributaria.

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1. PRELIMINARY CONSIDERATIONS

Despite the fact that the chairman of the Financial Stability Board assures that due to the still modest size of the crypto-asset market there is no threat to current financial stability¹, the advent of “*global stablecoins*” could change this situation. The reason is none other than their high adoption potential, mainly based on their value-stabilizing characteristics and their ability to take advantage of network effects stemming from the companies promoting these assets². Consequently, and being aware of the situation, the position of the president of the European Commission, Ursula von der Leyen, is clear: “we need a common approach with Member States on cryptocurrencies to ensure we understand how to make the most of the opportunities they create and address the new risks they may pose” (Von der Leyen, 10 September 2019.).

The European Commission, in its efforts to ensure that the EU financial services regulatory framework is innovation-friendly and does not pose obstacles to the application of new technologies, has developed a Proposal, better known as MiCA, for a Regulation on Markets in Crypto-assets, and amending Directive (EU) 2019/1937³.

The implementation of this Regulation is scheduled for 2024, and aims to enact a single regulatory framework in all Member States, which will in principle allow European crypto-asset service providers to operate more easily within the EU territory.

This proposal is based on the report issued in January 2019 by the European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA) on behalf of the Commission on the applicability and appropriateness, in respect of crypto-assets, of the existing EU regulatory framework for financial services⁴.

However, this new Regulation does not stand alone. It is part of the so-called digital finance package; whose main objective is to exploit and support the potential of this kind of finance. According to Andrej Šircelj, Slovenia's Minister of Finance “Digital finance is an increasingly important part of Europe's economic landscape. It is essential to create

¹ FSB Chair’s letter to G20 Finance Ministers and Central Bank Governors, 2018.

² G7 Working Group on Stable coins, Report on ‘Investigating the impact of global stable coins’, 2019.

³ Proposal for a Regulation of the European Parliament and of the Council on Markets in Crypto-assets, and amending Directive (EU) 2019/1937. Brussels 24.9.2020.

⁴ EBA report with advice for the European Commission on crypto-assets, 9.1.2019.

a stimulating environment for innovative businesses, while mitigating risks for investors and consumers”.

In fact, and mainly due to the tokenization of traditional financial assets and wider use of Distributed Ledger Technology in financial services, the European Commission has also developed a proposal to clarify that financial instruments based on DLT belong to the category of the so-called financial instruments⁵, a proposal to develop a pilot scheme on DLT market infrastructures for these instruments⁶ and a proposal for a Regulation on digital operational resilience for the financial sector⁷.

Nonetheless in this paper we will focus only on the MiCA proposal, analyzing the most significant aspects that are included in it.

As a general rule, users have been facing a lack of regulation related to crypto-assets affecting all its areas, including in particular, operation of trading platforms, the service of exchanging crypto-assets against fiat currency or other crypto-assets, or its custody.

To avoid the risks to which crypto-asset holders are exposed due to this legal vacuum, and the mistrust that this can create among users, this dedicated and harmonized framework has been proposed at EU level, providing specific rules for crypto-assets and related activities and services and to clarify the applicable legal framework.

Will therefore this MiCA proposal succeed in democratizing financial technology and prevent it from being a barrier for SMEs and consumers?

2. KEY CONCEPTS

Once we have analyzed the reasons why this regulatory proposal has been made at European level, and bearing in mind that it is the main normative basis related to crypto-assets currently existing in the Union, we will proceed to analyze some useful key concepts.

⁵ Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2009/65/EC, 2009/138/EU, 2011/61/EU, EU/2013/36, 2014/65/EU, (EU) 2015/2366 and EU/2016/2341 – COM (2020)596.

⁶ Proposal for a Regulation of the European Parliament and of the Council on a Pilot Regime for market infrastructures based on distributed ledger technology – COM (2020)594.

⁷ Proposal for a Regulation of the European Parliament and of the Council on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014 and (EU) No 909/2014.

2.1 Crypto-asset

This proposal, particularly in article 2, contains for the first time a definition of crypto-asset, specifically defining them as “digital representation of value or rights which may be transferred and stored electronically, using distributed ledger technology (DLT) or similar technology”.

This broad definition is not the result of chance. In fact, recital 8 states that “crypto-assets’ and ‘distributed ledger technology’ should therefore be defined as widely as possible to capture all types of crypto-assets which currently fall outside the scope of Union legislation on financial services”. This is in line with one of the main objectives of the Union, which is to create forward-looking legislation that is ready to keep pace with the innovation and technological developments.

2.2 Distributed Ledger Technology

While the legal text itself gives a definition of what can be understood as Distributed Ledger Technology, it limits itself to specifying that it is a type of technology that supports the distributed recording of encrypted data.

However, to elaborate further on this key concept in the crypto-asset market, it should be noted that it is a digital system that allows users and systems to record transactions related to assets. This type of distributed ledger technology allows information to be stored in multiple locations. The origin of the DLT is basically a peer-2-peer network, a system characterized by the lack of a centralized entity responsible for verifying and arbitrating, therefore creating a system that complicates fraud and hacks.

Broadly speaking, we can highlight four characteristics of this type of technology, which are as follows: Immutable (by using cryptography ensuring that the stored data cannot be modified or altered), attachment only (unlike traditional databases, in this type of technology the logs provide a complete and unalterable transaction history), distributed (each party usually has a copy of the log in most existing DLTs) and shared (the log is not associated with a single entity, but is shared between nodes). Finally, we must emphasize that, at the core of any Distributed Ledger Technology, there are consensus mechanisms. These are understood as procedures and rules that govern how nodes in a distributed ledger network validate transactions.

With regard to this kind of technology in question, the Union has declared and confirmed its strategic interest in developing and promoting the adoption of revolutionary technologies in the financial sector, in particular Blockchain and Distributed Ledger technology (DLT). For this reason, and as we have already mentioned above, the Pilot Regime for market infrastructures based on Distributed Ledger Technology has been proposed.

2.3 Blockchain

A concept closely related to this Distributed Ledger Technology is the term Blockchain. Although users have some difficulty distinguishing between these two concepts, the difference between them is simple; a Blockchain is a type of DLT. This well-known technology has certain special characteristics, since although it is still a shared database, it is made up of blocks, which, as its name suggests, form a chain. As these blocks are closed with a cryptographic signature known as "hash" and this hash is also necessary to open the next block, the Blockchain is considered a technology in which information is difficult, if not impossible, to manipulate. This technology owes its fame mainly to the fact that it is the technology behind Bitcoin, one of the most famous cryptocurrencies in the international scene today.

2.4 Cryptocurrencies vs “stablecoins”

As it happens with the concepts of LDT and Blockchain, the difference between the widely-known term cryptocurrency and the so-called "stablecoins" is so simple that it is sometimes confusing. Stablecoins are merely a type of cryptocurrencies, as the broad and generic definition of the latter allows the existence of different types, but referenced to a specific value.

When defying cryptocurrencies, experts limit themselves to saying that are “a digital currency in which transactions are verified and records maintained by a decentralized system using cryptography, rather than by a centralized authority”⁸.

Partly due to this lack of specificity, a novel but recurrent term used in the crypto universe is "stablecoin". However, and despite the fact that most of the proposed MiCA Regulation is focused on them, it does not contain a definition as such. Even so, there are many authorities who have explained what this new modality consists of. As its name

⁸ Oxford Languages.

suggests, these particular coins are defined as a type of cryptocurrency created to offer more stability than other cryptos. In fact, the most common definition is the following

"Stablecoins are cryptocurrencies that attempt to stabilize their value by referencing one or more fiat currencies, one or more commodities, one or more different crypto-assets, or a basket of these assets". (Pastor Sempere, Guía de criptoactivos MiCA. 1ª ed., junio 2021, 2021)

It is claimed that they were somewhat developed as a response to the price volatility experienced by traditional cryptocurrencies, whose utility as a form of payment is limited by rapid changes in market value. The ways to achieve this greater stability are diverse, as they use different methods so as to hold their values steady; while some of them are supported by a reserve of the asset they represent, others use algorithms (which seek to match supply and demand in order to maintain parity between the reference currency and the stable currency) or other methods to keep their values from fluctuating too much.

There are as many variants as there are stablecoins on the market with this denomination, however, the most common classification within this category is: Fiat-backed stablecoins, crypto-backed stablecoins, Precious metal-backed stablecoins and Algorithmic stablecoins.

As far as the latter is concerned, it is worth pointing out that the proposal, in the recital 26 states: "So-called algorithmic 'stablecoins' should not be considered as asset-referenced tokens, provided that they do not aim at stabilizing their value by referencing one or several other assets". And, it might be similarly inferred that an algorithmic stablecoin will not fall under the Electronic Money Tokens category unless it references the value of a fiat currency. That is to say, very rarely do the Algorithmic stablecoins fall within the scope of the MiCA Regulation.

As it could be expected, most of the stablecoins are referenced to the dollar as USD coin (USDC). Nonetheless, in recent months, some stablecoins referenced to the Euro have been announced. One of them is the EUR-L, cryptocurrency backed by fiat euros fully reserved in a Société Générale bank account, linked to the EURO in a 1:1 ratio.

2.5 Cryptocurrencies vs Crypto tokens

The difference between stablecoins and cryptocurrencies is not the only one that can lead to confusion. Therefore, before turning to the EU proposal, and despite the fact that

they are sometimes used interchangeably, it will be useful to understand the specific difference between cryptocurrencies and “*Crypto tokens*”. A cryptocurrency is the native asset of a Blockchain network, issued directly by the Blockchain protocol in which it runs. Consequently, are typically known as Blockchain’s native currency. Nonetheless, tokens are units of value that Blockchain-based organizations or projects develop on top of existing Blockchain networks. In practice, this means that different tokens are allowed to use -and indeed they do- the same Blockchain.

A typical example is the case of Ethereum. Even though ether (ETH) is the cryptocurrency native to the Ethereum Blockchain and therefore its native token, there are many other different tokens that also use the Ethereum Blockchain. There are different standards in the Ethereum universe, however the Ethereum Request for Comment 20 (ERC-20) is the most significant implemented standard, and allows the creation of fungible tokens using the Ethereum Blockchain. This means that ERC-20 tokens are smart contracts that run on the Ethereum Blockchain, operating within a programmatic framework established by the Ethereum team. Some examples are DAI, LINK or COMP among others.

2.6 Tokenization

Consequently, and according to the definitions contained above, it can be stated that tokenization -also known as digitalization- allows the conversion of the property rights of an asset into a tradable token within the Blockchain, making it a perfect infrastructure for the creation of automated markets.

2.7 White paper

The so-called “White paper” is a key concept that we will refer to when discussing the regulation of different crypto-assets. While it is true that the drafting of a white paper is nothing new⁹, the MiCA proposal opts for imposing not only the obligation to draw it up but also for regulating its specific content. This proposal, specifically in its explanatory memorandum n°3, define this term as “an information document with mandatory disclosure requirements that, except in some special cases, issuers of cryptocurrencies must publish”. The white paper explains the technology and purpose of the project and used to contains various forms of data like statistics, diagrams and formulas,

⁹ Famous crypto-assets such as Libra, Ethereum or Bitcoin were already elaborating it.

consequently, it is primarily aimed at potential investors, and it used to include in its approximately 25 pages the following sections; Problem and solution, token information and marketplace consideration, technical description, project timeline and team and advisors.

Despite the fact that the specific content will depend on the type of crypto-asset, this document presents common requirements and characteristics that must be respected. Indeed, in all cases its content must be impartial, clear and not misleading. In this way, the legislator intends to ensure that in a market such as this, characterized by transparency, confidence in transactions is guaranteed, while avoiding situations of information asymmetry.

In terms of specific content, the white paper should include a summary at the beginning (which will serve as an introduction to the document) with sufficient and appropriate information to enable potential buyers to make an informed decision. In addition, it is required to contain a number of caveats relating to stressing that the investor's decision must be based on the full content of the paper, that the offer does not constitute an invitation to sell financial instruments and that the white paper does not constitute a prospectus for the purposes of Regulation 2017/1129.

Regarding common formal requirements, the proposal states that the white paper should be available in machine-readable format, understood as an electronic, machine-readable and downloadable format. It must also be dated, so that future amendments will require the production of an amended white paper. In terms of language, it should be written in one of the official languages of the home Member State or a language customary in the sphere of international finance. Finally, it is noteworthy that, together with the notification of the white paper to the competent authority, it should be published on the issuer's website.

This white paper, will be valid throughout the European Union, and will make it possible to achieve a kind of "European passport" to ensure equivalent treatment of consumer information and protection throughout the Union. It is remarkable that, while the obligation to elaborate a white paper is, at first sight, similar to that which exists in the financial markets in relation to the prospectus for the admission of securities to official stock exchange, the information to be contained in the white paper is more specific and detailed. In fact, particular emphasis is placed on providing information on the project,

the rights and obligations associated with crypto-assets and warnings about the risks associated with them.

Finally, it is important to note that failure to comply with any of the necessary requirements regarding the information contained in the white paper may result in civil liability attributable to the issuer or its management body. This is contemplated in articles 14, 22 and 47 of the proposal, each of them referring to a specific category of crypto-asset, but all with identical wording. In addition to this civil liability action, MiCA recognizes the exercise of any other remedy provided by the legal system of each Member State, as well as the sanctioning power of the competent authorities.

3. SCOPE OF APPLICATION

3.1 Subjective and territorial scope

In order to determine the subjective and territorial scope of the proposed Regulation, we should in the first-place turn to article 2. This precept provides that the proposal “applies to persons that are engaged in the issuance of crypto-assets or provide services related to crypto-assets in the Union”, which means issuers and service providers of crypto-assets. These figures are defined in article 3.6 and 3.8 respectively as “legal person who offers to the public any type of crypto-assets” and “any person whose occupation or business is the provision of one or more crypto-asset services to third parties on a professional basis”, and these are precisely the crypto-asset market activities that the proposal regulates.

It is highly remarkable that with regard to crypto-asset services and in accordance with article 53 of the same legal text, it is a mandatory requirement that these services are provided only by legal entities with registered offices in a Member State, and authorized as crypto-asset service providers by the competent authority of the aforementioned Member State¹⁰. Besides, and while the proposed Regulation does not prevent persons established in the EU from receiving crypto-asset services provided by companies from

¹⁰ It is an obligation of the Member States to designate the bodies that will be in charge of carrying out the functions and tasks contemplated in the proposal, such as those related to the authorization of crypto-asset service providers. Once designated, EE.MM must communicate the decision to the European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA). In the case of Spain, these functions may be attributed both, to the Comisión Nacional del Mercado de Valores (CNMV) and the Banco de España (BdE). If more than one competent authority is designed, the tasks to be assumed by each should be clearly delimited and one of them should be designated as the "single point of contact" for cross-border administrative cooperation between competent authorities as well as with the EBA and ESMA. (Art 81)

third countries, it remarks that, if the initiative comes from the service provider¹¹, the service will be considered to be provided in the Union and, therefore, the company in question must be authorized as a crypto-asset service provider.

Even so, article 2.3 of the proposal, excludes certain entities from the application of the Regulation. In particular, it does not apply to the European Central Bank, neither to national central banks of the Member States when acting as monetary authorities nor to other public authorities. Furthermore, the European Investment Bank, the European Financial Stability Facility, the European Stability Mechanism and the Public International Organizations are also not affected by this Regulation.

Other exclusions are also envisaged, relating to persons and entities of various public and private nature. Specifically, this Regulation does not apply on certain occasions in connection with insurance undertakings, liquidators/administrators, or persons who provide crypto-asset services exclusively for their parent companies.

Beyond, it is worth emphasizing that the European Commission has considered it appropriate that certain companies subject to the Union financial Services Legislation, precisely Credit Institutions authorized under Directive 2013/36/EU and Investment firms authorized under Directive 2014/65/EU are able to provide crypto-asset services without prior authorization¹². Finally, and with the aim of protecting those who are going to make use of crypto-asset services, the proposed Regulation prohibits any person who is not a crypto-asset service provider from using a name or corporate name, issuing marketing communications or engaging in any other activity or conduct that suggests that it is authorized as a crypto-asset service provider or that may create confusion in this regard.

To continue the analysis, it is worth to highlight that “offer to the public” means “an offer to third parties to acquire a crypto-asset in exchange for fiat currency or other crypto-assets”¹³. However, in order to consider that this offer to the public has taken place within

¹¹ It is understood as such when the service provider recruits clients or potential clients in the EU or promotes or advertises services or activities related to crypto-assets in the EU.

¹² Article 2.4, 2.5, 2.6 Proposal for a Regulation of the European Parliament and of the Council on Markets in Crypto-assets, and amending Directive (EU) 2019/1937. Brussels 24.9.2020. This exemption is configured in different terms for each type of entity, and it occurs because, while credit institutions may provide all crypto-asset services covered by the regulation, an investment services firm can only provide the crypto-asset services permitted to them by virtue of its legal form.

¹³ Article 3.1.7. Proposal for a Regulation of the European Parliament and of the Council on Markets in Crypto-assets, and amending Directive (EU) 2019/1937. Brussels 24.9.2020.

the limits of the Union, and consequently be able to apply the Regulation to it, it is necessary for the issuer or provider either to acquire customers (effective or potential) in the union, or to advertise or promote services or activities related to crypto-assets within the Union. These rules denote that the Regulation does not have impact on the cases in which EU residents receive on their own initiative (and therefore request) crypto-asset services provided by third country companies in third States. In these cases, the services are considered not to have been provided in the Union, taking into account that the company in question does not promote its activities in the Union, as in such a case there could be a public offer.

Finally, and being considered as an exception to the above general principles, it should be noted that according to article 43.1.c, when talking about an electronic money token and provided that it is pegged to a Union currency, it shall be deemed to have been offered to the public in the Union.

3.2 Objective scope

Article 1 of the proposed Regulation states that its purpose is to establish uniform rules on five issues, four of which will be discussed below.

3.2.1 Transparency and disclosure requirements for the issuance and admission to trading of crypto- assets

In addition to the white paper explained above, the proposal regulates as transparency and information tools the advertising or commercial communications that crypto-asset issuers may carry out. The content of such communications, as well as the white paper, must be notified to the competent authorities within 20 days prior to publication and be available to the general public on the issuer's website.

Although it is specified that the marketing communications to be carried out must be not only consistent with the white paper but also clearly identifiable as such, and the information contained on it impartial and clear -thus avoiding any deception (article 6, 25 and 48)- MiCA follows in this respect the provisions of the MIFID II directive (art 24.3).

Besides, it should be noted that, as a general rule, the regulations for the development of marketing communications have been drawn up by the Member States, so that the requirements for the creation and dissemination of this type of advertising and marketing communications will depend on the provisions of each domestic legal system. In the specific case of Spain, article 240 bis has recently been introduced in the Securities

Market Law¹⁴, which subjects the marketing communications of crypto-assets to the authorization and control of the CMNV, and entrusts this body with the task of developing, by means of a circular¹⁵, the control measures to which this type of advertising activities will be subject.

Finally, it should be remarked that, some countries, aware of the problems that can be caused by the promotion of financial services related to unregulated crypto-assets, are working on a specific Regulation for advertising and marketing communications in these cases, as is the case of the United Kingdom¹⁶.

3.2.2 Authorization and supervision of crypto-asset service providers and issuers of asset-referenced tokens and issuers of electronic money tokens

Regarding the authorization of crypto-asset service providers, and as mentioned in the previous section when analyzing the subjective and territorial scope of the Regulation, the application as a crypto-asset service provider must be submitted to the competent authority of the Member State in which the applicant has its registered office (art 54.1). The contents of such application must comply with the provisions of article 54.2 of the proposal, including -among many others- the name, address and website of the applicant, its legal status, bylaws and a schedule specifying the types of cryptocurrency services to be provided and the place and manner in which such services will be marketed.

Concerning the assessment of the application by the competent authority and the completion of the authorization process with the granting or denial of the same, the proposed Regulation provides for a period of 25 days to first evaluate whether it is complete, granting a period of time, when necessary, to remedy the corresponding deficiencies. Upon receipt of the completed application, the authority will have a period of 3 months, to evaluate the complete application.

In particular, the refusal of authorization is possible when there are objective and demonstrable reasons for believing that “the management body of the applicant crypto-

¹⁴ Real Decreto Legislativo 5/2015, de 23 de octubre, por el que se aprueba el Texto Refundido de la Ley del Mercado de Valores.

¹⁵ The latest circular published is Circular 1/2022, which sets out the principles and rules to be followed in the advertising of any crypto-asset that is offered for investment purposes and is not an investment instrument.

¹⁶ In July 2020, the Financial Conduct Authority opened a public consultation on the promotion of crypto-assets.

asset service provider poses a threat to its effective, sound and prudent management and business continuity, and to the adequate consideration of the interest of its clients and the integrity of the market; the applicant fails to meet or is likely to fail to meet any requirements of Title V". The decision, whether to deny or grant, must be fully reasoned.

In addition, if granted, the authorization shall specify the crypto-asset services for which it is granted and shall be valid in all EU Member States. Moreover, the proposal allows for the extension of the original authorization when a service provider wishes to provide a service other than the one for which it was authorized (Art 53.4).

It should also be noted that article 56 of the proposal contemplates the withdrawal of authorization, specifying certain situations in which the competent authority "shall withdraw the authorization" and certain cases in which the competent authority "have the power to withdraw the authorization". It is worth considering that this revocation may be total or partial¹⁷, and, although it is not expressly contemplated, it is understood to be motivated. Finally, it must be contemplated that, while the authorization as a crypto-asset service provider is valid throughout the EU, any authorized crypto-asset service provider, before starting to provide crypto-asset services in Member States other than the one that granted the authorization, must inform the competent authority designated as the single point of contact, by submitting the information set out in article 58.1 of the Regulation.

With regard to the supervision of crypto-asset service providers, and with the aim of achieving greater transparency in the provision of crypto-asset services for the benefit and protection of those who will make use of them, the proposal entrusts the European Securities and Markets Authority (ESMA) with the creation and maintenance of a registry in which all crypto-asset service providers¹⁸ must be registered. This registry, which shall contain, inter alia, information on the provider, the competent authority that granted the authorization and the list of services it is authorized to provide, shall be publicly accessible through the website, and shall be updated on a regular basis.

¹⁷ Understanding that it will be a partial revocation when the cause of revocation affects one or several crypto-asset services, but not all of those for which the authorization was granted.

¹⁸ Therefore, both, Credit institutions and Investment Services Companies that provide crypto-asset services are included.

Finally, it is worth pointing out that all the important aspects related to the authorization and supervision of issuers of ART and e-money tokens will be explained later, in the specific regulation of each of them.

3.2.3 Consumer protection rules for the issuance, trading, exchange and custody of crypto-assets

Before analyzing the rules set out in the proposal to this effect, it is important to note two aspects. Firstly, and unlike in previous cases, that the consumer protection mechanisms, far from being included in the law, are scattered throughout the articles. And second, that it should be reflected on what, or rather who, exactly the concept of consumer encompasses for the purposes of the Regulation.

In its article 3.1.28 the proposal provides a clear and unconditioned definition for this term, specifically stating that “consumer means any natural person who is acting for purposes which are outside his trade, business, craft or profession”. Meaning therefore that, the only requirement to be considered as a consumer is to be acting outside his professional activity. This figure is in contrast to qualified investors¹⁹, who are those who have the necessary experience, knowledge and qualifications to make their own investment decisions and to correctly assess the risks²⁰ inherent in such decisions. It can be therefore concluded that those considered as qualified investors do not need the protection provided for in the proposed Regulation for consumers or non-qualified investors²¹.

Advice is one of the keys to consumer protection, in particular recital 63 of the proposal obliges crypto-asset service providers, either at the request of a third party or at their own initiative, to give advice, making a preliminary assessment of their clients’ experience, knowledge, objectives and ability to bear losses. Besides, the proposal highlights that, when providing advice, crypto-asset service providers should establish a report, summarizing the clients’ needs and demands and the advice given.

¹⁹ It should be noted that the proposal does not offer a concept of qualified investor, but refers to the definition contained in Regulation 2017/1129, specifically article 2.e. In this legal text, qualified investors are considered to be those natural or legal persons listed in Annex II of MiFID II. (Art 3.1.20).

²⁰ Especially those published by the CNMV and the Bank of Spain at <http://cnmv.es/portal/verDoc.axd?t=%7Be14ce903-5161-4316-a480-eb1916b85084%7D>.

²¹ This is indeed debatable, as classifying the infinite number of possible cases into only two categories can lead to certain arbitrary decisions, but this is the criterion followed by the EU Court of Justice.

Another key is information, which is embodied both in the white paper and in the marketing communications discussed above.

Turning again to crypto-asset service providers, it is worth noting that those operating a crypto-asset trading platform, must follow detailed operating rules (Art 68) as well as, among other things, ensure that their systems and procedures are sufficiently resilient and should be subject to pre-trade and post-trade transparency requirements adapted to the crypto-asset market.

Regarding issuers, it is first of all relevant to note that they can not only issue crypto-assets, but also trading them on a trading platform for crypto-assets²² (in the latter case, however, after requesting admission to negotiation from service providers). We will limit ourselves in this section to saying that consumer protection is also notable in the Regulation of the issuance and admission to trading of the three types of crypto-assets regulated by the proposal, as when we come to the specific Regulation of each of them, we will be able to observe it.

On the subject of the exchange of crypto-assets for fiat currency or for other crypto-assets, it is essential to ensure consumer protection, and consequently, it is expressly regulated in article 54 of the proposal. In particular, it establishes the obligation for crypto-asset service providers intending to exchange crypto-assets for fiat currency or for other crypto-assets, to make a description of the non-discriminatory commercial policy, indicating the type of customers with whom they agree to do business and the conditions that customers should meet, as well as publishing the method they use to determine the price of the crypto-assets they wish to exchange. Moreover, the Regulation establishes that they shall execute client orders at the prices announced at the time of their receipt, and publish full details of orders and trades placed by them.

Finally, on the topic of custody and administration of crypto-assets on behalf of third parties carried out by authorized crypto-assets service providers, two main aspects should be highlighted. First of all, that they must have a contractual relationship with their customers, and this contract must comply with the elements set out in article 67.1 of the Regulation. And, second, a safekeeping policy must be established, including internal

²² Article 3.1.11 defines the operation of a trading platform for crypto-assets' as managing one or more trading platforms for crypto-assets, within which multiple third-party buying and selling interests for crypto-assets can interact in a manner that results in a contract, either by exchanging one crypto-asset for another or a crypto-asset for fiat currency that is legal tender.

rules and procedures, to ensure the effective protection or control of such crypto-assets or the means of access to them, such as cryptographic keys. These rules and procedures shall ensure that the service provider cannot lose customers' crypto-assets or related rights due to fraud, cyber threats or negligence. Further, these service providers will be responsible both for keeping a record of the positions opened on behalf of each customer and for recording any movements carried out with the crypto-assets.

As regards the reporting obligations borne by them, they shall provide their clients, at least once every three months and whenever requested by the client concerned, with a position statement of the crypto-assets registered in the name of such customers. Beyond, they will provide their customers as soon as possible with any information, where their response is considered necessary to carry out the transactions. Finally, not only are they expected to separate assets held on behalf of third parties from their own assets, but they are also expected to be liable for all losses arising from any ICT-related incident (article 67).

3.2.4 Measures to prevent market abuse to ensure the integrity of crypto-asset markets

Contrary to what happened in relation to consumer protection, in this case, articles 78 to 80 of the proposal promote a simplified regime to control insider trading and possible market manipulation -or abuse- in the issuance and trading of crypto-assets. Such specific Regulation is perfectly in line with the overall objectives of the proposal, which are, among others, to ensure the integrity of the emerging crypto-asset market in the Union and to provide guarantees and security to potential investors or users. Indeed, the proposal extends its mandate to any person involved in the issuance, provision of services or trading of crypto-assets.

Regarding its similarity with other regulatory instruments, it is true that the proposal reproduces, in a simplified form, the normative contained in Regulation (EU) No 596/2014, amended by Regulation 2019/2115. Actually, it follows a system similar to the control system established for multilateral trading facilities (MTFs) and organized trading facilities (OTFs), including quasi-covered market mechanisms for asset prices that rely on over-the-counter systems (OTC). Besides, it should be noted that the proposal provides for coordination between European and national supervisory authorities, entrusting national competent authorities with the supervision of articles from 76 to 80 of the proposal, which we will explain below.

The point at which the crypto-asset comes under the mandate of the Regulation on Prevention of Market Abuse is the admission to trading of the crypto-asset. Specifically, European legislation establishes that market abuse occurs when there is unjustified damage to investors or to the functioning of the financial market itself. This generally occurs in three basic cases: the use of inside information not available to the general public, price distortion through market manipulation, and false or misleading dissemination for their own or third parties' benefit and to the detriment of market operators and users. Market abuse is therefore addressed by two different regulatory mechanisms: The regulation of insider dealing and the prohibition of market manipulation.

To begin to develop this section, it is important to ask ourselves what is meant by inside information. Specifically, the proposal includes as its definition “any information of a precise nature that has not been made public, relating, directly or indirectly, to one or more issuers of crypto-assets or to one or more crypto-assets, and which, if it was made public, would be likely to have a significant effect on the prices of those crypto-assets”.

That is to say, inside information is not part of the information available ex-ante on which the general public relies when making purchase or sale decisions, but rather it is information generated in different areas (issuance, trading or collateral backing) and which may affect different and important aspects, such as its asset valuation, its development prospects, the stability of its backing securities or its performance in an economic and political situation.

As can be seen, the characteristic features are: its specific nature, its non-public nature and its relevance to influence its admission, contracting or market value. In particular, the definition of specific information is found in article 2.7 of Regulation 596/2014²³, while non-public information is usually understood as the information that is ignored by the generality of investors or users of crypto-assets, and that gives its holder a competitive advantage in the acquisition or negotiation of the same. However, it is often difficult to

²³ Article 2.7 of the Regulation (EU) no 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC establishes: “Information shall be deemed to be of a precise nature if it indicates a set of circumstances which exists or which may reasonably be expected to come into existence, or an event which has occurred or which may reasonably be expected to occur, where it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the prices of the financial instruments or the related derivative financial instrument, the related spot commodity contracts, or the auctioned products based on the emission allowances”.

determine the non-public nature of a piece of information. Therefore, and taking into account that in the MiCA Regulation the information and communication obligations are laxer than those existing in the regular markets, many experts state that by analogy, the criteria used in Bank of Spain Circular 5/2020 of November 25 can be applied.

Finally, we encounter great difficulties in determining whether information is likely to influence the value and trading of a crypto-asset. The ideal in this case is to take an average user as a reference, and compare whether he would act in the same way as an average user who has the above-mentioned information. For this purpose, it is useful to take into account ESMA's interpretative rules on asset valuations²⁴.

Once the concept of inside information has been defined, we will proceed to analyze what obligations are established in the proposal in relation to it. Specifically, article 77 establishes the duty to disclose inside information, a duty that is regulated in a less formalized manner than in the existing Regulations applicable to the securities market, while continuing to strive for the greatest possible transparency. In particular, it should be noted that the proposal limits the reservation of the disclosure of information to a temporary period or simple delay, as it only allows the delay in the public disclosure of inside information when three conditions are met²⁵. Therefore, the general rule is that all inside information should be made public.

Regarding article 78, it prohibits insider dealing. Precisely, it includes the duty of abstention and neutrality that applies to insider information holders, in order to ensure the fair operation of the market and the protection of the interests of the owners of crypto-assets. In relation to this, it is worth noting the presumption of use of such information that governs in Regulation 596/2014 and that extends to MiCA.

To complete the analysis of those precepts related to inside information, it is highly remarkable that article 79 includes the prohibition of unlawful disclosure of inside information, contemplating the duty of reserve and loyalty of those who are holders of the inside information or have access or knowledge of it by reason of their position in the distribution chain of the crypto-asset. The rule states that they may only disclose such

²⁴ ESMA. Final Report. Review of MAR Guidelines on delay in the disclosure of inside information and interactions with prudential supervision.

²⁵ Expressly, delay is allowed under the issuers' own responsibility when: (a) immediate disclosure is likely to prejudice the legitimate interests of the issuers; (b) delay of disclosure is not likely to mislead the public; (c) the issuers are able to ensure the confidentiality of that information.

information to third parties -and always in compliance with the duty of transparency- in the normal course of their employment, profession or duties²⁶.

Moving on to the second regulatory mechanism of market abuse, we will focus on article 80 of the proposal. In it, the basic rules for controlling market abuse are reproduced, including both the basic prohibition of manipulation and a list of examples of what is considered market abuse.

It should be highlighted that, unlike in the case of inside information, and while it is true that those who have access to it may have greater ease and responsibility when it comes to committing market manipulation, any person is a suitable subject for carrying out acts of market manipulation. In short, market manipulation can be an act of external speculative attack, when the behavior carried out in the market exceeds the legitimate use, using diverse and fictitious mechanisms or manipulating information.

As for the specific prohibition, it should be noted that the proposal prohibits any act of market manipulation, unless the person who has carried out a transaction, given a trading order or engaged in any other conduct, demonstrates that such transaction, order or conduct has been carried out for legitimate reasons. There are many conducts that can be considered as market manipulation, especially when they have as a result an abnormal or artificial price fixing. Nonetheless, as we have already mentioned above, article 80 includes a list of those forms of market manipulation. Among others, the following stand out: securing a dominant position²⁷ over the supply or demand of a crypto-asset as well as giving orders on a trading platform when they have or may have the effect of fixing, directly or indirectly, purchase or sale prices or creating other unfair trading conditions or taking advantage of occasional or periodic access to the media -for example, to express an opinion on a crypto-asset after having taken positions in that crypto-asset and then benefiting from the repercussions of the opinion expressed without having

²⁶ Once again, we must turn to the interpretative criterion of regulation 596/2015, which states that they will be considered made in the normal exercise of employment, profession or duties if, at the time of making the communication, they obtain the consent of the person to whom information is disclosed and inform him that he may be receiving inside information and that the provisions of such regulation will limit his ability to negotiate such information.

²⁷ It is necessary to emphasize that holding a dominant position over a crypto-asset should not be automatically identified as market manipulation, although it is true that this circumstance increases exponentially the risk of such manipulation and requires a conduct of reinforced loyalty or special caution from the holder of such position.

simultaneously communicated that conflict of interest to the public in an adequate and effective manner-

It can be therefore concluded that the proposal contemplates a simplified regulation of the duties of transparency and supervision in comparison with the regulation of ordinary financial assets, leaving the interpretation of MiCA precepts in the hands of the competent state authorities. As a consequence, experts warn about the possibility of an asymmetrical system of interpretation of these precepts within the EU itself, since while some state authorities will completely assimilate these precepts to the regulations applicable to ordinary assets, others will lighten the regulatory burdens. For this reason, many scholars even propose establishing a principle of interpretation, according to which the duties of transparency not explicitly stated in the proposed Regulation but developed in its regulatory background, may be used in a prudent way.

3.3 Material scope

Although the material scope of application of this Regulation is quite broad, it will not apply to crypto-assets that are considered financial instruments²⁸, as these are already regulated by Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, better known as (MiFID II).

The reason is none other than the principle of technological neutrality, as stated in recital 6 “Union legislation on financial services should not favor one particular technology. Crypto-assets that qualify as ‘financial instruments’ as defined in article 4.1.15 of Directive 2014/65/EU should therefore remain regulated under the general existing Union legislation, including Directive 2014/65/EU, regardless of the technology used for their issuance or their transfer”.

The MiCA Regulation shall also not apply to those which are considered to be, according to the definition in its article 2.2, electronic money. However, it contemplates that it does apply to those considered to be electronic money tokens under the Regulation.

Finally, Crypto-assets which, according to their respective Regulations, are considered to be deposits, structured deposits or securitizations are also excluded from the scope of application.

²⁸ Article 2.2.a. Proposal for a Regulation of the European Parliament and of the council on Markets in Crypto-assets, and amending Directive (EU) 2019/1937. Brussels 24.9.2020.

In view of the various exclusions and the particular importance given to the concept of financial instrument, article 7.3 of the proposal, as far as the white paper on crypto-assets is concerned, establish that “the notification of the crypto-asset white paper shall explain why the crypto-asset described in the crypto-asset white paper is not to be considered: a financial instrument, electronic money, a deposit or a structured deposit” That is to say, it is left up to the issuer himself the assessment of whether or not the issued crypto asset qualifies as a financial instrument. Nevertheless, and due to the fact that in practice this qualification can give rise to many doubts, the European Central Bank has called for clarification of the type of crypto-assets considered as financial instruments under MiFID II²⁹.

To end up with the material scope of the MiCA Regulation, it should be noted that, although the issuance of some cryptocurrencies -such as Bitcoin- is not expressly regulated, their offering, exchange, safekeeping or any other regulated service will be subject to the provisions contained in the Regulation.

4. CLASSIFICATION, SPECIFIC REGULATION AND EXAMPLES

Focusing finally on the categories of the MiCA proposal, it is highly remarkable that it makes, already in its article 2, a distinction between three different types of crypto-assets; asset-referenced token, electronic money token and utility token.

The specific regulation of these sub-categories is governed by the principle of risk proportionality, so that each of them has its own distinct legal regime. As we shall see below, the first two types fit perfectly into the definition of stablecoins, and are consequently regulated as such. Thus, the proposal imposes stricter requirements to them, as they are more likely to expand rapidly and could therefore pose greater risks to investors, counterparties and the financial system.

Before going on to analyze them in detail one by one, it is important to note that while this Regulation does not address the uses or purposes of crypto-assets, these functions are indeed analyzed by the ECB, which states that asset-referenced tokens and electronic money tokens have a clear currency substitution dimension, taking into account the three functions of money; as a medium of exchange, a store of value and a unit of account. In particular, the European Central Bank makes special reference to the currency

²⁹ European central bank. Opinion of the European Central Bank of 19 February 2021 on a proposal for a regulation on Markets in Crypto-assets, and amending Directive (EU) 2019/1937.

substitution dimension of electronic money tokens, which, like e-money, replace coins and banknotes and are used to make payments.

Finally, it should be noted that this Regulation provides also for two possible subcategories: Significant Asset Referenced tokens (article 39) and Significant electronic money tokens (article 50). This qualification is awarded specially to those crypto-assets that mainly stand out by its potential large customer base, its potential high number of transactions or its potential interconnectedness with the financial system. Those considered significant, are, according to the legislator, not only subjected to more stringent requirements -specially in terms of capital and interoperability requirements- but also should establish a liquidity management policy. An example of this is the obligation for issuers of significant tokens to disclose any event that could significantly affect the value of the reserve assets, whether or not they have been admitted to trading.

4.1 Asset-referenced token

4.1.1 Concept

The definition given by the legislator of this first type of crypto-asset, called asset-referenced token (ART), is as follows; “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”³⁰.

The key to this concept, and the main difference with respect to e-money tokens, is that while it can be referenced to the value of several legal tender currencies, it can also be referenced to one or more crypto-assets or commodities. This happens because their main characteristic is their aim to maintain a stable value, for which they are referenced to the value of different assets.

The value stabilization of these crypto-assets seeks to ensure that holders of ART use them as a store of value or even as a means of payment for the purchase of goods and services but avoid the speculative investments inherent in volatile crypto-assets. Usually, cryptocurrencies with large fluctuations in value become risky investments and are not suitable as a payment instrument.

³⁰ Article 3.1 3, Proposal for a Regulation of the European Parliament and of the Council on Markets in Crypto-assets, and amending Directive (EU) 2019/1937. Brussels 24.9.2020.

However, the fact is that the actual stability will depend on the asset(s) to which these tokens are referenced, also known as basket of assets, and used to be higher for commodities as precious metals. For this reason, the proposed Regulation, in its chapter 3, referring to the reserve of assets establish that “Issuers of asset-referenced tokens shall have a clear and detailed policy describing the stabilization mechanism of such tokens”³¹.

In particular, they shall list the reference assets for stabilizing the value of the asset-referenced tokens and a detailed assessment of the risks arising from the reserve assets.

4.1.2 Specific regulation

The specific regulation of this kind of crypto-assets is covered by Title III.

As these are stablecoins, and with the consequent higher risk that they present, the proposal considers that it is necessary for ART issuers to meet certain special requirements. In fact, not only ART issuers must be authorized by the competent body, but also the white paper that they prepare must be approved. Moreover, this White Paper shall contain, in addition to the provisions of article 5 and the disclosure items specifies in Annexes I and II, the following particulars: description of the issuer's governance arrangements, description of the reserve of assets and custody thereof, detailed description in case of investment of the investment policy for the reserve assets, detailed information on the nature and enforceability of rights -including any direct redemption right- and finally, where no direct right is recognized, information on the mechanisms to ensure the liquidity of the assets (art 17.1). The duty to have a complaints and dispute resolution procedure between issuers or third parties and consumers is also required for this type of crypto-assets, so that the complaint handling procedure should be included in the white paper (art 27)³². Lastly, it is equally noteworthy that article 22 provides for the liability of issuers for the information provided in the white paper, being possible -in some special cases, i.e. when the summary is misleading, inaccurate or inconsistent- to claim damages for this information.

³¹ Article 32.4, Proposal for a Regulation of the European parliament and of the Council on Markets in Crypto-assets, and amending Directive (EU) 2019/1937. Brussels 24.9.2020.

³² In addition, holders of asset-referenced tokens may complain through the procedure laid down in Regulation (EU) No 524/2013 on online dispute resolutions for consumer resolution and amending Regulation (EC) No 2006/2004 and Directive 2009/22/EC.

Besides, and according to recital 27, which aim to guarantee the adequate monitoring of ART public offers, issuers must have their registered office in the union. This means that only public ART offers within the union are allowed by this Regulation.

Despite its strict regime, certain exceptions are contemplated. For instance, the authorization requirement should not apply when asset-referenced tokens are offered only to qualified investors or when the public offer does not exceed a certain threshold. Nevertheless, authorities are always obliged to refuse authorization in the situations in which the business model of the prospective issuer of asset-referenced tokens could pose a serious threat to financial stability.

It is finally noteworthy that in order to ensure that ART are used primarily as a medium of exchange and not as a store of value, it is necessary to prevent issuers of asset-referenced tokens, as well as crypto-asset service providers, from granting holders of such tokens interest based on the length of time they hold them . Such interest is therefore expressly prohibited in the article 36 of the proposal both for e-money and for asset-referenced tokens.

4.1.3 Example

Although the theory seems clear, in practice it is not so easy to identify them. Therefore, a famous example -of course relate to the giant Facebook- to illustrate what exactly an ART is, will be helpful.

Facebook's Libra Coin is an ART that however its extreme importance, has not achieved success. The reason of its great significance is no other than its close relationship with the MiCA proposal, as many specialists claim that the specific and detailed regulation related to this type of crypto-asset the proposal contains is the direct consequence of this Facebook's ambitious project.

In 2017, David Marcus, former head of Facebook's Messenger app and a visionary if ever there was one, began to think that Blockchain technology and cryptocurrencies, which were beginning to be known among internet lovers, could constitute an easy and convenient way for the company not only to move money around the world (benefiting consequently from the corresponding transaction fees), but also to obtain valuable information from users. Morgan Beller, worker of the Facebook's development team and a fierce Blockchain advocate, decided to assist Marcus in this ambitious and secret project, codenamed Libra. The idea at first was that Libra, like Bitcoin, would be a

currency owned by no-one group and built on open-source technology. However, and unlike Bitcoin, it would be backed by something real; a reserve of low-risk assets, including bank deposits in various currencies and US Treasuries. Being aware that in order to develop the technology Facebook needed collaboration, they established a non-profit organization, also called Libra, that by mid-2019 already incorporated 28 famous companies and Non-Profit organizations, such as Uber, Visa, MasterCard or PayPal, among others.

Marcus, aware of the scandals that have arisen over the privacy of user data, decided to share their plans publicly, and summoned the press in the Old San Francisco Mint. However, far from satisfying authorities, the press conference only increased the concern about the devastating effect this project could have on the dollar. The innumerable criticisms from the President and the whole of the Senate banking committee, added to the continuous warnings from the congress, prompted key members of the consortium, as PayPal or Visa to abandon.

In an attempt to move away from the media spotlight to increase the popularity of its project, Facebook made major concessions, appointing new CEOs and legal directors, even going as far as rebranding, as Libra was renamed Diem. In this new phase of the project, Diem shrunk.

In order to reassure European and US regulators, the project's scope was narrowed to the creation of a digital currency backed one-for-one by the dollar, instead of a basket of currencies and other low-risks assets. Besides, crypto engineers were specifically hired to develop a highly controlled and regulated system in order to avoid money laundering and other illegal actions.

All the efforts seemed to be finally starting to pay off, and by spring 2021 Diem's management decided to try issuing a small amount of Diem currency and allow the use of their digital wallet, Novi. However, the U.S. Treasury, whose authorization was essential for the issuance of this pilot, refused to give the green light to the project. The same thing happened when Diem's management later decided to start working with the US-regulated bank Silvergate. The Federal Reserve System, far from hiding, transmitted that the government did not feel comfortable approving any project until it had developed a comprehensive regulatory framework for stablecoins. Hence, many relate this situation to the MiCA proposal and its extensive regulation on ART.

Although it did not achieve its success, experts in the field as Lisa Ellis, head payments analyst at investment research group MoffetNathanson, affirm that “Libra forced regulators to and governments to start to educate themselves on the technology and stimulated venture capital investment in other initiatives because there was such a frenzy of focus”.

4.2 E-money tokens

4.2.1 Concept

Unlike ART, e-money tokens (EMT), whose main purpose is to be used as a medium of exchange, and not as a store of value, are referenced only to the value of a single fiat currency that is legal tender. This fact, which differentiates it from the previous category, has as its main purpose to bring stability to the value of this digital asset, even though it is true that the electronic money token will enjoy volatility or stability depending on the legal tender to which it is pegged. This reference to a single fiat currency gives it a clear function as a (principal but not exclusive) payment instrument.

4.2.2 Specific regulation

In this field, it is extremely important to note that is already in place an European Directive which regulates electronic payment systems. It defines electronic money as “electronically, including magnetically, stored monetary value as represented by a claim on the issuer which is issued on receipt of funds for the purpose of making payment transactions and which is accepted by a natural or legal person other than the electronic money issuer”³³ and, while it is true that it was even considered to apply this directive to stablecoins, the idea was soon discarded. Consequently, while the Commission admits that the function of electronic money tokens is very similar to e-money, recital 10 states that there are differences between them. In particular, European authorities point out that whereas the e-Money Directive could cover some of the stablecoin issuers, it may not adequately mitigate the most important consumer protection risks, such as the risks posed by e-wallet providers. Taking all these into account, the Commission, in various recitals of the proposal, designs and justifies the legal regime for this category of crypto-asset, mostly contained in the Title IV of the regulation.

³³ Article 2.2, Directive 2009/110/ec of the European Parliament and of the Council of 16 September 2009 on the taking up, pursuit and prudential supervision of the business of electronic money institutions amending Directives 2005/60/EC and 2006/48/EC and repealing Directive 2000/46/EC.

In line with the definition of crypto-assets and DLT, recital 10 states that “to avoid circumvention of the rules laid down in Directive 2009/110/EC, any definition of ‘e-money tokens’ should be as wide as possible to capture all the types of crypto-assets referencing one single fiat currency that is legal tender”. Besides, and taking into account its function mean of payment, the proposal determines strict conditions regarding the issuance of e-money tokens, including the obligation for such e-money tokens to be issued either by a credit institution as defined in Regulation (EU) No 575/2013 of the European Parliament and of the Council³⁴, or by an electronic money institution authorized under Directive 2009/110/EC. As well as to publish a white paper and comply with the relevant operational requirements of the latter Directive, unless otherwise specified in the proposed regulation³⁵.

With regard to the crypto-asset white paper, issuers of e-money tokens should produce it and notify it to the competent authority within 20 working days before the publication date. In particular the white paper should include, in addition to the disclosure items specified in Annex III of the proposal: a description of the issuer of e-money tokens; a detailed description of the issuer’s project; an indication of whether it is an offer or an admission to trading; a detailed description of the rights and obligations attached to the e-money tokens; information on the underlying technology and standards met by the issuer of e-money tokens; and finally the risks relating to the issuer of e-money issuer, the e-money tokens and the implementation of the project, including the technology (art 46.2).

Moreover, this paper should explicitly state that holders of e-money tokens are granted a credit in the form of a right to redeem their tokens in fiat currency, at par and at any time. This concrete right differentiates it from other categories of crypto-assets³⁶. Specifically, recital 45 express “Holders of e-money tokens should be provided with a claim on the issuer of the e-money tokens concerned. Holders of e-money tokens should

³⁴ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012

³⁵ In accordance with article 43.2, this shall not apply to e-money tokens that are marketed, distributed and held by qualified investors and can only be held by qualified investors if the average outstanding amount of e-money tokens does not exceed EUR 5 000 000, or the corresponding equivalent in another currency, over a period of 12 months, calculated at the end of each calendar day.

³⁶ Recital 10 and 44 of the Proposal for a Regulation of the European Parliament and of the Council on Markets in Crypto-assets, and amending Directive (EU) 2019/1937. Brussels 24.9.2020.

always be granted with a redemption right at par value with the fiat currency that the e-money token is referencing and at any moment”.

It should also be noted that electronic money institutions fall within the scope of Bank of Spain Circular 4/2020 on the advertising of banking products and services³⁷. This regulation, among other things, obliges them to have a commercial communication policy and an internal registry where the documentation corresponding to the advertising campaigns will be kept.

4.2.3 Example

At the present time, the most significant e-money token is BUSD (acronyms that stand for Binance and US Dollar). This stablecoin, was founded by Paxos and Binance (the world's leading Blockchain ecosystem with product offering that includes the world's largest exchange of digital assets) in an effort to create a cryptocurrency that could be backed by the US dollar. In particular, one unit of this stablecoin is equivalent to one US dollar. Maintaining this BUSD-USD ratio is possible because Paxos holds an amount of US dollars that is equivalent to the total supply of BUSD, thus making the stablecoin price fluctuate directly with the price of the USD.

In terms of purpose, the BUSD acts as a bridge between traditional finance and decentralized finance (DeFi), creating a new level of economic freedom that traditional institutions and currencies do not offer. Consequently, it is often used as an investment tool for derivatives trading. Besides, many users use it to hedge against inflation or to stabilizing personal funds (especially in countries around the world with unstable currencies).

This e-money token has performed excellently and has established itself as the leading stablecoin in the cryptocurrency environment. In fact, it currently has a market capitalization of \$10 million.

Part of its success is due to the fact that BUSD is one of the few stablecoins that meets the strict regulatory standards of the New York State Department of Financial Services (NYDFS), providing a monthly audit report of reserves, in accordance with strict regulatory standards, in order to ensure the safety and security of users' assets.

³⁷ Circular 4/2020, de 26 de junio, del Banco de España, sobre publicidad de los productos y servicios bancarios.

The other key to its success is its stability regarding the USD. The BUSD provides cryptocurrency traders and users with the ability to trade other digital and Blockchain-based assets, while minimizing the risk of volatility. The reason lies in the volatile nature of cryptocurrencies, as crypto holders can experience fluctuating changes in the value of their portfolio. However, using a stablecoin such as the BUSD can significantly help protect against periods of market volatility. Besides, BUSD has more than 36 established exchange platforms and more than 20 wallets supporting it.

4.3 Utility tokens

4.3.1 Concept

Finally, the legal text refers to a third and different class of crypto-assets, called utility tokens (also known as service tokens). These assets, are defined as “those which are intended to provide digital access to a good or service, available on DLT, and are only accepted by the issuer of that token”³⁸. That is to say, those tokens that only have value in the use of a system, but that can be exchanged for other tokens or cryptocurrencies.

As regards the purpose of this sub-category, recital 9 is clear on this point, by saying: “utility tokens have non-financial purposes related to the operation of a digital platform and digital services”. And while certainly, that they should be considered as a specific type of crypto-asset, they are far from the traditional features and functions of currencies and cryptocurrencies. This is so because of its special characteristic of being accepted only by the issuer, which makes it impossible for it to be used as a generalized payment instrument.

This famous kind of tokens are often used in the capitalization or financing of projects for startups, companies or project development groups, as its main and typical function is to be a safeguard for participation in mass sales to raise capital on a project. Consequently, and regardless of the hype and speculation that logically surround this figure, they are really useful in situations in which a company wants to create a coupon that can be exchanged in the future for access to its services.

As we have just mentioned, utility tokens are generally related to projects under development. Therefore, a very relevant figure in this process is that of the Initial Coin

³⁸ Article 3.1 5, Proposal for a Regulation of the European Parliament and of the Council on Markets in Crypto-assets, and amending Directive (EU) 2019/1937. Brussels 24.9.2020.

Offering (ICO), whose main task is to serve as a means by which a project of cryptocurrencies can get the necessary funds for its development.

The process is not so complex; it starts with the developer deciding to make a call to an ICO and continue with the announcement of issuance of a certain amount of utility tokens. The prices of these tokens are generally static, and ICOs are usually carried out on platforms already defined (Most of them on the Ethereum network) so as to facilitate the task of creating a token. Regarding the purchase, it is highly remarkable that it can be made in different cryptocurrencies, even with fiat currencies, and the task of the interested buyer consists mainly of paying the corresponding amount for the tokens which can be used in the future to access the services of the project to be developed. The reason for the popularity of this operation is that it usually ends up generating benefits for the buyer, as the purchase price of these utility tokens is in principle much lower than the final price that the tokens acquired, especially when project objectives are met.

4.3.2 Specific regulation

In principle, the specific regulation of this kind of crypto-assets is set out in Title II. However, this title “Crypto-Assets, other than asset-referenced tokens or e- money tokens” does not expressly refer to utility tokens, although, to the exclusion of Titles III and IV, it is the one that applies to them. Therefore, it should be understood to apply to all present or future products that fall within the general notion of crypto-assets in article 3.1.2 of the proposed regulation and are not ART or EMT.

Hence, and although this title acts as a general and subsidiary regime to the special regime of Titles III and IV, it contains a few provisions specifically aimed at utility crypto-assets. For instance, and unlike the others, these crypto-assets can be issued without the need for authorization, as only a simple notification to the competent national authority of the issue and its white paper is required (this paper does not need to be approved either, but has to be published). On the contrary, and as mentioned above, permission is required for the offer or admission to trading on a trading platform of this type of crypto-assets (art 10).

Nonetheless, certain requirements are established for issuers of this type of asset to be able to offer them publicly or seek an admission to trading on a trading platform. Among them, being a legal entity and meet certain requirements on the white paper, as well as the requirements of article 13.

Following on from the white paper , it is worth noting that it will no longer be necessary when one of the following situations occurs: When the crypto-assets are offered for free (i.e. when the issuer places the crypto-assets altruistically); automatically created through mining as a reward for the maintenance of the DLT or the validation of transactions³⁹; unique and not fungible with other crypto-assets⁴⁰ or offered to fewer than 150 natural or legal persons per Member State where such persons are acting on their own account. In addition to, when over a period of 12 months, the total consideration of an offer to the public of crypto-assets in the Union does not exceed EUR 1 000 000, or the equivalent amount in another currency or in crypto-assets and when the offer to the public of the crypto-assets is solely addressed to qualified investors and the crypto-assets can only be held by such qualified investors (art. 4.2). However, where appropriate, it will be mandatory to include a reference to the fact that crypto-assets may lose their value in whole or in part, may not always be tradable, and may not even be liquid.

The content and form of this white paper is regulated in article 5, which expressly requires the inclusion of information relating to: A detailed description of the issuer and a presentation of the main participants involved in the project's design and development; a description of the project, the type of crypto-asset and the reasons for the offer or application for admission, as well as the intended use of the fiat currency or other crypto-assets obtained through the offer; the description of the public offering together with the number of crypto-assets being issued, the price and terms of subscription; description of the rights and obligations associated with the crypto-assets; information on the underlying technology and its maintenance, storage and transfer; and description of the risks associated with the transaction and the issuer. All of the above in addition to the provisions of Annex I.

There are also certain special rules concerning services that are not yet operational at the time of offering (art. 4.3, in which case the public offer may not exceed 12 months) or in relation to the risk that tokens may not be redeemable for the good or service

³⁹ This happens in the case of Bitcoin, since when the miners solve the algorithm used to verify and enter payments in the Blockchain, they receive new Bitcoins. The system itself creates them, it is therefore logical that the proposal does not apply to them.

⁴⁰ ERC-20 tokens before mentioned, are fungible. However, the standard called ERC-721, allows the creation of non-fungible tokens, which will have value due to their uniqueness. This is the case of CryptoKitties, crypto tokens with unique and distinct qualities.

promised in the paper, especially in the case of failure or interruption of the project (art. 5.5.d).

Besides, in article 12, the proposal recognizes as a general rule -and without applying where the crypto-assets are admitted to trading on a trading platform-, the consumer's 14-day right of withdrawal -without incurring in any cost and without giving reasons-, in the purchase of crypto-assets other than ART and e-money tokens, right that should be in fact, included in the white paper.

Finally, it is important to note that issuers of this type of crypto-assets that establish a time limit for their offer to the public, shall ensure that the funds or other crypto-assets collected during the offer to the public are kept in custody by either a credit institution or a crypto-asset service provider authorized for the custody and administration of crypto-assets on behalf of third parties.

4.3.3 Example

There are many examples of utility tokens, but the most famous one is Basic Attention Token, also known as BAT.

This token proposes a new advertising revenue model that get rid of the need for constant tracking of user's behavior. It works with the Brave Browser which is specially designated to be secure and private, and its users can earn BAT by deciding to view advertisements. If they do, they will be able to use the BATs earned to tip content creators on different websites and social networks.

5. TAXATION OF REGULATED CRYPTO-ASSETS IN MiCA

5.1 Preliminary considerations

Bearing in mind that the objectives of the proposal -as we have already stated on several occasions throughout this paper- were both to establish a specific and harmonized framework at EU level for crypto-assets and related activities, and to clarify the applicable legal framework, it is at least surprising that the proposal makes no reference to the tax treatment of the crypto-assets it regulates. Therefore, is still considerable uncertainty and insecurity regarding the tax impact of crypto-asset transactions.

In this section, we intend to analyze the tax treatment of the operations carried out with these crypto-assets, and to do so we must take into account the three categories that we have already explained. This occurs because the tax treatment will be determined by

the underlying legal nature of them -or, in other words, by their principal function or purpose, which normally determines the category to which it belongs-, as it provides the basic criterion for the delimitation of the applicable tax framework.

However, there is some controversy between this treatment based on legal nature and the article 3 of the proposal, as many experts question whether the crypto-assets regulated in MiCA represent a value or right -as the article says-, or are themselves considered as such a value or right. The reason for this dilemma is that, if we were to opt for the first option, the taxation of transactions would no longer be analyzed from the perspective of the interaction of the crypto-assets themselves, but rather from the perspective of the assets or rights represented.

Nevertheless, as already stated, it seems that experts have opted to consider the main function of each crypto-asset -materialized in the three categories- when assessing the tax implications. That is to say, the token should be considered a legal asset distinct from the assets it represents or to which it refers, since to analyze it otherwise would produce a fatal error not only in the legal qualifications but also in the valuations and in the corresponding taxation. Therefore, when we refer to the legal nature, we are referring to the true essence and purpose of the token, as a separate and differentiated legal entity, regardless of the asset that serves as a reference or the unit of monetary denomination.

This controversy can be especially appreciated in the case of ART, since, as we have explained above, they can be also referenced to fiat currencies, and in the case of choosing the first option, we would be dealing with e-money tokens.

5.2 Main taxes at national level and their relationship with crypto-assets regulated by MiCA

Below we will analyze the most significant taxes at national level, and their possible relationship with the operations with crypto-assets regulated by the proposal.

5.2.1 Impuesto sobre el Valor Añadido (IVA)

The Impuesto sobre el Valor Añadido, known as Value Added Tax (VAT) in English, is the main indirect tax in Spain. Its purpose is to tax transactions carried out by both natural persons and legal entities in the course of their economic activity -either personal or professional-.

The first thing to bear in mind when assessing the situations in which the regulated crypto-assets are subject to this tax is article 7.12 of Law 37/1992 del Impuesto sobre el Valor Añadido. In particular, this article provides for the non-taxation -as not being subject to- of money supplied as consideration or payment. In view of this, it is clear that future "crypto euros" -being legal tender issued on a cryptographic basis- will not be subject to this tax.

Even so, it is more controversial to draw a conclusion regarding e-money tokens, as it is unclear to what extent it can be legally qualified as money. However, The CJEU of 22 October 2015, in case C-264/14 (Skatteverket/David Hedqvist), does not seem to consider e-money tokens as exactly the same as money, concluding in the case of exchange of traditional currencies for crypto-assets that, such exchange will be subject to and not exempt⁴¹ to the specific regulation of the tax, provided that the crypto-assets cannot be interpreted as fulfilling an exclusive function as a means of payment. In other words, while the supply of e-money tokens will be exempt from VAT where their function is as a means of payment, they will still be subject to it. And this is what has been affirmed to date.

However, it should be noted that MiCA considers the exchange of regulated crypto-assets to be contracts of sale and purchase in which tokens are exchanged for fiat currency or other crypto-assets. Experts therefore warn that if this interpretation as "contracts of sale" prevails, the exemption discussed and which has been applied up to now, will not be applicable.

5.2.2 Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados (ITP-AJD)

Unlike value added tax, the ITP-AJD, while remaining an indirect tax, is levied on transfers carried out by natural or legal persons outside their economic activity, i.e. in their capacity as private individuals or final consumers.

Under Spanish law, the transfer of property for valuable consideration (Transmisiones Patrimoniales Onerosas) is a subsidiary tax. Therefore, all those acts or contracts in which there is a transfer of goods or rights that are not subject to VAT are liable to be taxed

⁴¹ To this end, it should be recalled that although in practice, non-subjection and exemption both mean no obligation to pay, the concept is different. While the term non-subject means that the tax is not applicable to the transaction being carried out, the term exempt means that the transaction in question does fall within the scope of the tax but, for a legal reason, is exempted from its payment.

under the TPO. This leads us to conclude that any transfer of a crypto-asset by a private individual is likely to fall within the scope of application of the tax.

There are two controversial situations when analyzing the application of this tax. To understand the first one, we must stress that the taxation of OPT in Spain depends both on the tax residence of the acquirer -since, regardless of where the assets or rights are located, if the acquirer has tax residence in Spain, the transfer will be subject to tax- and on the territorial connection of the crypto-assets -since the tax will not be levied on those transfers carried out in foreign territory-. These facts, added to the notable immateriality of crypto-assets, leads us to the conclusion that, except in very specific cases, all non-residents will question the taxation.

The second relates, of course, to the exemption of e-money tokens from the OPT. This is because, on this occasion, the ITP-AJD law⁴² again refers to the exemption of money transfers. Once again, the question arises as to whether crypto-assets created outside traditional financial institutions and which serve as a medium of exchange, such as e-money tokens, should be, by its function and legal nature, exempt.

5.2.3 Impuesto sobre la Renta de las Personas Físicas (IRPF)

The IRPF, is a direct tax, payable by individuals who are residents in Spain or taxpayers on their income obtained during a calendar year.

Once the nature of this tax has been defined, we will focus on putting it in relation to the crypto-asset transactions regulated by the proposal. To this effect, it is noteworthy that any crypto-asset that is not legal tender, is considered, for legal and tax purposes, as an asset or patrimonial element. Consequently, in the event of a transfer, the difference between the acquisition cost or value and the sale price or value must be taken into account as income subject to taxation.

Although as we have just mentioned, income will arise from the exchange of e-money tokens or ART for new crypto-assets, from their conversion into fiat money or from their delivery as consideration for a good, experts highlight the special case of utility tokens. In particular, it is stated that, when the delivery of such token is made simultaneously with the receipt of the good or enjoyment of the linked service, no income will be created,

⁴² Article 45.I.B.4 of the Real Decreto Legislativo 1/1993, de 24 de septiembre, por el que se aprueba el Texto refundido de la Ley del Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados.

as the only thing that will occur to this effect will be a redemption or extinction of the token due to the completion of the act of consumption previously arranged and digitally documented.

Finally, as regards the classification of the income obtained necessary for the correct liquidation of the tax, we may be dealing with income from economic activity - in the event that the crypto-assets are used for the development of the holder's economic activity - or with capital gains or losses. In the first case, they will form part of the general tax base, while in the second case they will form part of the savings tax base, with the corresponding tax rate limited from 19% to 26%.

5.2.4 Impuesto sobre Sociedades (IS)

In Spain, el Impuesto sobre Sociedades, also known as Impuesto sobre la Renta o el Beneficio de las Sociedades, is a direct, personal and usually single-rate tax levied on the profits obtained by companies. Its taxable event is, therefore, the obtaining of income by the taxpayer, without distinguishing in principle as to the source or origin of the income. With regard to the liquidation of this tax, we must take into account certain characteristic aspects of each of the crypto-assets regulated by MiCA.

Concerning utility tokens, it should be noted that although they lack the capacity to be part of a negotiation -as they are unidirectional and therefore have no value in themselves outside the ecosystem where they were created- they can perfectly well increase their value and be offered for sale off-chain. At the same time, it should not be forgotten that certain expenses, such as the costs of issuance, distribution, delivery and exchange of both the crypto-asset in question and the mining system, must be reflected in the company's accounting results, and will therefore have a significant impact on the company tax.

Regarding e-money tokens, the question remains as to whether it could be considered as money also for corporate tax purposes. If we maintain our reasoning of classifying it taking into account its function as a means of payment, we understand that such application would entail the absence of obtaining income.

5.2.5 Impuesto sobre el Patrimonio (IP) e Impuesto sobre Sucesiones y Donaciones (ISD)

The IP and the ISD are the main property taxes in Spain. Indeed, whereas the former taxes the wealth of individual - as it taxes the net wealth of individuals, which is calculated

as the value of the taxpayer's assets after deducting all his liabilities, i.e. debts, as at 31 December of each year- the latter taxes the transfer of property and rights between individuals free of charge, whether as a result of death or an endowment during their lifetime.

As can be deduced from MiCA's definition of crypto-assets -digital representation of value and rights- such assets have economic content. Therefore, both, their ownership and their holding should form part of the set of assets and liabilities to be taken into account when making the declarations of the main property taxes.

Focusing on ISD, it should be noted that although, as we have just mentioned, there is no doubt that crypto-assets transferred *inter vivos* or *mortis causa* will be included in the tax base, it is a more complex task to define the value at which they will be included in it. This is so because, while the valuation of e-money tokens is particularly simple, there will be more complexity in evaluating ART or utility tokens.

5.3 Difficulties on taxing crypto-assets

As we have observed, there are certain difficulties regarding the tax application to crypto-assets. The reason, although complex, can be summarized in one element: traceability. We must bear in mind that as far as crypto-assets are concerned, the taxable person and the asset itself belong to two worlds. The former is part of the physical world while the latter is part of the virtual world, and sometimes the relations between these two universes are in themselves complicated. However, the tax administration tries to simplify it, trying to mitigate the lack of traceability through the introduction of obligations for the provision of information by third parties.

This lack of traceability is materialized by the difficulty in answering basic questions such as: who, where, how much and how. I.e. Who is the owner? Who is the taxable person? What should we consider as "situs", where is it or where can it be recovered? or maybe where the wallet provider resides? How much does it cost? Or better, how much is it worth? Because we have all heard about the volatility of this market... And finally, how do the tax authorities control these crypto-assets?

Most of these questions remain unanswered to this day, so, while experts strive to regulate the crypto-asset market as accurately as possible, we as the public can only wait and understand that, due to its complexity, legal loopholes and analogies will continue to accompany us for - at least - a while longer.

6. TAX CONTROL AND COMPLEMENTARY REGULATION OF CRYPTO-ASSETS IN SPAIN

6.1 Tax control at national level

6.1.1 Action by the State Tax Administration Agency (Agencia Estatal de Administración Tributaria de España, AEAT) regarding crypto-assets.

It is worth repeating once again the difficulty in defining the tax regime for crypto-assets included in MiCA, due to the fact that the legislator has not considered the taxation aspect to be the most urgent, and therefore there is normative silence in this respect. The situation is even more problematic in the case of "Out of MiCA" (OMiCA) crypto-assets, which it seems will integrate their rules by analogy, classifying them, as can be deduced from the above analysis, by their functions.

Bearing this in mind, and focusing now on analyzing the AEAT's action in recent years in relation to the tax control of crypto-assets, it should be noted that in the tax control plans from 2017, the control of both, symbols -such as cryptocurrencies and tokens- and other FINTECH⁴³ technologies already appeared as objectives. Precisely, the AEAT has so far revolve around two taxable activities: the creation of symbols -tokens and cryptocurrencies- and legal transactions carried out with cryptocurrencies.

Mining activity was addressed by the AEAT several years ago, back in 2015. After analyzing its tax dangers, it was concluded that this activity -if it constituted an orderly activity- should be considered an economic activity for IRPF purposes. However, it is important to note that such activity is not subject to VAT, explained by the VAT legislator's great respect for creation. Taking into account the above aspects, it can be stated that the control of the mining activity does not constitute a particular difficulty and is therefore not considered a relevant tax risk.

With regard to the economic activities associated with the use of cryptocurrencies, the most common ways of buying and selling them are: exchanges, P2P operations through applications, ATM machines, physical shops, online banking, obtaining them for free through online games or even payment cards. The AEAT, having received during

⁴³ Fintech is an acronym for the terms "finance" and "technology" and refers to any business that uses technology to improve or automate financial services and processes. The term encompasses a rapidly growing industry that serves the interests of consumers and businesses in multiple ways. It can be summarized that FinTechs help to simplify financial transactions for consumers or businesses, making them more accessible and generally more affordable. It can also be applied to businesses and services that use AI, big data and encrypted Blockchain technology to facilitate highly secure transactions across an internal network.

last years a large amount of information on these institutions through requests, has concluded that that this is not where the problem came from either, as they do not pose a major control problem.

Nonetheless, the attempt of control by the AEAT is remarkable, being observed, for example, in the case of the income tax return or “declaración de la renta”. As the following notice is included in the corresponding cases “*De acuerdo con los datos que dispone la AEAT, usted ha mantenido flujos de fondos con operadores de criptomonedas. Recordamos que los beneficios generados en las operaciones con criptomonedas constituyen rentas sujetas a IRPF, con la calificación de ganancias patrimoniales, que deben incluirse en el apartado de Ganancias y Pérdidas patrimoniales derivadas de la transmisión de otros elementos patrimoniales, (casilla 1624 y ss de la declaración del impuesto)*”.

In fact, there are several mechanisms that inspectors can rely on when assessing issues related to cryptocurrencies. These include an action guide available to them with the aim of unifying criteria, and the application of binding consultations such as V0999-18 and V1149-18. One of these unified conclusions reached is the fact that if cryptocurrencies are considered to be capital, and if they generate a very high return, they should be classified as a return on capital (art 25.2 LIRPF). However, these mechanisms will have to be extended and completed to face new developments such as the crypto-assets included in MiCA.

6.1.2 Spanish legal framework for information on cryptocurrencies

As we can see, prior to the MiCA proposal, most of the tax control was aimed at cryptocurrencies. However, not only did the AEAT focus on them, but also the legislator, as in Spain, there is in fact a concrete legal framework for information on cryptocurrencies. Specifically, in Law 11/2021, of July 9, 2021, on measures to prevent and fight against tax fraud, some rules against tax avoidance practices that have a direct impact on the functioning of the internal market are established. Among the various and numerous areas regulated by it, are the informative duties regarding cryptocurrencies, with the purpose of reinforcing tax control over taxable events related to virtual currencies, establishing two new informative obligations referring to the holding and operation with this type of money.

The introduction of the first obligation involves both, an amendment of the law on income for individuals⁴⁴ -consisting of the information obligation of the parties rendering services in this type of currency- and an amendment of the General Tax Law⁴⁵, contemplating the responsibility for the holders of this type of assets to file the obligation to report assets and rights abroad by means of form 720.

Notwithstanding, it should be taken into account that the establishment of these informative obligations requires a regulatory development that specifies the content of the information to be provided, and determines the necessary valuation rules so that the information can be provided in the legal tender. The same applies to the reporting obligation for currencies located abroad, as it is necessary to develop regulations on the obligation to provide information on virtual currencies located outside our borders. Therefore, a draft royal-decree law has been prepared to amend the General Regulations on tax management and inspection actions and procedures and on the development of the common rules for tax application procedures⁴⁶, introducing 2 new precepts, 39 bis and 39 ter.

The first one (art 39 bis) regulates the obligation to report balances in virtual currencies, establishing that persons and entities resident in Spain and permanent establishments in Spanish territory of persons or entities resident abroad, that provide services to safeguard private cryptographic keys on behalf of third parties, to maintain, store and transfer virtual currencies -whether such service is provided as a main activity or in connection with another activity- will be obliged to file an annual informative declaration referring to all virtual currencies in respect of which they safeguard private cryptographic keys⁴⁷.

The article 39 ter, focuses on the obligation to report transactions with virtual currencies, In such a way that persons and entities resident in Spain and permanent

⁴⁴ Ley 35/2006, de 28 de noviembre, del Impuesto sobre la Renta de las Personas Físicas.

⁴⁵ Ley 58/2003, de 17 de diciembre, General Tributaria.

⁴⁶ Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos.

⁴⁷ Pointing out that, to this effect, this information must include the name and surname or company name or full name and tax identification number of the persons or entities to whom the private cryptographic keys correspond at some time during the year, whether as holders, authorized or beneficiaries, the public keys linked to said private keys and the balances as of December 31.

establishments in Spanish territory of persons or entities resident abroad -that provide exchange services between virtual currencies and fiat currencies or between different virtual currencies, intermediate in any way in the performance of such transactions or provide services to safeguard private cryptographic keys on behalf of third parties, to maintain, store and transfer virtual currencies- will be obliged to file an annual informative declaration regarding the transactions of acquisition, transmission, exchange and transfer of virtual currencies, whatever the agreed consideration, if any, as well as the collections and payments made in such currencies, in which they intervene or mediate⁴⁸.

To end up, we will refer to the second obligation introduced by law 11/2021, which consists of the requirement of information on virtual currencies located abroad of which one is the holder, or in respect of which one has the status of beneficiary or authorized or otherwise holds the power of disposal, held by persons or entities that provide services to safeguard private cryptographic keys on behalf of third parties, to maintain, store and transfer virtual currencies.

For the effective fulfillment of these obligations, the AEAT is preparing three cryptocurrency declaration forms - that coincide with each of the obligations explained above- which will represent the materialization of the new framework of unprecedented obligations for companies and individuals, as they will include information on those who have been holders, authorized or beneficiaries of cryptocurrencies at some time during the year, as well as the balances at the end of the year -including data such as types of currency, number of units and valuation in euros-.

As can be deduced, forms 172 and 173 will be submitted by all resident companies for tax purposes in Spain that are involved in the world of cryptocurrencies and form 721 shall refer to those virtual currencies located abroad. Precisely, form 172 corresponds to the Informative declaration on balances in virtual currencies, form 173 to the Informative declaration on transactions with virtual currencies, and finally form 721 to annual informative declaration referring to the totality of the virtual currencies located abroad of which it is the holder, or in respect of which it has the condition of beneficiary, authorized or in some other way has the power of disposition, or of which it is the real holder.

⁴⁸ To this effect, the information provided must include the name and surname or company name or full name and tax identification number of the parties that carry out the operations indicated in the previous section, with an indication of their initial registration date in the platform of the parties obliged to file the informative declaration.

Although it is announced that they will not come into force this year, the AEAT has warned that they will do so next year, with information from this year, which should be saved. In addition, it is established that both forms will be annual and their filing deadline will be the month of January of the year following the year to which the declared information corresponds.

6.2 Tax control at regional level: Autonomous community of Navarra

In order to continue the fight against tax fraud, the autonomous community of Navarra, following in the footsteps of the State regulation, has implemented a new foral law⁴⁹ that increases controls on cryptocurrencies -as we shall see, the wording is practically identical to the state regulation analyzed above-. This new regulation, which was effective as of January 1, 2021 introduced already in its exploratory memorandum two new reporting obligations regarding the holding and trading of cryptocurrencies.

In particular, page 5 of this exploratory memorandum contemplates, for those who provide services on behalf of third parties to safeguard private cryptographic keys that enable the holding and use of such currencies⁵⁰, the obligation to provide information on the balances held by holders of virtual currencies and the obligation to provide information on transactions involving virtual currencies (acquisition, transmission, exchange, transfer, collection and payment) in which the following are involved⁵¹. These two new obligations are contemplated in article one, section twenty of the foral law, as an amendment to the Consolidated Text of the Personal Income Tax Law⁵² by including article 8 and 9. With respect to these two obligations, it should be clear that in no case is reference made to the natural person who holds the use of a crypto-asset, since this person will be exempt at all times. Finally, foreign exchanges without a permanent establishment

⁴⁹ Ley foral 21/2020, de 29 de diciembre, de modificación de diversos impuestos y otras medidas tributarias y de modificación del texto refundido de la ley foral de ordenación del territorio y urbanismo.

⁵⁰ Including providers of exchange services for the aforementioned currencies if they also provide the aforementioned holding service.

⁵¹ Taking into account that this same obligation extends to those who make initial offers of new virtual currencies and to those who provide exchange services between virtual currencies and legal tender or between different virtual currencies, or who intermediate in any way in the performance of such transactions.

⁵² Texto Refundido de la Ley Foral del Impuesto sobre la Renta de las Personas Físicas.

in Spain and DAOs (decentralized and autonomous organizations) are also excluded from these obligations.

However, this new law not only modifies the Personal Income Tax regulation, but also modifies the general Foral Tax Law⁵³. Both page 8 of the Explanatory Memorandum and article 3, paragraph 15, refer to the introduction of the new obligation to report on virtual currencies located abroad, including financial penalties in the event of non-compliance with this mandate.

As we can deduce, the body in charge of supervising compliance with these obligations is the tax agency of Navarre, in Spanish known as Hacienda Tributaria de Navarra.

7. FINAL CONSIDERATIONS

As mentioned at the beginning of this paper, the MiCA bill is simply a Proposal for a regulation of the European parliament and of the Council on Markets in Crypto-assets, and as such it must follow the procedure established at the European level for its approval. Although it is true that the process is quite advanced -having been approved on October 5 by the European Council, and days later (October 10) by the European Parliament's Committee on Economic and Monetary Affairs- it still has to be passed by the European Parliamentary plenary, which, according to official sources, will be postponed to February 2023. The reason for this delay is nothing more than the technical complexity of translating this extensive draft into the 24 official languages of the European Union. Once approved, it will be published in the official journal of the EU, and will enter into force after 20 days. Nevertheless, part of its regulation will be applicable 18 months later, except for the regulation of asset-referenced tokens and e-money tokens, which may be adopted after 12 months. In fact, in our country, the CNMV is already preparing a draft law called "*De los Mercados de valores y de los Servicios de Inversión*" (Securities Markets and Investment Services), which, according to experts, will enable the application of MiCA in Spain as soon as it is approved. This is because the CMNV would immediately have the necessary supervisory powers to ensure investor protection and financial stability in this area.

⁵³ Ley foral 13/2000, de 14 de diciembre, General Tributaria de Navarra.

While this proposal is an undeniable advance in everything related to crypto-assets, there is still a long way to go in this area. A clear example of this is the non-inclusion of the well-known Non-Fungible Tokens (NFTs) -tokens that represent objects that cannot be substituted because they represent something unique and therefore, non-exchangeable-, the absence in the regulation of taxation matters or the limited classification. Nonetheless, it would be generous and intelligent for the public to focus more on its lights than on its shadows, as MiCA is constituted as the first step towards the legal regulation of a world that -although it represents the future of society- for its novelty and its lack of resemblance to what has been known up to now, is fraught with risks to which all the agents that participate and carry out transactions in it are exposed.

8. BIBLIOGRAPHY

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9. ANNEX.

9.1 Proposal for a Regulation of the European Parliament and of the Council on Markets in Crypto-assets, and amending Directive (EU) 2019/1937



Brussels, 24.9.2020
COM(2020) 593 final

2020/0265 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on Markets in Crypto-assets, and amending Directive (EU) 2019/1937

(Text with EEA relevance)

{SEC(2020) 306 final} - {SWD(2020) 380 final} - {SWD(2020) 381 final}

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

This proposal is part of the Digital Finance package, a package of measures to further enable and support the potential of digital finance in terms of innovation and competition while mitigating the risks. It is in line with the Commission priorities to make Europe fit for the digital age and to build a future-ready economy that works for the people. The digital finance package includes a new Strategy on digital finance for the EU financial¹ sector with the aim to ensure that the EU embraces the digital revolution and drives it with innovative European firms in the lead, making the benefits of digital finance available to European consumers and businesses. In addition to this proposal, the package also includes a proposal for a pilot regime on distributed ledger technology (DLT) market infrastructures², a proposal for digital operational resilience³, and a proposal to clarify or amend certain related EU financial services rules⁴.

One of the strategy's identified priority areas is ensuring that the EU financial services regulatory framework is innovation-friendly and does not pose obstacles to the application of new technologies. This proposal, together with the proposal on a DLT pilot regime, represents the first concrete action within this area.

Crypto-assets are one of the major applications of blockchain technology in finance. Since the publication of the Commission's Fintech Action plan⁵, in March 2018, the Commission has been examining the opportunities and challenges raised by crypto-assets. Following a big surge in the market capitalisation of crypto-assets during 2017, in December 2017, Executive Vice-President Dombrovskis, in a letter addressed to the European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA), urged them to reiterate their warnings to investors. In the 2018 FinTech Action plan, the Commission mandated the EBA and ESMA to assess the applicability and suitability of the existing EU financial services regulatory framework to crypto-assets. The advice⁶, issued in January 2019, argued that while some crypto-assets could fall within the scope of EU legislation, effectively applying it to these assets is not always straightforward. Moreover, the advice noted that provisions in existing EU legislation may inhibit the use of DLT. At the same time, the EBA and ESMA underlined that – beyond EU legislation aimed at combating money laundering and terrorism financing – most crypto-assets fall outside the scope of EU financial services legislation and therefore are not subject to provisions on consumer and investor protection and market integrity, among others, although they give rise to these risks. In addition, a number of

¹ Communication from the Commission to the European Parliament, the European Council, the Council, the European Central Bank, the European Economic and Social Committee and the Committee of the Regions on a Digital Finance Strategy for the EU, 23 September 2020, COM(2020)591.

² Proposal for a Regulation of the European Parliament and of the Council on a Pilot Regime for market infrastructures based on distributed ledger technology - COM(2020)594.

³ Proposal for a Regulation of the European Parliament and of the Council on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014 and (EU) No 909/2014 - COM(2020)595.

⁴ Proposal for a Directive of the European Parliament and of The Council amending Directives 2006/43/EC, 2009/65/EC, 2009/138/EU, 2011/61/EU, EU/2013/36, 2014/65/EU, (EU) 2015/2366 and EU/2016/2341 - COM(2020)596.

⁵ European Commission, FinTech Action plan, COM/2018/109 final.

⁶ ESMA, Advice on 'Initial Coin Offerings and Crypto-Assets', 2019; EBA report with advice on crypto-assets, 2019.

Member States have recently legislated on issues related to crypto-assets leading to market fragmentation.

A relatively new subset of crypto-assets – the so-called ‘stablecoins’ – has recently emerged and attracted the attention of both the public and regulators around the world. While the crypto-asset market remains modest in size and does not currently pose a threat to financial stability⁷, this may change with the advent of ‘global stablecoins’, which seek wider adoption by incorporating features aimed at stabilising their value and by exploiting the network effects stemming from the firms promoting these assets⁸.

Given these developments and as part of the Commission’s broader digital agenda, President Ursula von der Leyen has stressed the need for “*a common approach with Member States on cryptocurrencies to ensure we understand how to make the most of the opportunities they create and address the new risks they may pose*”⁹. While acknowledging the risks they may present, the Commission and the Council also jointly declared in December 2019 that they “*are committed to put in place a framework that will harness the potential opportunities that some crypto-assets may offer*”¹⁰. More recently, the European Parliament is working on a report on digital finance, which has a particular focus on crypto assets.¹¹

To respond to all of these issues and create an EU framework that both enables markets in crypto-assets as well as the tokenisation of traditional financial assets and wider use of DLT in financial services, this Regulation will be accompanied by other legislative proposals: the Commission is also proposing a clarification that the existing definition of ‘financial instruments’ - which defines the scope of the Markets in Financial Instruments Directive (MiFID II)¹² - includes financial instruments based on DLT,¹³ as well as a pilot regime on DLT market infrastructures for these instruments¹⁴. The pilot regime will allow for experimentation within a safe environment and provide evidence for possible further amendments.

This proposal, which covers crypto-assets falling outside existing EU financial services legislation, as well as e-money tokens, has four general and related objectives. The first objective is one of legal certainty. For crypto-asset markets to develop within the EU, there is a need for a sound legal framework, clearly defining the regulatory treatment of all crypto-assets that are not covered by existing financial services legislation. The second objective is to support innovation. To promote the development of crypto-assets and the wider use of DLT, it is necessary to put in place a safe and proportionate framework to support innovation and fair competition. The third objective is to instil appropriate levels of consumer and investor protection and market integrity given that crypto-assets not covered by existing financial services legislation present many of the same risks as more familiar financial instruments. The

⁷ FSB Chair’s letter to G20 Finance Ministers and Central Bank Governors, 2018.

⁸ G7 Working Group on Stablecoins, Report on ‘Investigating the impact of global stablecoins’, 2019.

⁹ Mission letter of President-elect Von der Leyen to Vice-President Dombrovskis, 10 September 2019.

¹⁰ Joint Statement of the European Commission and Council on ‘stablecoins’, 5 December 2019.

¹¹ “Report with recommendations to the Commission on Digital Finance: emerging risks in crypto-assets - regulatory and supervisory challenges in the area of financial services, institutions and markets” (2020/2034(INL))

[https://oeil.secure.europarl.europa.eu/oeil/popups/ficheprocedure.do?reference=2020/2034\(INL\)&l=en](https://oeil.secure.europarl.europa.eu/oeil/popups/ficheprocedure.do?reference=2020/2034(INL)&l=en).

¹² Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU

¹³ Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2009/65/EC, 2009/138/EU, 2011/61/EU, EU/2013/36, 2014/65/EU, (EU) 2015/2366 and EU/2016/2341 - COM(2020)596

¹⁴ Proposal for a Regulation of the European Parliament and of the Council on a Pilot Regime for market infrastructures based on distributed ledger technology - COM(2020)594

fourth objective is to ensure financial stability. Crypto-assets are continuously evolving. While some have a quite limited scope and use, others, such as the emerging category of ‘stablecoins’, have the potential to become widely accepted and potentially systemic. This proposal includes safeguards to address potential risks to financial stability and orderly monetary policy that could arise from ‘stablecoins’.

- **Consistency with existing policy provisions in the policy area**

This proposal is part of a broader framework on crypto-assets and distributed ledger technology (DLT), as it is accompanied by proposals ensuring that existing legislation does not present obstacles to the uptake of new technologies while still reaching the relevant regulatory objectives.

The proposal builds on extensive and long-standing market monitoring and participation in international policy work, for example, in such fora as the Financial Stability Board, the Financial Action Task Force and the G7.

As part of the FinTech Action plan adopted in March 2018¹⁵, the Commission mandated the European Supervisory Authorities (ESAs) to produce advice on the applicability and suitability of the existing EU financial services regulatory framework on crypto-assets. This proposal builds on the advice received from the EBA and ESMA.¹⁶

- **Consistency with other Union policies**

As stated by President von der Leyen in her Political Guidelines,¹⁷ and set out in the Communication ‘Shaping Europe’s digital future’,¹⁸ it is crucial for Europe to reap all the benefits of the digital age and to strengthen its industrial and innovation capacity within safe and ethical boundaries. In addition, the mission letter provided to Executive Vice-President Dombrovskis calls for a common approach with Member States on cryptocurrencies to ensure Europe can make the most of the opportunities they create and address the new risks they may pose.¹⁹

This proposal is closely linked with wider Commission policies on blockchain technology, since crypto-assets, as the main application of blockchain technologies, are inextricably linked to the promotion of blockchain technology throughout Europe. This proposal supports a holistic approach to blockchain and DLT, which aims at positioning Europe at the forefront of blockchain innovation and uptake. Policy work in this area has included the creation of the European Blockchain Observatory and Forum, and the European Blockchain Partnership, which unites all Member States at political level, as well as the public-private partnerships envisaged with the International Association for Trusted Blockchain Applications.²⁰

This proposal is also consistent with the Union policies aimed at creating a Capital Markets Union (CMU). It notably responds to the High-level Forum’s final report, which stressed the underused potential of crypto-assets and called on the Commission to bring legal certainty and

¹⁵ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Region on a FinTech Action plan, COM(2018)109, 08.03.2018

¹⁶ ESMA, Advice on ‘Initial Coin Offerings and Crypto-Assets’, 2019; EBA report with advice on crypto-assets, 2019.

¹⁷ https://ec.europa.eu/commission/sites/beta-political/files/political-guidelines-next-commission_en.pdf

¹⁸ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Region, Shaping Europe’s Digital Future, COM(2020)67, 19.02.2020

¹⁹ Mission letter of President-elect Von der Leyen to Vice-President Dombrovskis, 10 September 2019.

²⁰ <https://ec.europa.eu/digital-single-market/en/blockchain-technologies>

establish clear rules for the use of crypto-assets.²¹ This proposal is consistent with the SME strategy adopted on 10 March 2020, which also highlights DLT and crypto-assets as innovations that can enable SMEs to engage directly with investors.²²

Finally, the proposal is fully in line with the recommendation in the Security Union Strategy for the development of a legislative framework in crypto-assets given the growing effect of these new technologies on how financial assets are issued, exchanged, shared and accessed.²³

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

• Legal basis

The proposal is based on Article 114 TFEU, which confers on the European institutions the competence to lay down appropriate provisions for the approximation of laws of the Member States that have as their objective the establishment and functioning of the internal market. The proposal aims to remove obstacles to establishment and improve the functioning of the internal market for financial services by ensuring that the applicable rules are fully harmonised.

Today, crypto-asset issuers and service providers cannot fully reap the benefits of the internal market, due to a lack of both legal certainty about the regulatory treatment of crypto-assets as well as the absence of a dedicated and coherent regulatory and supervisory regime at EU level. While a few Member States have already implemented a bespoke regime to cover some crypto-asset service providers or parts of their activity, in most Member States they operate outside any regulatory regime. In addition, an increasing number of Member States are considering bespoke national frameworks to cater specifically for crypto-assets and crypto-asset service providers.

The divergent frameworks, rules and interpretations of both crypto-assets and crypto-asset services throughout the Union hinder the service providers' ability to scale up their activity at EU level. This means that service providers of these inherently cross-border products and services are forced to familiarise themselves with several Member States' legislations, obtain multiple national authorisations or registrations and comply with often divergent national laws, sometimes adjusting their business model throughout the Union. This results in high costs, legal complexity and uncertainty for service providers operating in the crypto-assets space, limiting the development and scaling up of crypto-asset activities in the Union. Additionally, the lack of applicable regimes to crypto-asset service providers in many Member States limits the availability of funding and sometimes even wider access to necessary financial services, such as banking services, due to the regulatory uncertainty associated with crypto-assets and therefore crypto-asset service providers.

These divergences also create an uneven playing field for crypto-asset service providers depending on their location, creating further barriers to the smooth functioning of the internal market. Finally, this adds to the lack of legal certainty, which, combined with the absence of a common EU framework, leaves consumers and investors exposed to substantial risks.

²¹ Recommendation 7 of the High-Level forum on the Capital Markets Union's final report. (https://ec.europa.eu/info/sites/info/files/business_economy_euro/growth_and_investment/documents/200610-cmu-high-level-forum-final-report_en.pdf).

²² Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions on An SME Strategy for a sustainable and digital Europe, COM(2020)203, 10.03.2020

²³ Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions on the EU Security Union Strategy, COM(2020)605 final of 24.07.2020

Through the introduction of a common EU framework, uniform conditions of operation for firms within the EU can be set, overcoming the differences in national frameworks, which is leading to market fragmentation and reducing the complexity and costs for firms operating in this space. At the same time, it will offer firms full access to the internal market and provide the legal certainty necessary to promote innovation within the crypto-asset market. Lastly, it will cater for market integrity and provide consumers and investors with appropriate levels of protection and a clear understanding of their rights as well as ensuring financial stability.

- **Subsidiarity**

The different approaches taken by Member States makes cross-border provision of services in relation to crypto-assets difficult. Proliferation of national approaches also poses risks to level playing field in the single market in terms of consumer and investor protection, market integrity and competition. Furthermore, while some risks are mitigated in the Member States that have introduced bespoke regimes on crypto-assets, consumers, investors and market participants in other Member States remain unprotected against some of the most significant risks posed by crypto-assets (e.g. fraud, cyber-attacks, market manipulation).

Action at EU level, such as this proposal for a Regulation, would create an environment in which a larger cross-border market for crypto-assets and crypto-asset service providers could develop, thereby reaping the full benefits of the internal market. An EU framework would significantly reduce the complexity as well as the financial and administrative burdens for all stakeholders, such as service providers, issuers and consumers and investors. Harmonising operational requirements for service providers as well as the disclosure requirements imposed on issuers could also bring clear benefits in terms of consumer and investor protection and financial stability.

- **Proportionality**

Under the principle of proportionality, the content and form of EU action should not exceed what is necessary to achieve the objectives of the Treaties. The proposed rules will not go beyond what is necessary in order to achieve the objectives of the proposal. They will cover only the aspects that Member States cannot achieve on their own and where the administrative burden and costs are commensurate with the specific and general objectives to be achieved.

The proposed Regulation will ensure proportionality by design, differentiating clearly between each type of services and activities in accordance with the associated risks, so that the applicable administrative burden is commensurate with the risks involved. Notably, the requirements set out in this regulation are proportionate to the limited associated risks, given the relatively small market size to date. At the same time, the proposal imposes more stringent requirements on ‘stablecoins’, which are more likely to grow quickly in scale and possibly result in higher levels of risk to investors, counterparties and the financial system.

- **Choice of the instrument**

Article 114 TFEU allows the adoption of acts in the form of a Regulation or Directive. For this proposal, a Regulation was chosen in order to lay down a single set of immediately applicable rules throughout the Single Market.

The proposed Regulation establishes harmonised requirements for issuers that seek to offer their crypto-assets across the Union and crypto-asset service providers wishing to apply for an authorisation to provide their services in the Single Market. These issuers and service providers must not be subject to specific national rules. Therefore, a Regulation is more appropriate than a Directive.

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- **Ex-post evaluations/fitness checks of existing legislation**

N/A

- **Stakeholder consultations**

The Commission has consulted stakeholders throughout the process of preparing this proposal. In particular:

- i) The Commission carried out a dedicated open public consultation (19 December 2019 - 19 March 2020)²⁴
- ii) The Commission consulted the public on an inception impact assessment (19 December 2019 - 16 January 2020)²⁵
- iii) The Commission services consulted Member State experts in the Expert Group on Banking, Payments and Insurance (EGBPI) on two occasions (18 May 2020 and 16 July 2020)²⁶.
- iv) The Commission services held a dedicated webinar on an EU framework for crypto-assets, as part of the Digital Finance Outreach 2020 (“DFO”) series of events (19 May 2020)

The purpose of the public consultation was to inform the Commission on the development of a potential EU framework for crypto-assets. It covered both questions on crypto-assets not covered by the existing EU financial services legislation, crypto-assets covered by the existing EU financial services legislation (e.g. qualifying as transferable securities or electronic money/e-money), specific questions on so-called ‘stablecoins’ as well as more general questions on the application of DLT in financial services.

Most respondents stressed that the creation of a bespoke regime for crypto-assets not currently covered by the EU financial services legislation, including non-regulated ‘stablecoins’, would be beneficial for the establishment of a sustainable crypto-asset ecosystem in the EU. The majority of respondents confirmed that there is a need for legal certainty and harmonisation across national legislations, and many stakeholders were in favour of the bulk of the exemplified requirements that could be set for crypto-asset service providers.

Member State representatives in the EGBPI expressed overall support for the approach chosen, to create an appropriate bespoke regulatory framework for unregulated crypto-assets. They highlighted the need to avoid regulatory arbitrage, avoid circumvention of rules by crypto-asset issuers, and to ensure that all relevant rules from existing legislation on payments and e-money is also present in a bespoke regime for the so-called ‘stablecoins’. The need to provide a redemption right for ‘stablecoins’ was also mentioned whilst there were differing opinions about the preferred solution in relation to supervision.

As part of a series of outreach events, the Commission hosted a webinar specifically on crypto-assets. A wide range of industry stakeholders and public authorities participated in the

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https://ec.europa.eu/info/sites/info/files/business_economy_euro/banking_and_finance/documents/2019-crypto-assets-consultation-document_en.pdf

²⁵ Impact Assessment accompanying the document Proposal for a Regulation of the European Parliament and of the Council on Markets in Crypto-assets (MiCA) SWD(2020)380

²⁶ https://ec.europa.eu/info/publications/egbpi-meetings-2020_en

webinar, providing additional input from the sector on the interaction with the financial services legislation.

The proposal also builds on and integrates feedback received through meetings with stakeholders and EU authorities. Most stakeholders, including crypto-asset service providers, have been overall supportive, underlining once again that the sector is very much looking for legal certainty in order to develop further.

- **Collection and use of expertise**

In preparing this proposal, the Commission has relied on qualitative and quantitative evidence collected from recognised sources, including the two reports from the EBA and ESMA. This has been complemented with publicly available reports from supervisory authorities, international standard setting bodies and leading research institutes, as well as quantitative and qualitative input from identified stakeholders across the global financial sector.

- **Impact assessment**

This proposal is accompanied by an impact assessment, which was submitted to the Regulatory Scrutiny Board (RSB) on 29 April 2020 and approved on 29 May 2020.²⁷ The RSB recommended improvements in some areas with a view to: (i) put the initiative in the context of ongoing EU and international regulatory efforts; (ii) provide more clarity as to how the initiative will mitigate the risks of fraud, hacking and market abuse and also explain the coherence with the upcoming revision of the anti-money laundering legislation; and (iii) explain better the financial stability concerns relating to ‘stablecoins’ and clarify how supervisory bodies will ensure investor and consumer protection. The impact assessment has been amended accordingly, also addressing the more detailed comments made by the RSB.

First, the Commission considered two policy options for developing a crypto-asset framework for crypto-assets not covered by existing EU financial services legislation (except ‘stablecoins’ for which a different set of options was considered – see below):

- *Option 1 - ‘Opt-in’ regime for unregulated crypto-assets*

Under Option 1, issuers and service providers that opt in to the EU regime would benefit from an EU passport to expand their activities across borders. Service providers, which decide not to opt in, would remain unregulated or would be subject to national bespoke regimes without being granted the EU passport.

- *Option 2 - Full harmonisation*

Under Option 2, all issuers (except those making small offerings) and service providers would be subject to EU law and would benefit from an EU passport. The national bespoke regimes on crypto-assets would no longer be applicable.

While Option 1 could be less burdensome for small issuers and service providers that can decide not to opt in, Option 2 would ensure a higher level of legal certainty, investor protection, market integrity and financial stability, and would reduce market fragmentation across the Single Market. Full harmonisation represents a more coherent approach compared to an opt-in regime. Therefore, Option 2 was the preferred option.

In addition, the Commission also assessed specific options for the so-called ‘stablecoins’ where these would also be considered crypto-assets not covered by existing EU financial services legislation:

²⁷ Impact Assessment accompanying the document Proposal for a Regulation of the European Parliament and of the Council on Markets in Crypto-assets (MiCA) SWD(2020)380.

- *Option 1 – bespoke legislative regime aimed at addressing the risks posed by ‘stablecoins’ and ‘global stablecoins’*

By following a strict risk-based approach and building on recommendations currently being developed by, for example, the FSB, this option would address vulnerabilities to financial stability posed by stablecoins, while allowing for the development of different types of ‘stablecoin’ business models. These would include specific disclosure requirements for ‘stablecoin’ issuers as well as requirements imposed on the reserve backing the ‘stablecoin’.

- *Option 2 – regulating ‘stablecoins’ under the Electronic Money Directive*

‘Stablecoins’ whose value is backed by one single currency that is legal tender are close to the definition of e-money under the Electronic Money Directive. The aim of many ‘stablecoins’ is to create a “means of payments” and, when backed by a reserve of assets, some ‘stablecoins’ could become a credible means of exchange and store of value. In that sense, ‘stablecoins’ can arguably have common features with e-money. However, this option would require ‘stablecoin’ issuers to comply with existing legislation that may not be fit for purpose. Although the Electronic Money Directive and, by extension the Payment Services Directive, could cover some ‘stablecoin’ service providers, it might not mitigate adequately the most significant risks to consumer protection, for example, those raised by wallet providers. In addition, the Electronic Money Directive does not set specific provisions for an entity that would be systemic, which is what ‘global stablecoins’ could potentially become.

- *Option 3 – measures aimed at limiting the use of ‘stablecoins’ within the EU’*

Option 3 would be to restrict the issuance of ‘stablecoins’ and the provision of services related to this type of crypto-asset. This approach could potentially be justified, as the risks posed by ‘stablecoins’ and in particular those that could reach global scale (including risks to financial stability, monetary policy and monetary sovereignty) would exceed the benefits offered to EU consumers in terms of fast, cheap, efficient and inclusive means of payment. However, Option 3 would not only create costs for ‘stablecoins’ already in operation, but it would also prevent the reaping of any benefits related to this new type of crypto-assets. Option 3 would not be consistent with the objectives set at EU level to promote innovation in the financial sector. Furthermore, Option 3 could leave some financial stability risks unaddressed, should EU consumers widely use ‘stablecoins’ issued in third countries.

The Commission considered that Option 1 was the preferred option for ‘stablecoins’ in combination with Option 2, to avoid regulatory arbitrage between ‘stablecoins’ that are indistinguishable from e-money and the treatment of e-money issued on a distributed ledger. Together with Option 2 (full harmonisation as described above) for other types of crypto-assets not covered by existing EU financial services legislation, these would create a comprehensive and holistic EU framework on ‘stablecoins’, capable of mitigating the risks identified by the Financial Stability Board²⁸, in particular financial stability risks. The structure of ‘stablecoins’ is complex and comprises many interdependent functions and legal entities. The regulatory approach under Option 1 (in combination with Option 2 for hitherto unregulated crypto-assets) would cover the different functions usually present in ‘stablecoin’ structures (governance body, asset management, payment and customer-interface functions) and would also capture those interactions between entities that can amplify the risk to financial stability.

²⁸ Financial Stability Board, ‘Addressing the regulatory, supervisory and oversight challenges raised by “global stablecoin” arrangements’.

- **Regulatory fitness and simplification**

This Regulation imposes an obligation on issuers of crypto-assets to publish an information document (called *white paper*) with mandatory disclosure requirements. In order to avoid the creation of administrative burden, small and medium-sized enterprises (SMEs) will be exempted from the publication of such an information document where the total consideration of the offering of crypto-assets is less than €1,000,000 over a period of 12 months. Issuers of 'stablecoins' will not be subject to authorisation by a national competent authority (NCA) if the outstanding amount of 'stablecoins' is below €5,000,000. Furthermore, the requirements imposed on crypto-asset service providers are proportionate to the risks created by the services provided.

- **Fundamental rights**

The EU is committed to high standards of protection of fundamental rights and is signatory to a broad set of conventions on human rights. In this context, the proposal is not likely to have a direct impact on these rights, as listed in the main UN conventions on human rights, the Charter of Fundamental Rights of the European Union, which is an integral part of the EU Treaties, and the European Convention on Human Rights (ECHR).

4. BUDGETARY IMPLICATIONS

This proposal holds implications in terms of costs and administrative burden for NCAs, the EBA and ESMA. The magnitude and distribution of these costs will depend on the precise requirements placed on crypto-asset issuers and service providers and the related supervisory and monitoring tasks.

The estimated supervisory costs for each Member State (including staff, training, IT infrastructure and dedicated investigative tools) can range from €350.000 to €500.000 per year, with one-off costs estimated at €140.000. However, this would be partially offset by the supervisory fees that NCAs would levy on crypto-asset service providers and issuers.

For the EBA, it will require over time a total of 18 full-time employees (FTE) to take on the supervision of issuers of significant asset-referenced tokens or e-money tokens. The EBA will also incur additional IT costs, mission expenses for the on-site inspections and translation costs. However, all of these costs would be fully covered by the fees levied on the issuers of significant asset-referenced tokens and issuers of significant e-money tokens.

For ESMA, the estimated costs of establishing a register of all crypto-asset service providers and maintaining this with the information received from NCAs and the EBA is to be covered within their operating budget.

The financial and budgetary impacts of this proposal are explained in detail in the legislative financial statement annexed to this proposal.

5. OTHER ELEMENTS

- **Implementation plans and monitoring, evaluation and reporting arrangements**

Providing for a robust monitoring and evaluation mechanism is crucial to ensure that the regulatory actions undertaken are effective in achieving their respective objectives. The Commission has therefore established a programme for monitoring the outputs and impacts of this Regulation. The Commission will be in charge of monitoring the effects of the preferred policy options on the basis of the non-exhaustive list of indicators indicated in the impact assessment (p.64-65). The Commission will also be in charge of assessing the impact of this

Regulation and will be tasked with preparing a report to the Council and Parliament (Article 122 of the proposal).

- **Detailed explanation of the specific provisions of the proposal**

This proposal seeks to provide legal certainty for crypto-assets not covered by existing EU financial services legislation and establish uniform rules for crypto-asset service providers and issuers at EU level. The proposed Regulation will replace existing national frameworks applicable to crypto-assets not covered by existing EU financial services legislation and also establish specific rules for so-called ‘stablecoins’, including when these are e-money. The proposed Regulation is divided into nine Titles.

Title I sets the subject matter, the scope and the definitions. Article 1 sets out that the Regulation applies to crypto-asset service providers and issuers, and establishes uniform requirements for transparency and disclosure in relation to issuance, operation, organisation and governance of crypto-asset service providers, as well as establishes consumer protection rules and measures to prevent market abuse. Article 2 limits the scope of the Regulation to crypto-assets that do not qualify as financial instruments, deposits or structured deposits under EU financial services legislation. Article 3 sets out the terms and definitions that are used for the purposes of this Regulation, including ‘crypto-asset’, ‘issuer of crypto-assets’, ‘asset-referenced token’ (often described as ‘stablecoin’), ‘e-money token’ (often described as ‘stablecoin’), ‘crypto-asset service provider’, ‘utility token’ and others. Article 3 also defines the various crypto-asset services. Importantly, the Commission may adopt delegated acts to specify some technical elements of the definitions, to adjust them to market and technological developments.

Title II regulates the offerings and marketing to the public of crypto-assets other than asset-referenced tokens and e-money tokens. It indicates that an issuer shall be entitled to offer such crypto-assets to the public in the Union or seek an admission to trading on a trading platform for such crypto-assets if it complies with the requirements of Article 4, such as the obligation to be established in the form of a legal person or the obligation to draw up a *crypto-asset white paper* in accordance with Article 5 (with Annex I) and the notification of such a crypto-asset white paper to the competent authorities (Article 7) and its publication (Article 8). Once a whitepaper has been published, the issuer of crypto-assets can offer its crypto-assets in the EU or seeks an admission of such crypto-assets to trading on a trading platform (Article 10). Article 4 also includes some exemptions from the publication of a whitepaper, including for small offerings of crypto-assets (below €1 million within a twelve-month period) and offerings targeting qualified investors as defined by the Prospectus Regulation (Regulation EU 2017/1129). Article 5 and Annex I of the proposal set out the information requirements regarding the crypto-asset white paper accompanying an offer to the public of crypto-assets or an admission of crypto-assets to a trading platform for crypto-assets, while Article 6 imposes some requirements related to the marketing materials produced by the issuers of crypto-assets, other than asset-referenced tokens or e-money tokens. The crypto-asset white paper will not be subject to a pre-approval process by the national competent authorities (Article 7). It will be notified to the national competent authorities with an assessment whether the crypto-asset at stake constitutes a financial instrument under the Markets in Financial Instruments Directive (Directive 2014/65/EU), in particular. After the notification of the crypto-asset white paper, competent authorities will have the power to suspend or prohibit the offering, require the inclusion of additional information in the crypto-asset white paper or make public the fact that the issuer is not complying with the Regulation (Article 7). Title II also includes specific provisions on the offers of crypto-assets that are limited in time (Article 9), the amendments of an initial crypto-asset white paper (Article 11), the right of withdrawal

granted to acquirers of crypto-assets (Article 12), the obligations imposed on all issuers of crypto-assets (Article 13) and on the issuers' liability attached to the crypto-asset white paper (Article 14).

Title III, Chapter 1 describes the procedure for authorisation of asset-referenced token issuers and the approval of their crypto-asset white paper by national competent authorities (Articles 16 to 19 and Annexes I and II). To be authorised to operate in the Union, issuers of asset-referenced tokens shall be incorporated in the form of a legal entity established in the EU (Article 15). Article 15 also indicates that no asset-referenced tokens can be offered to the public in the Union or admitted to trading on a trading platform for crypto-assets if the issuer is not authorised in the Union and it does not publish a crypto-asset white paper approved by its competent authority. Article 15 also includes exemptions for small-scale asset-referenced tokens and for asset-referenced tokens that are marketed, distributed and exclusively held by qualified investors. Withdrawal of an authorisation is detailed in Article 20 and Article 21 sets out the procedure for modifying the crypto-asset white paper.

Title III, Chapter 2 sets out the obligations for issuers of asset-referenced tokens. It states they shall act honestly, fairly and professionally (Article 23). It lays down the rules for the publication of the crypto-asset white paper and potential marketing communications (Article 24) and the requirements for these communications (Article 25). Further, issuers are subject to ongoing information obligations (Article 26) and they are required to establish a complaint handling procedure (Article 27).

They shall also comply with other requirements, such as rules on conflicts of interest (Article 28), notification on changes to their management body to its competent authority (Article 29), governance arrangements (Article 30), own funds (Article 31), rules on the reserve of assets backing the asset-referenced tokens (Article 32) and requirements for the custody of the reserve assets (Article 33). Article 34 explains that an issuer shall only invest the reserve assets in assets that are secure, low risk assets. Article 35 also imposes on issuers of asset-referenced tokens the disclosure of the rights attached to the asset-referenced tokens, including any direct claim on the issuer or on the reserve of assets. Where the issuer of asset-referenced tokens does not offer direct redemption rights or claims on the issuer or on the reserve assets to all holders of asset-reference tokens, Article 35 provides holders of asset-referenced tokens with minimum rights. Article 36 prevents issuers of asset-referenced tokens and crypto-asset service providers from granting any interest to holders of asset-referenced tokens.

Title III, Chapter 4, sets out the rules for the acquisition of issuers of asset-referenced tokens, with Article 37 detailing the assessment of an intended acquisition, and Article 38 the content of such an assessment.

Title III, Chapter 5, Article 39 sets out the criteria that EBA shall use when determining whether an asset-referenced token is significant. These criteria are: the size of the customer base of the promoters of the asset-referenced tokens, the value of the asset-referenced tokens or their market capitalisation, the number and value of transactions, size of the reserve of assets, significance of the issuers' cross-border activities and the interconnectedness with the financial system. Article 39 also includes an empowerment for the Commission to adopt a delegated act in order to specify further the circumstances under which and thresholds above which an issuer of asset-referenced tokens will be considered significant. Article 39 includes some minimum thresholds that the delegated act shall in any case respect. Article 40 details the possibility for an issuer of an asset-referenced token to classify as significant at the time of applying for an authorisation on their own initiative. Article 41 lists the additional obligations

applicable to issuers of significant asset-referenced tokens, such as additional own funds requirements, liquidity management policy and interoperability.

Title III, Chapter 6, Article 42 obliges the issuer to have a procedure in place for an orderly wind-down of their activities.

Title IV, Chapter 1 describes the procedure for authorisation as an issuer of e-money tokens. Article 43 describes that no e-money tokens shall be offered to the public in the Union or admitted to trading on a crypto-asset trading platform unless the issuer is authorised as a credit institution or as an ‘electronic money institution’ within the meaning of Article 2(1) of Directive 2009/110/EC. Article 43 also states that ‘e-money tokens’ are deemed electronic money for the purpose of Directive 2009/110/EC.

Article 44 describes how holders of e-money tokens shall be provided with a claim on the issuer: e-money tokens shall be issued at par value and on the receipt of funds, and upon request by the holder of e-money tokens, the issuers must redeem them at any moment and at par value. Article 45 prevents issuers of e-money tokens and crypto-asset service providers from granting any interest to holders of e-money tokens. Article 46 and Annex III sets out the requirements for the crypto-asset white paper accompanying the issuance of e-money tokens, for example: description of the issuer, detailed description of the issuer’s project, indication of whether it concerns an offering of e-money tokens to the public or admission of these to a trading platform, as well as information on the risks relating to the e-money issuer, the e-money tokens and the implementation of any potential project. Article 47 includes provision on the liability attached to such crypto-asset white paper related to e-money tokens. Article 48 sets requirements for potential marketing communications produced in relation to an offer of e-money tokens and Article 49 states that any funds received by an issuer in exchange for e-money tokens, shall be invested in assets denominated in the same currency as the one referenced by the e-money token.

Title IV, Chapter 2, Article 50 states that the EBA shall classify e-money tokens as significant on the basis of the criteria listed in Article 39. Article 51 details the possibility of an issuer of an e-money token to classify as significant at the time of applying for an authorisation on their own initiative. Article 52 contains the additional obligations applicable to issuers of significant e-money tokens. Issuers of significant e-money tokens must apply Article 33 on the custody of the reserve assets and Article 34 on the investment of these assets instead of Article 7 of Directive 2009/110/EC, Article 41, paragraphs 1, 2, and 3 on remuneration, interoperability and liquidity management, Article 41, paragraph 4 instead of Article 5 of Directive 2009/110/EC and Article 42 on an orderly wind-down of their activities.

Title V sets out the provisions on authorisation and operating conditions of crypto-asset service providers. Chapter 1 defines the provisions on authorisation (Article 53), detailing the content of such an application (Article 54), the assessment of the application (Article 55) and the rights granted to competent authorities to withdraw an authorisation (Article 56). The chapter also includes a mandate for ESMA to establish a register of all crypto-asset service providers (Article 57), which will also include information on the crypto-asset white papers notified by competent authorities. For the cross-border provision of crypto-asset services, Article 58 sets out the details and the way information about cross-border activities of crypto-assets should be communicated from the competent authority of the home Member State to that of the host Member State.

Chapter 2 imposes requirements on all crypto-asset service providers, such as the obligation to act honestly, fairly and professionally (Article 59) prudential safeguards (Article 60 and Annex IV), organisational requirements (Article 61), rules on the safekeeping of clients’ crypto-assets and funds (Article 63) the obligation to establish a complaint handling

procedure (Article 64), rules on conflict of interests (Article 65) and rules on outsourcing (66). Title V, Chapter 3 sets out requirements for specific services: custody of crypto-assets (Article 67), trading platforms for crypto-assets (Article 68), exchange of crypto-assets for fiat currency or for other crypto-assets (Article 69), execution of orders (Article 70), placing of crypto-assets (Article 71), reception and transmission of orders on behalf of third parties (Article 72) and advice on crypto-assets (Article 73). Chapter 4 specifies the rules on acquisition of crypto-assets service providers.

Title VI puts in place prohibitions and requirements to prevent market abuse involving crypto-assets. Article 76 defines the scope of market abuse rules. Article 77 defines the notion of inside information and indicates that an issuer whose crypto-assets are admitted to trading on a trading platform for crypto-assets shall disclose inside information. Other provisions of the title ban insider dealing (Article 78), unlawful disclosure of inside information (Article 79) and market manipulation (Article 80).

Title VII provides details on the powers of national competent authorities, the EBA and ESMA. Title VII, Chapter 1 imposes on Member States the obligation to designate one or several competent authorities for the purpose of this regulation, including one competent authority designated as a single point of contact (Article 81). Chapter 1 also sets out detailed provisions on the powers of national competent authorities (Article 82), cooperation between competent authorities (Article 83), with the EBA and ESMA (Article 84) or with other authorities (Article 85). It also details the notification duties of Member States (Article 86), rules on professional secrecy (Article 87), data protection (Article 88) and on precautionary measures that can be taken by national competent authorities of host Member States (Article 89). Article 90 sets out rules on cooperation with third countries and Article 91 specifies complaint handling by competent authorities.

Title VII, Chapter 2 details the administrative sanctions and measures that can be imposed by competent authorities (Article 92), the exercise of their supervisory powers and powers to impose penalties (Article 93), the right of appeal (Article 94), the publication of decisions (Article 95), the reporting of penalties to the EBA and ESMA (Article 96) and the reporting of breaches and protection of persons reporting such breaches (Article 97).

Title VII, Chapter 3 sets out detailed provisions on the EBA's powers and competences related to the supervision of issuers of significant asset-referenced tokens and significant e-money tokens, including supervisory responsibilities (Article 98) and rules on supervisory colleges for issuers of significant asset-referenced tokens are mentioned in Article 99. The college shall consist of, among others, the competent authority of the home Member State where the issuer of the asset-referenced tokens has been authorised, the EBA, ESMA, the competent authorities with supervision of the most relevant crypto-asset trading platforms, custodians, credit institutions etc. providing services in relation to the significant asset-referenced token and the ECB. Where the issuer of significant asset-referenced tokens is established in a Member State the currency of which is not the euro, or where a currency that is not euro is included in the reserve assets, the national central bank of that Member State is part of the college. Competent authorities not belonging to the college may request from the college all information relevant to perform their supervisory duties. Article 99 also describes how the EBA, in cooperation with ESMA and the European System of Central Banks, must develop draft regulatory standards to determine the most relevant trading platforms and custodians and the details of the practical arrangements of the college.

Powers to issue non-binding opinions are conferred to the college in Article 100. These opinions can be related to require an issuer to hold a higher amount of own funds, an amended crypto-asset white paper, envisaged withdrawal of authorisation, envisaged agreement of

exchange of information with a third-country supervisory authority etc. Competent authorities or the EBA shall duly consider the opinions of the college and where they do not agree with the opinion, including any recommendations, their final decision shall contain explanations for any significant deviation from the opinion or recommendations.

Article 101 sets out the rules for supervisory colleges for issuers of significant e-money tokens, which functions in the same way as the colleges for asset-referenced tokens (additional participants include competent authorities of most relevant payment institutions providing payment services in relation to the significant e-money tokens) and Article 102 the powers to issues non-binding opinions of such a college.

Chapter 4 specifies the EBA's powers and competences on issuers of significant asset-referenced tokens and issuers of significant e-money tokens. Legal privilege (Article 103), request for information (Article 104), general investigative powers (Article 105), on-site inspections (Article 106), exchange of information (Article 107), agreement on exchange of information with third countries (Article 108), disclosure of information from third countries (Article 109) and cooperation with other authorities (Article 110). The obligation of professional secrecy is mentioned in Article 111 and supervisory measures by the EBA, in Article 112. Administrative sanctions and other measures, in particular, fines are detailed in Article 113, with the consequent Articles regulating periodic penalty payments (Article 114), the disclosure, nature and enforcement of fines (Article 115) and the corresponding procedural rules for taking supervisory measures and imposing fines (Article 116). Article 117 and Article 118 set out the requirements on the hearing of persons concerned and the unlimited jurisdiction of the Court of Justice over the EBA's decisions, respectively. In accordance with Article 119, the EBA should be able to charge fees to the issuers of significant asset-referenced tokens and the issuers of significant e-money tokens based on a delegated act adopted pursuant to the Regulation. Article 120 gives powers to the EBA to delegate specific supervisory tasks to competent authorities where necessary for the proper supervision of an issuer of a significant asset-referenced token or an issuer of a significant e-money token.

The exercise of the delegation with a view to adopt Commission's delegated acts is covered in Title VIII. The proposal for a Regulation contains empowerments for the Commission to adopt delegated acts specifying certain details, requirements and arrangements as set out in the Regulation (Article 121).

Title IX includes the transitional and final provisions, including the obligation for the Commission to produce a report evaluating the impact of the Regulation (Article 122). Transitional measures include a grandfathering clause for crypto-assets issued before the entry into force of this Regulation, with the exception of asset-referenced tokens and e-money tokens, are listed in Article 123. Article 124 amends the directive on the protection of persons who report breaches of Union law (Directive (EU) 2019/1937²⁹) by adding this Regulation to it and Article 125 specifies that this amendment must be transposed into national law 12 months after the entry into force of this Regulation. Article 126 indicates that this Regulation shall enter into application 18 months after its entry into force, except for the provisions related to e-money tokens and asset-referenced tokens that shall enter into application on the date of entry into force of this Regulation.

²⁹ Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law (OJ L 305, 26.11.2019, p. 17).

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on Markets in Crypto-assets, and amending Directive (EU) 2019/1937

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Central Bank³⁰,

Having regard to the opinion of the European Economic and Social Committee³¹,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) The Commission's communication on a Digital Finance Strategy³² aims to ensure that the Union's financial services legislation is fit for the digital age, and contributes to a future-ready economy that works for the people, including by enabling the use of innovative technologies. The Union has a stated and confirmed policy interest in developing and promoting the uptake of transformative technologies in the financial sector, including blockchain and distributed ledger technology (DLT).
- (2) In finance, crypto-assets are one of the major DLT applications. Crypto-assets are digital representations of value or rights that have the potential to bring significant benefits to both market participants and consumers. By streamlining capital-raising processes and enhancing competition, issuances of crypto-assets can allow for a cheaper, less burdensome and more inclusive way of financing small and medium-sized enterprises (SMEs). When used as a means of payment, payment tokens can present opportunities in terms of cheaper, faster and more efficient payments, in particular on a cross-border basis, by limiting the number of intermediaries.
- (3) Some crypto-assets qualify as financial instruments as defined in Article 4(1), point (15), of Directive 2014/65/EU of the European Parliament and of the Council³³. The majority of crypto-assets, however, fall outside of the scope of Union legislation

³⁰ OJ C [...], [...], p. [...].

³¹ OJ C , , p. .

³² Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions on a Digital Finance Strategy for EU COM(2020)591.

³³ Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349).

on financial services. There are no rules for services related to crypto-assets, including for the operation of trading platforms for crypto-assets, the service of exchanging crypto-assets against fiat currency or other crypto-assets, or the custody of crypto-assets. The lack of such rules leaves holders of crypto-assets exposed to risks, in particular in areas not covered by consumer protection rules. The lack of such rules can also lead to substantial risks to market integrity in the secondary market of crypto-assets, including market manipulation. To address those risks, some Member States have put in place specific rules for all – or a subset of – crypto-assets that fall outside Union legislation on financial services. Other Member States are considering to legislate in this area.

- (4) The lack of an overall Union framework for crypto-assets can lead to a lack of users' confidence in those assets, which will hinder the development of a market in those assets and can lead to missed opportunities in terms of innovative digital services, alternative payment instruments or new funding sources for Union companies. In addition, companies using crypto-assets will have no legal certainty on how their crypto-assets will be treated in the different Member States, which will undermine their efforts to use crypto-assets for digital innovation. The lack of an overall Union framework on crypto-assets could also lead to regulatory fragmentation, which will distort competition in the Single Market, make it more difficult for crypto-asset service providers to scale up their activities on a cross-border basis and will give rise to regulatory arbitrage. The crypto-asset market is still modest in size and does not yet pose a threat to financial stability. It is, however, likely that a subset of crypto-assets which aim to stabilise their price by linking their value to a specific asset or a basket of assets could be widely adopted by consumers. Such a development could raise additional challenges to financial stability, monetary policy transmission or monetary sovereignty.
- (5) A dedicated and harmonised framework is therefore necessary at Union level to provide specific rules for crypto-assets and related activities and services and to clarify the applicable legal framework. Such harmonised framework should also cover services related to crypto-assets where these services are not yet covered by Union legislation on financial services. Such a framework should support innovation and fair competition, while ensuring a high level of consumer protection and market integrity in crypto-asset markets. A clear framework should enable crypto-asset service providers to scale up their business on a cross-border basis and should facilitate their access to banking services to run their activities smoothly. It should also ensure financial stability and address monetary policy risks that could arise from crypto-assets that aim at stabilising their price by referencing a currency, an asset or a basket of such. While increasing consumer protection, market integrity and financial stability through the regulation of offers to the public of crypto-assets or services related to such crypto-assets, a Union framework on markets in crypto-assets should not regulate the underlying technology and should allow for the use of both permissionless and permission-based distributed ledgers.
- (6) Union legislation on financial services should not favour one particular technology. Crypto-assets that qualify as 'financial instruments' as defined in Article 4(1), point (15), of Directive 2014/65/EU should therefore remain regulated under the general existing Union legislation, including Directive 2014/65/EU, regardless of the technology used for their issuance or their transfer.
- (7) Crypto-assets issued by central banks acting in their monetary authority capacity or by other public authorities should not be subject to the Union framework covering crypto-

assets, and neither should services related to crypto-assets that are provided by such central banks or other public authorities.

- (8) Any legislation adopted in the field of crypto-assets should be specific, future-proof and be able to keep pace with innovation and technological developments. ‘Crypto-assets’ and ‘distributed ledger technology’ should therefore be defined as widely as possible to capture all types of crypto-assets which currently fall outside the scope of Union legislation on financial services. Such legislation should also contribute to the objective of combating money laundering and the financing of terrorism. Any definition of ‘crypto-assets’ should therefore correspond to the definition of ‘virtual assets’ set out in the recommendations of the Financial Action Task Force (FATF)³⁴. For the same reason, any list of crypto-asset services should also encompass virtual asset services that are likely to raise money-laundering concerns and that are identified as such by the FATF.
- (9) A distinction should be made between three sub-categories of crypto-assets, which should be subject to more specific requirements. The first sub-category consists of a type of crypto-asset which is intended to provide digital access to a good or service, available on DLT, and that is only accepted by the issuer of that token (‘utility tokens’). Such ‘utility tokens’ have non-financial purposes related to the operation of a digital platform and digital services and should be considered as a specific type of crypto-assets. A second sub-category of crypto-assets are ‘asset-referenced tokens’. Such asset-referenced tokens aim at maintaining a stable value by referencing several currencies that are legal tender, one or several commodities, one or several crypto-assets, or a basket of such assets. By stabilising their value, those asset-referenced tokens often aim at being used by their holders as a means of payment to buy goods and services and as a store of value. A third sub-category of crypto-assets are crypto-assets that are intended primarily as a means of payment aim at stabilising their value by referencing only one fiat currency. The function of such crypto-assets is very similar to the function of electronic money, as defined in in Article 2, point 2, of Directive 2009/110/EC of the European Parliament and of the Council³⁵. Like electronic money, such crypto-assets are electronic surrogates for coins and banknotes and are used for making payments. These crypto-assets are defined as ‘electronic money tokens’ or ‘e-money tokens’.
- (10) Despite their similarities, electronic money and crypto-assets referencing a single fiat currency differ in some important aspects. Holders of electronic money as defined in Article 2, point 2, of Directive 2009/110/EC are always provided with a claim on the electronic money institution and have a contractual right to redeem their electronic money at any moment against fiat currency that is legal tender at par value with that currency. By contrast, some of the crypto-assets referencing one fiat currency which is legal tender do not provide their holders with such a claim on the issuers of such assets and could fall outside the scope of Directive 2009/110/EC. Other crypto-asset referencing one fiat currency do not provide a claim at par with the currency they are referencing or limit the redemption period. The fact that holders of such crypto-assets do not have a claim on the issuers of such assets, or that such claim is not at par with

³⁴ FATF (2012-2019), International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation, FATF, Paris, France (www.fatf-gafi.org/recommendations.html).

³⁵ Directive 2009/110/EC of the European Parliament and of the Council of 16 September 2009 on the taking up, pursuit and prudential supervision of the business of electronic money institutions amending Directives 2005/60/EC and 2006/48/EC and repealing Directive 2000/46/EC (OJ L 267, 10.10.2009, p. 7).

the currency those crypto-assets are referencing, could undermine the confidence of users of those crypto-assets. To avoid circumvention of the rules laid down in Directive 2009/110/EC, any definition of ‘e-money tokens’ should be as wide as possible to capture all the types of crypto-assets referencing one single fiat currency that is legal tender. To avoid regulatory arbitrage, strict conditions on the issuance of e-money tokens should be laid down, including the obligation for such e-money tokens to be issued either by a credit institution as defined in Regulation (EU) No 575/2013 of the European Parliament and of the Council³⁶, or by an electronic money institution authorised under Directive 2009/110/EC. For the same reason, issuers of such e-money tokens should also grant the users of such tokens with a claim to redeem their tokens at any moment and at par value against the currency referencing those tokens. Because e-money tokens are also crypto-assets and can also raise new challenges in terms of consumer protection and market integrity specific to crypto-assets, they should also be subject to rules laid down in this Regulation to address these challenges to consumer protection and market integrity.

- (11) Given the different risks and opportunities raised by crypto-assets, it is necessary to lay down rules for issuers of crypto-assets that should be any legal person who offers to the public any type of crypto-assets or seeks the admission of such crypto-assets to a trading platform for crypto-assets.
- (12) It is necessary to lay down specific rules for entities that provide services related to crypto-assets. A first category of such services consist of ensuring the operation of a trading platform for crypto-assets, exchanging crypto-assets against fiat currencies that are legal tender or other crypto-assets by dealing on own account, and the service, on behalf of third parties, of ensuring the custody and administration of crypto-assets or ensuring the control of means to access such crypto-assets. A second category of such services are the placing of crypto-assets, the reception or transmission of orders for crypto-assets, the execution of orders for crypto-assets on behalf of third parties and the provision of advice on crypto-assets. Any person that provides such crypto-asset services on a professional basis should be considered as a ‘crypto-asset service provider’.
- (13) To ensure that all offers to the public of crypto-assets, other than asset-referenced tokens or e-money tokens, in the Union, or all the admissions of such crypto-assets to trading on a trading platform for crypto-assets are properly monitored and supervised by competent authorities, all issuers of crypto-assets should be legal entities.
- (14) In order to ensure consumer protection, prospective purchasers of crypto-assets should be informed about the characteristics, functions and risks of crypto-assets they intend to purchase. When making a public offer of crypto-assets in the Union or when seeking admission of crypto-assets to trading on a trading platform for crypto-assets, issuers of crypto-assets should produce, notify to their competent authority and publish an information document (‘a crypto-asset white paper’) containing mandatory disclosures. Such crypto-asset white paper should contain general information on the issuer, on the project to be carried out with the capital raised, on the public offer of crypto-assets or on their admission to trading on a trading platform for crypto-assets, on the rights and obligations attached to the crypto-assets, on the underlying technology used for such assets and on the related risks. To ensure fair and non-

³⁶ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).

discriminatory treatment of holders of crypto-assets, the information in the crypto-asset white paper, and where applicable in any marketing communications related to the public offer, shall be fair, clear and not misleading.

- (15) In order to ensure a proportionate approach, the requirements to draw up and publish a crypto-asset white paper should not apply to offers of crypto-assets, other than asset-referenced tokens or e-money tokens, that are offered for free, or offers of crypto-assets that are exclusively offered to qualified investors as defined in Article 2, point (e), of Regulation (EU) 2017/1129 of the European Parliament and of the Council³⁷ and can be exclusively held by such qualified investors, or that, per Member State, are made to a small number of persons, or that are unique and not fungible with other crypto-assets.
- (16) Small and medium-sized enterprises and start-ups should not be subject to excessive administrative burdens. Offers to the public of crypto-assets in the Union that do not exceed an adequate aggregate threshold over a period of 12 months should therefore be exempted from the obligation to draw up a crypto-asset white paper. However, EU horizontal legislation ensuring consumer protection, such as Directive 2011/83/EU of the European Parliament and of the Council³⁸, Directive 2005/29/EC of the European Parliament and of the Council³⁹ or the Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts⁴⁰, including any information obligations contained therein, remain applicable to these offers to the public of crypto-assets where involving business-to-consumer relations.
- (17) Where an offer to the public concerns utility tokens for a service that is not yet in operation, the duration of the public offer as described in the crypto-asset white paper shall not exceed twelve months. This limitation on the duration of the public offer is unrelated to the moment when the product or service becomes factually operational and can be used by the holder of a utility token after the end of the public offer.
- (18) In order to enable supervision, issuers of crypto-assets should, before any public offer of crypto-assets in the Union or before those crypto-assets are admitted to trading on a trading platform for crypto-assets, notify their crypto-asset white paper and, where applicable, their marketing communications, to the competent authority of the Member State where they have their registered office or a branch. Issuers that are established in a third country should notify their crypto-asset white paper, and, where applicable, their marketing communication, to the competent authority of the Member State where the crypto-assets are intended to be offered or where the admission to trading on a trading platform for crypto-assets is sought in the first place.

³⁷ Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (OJ L 168, 30.6.2017, p. 12).

³⁸ Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights, amending Council Directive 93/13/EEC and Directive 1999/44/EC of the European Parliament and of the Council and repealing Council Directive 85/577/EEC and Directive 97/7/EC of the European Parliament and of the Council (OJ L 304, 22.11.2011, p. 64).

³⁹ Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market and amending Council Directive 84/450/EEC, Directives 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation (EC) No 2006/2004 of the European Parliament and of the Council ('Unfair Commercial Practices Directive') (OJ L 149, 11.6.2005, p. 22)

⁴⁰ Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts (OJ L 95, 21.4.1993, p. 29).

- (19) Undue administrative burdens should be avoided. Competent authorities should therefore not be required to approve a crypto-asset white paper before its publication. Competent authorities should, however, after publication, have the power to request that additional information is included in the crypto-asset white paper, and, where applicable, in the marketing communications.
- (20) Competent authorities should be able to suspend or prohibit a public offer of crypto-assets or the admission of such crypto-assets to trading on a trading platform for crypto-assets where such an offer to the public or an admission to trading does not comply with the applicable requirements. Competent authorities should also have the power to publish a warning that an issuer has failed to meet those requirements, either on its website or through a press release.
- (21) Crypto-asset white papers and, where applicable, marketing communications that have been duly notified to a competent authority should be published, after which issuers of crypto-assets should be allowed to offer their crypto-assets throughout the Union and to seek admission for trading such crypto-assets on a trading platform for crypto-assets.
- (22) In order to further ensure consumer protection, the consumers who are acquiring crypto-assets, other than asset-referenced tokens or e-money tokens, directly from the issuer or from a crypto-asset service provider placing the crypto-assets on behalf of the issuer should be provided with a right of withdrawal during a limited period of time after their acquisition. In order to ensure the smooth completion of an offer to the public of crypto-assets for which the issuer has set a time limit, this right of withdrawal should not be exercised by the consumer after the end of the subscription period. Furthermore, the right of withdrawal should not apply where the crypto-assets, other than asset-referenced tokens or e-money tokens, are admitted to trading on a trading platform for crypto-assets, as, in such a case, the price of such crypto-assets would depend on the fluctuations of crypto-asset markets.
- (23) Even where exempted from the obligation to publish a crypto-asset white paper, all issuers of crypto-assets, other than asset-referenced tokens or e-money tokens, should act honestly, fairly and professionally, should communicate with holders of crypto-assets in a fair, clear and truthful manner, should identify, prevent, manage and disclose conflicts of interest, should have effective administrative arrangements to ensure that their systems and security protocols meet Union standards. In order to assist competent authorities in their supervisory tasks, the European Securities and Markets Authority (ESMA), in close cooperation with the European Banking Authority (EBA) should be mandated to publish guidelines on those systems and security protocols in order to further specify these Union standards.
- (24) To further protect holders of crypto-assets, civil liability rules should apply to crypto-asset issuers and their management body for the information provided to the public through the crypto-asset white paper.
- (25) Asset-referenced tokens aim at stabilising their value by reference to several fiat currencies, to one or more commodities, to one or more other crypto-assets, or to a basket of such assets. They could therefore be widely adopted by users to transfer value or as a means of payments and thus pose increased risks in terms of consumer protection and market integrity compared to other crypto-assets. Issuers of asset-referenced tokens should therefore be subject to more stringent requirements than issuers of other crypto-assets.

- (26) So-called algorithmic ‘stablecoins’ that aim at maintaining a stable value, via protocols, that provide for the increase or decrease of the supply of such crypto-assets in response to changes in demand should not be considered as asset-referenced tokens, provided that they do not aim at stabilising their value by referencing one or several other assets.
- (27) To ensure the proper supervision and monitoring of offers to the public of asset-referenced tokens, issuers of asset-referenced tokens should have a registered office in the Union.
- (28) Offers to the public of asset-referenced tokens in the Union or seeking an admission of such crypto-assets to trading on a trading platform for crypto-assets should be possible only where the competent authority has authorised the issuer of such crypto-assets and approved the crypto-asset white paper regarding such crypto-assets. The authorisation requirement should however not apply where the asset-referenced tokens are only offered to qualified investors, or when the offer to the public of asset-referenced tokens is below a certain threshold. Credit institutions authorised under Directive 2013/36/EU of the European Parliament and of the Council⁴¹ should not need another authorisation under this Regulation in order to issue asset-referenced tokens. In those cases, the issuer of such asset-referenced tokens should be still required to produce a crypto-asset white paper to inform buyers about the characteristics and risks of such asset-referenced tokens and to notify it to the relevant competent authority, before publication.
- (29) A competent authority should refuse authorisation where the prospective issuer of asset-referenced tokens’ business model may pose a serious threat to financial stability, monetary policy transmission and monetary sovereignty. The competent authority should consult the EBA and ESMA and, where the asset-referenced tokens is referencing Union currencies, the European Central Bank (ECB) and the national central bank of issue of such currencies before granting an authorisation or refusing an authorisation. The EBA, ESMA, and, where applicable, the ECB and the national central banks should provide the competent authority with a non-binding opinion on the prospective issuer’s application. Where authorising a prospective issuer of asset-referenced tokens, the competent authority should also approve the crypto-asset white paper produced by that entity. The authorisation by the competent authority should be valid throughout the Union and should allow the issuer of asset-referenced tokens to offer such crypto-assets in the Single Market and to seek an admission to trading on a trading platform for crypto-assets. In the same way, the crypto-asset white paper should also be valid for the entire Union, without possibility for Member States to impose additional requirements.
- (30) To ensure consumer protection, issuers of asset-referenced tokens should always provide holders of asset-referenced tokens with clear, fair and not misleading information. The crypto-asset white paper on asset-referenced tokens should include information on the stabilisation mechanism, on the investment policy of the reserve assets, on the custody arrangements for the reserve assets, and on the rights provided to holders. Where the issuers of asset-referenced tokens do not offer a direct claim or redemption right on the reserve assets to all the holders of such asset-referenced

⁴¹ Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338).

tokens, the crypto-asset white paper related to asset-referenced tokens should contain a clear and unambiguous warning in this respect. Marketing communications of an issuer of asset-referenced tokens should also include the same statement, where the issuers do not offer such direct rights to all the holders of asset-referenced tokens.

- (31) In addition to information included in the crypto-asset white paper, issuers of asset-referenced tokens should also provide holders of such tokens with information on a continuous basis. In particular, they should disclose the amount of asset-referenced tokens in circulation and the value and the composition of the reserve assets, on at least a monthly basis, on their website. Issuers of asset-referenced tokens should also disclose any event that is likely to have a significant impact on the value of the asset-referenced tokens or on the reserve assets, irrespective of whether such crypto-assets are admitted to trading on a trading platform for crypto-assets.
- (32) To ensure consumer protection, issuers of asset-referenced tokens should always act honestly, fairly and professionally and in the best interest of the holders of asset-referenced tokens. Issuers of asset-referenced tokens should also put in place a clear procedure for handling the complaints received from the holders of crypto-assets.
- (33) Issuers of asset-referenced tokens should put in place a policy to identify, manage and potentially disclose conflicts of interest which can arise from their relations with their managers, shareholders, clients or third-party service providers.
- (34) Issuers of asset-referenced tokens should have robust governance arrangements, including a clear organisational structure with well-defined, transparent and consistent lines of responsibility and effective processes to identify, manage, monitor and report the risks to which they are or might be exposed. The management body of such issuers and their shareholders should have good reputation and sufficient expertise and be fit and proper for the purpose of anti-money laundering and combatting the financing of terrorism. Issuers of asset-referenced tokens should also employ resources proportionate to the scale of their activities and should always ensure continuity and regularity in the performance of their activities. For that purpose, issuers of asset-referenced tokens should establish a business continuity policy aimed at ensuring, in the case of an interruption to their systems and procedures, the performance of their core payment activities. Issuers of asset-referenced tokens should also have a strong internal control and risk assessment mechanism, as well as a system that guarantees the integrity and confidentiality of information received.
- (35) Issuers of asset-referenced tokens are usually at the centre of a network of entities that ensure the issuance of such crypto-assets, their transfer and their distribution to holders. Issuers of asset-referenced tokens should therefore be required to establish and maintain appropriate contractual arrangements with those third-party entities ensuring the stabilisation mechanism and the investment of the reserve assets backing the value of the tokens, the custody of such reserve assets, and, where applicable, the distribution of the asset-referenced tokens to the public.
- (36) To address the risks to financial stability of the wider financial system, issuers of asset-referenced tokens should be subject to capital requirements. Those capital requirements should be proportionate to the issuance size of the asset-referenced tokens and therefore calculated as a percentage of the reserve of assets that back the value of the asset-referenced tokens. Competent authorities should however be able to increase or decrease the amount of own fund requirements required on the basis of, *inter alia*, the evaluation of the risk-assessment mechanism of the issuer, the quality

and volatility of the assets in the reserve backing the asset-referenced tokens or the aggregate value and number of asset-referenced tokens.

- (37) In order to stabilise the value of their asset-referenced tokens, issuers of asset-referenced tokens should constitute and maintain a reserve of assets backing those crypto-assets at all times. Issuers of asset-referenced tokens should ensure the prudent management of such a reserve of assets and should in particular ensure that the creation and destruction of asset-referenced tokens are always matched by a corresponding increase or decrease in the reserve assets and that such increase or decrease is adequately managed to avoid adverse impacts on the market of the reserve assets. Issuers of asset-backed crypto-assets should therefore establish, maintain and detail policies that describe, *inter alia*, the composition of the reserve assets, the allocation of assets, the comprehensive assessment of the risks raised by the reserve assets, the procedure for the creation and destruction of the asset-referenced tokens, the procedure to purchase and redeem the asset-referenced tokens against the reserve assets and, where the reserve assets are invested, the investment policy that is followed by the issuer.
- (38) To prevent the risk of loss for asset-referenced tokens and to preserve the value of those assets issuers of asset-referenced tokens should have an adequate custody policy for reserve assets. That policy should ensure that the reserve assets are entirely segregated from the issuer's own assets at all times, that the reserve assets are not encumbered or pledged as collateral, and that the issuer of asset-referenced tokens has prompt access to those reserve assets. The reserve assets should, depending on their nature, be kept in custody either by a credit institution within the meaning of Regulation (EU) No 575/2013 or by an authorised crypto-asset service provider. Credit institutions or crypto-asset service providers that keep in custody the reserve assets that back the asset-referenced tokens should be responsible for the loss of such reserve assets *vis-à-vis* the issuer or the holders of asset-referenced tokens, unless they prove that such loss has arisen from an external event beyond reasonable control.
- (39) To protect holders of asset-referenced tokens against a decrease in value of the assets backing the value of the tokens, issuers of asset-referenced tokens should invest the reserve assets in secure, low risks assets with minimal market and credit risk. As the asset-referenced tokens can be used as a means of payment, all profits or losses resulting from the investment of the reserve assets should be borne by the issuer of the asset-referenced tokens.
- (40) Some asset-referenced tokens may offer all their holders rights, such as redemption rights or claims on the reserve assets or on the issuer, while other asset-referenced tokens may not grant such rights to all their holders and may limit the right of redemption to specific holders. Any rules regarding asset-referenced tokens should be flexible enough to capture all those situations. Issuers of asset-referenced tokens should therefore inform the holders of asset-referenced tokens on whether they are provided with a direct claim on the issuer or redemption rights. Where issuers of asset-referenced tokens grant direct rights on the issuer or on the reserve assets to all the holders, the issuers should precisely set out the conditions under which such rights can be exercised. Where issuers of asset-referenced tokens restrict such direct rights on the issuer or on the reserve assets to a limited number of holders of asset-referenced tokens, the issuers should still offer minimum rights to all the holders of asset-referenced tokens. Issuers of asset-referenced tokens should ensure the liquidity of those tokens by concluding and maintaining adequate liquidity arrangements with crypto-asset service providers that are in charge of posting firm quotes on a predictable

basis to buy and sell the asset-referenced tokens against fiat currency. Where the value of the asset-referenced tokens varies significantly from the value of the reserve assets, the holders of asset-referenced tokens should have a right to request the redemption of their asset-referenced tokens against reserve assets directly from the issuer. Issuers of asset-referenced tokens that voluntarily stop their operations or that are orderly wound-down should have contractual arrangements in place to ensure that the proceeds of the reserve assets are paid to the holders of asset-referenced tokens.

- (41) To ensure that asset-referenced tokens are mainly used as a means of exchange and not as a store of value, issuers of asset-referenced tokens, and any crypto-asset service providers, should not grant interests to users of asset-referenced tokens for time such users are holding those asset-referenced tokens. Some asset-referenced tokens and e-money tokens should be considered significant due to the potential large customer base of their promoters and shareholders, their potential high market capitalisation, the potential size of the reserve of assets backing the value of such asset-referenced tokens or e-money tokens, the potential high number of transactions, the potential interconnectedness with the financial system or the potential cross-border use of such crypto-assets. Significant asset-referenced tokens or significant e-money tokens, that could be used by a large number of holders and which could raise specific challenges in terms of financial stability, monetary policy transmission or monetary sovereignty, should be subject to more stringent requirements than other asset-referenced tokens or e-money tokens.
- (42) Due to their large scale, significant asset-referenced tokens can pose greater risks to financial stability than other crypto-assets and asset-referenced tokens with more limited issuance. Issuers of significant asset-referenced tokens should therefore be subject to more stringent requirements than issuers of other crypto-assets or asset-referenced tokens with more limited issuance. They should in particular be subject to higher capital requirements, to interoperability requirements and they should establish a liquidity management policy.
- (43) Issuers of asset-referenced tokens should have an orderly wind-down plan to ensure that the rights of the holders of the asset-referenced tokens are protected where issuers of asset-referenced tokens stop their operations or when they are orderly winding down their activities according to national insolvency laws.
- (44) Issuers of e-money tokens should be authorised either as a credit institution under Directive 2013/36/EU or as an electronic money institution under Directive 2009/110/EC and they should comply with the relevant operational requirements of Directive 2009/110/EC, unless specified otherwise in this Regulation. Issuers of e-money tokens should produce a crypto-asset white paper and notify it to their competent authority. Where the issuance of e-money tokens is below a certain threshold or where e-money tokens can be exclusively held by qualified investors, issuers of such e-money tokens should not be subject to the authorisation requirements. However, issuers should always draw up a crypto-asset white paper and notify it to their competent authority.
- (45) Holders of e-money tokens should be provided with a claim on the issuer of the e-money tokens concerned. Holders of e-money tokens should always be granted with a redemption right at par value with the fiat currency that the e-money token is referencing and at any moment. Issuers of e-money tokens should be allowed to apply a fee, where holders of e-money tokens are asking for the redemptions of their tokens

for fiat currency. Such a fee should be proportionate to the actual costs incurred by the issuer of electronic money tokens.

- (46) Issuers of e-money tokens, and any crypto-asset service providers, should not grant interests to holders of e-money tokens for the time such holders are holding those e-money tokens.
- (47) The crypto-asset white paper produced by an issuer of e-money tokens should contain all the relevant information concerning that issuer and the offer of e-money tokens or their admission to trading on a trading platform for crypto-assets that is necessary to enable potential buyers to make an informed purchase decision and understand the risks relating to the offer of e-money tokens. The crypto-asset white paper should also explicitly indicate that holders of e-money tokens are provided with a claim in the form of a right to redeem their e-money tokens against fiat currency at par value and at any moment.
- (48) Where an issuer of e-money tokens invests the funds received in exchange for e-money tokens, such funds should be invested in assets denominated in the same currency as the one that the e-money token is referencing to avoid cross-currency risks.
- (49) Significant e-money tokens can pose greater risks to financial stability than non-significant e-money tokens and traditional electronic money. Issuers of such significant e-money tokens should therefore be subject to additional requirements. Issuers of e-money tokens should in particular be subject to higher capital requirements than other e-money token issuers, to interoperability requirements and they should establish a liquidity management policy. Issuers of e-money tokens should also comply with certain requirements applying to issuers of asset-referenced tokens, such as custody requirements for the reserve assets, investment rules for the reserve assets and the obligation to establish an orderly wind-down plan.
- (50) Crypto-asset services should only be provided by legal entities that have a registered office in a Member State and that have been authorised as a crypto-asset service provider by the competent authority of the Member State where its registered office is located.
- (51) This Regulation should not affect the possibility for persons established in the Union to receive crypto-asset services by a third-country firm at their own initiative. Where a third-country firm provides crypto-asset services at the own initiative of a person established in the Union, the crypto-asset services should not be deemed as provided in the Union. Where a third-country firm solicits clients or potential clients in the Union or promotes or advertises crypto-asset services or activities in the Union, it should not be deemed as a crypto-asset service provided at the own initiative of the client. In such a case, the third-country firm should be authorised as a crypto-asset service provider.
- (52) Given the relatively small scale of crypto-asset service providers to date, the power to authorise and supervise such service providers should be conferred to national competent authorities. The authorisation should be granted, refused or withdrawn by the competent authority of the Member State where the entity has its registered office. Such an authorisation should indicate the crypto-asset services for which the crypto-asset service provider is authorised and should be valid for the entire Union.
- (53) To facilitate transparency for holders of crypto-assets as regards the provision of crypto-asset services, ESMA should establish a register of crypto-asset service

providers, which should include information on the entities authorised to provide those services across the Union. That register should also include the crypto-asset white papers notified to competent authorities and published by issuers of crypto-assets.

- (54) Some firms subject to Union legislation on financial services should be allowed to provide crypto-asset services without prior authorisation. Credit institutions authorised under Directive 2013/36/EU should not need another authorisation to provide crypto-asset services. Investment firms authorised under Directive 2014/65/EU to provide one or several investment services as defined under that Directive similar to the crypto-asset services they intend to provide should also be allowed to provide crypto-asset services across the Union without another authorisation.
- (55) In order to ensure consumer protection, market integrity and financial stability, crypto-asset service providers should always act honestly, fairly and professionally in the best interest of their clients. Crypto-asset services should be considered ‘financial services’ as defined in Directive 2002/65/EC of the European Parliament and of the Council⁴². Where marketed at distance, the contracts between crypto-asset service providers and consumers should be subject to that Directive. Crypto-asset service providers should provide their clients with clear, fair and not misleading information and warn them about the risks associated with crypto-assets. Crypto-asset service providers should make their pricing policies public, should establish a complaint handling procedure and should have a robust policy to identify, prevent, manage and disclose conflicts of interest.
- (56) To ensure consumer protection, crypto-asset service providers should comply with some prudential requirements. Those prudential requirements should be set as a fixed amount or in proportion to their fixed overheads of the preceding year, depending on the types of services they provide.
- (57) Crypto-asset service providers should be subject to strong organisational requirements. Their managers and main shareholders should be fit and proper for the purpose of anti-money laundering and combatting the financing of terrorism. Crypto-asset service providers should employ management and staff with adequate skills, knowledge and expertise and should take all reasonable steps to perform their functions, including through the preparation of a business continuity plan. They should have sound internal control and risk assessment mechanisms as well as adequate systems and procedures to ensure integrity and confidentiality of information received. Crypto-asset service providers should have appropriate arrangements to keep records of all transactions, orders and services related to crypto-assets that they provide. They should also have systems in place to detect potential market abuse committed by clients.
- (58) In order to ensure consumer protection, crypto-asset service providers should have adequate arrangements to safeguard the ownership rights of clients’ holdings of crypto-assets. Where their business model requires them to hold funds as defined in Article 4, point (25), of Directive (EU) 2015/2366 of the European Parliament and of the Council⁴³ in the form of banknotes, coins, scriptural money or electronic money belonging to their clients, crypto-asset service providers should place such funds with

⁴² Directive 2002/65/EC of the European Parliament and of the Council of 23 September 2002 concerning the distance marketing of consumer financial services and amending Council Directive 90/619/EEC and Directives 97/7/EC and 98/27/EC (OJ L 271, 9.10.2002, p. 16).

⁴³ Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC (OJ L 337, 23.12.2015, p. 35).

a credit institution or a central bank. Crypto-assets service providers should be authorised to make payment transactions in connection with the crypto-asset services they offer, only where they are authorised as payment institutions in accordance with Directive (EU) 2015/2366.

- (59) Depending on the services they provide and due to the specific risks raised by each type of services, crypto-asset service providers should be subject to requirements specific to those services. Crypto-asset service providers providing the service of custody and administration of crypto-assets on behalf of third parties should have a contractual relation with their clients with mandatory contractual provisions and should establish and implement a custody policy. Those crypto-asset service providers should also be held liable for any damages resulting from an ICT-related incident, including an incident resulting from a cyber-attack, theft or any malfunctions.
- (60) To ensure an orderly functioning of crypto-asset markets, crypto-asset service providers operating a trading platform for crypto-assets should have detailed operating rules, should ensure that their systems and procedures are sufficiently resilient and should be subject to pre-trade and post-trade transparency requirements adapted to the crypto-asset market. Crypto-asset service providers should ensure that the trades executed on their trading platform for crypto-assets are settled and recorded on the DLT swiftly. Crypto-asset service providers operating a trading platform for crypto-assets should also have a transparent fee structure for the services provided to avoid the placing of orders that could contribute to market abuse or disorderly trading conditions.
- (61) To ensure consumer protection, crypto-asset service providers that exchange crypto-assets against fiat currencies or other crypto-assets by using their own capital should establish a non-discriminatory commercial policy. They should publish either firm quotes or the method they are using for determining the price of crypto-assets they wish to buy or sell. They should also be subject to post-trade transparency requirements. Crypto-asset service providers that execute orders for crypto-assets on behalf of third parties should establish an execution policy and should always aim at obtaining the best result possible for their clients. They should take all necessary steps to avoid the misuse of information related to clients' orders by their employees. Crypto-assets service providers that receive orders and transmit those orders to other crypto-asset service providers should implement procedures for the prompt and proper sending of those orders. Crypto-assets service providers should not receive any monetary or non-monetary benefits for transmitting those orders to any particular trading platform for crypto-assets or any other crypto-asset service providers.
- (62) Crypto-asset service providers that place crypto-assets for potential users should communicate to those persons information on how they intend to perform their service before the conclusion of a contract. They should also put in place specific measures to prevent conflicts of interest arising from that activity.
- (63) To ensure consumer protection, crypto-asset service providers that provide advice on crypto-assets, either at the request of a third party or at their own initiative, should make a preliminary assessment of their clients' experience, knowledge, objectives and ability to bear losses. Where the clients do not provide information to the crypto-asset service providers on their experience, knowledge, objectives and ability to bear losses, or it is clear that those clients do not have sufficient experience or knowledge to understand the risks involved, or the ability to bear losses, crypto-asset service providers should warn those clients that the crypto-asset or the crypto-asset services

may not be suitable for them. When providing advice, crypto-asset service providers should establish a report, summarising the clients' needs and demands and the advice given.

- (64) It is necessary to ensure users' confidence in crypto-asset markets and market integrity. It is therefore necessary to lay down rules to deter market abuse for crypto-assets that are admitted to trading on a trading platform for crypto-assets. However, as issuers of crypto-assets and crypto-asset service providers are very often SMEs, it would be disproportionate to apply all the provisions of Regulation (EU) No 596/2014 of the European Parliament and of the Council⁴⁴ to them. It is therefore necessary to lay down specific rules prohibiting certain behaviours that are likely to undermine users' confidence in crypto-asset markets and the integrity of crypto-asset markets, including insider dealings, unlawful disclosure of inside information and market manipulation related to crypto-assets. These bespoke rules on market abuse committed in relation to crypto-assets should be applied, where crypto-assets are admitted to trading on a trading platform for crypto-assets.
- (65) Competent authorities should be conferred with sufficient powers to supervise the issuance of crypto-assets, including asset-referenced tokens or e-money tokens, as well as crypto-asset service providers, including the power to suspend or prohibit an issuance of crypto-assets or the provision of a crypto-asset service, and to investigate infringements of the rules on market abuse. Given the cross-border nature of crypto-asset markets, competent authorities should cooperate with each other to detect and deter any infringements of the legal framework governing crypto-assets and markets for crypto-assets. Competent authorities should also have the power to impose sanctions on issuers of crypto-assets, including asset-referenced tokens or e-money tokens and crypto-asset service providers.
- (66) Significant asset-referenced tokens can be used as a means of exchange and to make large volumes of payment transactions on a cross-border basis. To avoid supervisory arbitrage across Member States, it is appropriate to assign to the EBA the task of supervising the issuers of significant asset-referenced tokens, once such asset-referenced tokens have been classified as significant.
- (67) The EBA should establish a college of supervisors for issuers of significant asset-referenced tokens. Those issuers are usually at the centre of a network of entities that ensure the issuance of such crypto-assets, their transfer and their distribution to holders. The members of the college of supervisors should therefore include all the competent authorities of the relevant entities and crypto-asset service providers that ensure, among others, the custody of the reserve assets, the operation of trading platforms for crypto-assets where the significant asset-referenced tokens are admitted to trading and the crypto-asset service providers ensuring the custody and administration of the significant asset-referenced tokens on behalf of holders. The college of supervisors should facilitate the cooperation and exchange of information among its members and should issue non-binding opinions on supervisory measures or changes in authorisation concerning the issuers of significant asset-referenced tokens or on the relevant entities providing services or activities in relation to the significant asset-referenced tokens.

⁴⁴ Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (OJ L 173, 12.6.2014, p. 1).

- (68) Competent authorities in charge of supervision under Directive 2009/110/EC should supervise issuers of e-money tokens. However, given the potential widespread use of significant e-money tokens as a means of payment and the risks they can pose to financial stability, a dual supervision by both competent authorities and the EBA of issuers of significant e-money tokens is necessary. The EBA should supervise the compliance by issuers of significant e-money tokens with the specific additional requirements set out in this Regulation for significant e-money tokens.
- (69) The EBA should establish a college of supervisors for issuers of significant e-money tokens. Issuers of significant e-money tokens are usually at the centre of a network of entities which ensure the issuance of such crypto-assets, their transfer and their distribution to holders. The members of the college of supervisors for issuers of significant e-money tokens should therefore include all the competent authorities of the relevant entities and crypto-asset service providers that ensure, among others, the operation of trading platforms for crypto-assets where the significant e-money tokens are admitted to trading and the crypto-asset service providers ensuring the custody and administration of the significant e-money tokens on behalf of holders. The college of supervisors for issuers of significant e-money tokens should facilitate the cooperation and exchange of information among its members and should issue non-binding opinions on changes in authorisation or supervisory measures concerning the issuers of significant e-money tokens or on the relevant entities providing services or activities in relation to those significant e-money tokens.
- (70) To supervise the issuers of significant asset-referenced tokens, the EBA should have the powers, among others, to carry out on-site inspections, take supervisory measures and impose fines. The EBA should also have powers to supervise the compliance of issuers of significant e-money tokens with additional requirements set out in this Regulation.
- (71) The EBA should charge fees on issuers of significant asset-referenced tokens and issuers of significant e-money tokens to cover its costs, including overheads. For issuers of significant asset-referenced tokens, the fee should be proportionate to the size of their reserve assets. For issuers of significant e-money tokens, the fee should be proportionate to the amount of funds received in exchange for the significant e-money tokens.
- (72) In order to ensure the uniform application of this Regulation, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union (TFEU) should be delegated to the Commission in respect of the modifications of the definitions set out in this Regulation in order to adapt them to market and technological developments, to specify the criteria and thresholds to determine whether an asset-referenced token or an e-money token should be classified as significant and to specify the type and amount of fees that can be levied by EBA for the supervision of issuers of significant asset-referenced tokens or significant e-money tokens. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making⁴⁵. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council should receive all documents at the same time as Member

⁴⁵ OJ L 123, 12.5.2016, p. 1.

States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.

- (73) In order to promote the consistent application of this Regulation, including adequate protection of investors and consumers across the Union, technical standards should be developed. It would be efficient and appropriate to entrust the EBA and ESMA, as bodies with highly specialised expertise, with the development of draft regulatory technical standards which do not involve policy choices, for submission to the Commission.
- (74) The Commission should be empowered to adopt regulatory technical standards developed by the EBA and ESMA with regard to the procedure for approving crypto-asset white papers produced by credit institutions when issuing asset-referenced tokens, the information to be provided in an application for authorisation as an issuer of asset-referenced tokens, the methodology for the calculation of capital requirements for issuers of asset-referenced tokens, governance arrangements for issuers of asset-referenced tokens, the information necessary for the assessment of a qualifying holdings in an asset-referenced token issuer's capital, the procedure of conflicts of interest established by issuers of asset-referenced tokens, the type of assets which the issuers of asset-referenced token can invest in, the obligations imposed on crypto-asset service providers ensuring the liquidity of asset-referenced tokens, the complaint handling procedure for issuers of asset-referenced tokens, the functioning of the college of supervisors for issuers of significant asset-referenced tokens and issuers of significant e-money tokens, the information necessary for the assessment of qualifying holdings in the crypto-asset service provider's capital, the exchange of information between competent authorities, the EBA and ESMA under this Regulation and the cooperation between the competent authorities and third countries. The Commission should adopt those regulatory technical standards by means of delegated acts pursuant to Article 290 TFEU and in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council⁴⁶ and Regulation (EU) No 1095/2010 of the European Parliament and of the Council⁴⁷.
- (75) The Commission should be empowered to adopt implementing technical standards developed by the EBA and ESMA, with regard to machine readable formats for crypto-asset white papers, the standard forms, templates and procedures for the application for authorisation as an issuer of asset-referenced tokens, the standard forms and template for the exchange of information between competent authorities and between competent authorities, the EBA and ESMA. The Commission should adopt those implementing technical standards by means of implementing acts pursuant to Article 291 TFEU and in accordance with Article 15 of Regulation (EU) No 1093/2010 and Article 15 of Regulation (EU) No 1095/2010.
- (76) Since the objectives of this Regulation, namely to address the fragmentation of the legal framework applying to issuers of crypto-assets and crypto-asset service providers and to ensure the proper functioning of crypto-asset markets while ensuring investor protection, market integrity and financial stability cannot be sufficiently achieved by

⁴⁶ Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, p. 12).

⁴⁷ Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331, 15.12.2010, p. 84).

the Member States but can rather, be better achieved at Union level by creating a framework on which a larger cross-border market for crypto-assets and crypto-asset service providers could develop, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives.

- (77) In order to avoid disrupting market participants that provide services and activities in relation to crypto-assets that have been issued before the entry into force of this Regulation, issuers of such crypto-assets should be exempted from the obligation to publish a crypto-asset white paper and other applicable requirements. However, those transitional provisions should not apply to issuers of asset-referenced tokens, issuers of e-money tokens or to crypto-asset service providers that, in any case, should receive an authorisation as soon as this Regulation enters into application.
- (78) Whistleblowers can bring new information to the attention of competent authorities which helps them in detecting infringements of this Regulation and imposing penalties. This Regulation should therefore ensure that adequate arrangements are in place to enable whistleblowers to alert competent authorities to actual or potential infringements of this Regulation and to protect them from retaliation. This should be done by amending Directive (EU) 2019/1937 of the European Parliament and of the Council⁴⁸ in order to make it applicable to breaches of this Regulation.
- (79) The date of application of this Regulation should be deferred by 18 months in order to allow for the adoption of regulatory technical standards, implementing technical standards and delegated acts that are necessary to specify certain elements of this Regulation,

HAVE ADOPTED THIS REGULATION:

⁴⁸ Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law (OJ L 305, 26.11.2019, p. 17).

TITLE I

Subject Matter, Scope and Definitions

Article 1 **Subject matter**

This Regulation lays down uniform rules for the following:

- (a) transparency and disclosure requirements for the issuance and admission to trading of crypto-assets;
- (b) the authorisation and supervision of crypto-asset service providers and issuers of asset-referenced tokens and issuers of electronic money tokens;
- (c) the operation, organisation and governance of issuers of asset-referenced tokens, issuers of electronic money tokens and crypto-asset service providers;
- (d) consumer protection rules for the issuance, trading, exchange and custody of crypto-assets;
- (e) measures to prevent market abuse to ensure the integrity of crypto-asset markets.

Article 2 **Scope**

1. This Regulation applies to persons that are engaged in the issuance of crypto-assets or provide services related to crypto-assets in the Union.
2. However, this Regulation does not apply to crypto-assets that qualify as:
 - (a) financial instruments as defined in Article 4(1), point (15), of Directive 2014/65/EU;
 - (b) electronic money as defined in Article 2, point (2), of Directive 2009/110/EC, except where they qualify as electronic money tokens under this Regulation;
 - (c) deposits as defined in Article 2(1), point (3), of Directive 2014/49/EU of the European Parliament and of the Council⁴⁹;
 - (d) structured deposits as defined in Article 4(1), point (43), of Directive 2014/65/EU;
 - (e) securitisation as defined in Article 2, point (1), of Regulation (EU) 2017/2402 of the European Parliament and of the Council⁵⁰.
3. This Regulation does not apply to the following entities and persons:
 - (a) the European Central Bank, national central banks of the Member States when acting in their capacity as monetary authority or other public authorities;
 - (b) insurance undertakings or undertakings carrying out the reinsurance and retrocession activities as defined in Directive 2009/138/EC of the European

⁴⁹ Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes (OJ L 173, 12.6.2014, p. 149).

⁵⁰ Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 (OJ L 347, 28.12.2017, p. 35).

- Parliament and of the Council⁵¹ when carrying out the activities referred to in that Directive;
- (c) a liquidator or an administrator acting in the course of an insolvency procedure, except for the purpose of Article 42;
 - (d) persons who provide crypto-asset services exclusively for their parent companies, for their subsidiaries or for other subsidiaries of their parent companies;
 - (e) the European investment bank;
 - (f) the European Financial Stability Facility and the European Stability Mechanism;
 - (g) public international organisations.
4. Where issuing asset-referenced tokens, including significant asset-referenced tokens, credit institutions authorised under Directive 2013/36/EU shall not be subject to:
- (a) the provisions of chapter I of Title III, except Articles 21 and 22;
 - (b) Article 31.
5. Where providing one or more crypto-asset services, credit institutions authorised under Directive 2013/36/EU shall not be subject to the provisions of chapter I of Title V, except Articles 57 and 58.
6. Investment firms authorised under Directive 2014/65/EU shall not be subject to the provisions of chapter I of Title V, except Articles 57, 58, 60 and 61, where they only provide one or several crypto-asset services equivalent to the investment services and activities for which they are authorised under Directive 2014/65/EU. For that purpose:
- (a) the crypto-asset services defined in Article 3(1), point (11), of this Regulation are deemed to be equivalent to the investment activities referred to in points (8) and (9) of Section A of Annex I to Directive 2014/65/EU;
 - (b) the crypto-asset services defined in Article 3(1), points (12) and (13), of this Regulation are deemed to be equivalent to the investment services referred to in point (3) of Section A of Annex I to Directive 2014/65/EU;
 - (c) the crypto-asset services defined in Article 3(1), point (14), of this Regulation are deemed to be equivalent to the investment services referred to in point (2) of Section A of Annex I to Directive 2014/65/EU;
 - (d) the crypto-asset services defined in Article 3(1), point (15), of this Regulation are deemed to be equivalent to the investment services referred to in points (6) and (7) of Section A of Annex I to Directive 2014/65/EU;
 - (e) the crypto-asset services defined in Article 3(1), point (16), of this Regulation are deemed to be equivalent to the investment services referred to in point (1) of Section A of Annex I to Directive 2014/65/EU.

⁵¹ Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (OJ L 335, 17.12.2009, p. 1).

- (f) the crypto-asset services defined in Article 3(1), point (17), of this Regulation are deemed to be equivalent to the investment services referred to in points (5) of Section A of Annex I to Directive 2014/65/EU.

Article 3
Definitions

1. For the purposes of this Regulation, the following definitions apply:

- (1) ‘distributed ledger technology’ or ‘DLT’ means a type of technology that support the distributed recording of encrypted data;
- (2) ‘crypto-asset’ means a digital representation of value or rights which may be transferred and stored electronically, using distributed ledger technology or similar technology;
- (3) ‘asset-referenced token’ means 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;
- (4) ‘electronic money token’ or ‘e-money token’ means 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 that is legal tender;
- (5) ‘utility token’ means 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;
- (6) ‘issuer of crypto-assets’ means a legal person who offers to the public any type of crypto-assets or seeks the admission of such crypto-assets to a trading platform for crypto-assets;
- (7) ‘offer to the public’ means an offer to third parties to acquire a crypto-asset in exchange for fiat currency or other crypto-assets;
- (8) ‘crypto-asset service provider’ means any person whose occupation or business is the provision of one or more crypto-asset services to third parties on a professional basis;
- (9) ‘crypto-asset service’ means any of the services and activities listed below relating to any crypto-asset:
 - (a) the custody and administration of crypto-assets on behalf of third parties;
 - (b) the operation of a trading platform for crypto-assets;
 - (c) the exchange of crypto-assets for fiat currency that is legal tender;
 - (d) the exchange of crypto-assets for other crypto-assets;
 - (e) the execution of orders for crypto-assets on behalf of third parties;
 - (f) placing of crypto-assets;
 - (g) the reception and transmission of orders for crypto-assets on behalf of third parties
 - (h) providing advice on crypto-assets;

- (10) ‘the custody and administration of crypto-assets on behalf of third parties’ means safekeeping or controlling, on behalf of third parties, crypto-assets or the means of access to such crypto-assets, where applicable in the form of private cryptographic keys;
- (11) ‘the operation of a trading platform for crypto-assets’ means managing one or more trading platforms for crypto-assets, within which multiple third-party buying and selling interests for crypto-assets can interact in a manner that results in a contract, either by exchanging one crypto-asset for another or a crypto-asset for fiat currency that is legal tender;
- (12) ‘the exchange of crypto-assets for fiat currency’ means concluding purchase or sale contracts concerning crypto-assets with third parties against fiat currency that is legal tender by using proprietary capital;
- (13) ‘the exchange of crypto-assets for other crypto-assets’ means concluding purchase or sale contracts concerning crypto-assets with third parties against other crypto-assets by using proprietary capital;
- (14) ‘the execution of orders for crypto-assets on behalf of third parties’ means concluding agreements to buy or to sell one or more crypto-assets or to subscribe for one or more crypto-assets on behalf of third parties;
- (15) ‘placing of crypto-assets’ means the marketing of newly-issued crypto-assets or of crypto-assets that are already issued but that are not admitted to trading on a trading platform for crypto-assets, to specified purchasers and which does not involve an offer to the public or an offer to existing holders of the issuer’s crypto-assets;
- (16) ‘the reception and transmission of orders for crypto-assets on behalf of third parties’ means the reception from a person of an order to buy or to sell one or more crypto-assets or to subscribe for one or more crypto-assets and the transmission of that order to a third party for execution;
- (17) ‘providing advice on crypto-assets’ means offering, giving or agreeing to give personalised or specific recommendations to a third party, either at the third party’s request or on the initiative of the crypto-asset service provider providing the advice, concerning the acquisition or the sale of one or more crypto-assets, or the use of crypto-asset services;
- (18) ‘management body’ means the body of an issuer of crypto-assets, or of a crypto-asset provider, which is appointed in accordance with national law, and which is empowered to set the entity’s strategy, objectives, the overall direction and which oversees and monitors management decision-making and which includes persons who direct the business of the entity;
- (19) ‘credit institution’ means a credit institution as defined in Article 4(1), point (1), of Regulation (EU) No 575/2013;
- (20) ‘qualified investors’ means ‘qualified investors’ as defined in Article 2, point (e), of Regulation (EU) 2017/1129;
- (21) ‘reserve assets’ means the basket of fiat currencies that are legal tender, commodities or crypto-assets, backing the value of an asset-referenced tokens, or the investment of such assets;
- (22) ‘home Member State’ means:

- (a) where the issuer of crypto-assets, other than asset-referenced tokens or electronic money tokens, has its registered office or a branch in the Union, the Member State where the issuer of crypto-assets has its registered office or a branch;
 - (b) where the issuer of crypto-assets, other than asset-referenced tokens or electronic money tokens, has no registered office in the Union but has two or more branches in the Union, the Member State chosen by the issuer among those Member States where the issuer has branches;
 - (c) where the issuer of crypto-assets, other than asset-referenced tokens or electronic money tokens, is established in a third country and has no branch in the Union, at the choice of that issuer, either the Member State where the crypto-assets are intended to be offered to the public for the first time or the Member State where the first application for admission to trading on a trading platform for crypto-assets is made;
 - (d) for issuer of asset-referenced tokens, the Member State where the issuer of asset-referenced tokens has its registered office;
 - (e) for issuers of electronic money tokens, the Member States where the issuer of electronic money tokens is authorised as a credit institution under Directive 2013/36/EU or as a e-money institution under Directive 2009/110/EC;
 - (f) for crypto-asset service providers, the Member State where the crypto-asset service provider has its registered office;
- (23) ‘host Member State’ means the Member State where an issuer of crypto-assets has made an offer of crypto-assets to the public or is seeking admission to trading on a trading platform for crypto-assets, or where crypto-asset service provider provides crypto-asset services, when different from the home Member State;
- (24) ‘competent authority’ means:
- (a) the authority, designated by each Member State in accordance with Article 81 for issuers of crypto-assets, issuers of asset-referenced tokens and crypto-asset service providers;
 - (b) the authority, designated by each Member State, for the application of Directive 2009/110/EC for issuers of e-money tokens;
- (25) ‘commodity’ means ‘commodity’ under Article 2(6) of Commission Delegated Regulation (EU) 2017/565⁵²;
- (26) ‘qualifying holding’ means any direct or indirect holding in an issuer of asset-referenced tokens or in a crypto-asset service provider which represents at least 10% of the capital or the voting rights, as set out in Articles 9 and 10 of Directive 2004/109/EC of the European Parliament and of the Council⁵³, taking

⁵² Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (OJ L 87, 31.3.2017, p. 1).

⁵³ Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are

into account the conditions regarding aggregation thereof laid down in paragraphs 4 and 5 of Article 12 of that Directive, or which makes it possible to exercise a significant influence over the management of the investment firm in which that holding subsists.

- (27) ‘inside information’ means any information of a precise nature that has not been made public, relating, directly or indirectly, to one or more issuers of crypto-assets or to one or more crypto-assets, and which, if it was made public, would be likely to have a significant effect on the prices of those crypto-assets;
- (28) ‘consumer’ means any natural person who is acting for purposes which are outside his trade, business, craft or profession.

- 2. The Commission is empowered to adopt delegated acts in accordance with Article 121 to specify technical elements of the definitions laid down in paragraph 1, and to adjust those definitions to market developments and technological developments.

admitted to trading on a regulated market and amending Directive 2001/34/EC (OJ L 390, 31.12.2004, p. 38).

TITLE II

Crypto-Assets, other than asset-referenced tokens or e-money tokens

Article 4

Offers of crypto-assets, other than asset-referenced tokens or e-money tokens, to the public, and admission of such crypto-assets to trading on a trading platform for crypto-assets

1. No issuer of crypto-assets, other than asset-referenced tokens or e-money tokens, shall, in the Union, offer such crypto-assets to the public, or seek an admission of such crypto-assets to trading on a trading platform for crypto-assets, unless that issuer:
 - (a) is a legal entity;
 - (b) has drafted a crypto-asset white paper in respect of those crypto-assets in accordance with Article 5;
 - (c) has notified that crypto-asset white paper in accordance with Article 7;
 - (d) has published the crypto-asset white paper in accordance with Article 8;
 - (e) complies with the requirements laid down in Article 13.
2. Paragraph 1, points (b) to (d) shall not apply where:
 - (a) the crypto-assets are offered for free;
 - (b) the crypto-assets are automatically created through mining as a reward for the maintenance of the DLT or the validation of transactions;
 - (c) the crypto-assets are unique and not fungible with other crypto-assets;
 - (d) the crypto-assets are offered to fewer than 150 natural or legal persons per Member State where such persons are acting on their own account;
 - (e) over a period of 12 months, the total consideration of an offer to the public of crypto-assets in the Union does not exceed EUR 1 000 000, or the equivalent amount in another currency or in crypto-assets;
 - (f) the offer to the public of the crypto-assets is solely addressed to qualified investors and the crypto-assets can only be held by such qualified investors.

For the purpose of point (a), crypto-assets shall not be considered to be offered for free where purchasers are required to provide or to undertake to provide personal data to the issuer in exchange for those crypto-assets, or where the issuer of those crypto-assets receives from the prospective holders of those crypto-assets any third party fees, commissions, monetary benefits or non-monetary benefits in exchange for those crypto-assets.

3. Where the offer to the public of crypto-assets, other than asset-referenced tokens or e-money tokens, concerns utility tokens for a service that is not yet in operation, the duration of the public offer as described in the crypto-asset white paper shall not exceed 12 months.

Article 5
Content and form of the crypto-asset white paper

1. The crypto-asset white paper referred to in Article 4(1), point (b), shall contain all the following information:
 - (a) a detailed description of the issuer and a presentation of the main participants involved in the project's design and development;
 - (b) a detailed description of the issuer's project, the type of crypto-asset that will be offered to the public or for which admission to trading is sought, the reasons why the crypto-assets will be offered to the public or why admission to trading is sought and the planned use of the fiat currency or other crypto-assets collected via the offer to the public;
 - (c) a detailed description of the characteristics of the offer to the public, in particular the number of crypto-assets that will be issued or for which admission to trading is sought, the issue price of the crypto-assets and the subscription terms and conditions;
 - (d) a detailed description of the rights and obligations attached to the crypto-assets and the procedures and conditions for exercising those rights;
 - (e) information on the underlying technology and standards applied by the issuer of the crypto-assets allowing for the holding, storing and transfer of those crypto-assets;
 - (f) a detailed description of the risks relating to the issuer of the crypto-assets, the crypto-assets, the offer to the public of the crypto-asset and the implementation of the project;
 - (g) the disclosure items specified in Annex I.
2. All information referred to in paragraph 1 shall be fair, clear and not misleading. The crypto-asset white paper shall not contain material omissions and shall be presented in a concise and comprehensible form.
3. The crypto-asset white paper shall contain the following statement: "The issuer of the crypto-assets is solely responsible for the content of this crypto-asset white paper. This crypto-asset white paper has not been reviewed or approved by any competent authority in any Member State of the European Union".
4. The crypto-asset white paper shall not contain any assertions on the future value of the crypto-assets, other than the statement referred to in paragraph 5, unless the issuer of those crypto-assets can guarantee such future value.
5. The crypto-asset white paper shall contain a clear and unambiguous statement that:
 - (a) the crypto-assets may lose their value in part or in full;
 - (b) the crypto-assets may not always be transferable;
 - (c) the crypto-assets may not be liquid;
 - (d) where the offer to the public concerns utility tokens, that such utility tokens may not be exchangeable against the good or service promised in the crypto-asset white paper, especially in case of failure or discontinuation of the project.
6. Every crypto-asset white paper shall contain a statement from the management body of the issuer of the crypto-assets. That statement shall confirm that the crypto-asset

white paper complies with the requirements of this Title and that, to the best knowledge of the management body, the information presented in the crypto-asset white paper is correct and that there is no significant omission.

7. The crypto-asset white paper shall contain a summary which shall in brief and non-technical language provide key information about the offer to the public of the crypto-assets or about the intended admission of crypto-assets to trading on a trading platform for crypto-assets, and in particular about the essential elements of the crypto-assets concerned. The format and content of the summary of the crypto-asset white paper shall provide, in conjunction with the crypto-asset white paper, appropriate information about essential elements of the crypto-assets concerned in order to help potential purchasers of the crypto-assets to make an informed decision. The summary shall contain a warning that:
 - (a) it should be read as an introduction to the crypto-asset white paper;
 - (b) the prospective purchaser should base any decision to purchase a crypto-asset on the content of the whole crypto-asset white paper;
 - (c) the offer to the public of crypto-assets does not constitute an offer or solicitation to sell financial instruments and that any such offer or solicitation to sell financial instruments can be made only by means of a prospectus or other offering documents pursuant to national laws;
 - (d) the crypto-asset white paper does not constitute a prospectus as referred to in Regulation (EU) 2017/1129 or another offering document pursuant to Union legislation or national laws.
8. Every crypto-asset white paper shall be dated.
9. The crypto-asset white paper shall be drawn up in at least one of the official languages of the home Member State or in a language customary in the sphere of international finance.
10. The crypto-asset white paper shall be made available in machine readable formats.
11. ESMA, after consultation of the EBA, shall develop draft implementing technical standards to establish standard forms, formats and templates for the purposes of paragraph 10.

ESMA shall submit those draft implementing technical standards to the Commission by *[please insert date 12 months after entry into force]*.

Power is conferred on the Commission to adopt the implementing technical standards referred to in the first subparagraph in accordance with Article 15 of Regulation (EU) No 1095/2010.

Article 6

Marketing communications

Any marketing communications relating to an offer to the public of crypto-assets, other than asset-referenced tokens or e-money tokens, or to the admission of such crypto-assets to trading on a trading platform for crypto-assets, shall comply with all of the following:

- (a) the marketing communications shall be clearly identifiable as such;
- (b) the information in the marketing communications shall be fair, clear and not misleading;

- (c) the information in the marketing communications shall be consistent with the information in the crypto-asset white paper, where such a crypto-asset white paper is required in accordance with Article 4;
- (d) the marketing communications shall clearly state that a crypto-asset white paper has been published and indicate the address of the website of the issuer of the crypto-assets concerned.

Article 7

Notification of the crypto-asset white paper, and, where applicable, of the marketing communications

1. Competent authorities shall not require an ex ante approval of a crypto-asset white paper, nor of any marketing communications relating to it before their publication.
2. Issuers of crypto-assets, other than asset-referenced tokens or e-money tokens, shall notify their crypto-asset white paper, and, in case of marketing communications as referred to in Article 6, such marketing communications, to the competent authority of their home Member State at least 20 working days before publication of the crypto-asset white paper. That competent authority may exercise the powers laid down in Article 82(1).
3. The notification of the crypto-asset white paper shall explain why the crypto-asset described in the crypto-asset white paper is not to be considered:
 - (a) a financial instrument as defined in Article 4(1), point (15), of Directive 2014/65/EU;
 - (b) electronic money as defined in Article 2, point 2, of Directive 2009/110/EC;
 - (c) a deposit as defined in Article 2(1), point (3), of Directive 2014/49/EU;
 - (d) a structured deposit as defined in Article 4(1), point (43), of Directive 2014/65/EU.
4. Issuers of crypto-assets, other than asset-referenced tokens or e-money tokens, shall, together with the notification referred to in paragraphs 2 and 3, provide the competent authority of their home Member State with a list of host Member States, if any, where they intend to offer their crypto-assets to the public or intend to seek admission to trading on a trading platform for crypto-assets. They shall also inform their home Member State of the starting date of the intended offer to the public or intended admission to trading on such a trading platform for crypto-assets.

The competent authority of the home Member State shall notify the competent authority of the host Member State of the intended offer to the public or the intended admission to trading on a trading platform for crypto-assets within 2 working days following the receipt of the list referred to in the first subparagraph.
5. Competent authorities shall communicate to ESMA the crypto-asset white papers that have been notified to them and the date of their notification. ESMA shall make the notified crypto-asset white papers available in the register referred to in Article 57.

Article 8

Publication of the crypto-asset white paper, and, where applicable, of the marketing communications

1. Issuers of crypto-assets, other than asset-referenced tokens or e-money tokens, shall publish their crypto-asset white paper, and, where applicable, their marketing communications, on their website, which shall be publicly accessible, by no later than the starting date of the offer to the public of those crypto-assets or the admission of those crypto-assets to trading on a trading platform for crypto-assets. The crypto-asset white paper, and, where applicable, the marketing communications, shall remain available on the issuer's website for as long as the crypto-assets are held by the public.
2. The published crypto-asset white paper, and, where applicable, the marketing communications, shall be identical to the version notified to the relevant competent authority in accordance with Article 7, or, where applicable, modified in accordance with Article 11.

Article 9

Offers to the public of crypto-assets, other than asset-referenced tokens or e-money tokens, that are limited in time

1. Issuers of crypto-assets, other than asset-referenced tokens or e-money tokens, that set a time limit on their offer to the public of those crypto-assets shall publish on their website the result of the offer within 16 working days from the end of the subscription period.
2. Issuers of crypto-assets, other than asset-referenced tokens or e-money tokens, that set a time limit for their offer to the public of crypto-assets shall have effective arrangements in place to monitor and safeguard the funds, or other crypto-assets, raised during such offer. For that purpose, such issuers shall ensure that the funds or other crypto-assets collected during the offer to the public are kept in custody by either of the following:
 - (a) a credit institution, where the funds raised during the offer to the public takes the form of fiat currency;
 - (b) a crypto-asset service provider authorised for the custody and administration of crypto-assets on behalf of third parties.

Article 10

Permission to offer crypto-assets, other than asset-referenced tokens or e-money tokens, to the public or to seek admission for trading such crypto-assets on a trading platform for crypto-assets

1. After publication of the crypto-asset white paper in accordance with Article 8, and, where applicable, Article 11, issuers of crypto-assets may offer their crypto-assets, other than asset-referenced tokens or e-money tokens, throughout the Union and seek admission to trading of such crypto-assets on a trading platform for crypto-assets.
2. Issuers of crypto-assets, other than asset-referenced tokens or e-money tokens, that have published a crypto-asset white paper in accordance with Article 8, and where applicable Article 11, shall not be subject to any further information requirements,

with regard to the offer of those crypto-assets or the admission of such crypto-assets to a trading platform for crypto-assets.

Article 11

Modification of published crypto-asset white papers and, where applicable, published marketing communications after their publication

1. Issuers of crypto-assets, other than asset-referenced tokens or e-money tokens, shall modify their published crypto-asset white paper, and, where applicable, published marketing communications, to describe any change or new fact that is likely to have a significant influence on the purchase decision of any potential purchaser of such crypto-assets, or on the decision of holders of such crypto-assets to sell or exchange such crypto-assets.
2. The issuer shall immediately inform the public on its website of the notification of a modified crypto-asset white paper with the competent authority of its home Member State and shall provide a summary of the reasons for which it has notified a modified crypto-asset white paper.
3. The order of the information in a modified crypto-asset white paper, and, where applicable, in modified marketing communications, shall be consistent with that of the crypto-asset white paper or marketing communications published in accordance with Article 8.
4. Issuers of crypto-assets, other than asset-referenced tokens or e-money tokens, shall notify their modified crypto-asset white papers, and where applicable, modified marketing communications, to the competent authority of their home Member State, including the reasons for such modification, at least seven working days before their publication. That competent authority may exercise the powers laid down in Article 82(1).
5. Within 2 working days of the receipt of a draft modified crypto-asset white paper, and, where applicable, the modified marketing communications, the competent authority of the home Member State shall notify the modified crypto-asset white paper and, where applicable, the modified marketing communications, to the competent authority of the host Member State referred to in Article 7(4).
6. Issuers of crypto-assets, other than asset-referenced tokens or e-money tokens, shall publish the modified crypto-asset white paper, and, where applicable, the modified marketing communications, including the reasons for such modification, on their website in accordance with Article 8.
7. The modified crypto-asset white paper, and, where applicable, the modified marketing communications, shall be time-stamped. The latest modified crypto-asset white paper, and, where applicable, the modified marketing communications, shall be marked as the applicable version. All the modified crypto-asset white papers, and, where applicable, the modified marketing communication, shall remain available for as long as the crypto-assets are held by the public.
8. Where the offer to the public concerns utility tokens, the changes made in the modified crypto-asset white paper, and, where applicable, the modified marketing communications, shall not extend the time limit of 12 months referred to in Article 4(3).

Article 12
Right of withdrawal

1. Issuers of crypto-assets, other than asset-referenced tokens and e-money tokens, shall offer a right of withdrawal to any consumer who buys such crypto-assets directly from the issuer or from a crypto-asset service provider placing crypto-assets on behalf of that issuer.

Consumers shall have a period of 14 calendar days to withdraw their agreement to purchase those crypto-assets without incurring any cost and without giving reasons. The period of withdrawal shall begin from the day of the consumers' agreement to purchase those crypto-assets.

2. All payments received from a consumer, including, if applicable, any charges, shall be reimbursed without undue delay and in any event not later than 14 days from the day on which the issuer of crypto-assets or a crypto-asset service provider placing crypto-assets on behalf of that issuer is informed of the consumer's decision to withdraw from the agreement.

The reimbursement shall be carried out using the same means of payment as the consumer used for the initial transaction, unless the consumer has expressly agreed otherwise and provided that the consumer does not incur any fees as a result of such reimbursement.

3. Issuers of crypto-assets shall provide information on the right of withdrawal referred to in paragraph 1 in their crypto-asset white paper.
4. The right of withdrawal shall not apply where the crypto-assets are admitted to trading on a trading platform for crypto-assets.
5. Where issuers of crypto-assets have set a time limit on their offer to the public of such crypto-assets in accordance with Article 9, the right of withdrawal shall not be exercised after the end of the subscription period.

Article 13
Obligations of issuers of crypto-assets, other than asset-referenced tokens or e-money tokens

1. Issuers of crypto-assets, other than asset-referenced tokens or e-money tokens, shall:
 - (a) act honestly, fairly and professionally;
 - (b) communicate with the holders of crypto-assets in a fair, clear and not misleading manner;
 - (c) prevent, identify, manage and disclose any conflicts of interest that may arise;
 - (d) maintain all of their systems and security access protocols to appropriate Union standards.

For the purposes of point (d), ESMA, in cooperation with the EBA, shall develop guidelines pursuant to Article 16 of Regulation (EU) No 1095/2010 to specify the Union standards.

2. Issuers of crypto-assets, other than asset-referenced tokens or e-money tokens, shall act in the best interests of the holders of such crypto-assets and shall treat them equally, unless any preferential treatment is disclosed in the crypto-asset white paper, and, where applicable, the marketing communications.

3. Where an offer to the public of crypto-assets, other than asset-referenced tokens or e-money tokens, is cancelled for any reason, issuers of such crypto-assets shall ensure that any funds collected from purchasers or potential purchasers are duly returned to them as soon as possible.

Article 14

Liability of issuers of crypto-assets, other than asset-referenced tokens or e-money tokens for the information given in a crypto-asset white paper

1. Where an issuer of crypto-assets, other than asset-referenced tokens or e-money tokens, or its management body has infringed Article 5, by providing in its crypto-asset white paper or in a modified crypto-asset white paper information which is not complete, fair or clear or by providing information which is misleading, a holder of crypto-assets may claim damages from that issuer of crypto-assets, other than asset-referenced tokens or e-money tokens, or its management body for damage caused to her or him due to that infringement.

Any exclusion of civil liability shall be deprived of any legal effect.

2. It shall be the responsibility of the holders of crypto-assets to present evidence indicating that the issuer of crypto-assets, other than asset-referenced tokens or e-money tokens, has infringed Article 5 and that such an infringement had an impact on his or her decision to buy, sell or exchange the said crypto-assets.
3. A holder of crypto-assets shall not be able to claim damages for the information provided in a summary as referred to in Article 5(7), including the translation thereof, except where:
 - (a) the summary is misleading, inaccurate or inconsistent when read together with the other parts of the crypto-asset white paper;
 - (b) the summary does not provide, when read together with the other parts of the crypto-asset white paper, key information in order to aid consumers and investors when considering whether to purchase such crypto-assets.
4. This Article does not exclude further civil liability claims in accordance with national law.

TITLE III

Asset-referenced tokens

Chapter 1

Authorisation to offer asset-referenced tokens to the public and to seek their admission to trading on a trading platform for crypto-assets

Article 15 *Authorisation*

1. No issuer of asset-referenced tokens shall, within the Union, offer such tokens to the public, or seek an admission of such assets to trading on a trading platform for crypto-assets, unless such issuers have been authorised to do so in accordance with Article 19 by the competent authority of their home Member State.
2. Only legal entities that are established in the Union shall be granted an authorisation as referred to in paragraph 1.
3. Paragraph 1 shall not apply where:
 - (a) over a period of 12 months, calculated at the end of each calendar day, the average outstanding amount of asset-referenced tokens does not exceed EUR 5 000 000, or the equivalent amount in another currency;
 - (b) the offer to the public of the asset-referenced tokens is solely addressed to qualified investors and the asset-referenced tokens can only be held by such qualified investors.

Issuers of such asset-referenced tokens shall, however, produce a crypto-asset white paper as referred to in Article 17 and notify that crypto-asset white paper, and where applicable, their marketing communications, to the competent authority of their home Member State in accordance with Article 7.

4. Paragraph 1 shall not apply where the issuers of asset-referenced tokens are authorised as a credit institution in accordance with Article 8 of Directive 2013/36/EU.

Such issuers shall, however, produce a crypto-asset white paper as referred to in Article 17, and submit that crypto-asset white paper for approval by the competent authority of their home Member State in accordance with paragraph 7.

5. The authorisation granted by the competent authority shall be valid for the entire Union and shall allow an issuer to offer the asset-referenced tokens for which it has been authorised throughout the Union, or to seek an admission of such asset-referenced tokens to trading on a trading platform for crypto-assets.
6. The approval granted by the competent authority of the issuers' crypto-asset white paper under Article 19 or on a modified crypto-asset white paper under Article 21 shall be valid for the entire Union.
7. The EBA shall, in close cooperation with ESMA, develop draft regulatory technical standards to specify the procedure for the approval of a crypto-asset white paper referred to in paragraph 4.

EBA shall submit those draft regulatory technical standards to the Commission by *[please insert date 12 months after the entry into force]*.

Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.

Article 16

Application for authorisation

1. Issuers of asset-referenced tokens shall submit their application for an authorisation as referred to in Article 15 to the competent authority of their home Member State.
2. The application referred to in paragraph 1 shall contain all of the following information:
 - (a) the address of the applicant issuer;
 - (b) the articles of association of the applicant issuer;
 - (c) a programme of operations, setting out the business model that the applicant issuer intends to follow;
 - (d) a legal opinion that the asset-referenced tokens do not qualify as financial instruments, electronic money, deposits or structured deposits;
 - (e) a detailed description of the applicant issuer's governance arrangements;
 - (f) the identity of the members of the management body of the applicant issuer;
 - (g) proof that the persons referred to in point (f) are of good repute and possess appropriate knowledge and experience to manage the applicant issuer;
 - (h) where applicable, proof that natural persons who either own, directly or indirectly, more than 20% of the applicant issuer's share capital or voting rights, or who exercise, by any other means, control over the said applicant issuer, have good repute and competence;
 - (i) a crypto-asset white paper as referred to in Article 17;
 - (j) the policies and procedures referred to in Article 30(5), points (a) to (k);
 - (k) a description of the contractual arrangements with the third parties referred to in the last subparagraph of Article 30(5);
 - (l) a description of the applicant issuer's business continuity policy referred to in Article 30(8);
 - (m) a description of the internal control mechanisms and risk management procedures referred to in Article 30(9);
 - (n) a description of the procedures and systems to safeguard the security, including cyber security, integrity and confidentiality of information referred to in Article 30(10);
 - (o) a description of the applicant issuer's complaint handling procedures as referred to in Article 27.
3. For the purposes of paragraph 2, points (g) and (h), applicant issuers of asset-referenced tokens shall provide proof of all of the following:

- (a) for all the persons involved in the management of the applicant issuer of asset-referenced tokens, the absence of a criminal record in respect of convictions or penalties under national rules in force in the fields of commercial law, insolvency law, financial services legislation, anti-money laundering legislation, counter-terrorism legislation, fraud, or professional liability;
 - (b) that the members of the management body of the applicant issuer of asset-referenced tokens collectively possess sufficient knowledge, skills and experience to manage the issuer of asset-referenced tokens and that those persons are required to commit sufficient time to perform their duties.
4. The EBA shall, in close cooperation with ESMA, develop draft regulatory technical standards to specify the information that an application shall contain, in addition to the information referred to in paragraph 2.

The EBA shall submit those draft regulatory technical standards to the Commission by *[please insert date 12 months after the entry into force]*.

Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.

5. The EBA shall, in close cooperation with ESMA, develop draft implementing technical standards to establish standard forms, templates and procedures for the application for authorisation.

The EBA shall submit those draft implementing technical standards to the Commission by *[please insert date 12 months after the entry into force]*.

Power is conferred on the Commission to adopt the implementing technical standards referred to in the first subparagraph in accordance with Article 15 of Regulation (EU) No 1093/2010.

Article 17

Content and form of the crypto-asset white paper for asset-referenced tokens

1. The crypto-asset white paper referred to in Article 16(2), point (i), shall comply with all the requirements laid down in Article 4. In addition to the information referred to in Article 4, however, the crypto-asset white paper shall contain all of the following information:
 - (a) a detailed description of the issuer's governance arrangements, including a description of the role, responsibilities and accountability of the third-party entities referred to in Article 30(5), point (h);
 - (b) a detailed description of the reserve of assets referred to in Article 32;
 - (c) a detailed description of the custody arrangements for the reserve assets, including the segregation of the assets, as referred to in Article 33;
 - (d) in case of an investment of the reserve assets as referred to in Article 34, a detailed description of the investment policy for those reserve assets;
 - (e) detailed information on the nature and enforceability of rights, including any direct redemption right or any claims, that holders of asset-referenced tokens and any legal or natural person as referred in Article 35(3), may have on the reserve assets or against the issuer, including how such rights may be treated in insolvency procedures.

- (f) where the issuer does not offer a direct right on the reserve assets, detailed information on the mechanisms referred to in Article 35(4) to ensure the liquidity of the asset-referenced tokens;
- (g) a detailed description of the complaint handling procedure referred to in Article 27;
- (h) the disclosure items specified in Annexes I and II.

For the purposes of point (e), where no direct claim or redemption right has been granted to all the holders of asset-referenced tokens, the crypto-asset white paper shall contain a clear and unambiguous statement that all the holders of the crypto-assets do not have a claim on the reserve assets, or cannot redeem those reserve assets with the issuer at any time.

2. The crypto-asset white paper shall contain a summary which shall in brief and non-technical language provide key information about the offer to the public of the asset-referenced tokens or about the intended admission of asset-referenced tokens to trading on a trading platform for crypto-assets, and in particular about the essential elements of the asset-referenced tokens concerned. The format and content of the summary of the crypto-asset white paper shall provide, in conjunction with the crypto-asset white paper, appropriate information about essential elements of the asset-referenced tokens concerned in order to help potential purchasers of the asset-referenced tokens to make an informed decision. The summary shall contain a warning that:
 - (i) it should be read as an introduction to the crypto-asset white paper;
 - (j) the prospective purchaser should base any decision to purchase an asset-referenced token on the content of the whole crypto-asset white paper;
 - (k) the offer to the public of asset-referenced tokens does not constitute an offer or solicitation to sell financial instruments and that any such offer or solicitation to sell financial instruments can be made only by means of a prospectus or other offering documents pursuant to national laws;
 - (l) the crypto-asset white paper does not constitute a prospectus as referred to in Regulation (EU) 2017/1129 or another offering document pursuant to Union legislation or national laws.

3. Every crypto-asset white paper shall be dated.

4. The crypto-asset white paper shall be drawn up in at least one of the official languages of the home Member State or in a language customary in the sphere of international finance.

5. The crypto-asset white paper shall be made available in machine readable formats.

6. ESMA, after consultation of the EBA, shall develop draft implementing technical standards to establish standard forms, formats and templates for the purposes of paragraph 10.

ESMA shall submit those draft implementing technical standards to the Commission by *[please insert date 12 months after entry into force]*.

Power is conferred on the Commission to adopt the implementing technical standards referred to in the first subparagraph in accordance with Article 15 of Regulation (EU) No 1095/2010.

Article 18

Assessment of the application for authorisation

1. Competent authorities receiving an application for authorisation as referred to in Article 16 shall, within 20 working days of receipt of such application, assess whether that application, including the crypto-asset white paper referred to in Article 16(2), point (i), is complete. They shall immediately notify the applicant issuer of whether the application, including the crypto-asset white paper, is complete. Where the application, including the crypto-asset white paper, is not complete, they shall set a deadline by which the applicant issuer is to provide any missing information.
2. The competent authorities shall, within 3 months from the receipt of a complete application, assess whether the applicant issuer complies with the requirements set out in this Title and take a fully reasoned draft decision granting or refusing authorisation. Within those three months, competent authorities may request from the applicant issuer any information on the application, including on the crypto-asset white paper referred in Article 16(2), point (i).
3. Competent authorities shall, after the three months referred to in paragraph 2, transmit their draft decision to the applicant issuer, and their draft decision and the application file to the EBA, ESMA and the ECB. Where the applicant issuer is established in a Member State the currency of which is not the euro, or where a currency that is not the euro is included in the reserve assets, competent authorities shall consult the central bank of that Member State. Applicant issuers shall have the right to provide their competent authority with observations and comments on their draft decisions.
4. The EBA, ESMA, the ECB and, where applicable, a central bank as referred to in paragraph 3 shall, within 2 months after having received the draft decision and the application file, issue a non-binding opinion on the application and transmit their non-binding opinions to the competent authority concerned. That competent authority shall duly consider those non-binding opinions and the observations and comments of the applicant issuer.

Article 19

Grant or refusal of the authorisation

1. Competent authorities shall, within one month after having received the non-binding opinion referred to in Article 18(4), take a fully reasoned decision granting or refusing authorisation to the applicant issuer and, and, within 5 working days, notify that decision to applicant issuers. Where an applicant issuer is authorised, its crypto-asset white paper shall be deemed to be approved.
2. Competent authorities shall refuse authorisation where there are objective and demonstrable grounds for believing that:
 - (a) the management body of the applicant issuer may pose a threat to its effective, sound and prudent management and business continuity and to the adequate consideration of the interest of its clients and the integrity of the market;

- (b) the applicant issuer fails to meet or is likely to fail to meet any of the requirements of this Title;
 - (c) the applicant issuer's business model may pose a serious threat to financial stability, monetary policy transmission or monetary sovereignty.
3. Competent authorities shall inform the EBA, ESMA and the ECB and, where applicable, the central banks referred to in Article 18(3), of all authorisations granted. ESMA shall include the following information in the register of crypto-assets and crypto-asset service providers referred to in Article 57:
- (a) the name, legal form and the legal entity identifier of the issuer of asset-referenced tokens;
 - (b) the commercial name, physical address and website of the issuer of the asset-referenced tokens;
 - (c) the crypto-asset white papers or the modified crypto-asset white papers;
 - (d) any other services provided by the issuer of asset-referenced tokens not covered by this Regulation, with a reference to the relevant Union or national law.

Article 20

Withdrawal of the authorisation

1. Competent authorities shall withdraw the authorisation of issuers of asset-referenced tokens in any of the following situations:
- (a) the issuer has not used its authorisation within 6 months after the authorisation has been granted;
 - (b) the issuer has not used its authorisation for 6 successive months;
 - (c) the issuer has obtained its authorisation by irregular means, including making false statements in the application for authorisation referred to in Article 16 or in any crypto-asset white paper modified in accordance with Article 21;
 - (d) the issuer no longer meets the conditions under which the authorisation was granted;
 - (e) the issuer has seriously infringed the provisions of this Title;
 - (f) has been put under an orderly wind-down plan, in accordance with applicable national insolvency laws;
 - (g) has expressly renounced its authorisation or has decided to stop its operations.
- Issuers of asset-referenced tokens shall notify their competent authority of any of the situations referred to in points (f) and (g).
2. Competent authorities shall notify the competent authority of an issuer of asset-referenced tokens of the following without delay:
- (a) the fact that a third-party entity as referred to in Article 30(5), point (h) has lost its authorisation as a credit institution as referred to in Article 8 of Directive 2013/36/EU, as a crypto-asset service provider as referred to in Article 53 of this Regulation, as a payment institution as referred to in Article 11 of Directive (EU) 2015/2366, or as an electronic money institution as referred to in Article 3 of Directive 2009/110/EC;

- (b) the fact that an issuer of asset-referenced tokens, or the members of its management body, have breached national provisions transposing Directive (EU) 2015/849 of the European Parliament and of the Council⁵⁴ in respect of money laundering or terrorism financing.
3. Competent authorities shall withdraw the authorisation of an issuer of asset-referenced tokens where they are of the opinion that the facts referred to in paragraph 2, points (a) and (b), affect the good repute of the management body of that issuer, or indicate a failure of the governance arrangements or internal control mechanisms as referred to in Article 30.

When the authorisation is withdrawn, the issuer of asset-referenced tokens shall implement the procedure under Article 42.

Article 21

Modification of published crypto-asset white papers for asset-referenced tokens

1. Issuers of asset-referenced tokens shall also notify the competent authority of their home Member States of any intended change of the issuer's business model likely to have a significant influence on the purchase decision of any actual or potential holder of asset-referenced tokens, which occurs after the authorisation mentioned in Article 19. Such changes include, among others, any material modifications to:
- (a) the governance arrangements;
 - (b) the reserve assets and the custody of the reserve assets;
 - (c) the rights granted to the holders of asset-referenced tokens;
 - (d) the mechanism through which asset-referenced tokens are issued, created and destroyed;
 - (e) the protocols for validating the transactions in asset-referenced tokens;
 - (f) the functioning of the issuer's proprietary DLT, where the asset-referenced tokens are issued, transferred and stored on such a DLT;
 - (g) the mechanisms to ensure the redemption of the asset-referenced tokens or to ensure their liquidity;
 - (h) the arrangements with third parties, including for managing the reserve assets and the investment of the reserve, the custody of reserve assets, and, where applicable, the distribution of the asset-referenced tokens to the public;
 - (i) the liquidity management policy for issuers of significant asset-referenced tokens;
 - (j) the complaint handling procedure.
2. Where any intended change as referred to in paragraph 1 has been notified to the competent authority, the issuer of asset-referenced tokens shall produce a draft modified crypto-asset white paper and shall ensure that the order of the information appearing there is consistent with that of the original crypto-asset white paper.

⁵⁴ Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (OJ L 141, 5.6.2015, p. 73).

The competent authority shall electronically acknowledge receipt of the draft modified crypto-asset white paper as soon as possible, and within 2 working days after receiving it.

The competent authority shall grant its approval or refuse to approve the draft modified crypto-asset white paper within 20 working days following acknowledgement of receipt of the application. During the examination of the draft amended crypto-asset white paper, the competent authority may also request any additional information, explanations or justifications on the draft amended crypto-asset white paper. When the competent authority requests such additional information, the time limit of 20 working days shall commence only when the competent authority has received the additional information requested.

The competent authority may also consult the EBA, ESMA and the ECB, and, where applicable, the central banks of Member States the currency of which is not euro.

3. Where approving the modified crypto-asset white paper, the competent authority may request the issuer of asset-referenced tokens:
 - (a) to put in place mechanisms to ensure the protection of holders of asset-referenced tokens, when a potential modification of the issuer's operations can have a material effect on the value, stability, or risks of the asset-referenced tokens or the reserve assets;
 - (b) take any appropriate corrective measures to ensure financial stability.

Article 22

Liability of issuers of asset-referenced tokens for the information given in a crypto-asset white paper

1. Where an issuer of asset-referenced tokens or its management body has infringed Article 17, by providing in its crypto-asset white paper or in a modified crypto-asset white paper information which is not complete, fair or clear or by providing information which is misleading, a holder of such asset-referenced tokens may claim damages from that issuer of asset-referenced tokens or its management body for damage caused to her or him due to that infringement.

Any exclusion of civil liability shall be deprived of any legal effect.

2. It shall be the responsibility of the holders of asset-referenced tokens to present evidence indicating that the issuer of asset-referenced tokens has infringed Article 17 and that such an infringement had an impact on his or her decision to buy, sell or exchange the said asset-referenced tokens.
3. A holder of asset-referenced tokens shall not be able to claim damages for the information provided in a summary as referred to in Article 17(2), including the translation thereof, except where:
 - (a) the summary is misleading, inaccurate or inconsistent when read together with the other parts of the crypto-asset white paper;
 - (b) the summary does not provide, when read together with the other parts of the crypto-asset white paper, key information in order to aid consumers and investors when considering whether to purchase such asset-referenced tokens.
4. This Article does not exclude further civil liability claims in accordance with national law.

Chapter 2

Obligations of all issuers of asset-referenced tokens

Article 23

Obligation to act honestly, fairly and professionally in the best interest of the holders of asset-referenced tokens

1. Issuers of asset-referenced tokens shall:
 - (a) act honestly, fairly and professionally;
 - (b) communicate with the holders of asset-referenced tokens in a fair, clear and not misleading manner.
2. Issuers of asset-referenced tokens shall act in the best interests of the holders of such tokens and shall treat them equally, unless any preferential treatment is disclosed in the crypto-asset white paper, and, where applicable, the marketing communications.

Article 24

Publication of the crypto-asset white paper, and, where applicable, of the marketing communications

Issuers of asset-referenced tokens shall publish on their website their approved crypto-asset white paper as referred to in Article 19(1) and, where applicable, their modified crypto-asset white paper referred to in Article 21 and their marketing communications referred to in Article 25. The approved crypto-asset white papers shall be publicly accessible by no later than the starting date of the offer to the public of the asset-referenced tokens or the admission of those tokens to trading on a trading platform for crypto-assets. The approved crypto-asset white paper, and, where applicable, the modified crypto-asset white paper and the marketing communications, shall remain available on the issuer's website for as long as the asset-referenced tokens are held by the public.

Article 25

Marketing communications

1. Any marketing communications relating to an offer to the public of asset-referenced tokens, or to the admission of such asset-referenced tokens to trading on a trading platform for crypto-assets, shall comply with all of the following:
 - (a) the marketing communications shall be clearly identifiable as such;
 - (b) the information in the marketing communications shall be fair, clear and not misleading;
 - (c) the information in the marketing communications shall be consistent with the information in the crypto-asset white paper;
 - (d) the marketing communications shall clearly state that a crypto-asset white paper has been published and indicate the address of the website of the issuer of the crypto-assets.
2. Where no direct claim or redemption right has been granted to all the holders of asset-referenced tokens, the marketing communications shall contain a clear and unambiguous statement that all the holders of the asset-referenced tokens do not have

a claim on the reserve assets or cannot redeem those reserve assets with the issuer at any time.

Article 26

Ongoing information to holders of asset-referenced tokens

1. Issuers of asset-referenced tokens shall at least every month and in a clear, accurate and transparent manner disclose on their website the amount of asset-referenced tokens in circulation and the value and the composition of the reserve assets referred to in Article 32.
2. Issuers of asset-referenced tokens shall as soon as possible and in a clear, accurate and transparent manner disclose on their website the outcome of the audit of the reserve assets referred to in Article 32.
3. Without prejudice to Article 77, issuers of asset-referenced tokens shall as soon as possible and in a clear, accurate and transparent manner disclose on their website any event that has or is likely to have a significant effect on the value of the asset-referenced tokens, or on the reserve assets referred to in Article 32.

Article 27

Complaint handling procedure

1. Issuers of asset-referenced tokens shall establish and maintain effective and transparent procedures for the prompt, fair and consistent handling of complaints received from holders of asset-referenced tokens. Where the asset-referenced tokens are distributed, totally or partially, by third-party entities as referred to in Article 30(5) point (h), issuers of asset-referenced tokens shall establish procedures to facilitate the handling of such complaints between holders of asset-referenced tokens and such third-party entities.
2. Holders of asset-referenced tokens shall be able to file complaints with the issuers of their asset-referenced tokens free of charge.
3. Issuers of asset-referenced tokens shall develop and make available to clients a template for filing complaints and shall keep a record of all complaints received and any measures taken in response thereof.
4. Issuers of asset-referenced tokens shall investigate all complaints in a timely and fair manner and communicate the outcome of such investigations to the holders of their asset-referenced tokens within a reasonable period of time.
5. The EBA, in close cooperation with ESMA, shall develop draft regulatory technical standards to specify the requirements, templates and procedures for complaint handling.

The EBA shall submit those draft regulatory technical standards to the Commission by ... *[please insert date 12 months after the date of entry into force of this Regulation]*.

Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.

Article 28

Prevention, identification, management and disclosure of conflicts of interest

1. Issuers of asset-referenced tokens shall maintain and implement effective policies and procedures to prevent, identify, manage and disclose conflicts of interest between themselves and:
 - (a) their shareholders;
 - (b) the members of their management body;
 - (c) their employees;
 - (d) any natural persons who either own, directly or indirectly, more than 20% of the asset-backed crypto-asset issuer's share capital or voting rights, or who exercise, by any other means, a power of control over the said issuer;
 - (e) the holders of asset-referenced tokens;
 - (f) any third party providing one of the functions as referred in Article 30(5), point (h);
 - (g) where applicable, any legal or natural persons referred to in Article 35(3).

Issuers of asset-referenced tokens shall, in particular, take all appropriate steps to prevent, identify, manage and disclose conflicts of interest arising from the management and investment of the reserve assets referred to in Article 32.

2. Issuers of asset-referenced tokens shall disclose to the holders of their asset-referenced tokens the general nature and sources of conflicts of interest and the steps taken to mitigate them.
3. Such disclosure shall be made on the website of the issuer of asset-referenced tokens in a prominent place.
4. The disclosure referred to in paragraph 3 shall be sufficiently precise to enable holders of their asset-referenced tokens to take an informed purchasing decision about the asset-referenced tokens.
5. The EBA shall develop draft regulatory technical standards to specify:
 - (a) the requirements for the policies and procedures referred to in paragraph 1;
 - (b) the arrangements for the disclosure referred to in paragraphs 3.

The EBA shall submit those draft regulatory technical standards to the Commission by ... *[please insert date 12 months after the date of entry into force of this Regulation]*.

Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph of this paragraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.

Article 29

Information to competent authorities

Issuers of asset-referenced tokens shall notify their competent authorities of any changes to their management body.

Article 30
Governance arrangements

1. Issuers of asset-referenced tokens shall have robust governance arrangements, including a clear organisational structure with well-defined, transparent and consistent lines of responsibility, effective processes to identify, manage, monitor and report the risks to which it is or might be exposed, and adequate internal control mechanisms, including sound administrative and accounting procedures.
2. Members of the management body of issuers of asset-referenced tokens shall have the necessary good repute and competence, in terms of qualifications, experience and skills, to perform their duties and to ensure the sound and prudent management of such issuers. They shall also demonstrate that they are capable of committing sufficient time to effectively carry out their functions.
3. Natural persons who either own, directly or indirectly, more than 20% of the share capital or voting rights of issuers of asset-referenced tokens, or who exercise, by any other means, a power of control over such issuers shall have the necessary good repute and competence.
4. None of the persons referred to in paragraphs 2 or 3 shall have been convicted of offences relating to money laundering or terrorist financing or other financial crimes.
5. Issuers of asset-referenced tokens shall adopt policies and procedures that are sufficiently effective to ensure compliance with this Regulation, including compliance of its managers and employees with all the provisions of this Title. In particular, issuers of asset-referenced tokens shall establish, maintain and implement policies and procedures on:
 - (a) the reserve of assets referred to in Article 32;
 - (b) the custody of the reserve assets, as specified in Article 33;
 - (c) the rights or the absence of rights granted to the holders of asset-referenced tokens, as specified in Article 35;
 - (d) the mechanism through which asset-referenced tokens are issued, created and destroyed;
 - (e) the protocols for validating transactions in asset-referenced tokens;
 - (f) the functioning of the issuer's proprietary DLT, where the asset-referenced tokens are issued, transferred and stored on such DLT or similar technology that is operated by the issuer or a third party acting on its behalf;
 - (g) the mechanisms to ensure the redemption of asset-referenced tokens or to ensure their liquidity, as specified in Article 35(4);
 - (h) arrangements with third-party entities for operating the reserve of assets, and for the investment of the reserve assets, the custody of the reserve assets, and, where applicable, the distribution of the asset-referenced tokens to the public;
 - (i) complaint handling, as specified in Article 27;
 - (j) conflicts of interests, as specified in Article 28;
 - (k) a liquidity management policy for issuers of significant asset-referenced tokens, as specified in Article 41(3).

Issuers of asset-referenced tokens that use third-party entities to perform the functions set out in point (h), shall establish and maintain contractual arrangements with those third-party entities that precisely set out the roles, responsibilities, rights and obligations of both the issuers of asset-referenced tokens and of each of those third-party entities. A contractual arrangement with cross-jurisdictional implications shall provide for an unambiguous choice of law.

6. Unless they have initiated a plan as referred to in Article 42, issuers of asset-referenced tokens shall employ appropriate and proportionate systems, resources and procedures to ensure the continued and regular performance of their services and activities. To that end, issuers of asset-referenced tokens shall maintain all their systems and security access protocols to appropriate Union standards.
7. Issuers of asset-referenced tokens shall identify sources of operational risk and minimise those risks through the development of appropriate systems, controls and procedures.
8. Issuers of asset-referenced tokens shall establish a business continuity policy that ensures, in case of an interruption of their systems and procedures, the preservation of essential data and functions and the maintenance of their activities, or, where that is not possible, the timely recovery of such data and functions and the timely resumption of their activities.
9. Issuers of asset-referenced tokens shall have internal control mechanisms and effective procedures for risk assessment and risk management, including effective control and safeguard arrangements for managing ICT systems as required by Regulation (EU) 2021/xx of the European Parliament and of the Council.⁵⁵ The procedures shall provide for a comprehensive assessment relating to the reliance on third-party entities as referred to in paragraph 5, point (h). Issuers of asset-referenced tokens shall monitor and evaluate on a regular basis the adequacy and effectiveness of the internal control mechanisms and procedures for risk assessment and take appropriate measures to address any deficiencies.
10. Issuers of asset-backed crypto-assets shall have systems and procedures in place that are adequate to safeguard the security, integrity and confidentiality of information as required by Regulation (EU) 2021/xx of the European parliament and of the Council⁵⁶. Those systems shall record and safeguard relevant data and information collected and produced in the course of the issuers' activities.
11. Issuers of asset-referenced tokens shall ensure that they are regularly audited by independent auditors. The results of those audits shall be communicated to the management body of the issuer concerned and made available to the competent authority.
12. The EBA, in close cooperation with ESMA, shall develop draft regulatory technical standards specifying the minimum content of the governance arrangements on:
 - (a) the monitoring tools for the risks referred to in paragraph 1 and in the paragraph 7;

⁵⁵ Proposal for a Regulation of the European Parliament and the Council on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014 and (EU) No 909/2014 - COM(2020)595

⁵⁶ Proposal for a Regulation of the European Parliament and the Council on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014 and (EU) No 909/2014 - COM(2020)595

- (b) the internal control mechanism referred to in paragraphs 1 and 9;
- (c) the business continuity plan referred to in paragraph 8;
- (d) the audits referred to in paragraph 11;

The EBA shall submit those draft regulatory technical standards to the Commission by *[please insert date 12 months after entry into force]*.

Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.

Article 31 **Own funds requirements**

1. Issuers of asset-referenced tokens shall, at all times, have in place own funds equal to an amount of at least the higher of the following:

- (a) EUR 350 000;
- (b) 2% of the average amount of the reserve assets referred to in Article 32.

For the purpose of points (b), the average amount of the reserve assets shall mean the average amount of the reserve assets at the end of each calendar day, calculated over the preceding 6 months.

Where an issuer offers more than one category of asset-referenced tokens, the amount referred to in point (b) shall be the sum of the average amount of the reserve assets backing each category of asset-referenced tokens.

2. The own funds referred to in paragraph 1 shall consist of the Common Equity Tier 1 items and instruments referred to in Articles 26 to 30 of Regulation (EU) No 575/2013 after the deductions in full, pursuant to Article 36 of that Regulation, without the application of threshold exemptions referred to in Articles 46 and 48 of that Regulation.
3. Competent authorities of the home Member States may require issuers of asset-referenced tokens to hold an amount of own funds which is up to 20 % higher than the amount resulting from the application of paragraph 1, point (b), or permit such issuers to hold an amount of own funds which is up to 20 % lower than the amount resulting from the application of paragraph 1, point (b), where an assessment of the following indicates a higher or a lower degree of risk:
 - (a) the evaluation of the risk-management processes and internal control mechanisms of the issuer of asset-referenced tokens as referred to in Article 30, paragraphs 1, 7 and 9;
 - (b) the quality and volatility of the reserve assets referred to in Article 32;
 - (c) the types of rights granted by the issuer of asset-referenced tokens to holders of asset-referenced tokens in accordance with Article 35;
 - (d) where the reserve assets are invested, the risks posed by the investment policy on the reserve assets;
 - (e) the aggregate value and number of transactions carried out in asset-referenced tokens;

- (f) the importance of the markets on which the asset-referenced tokens are offered and marketed;
 - (g) where applicable, the market capitalisation of the asset-referenced tokens.
4. The EBA, in close cooperation with ESMA, shall develop draft regulatory technical standards further specifying:
- (a) the methodology for the calculation of the own funds set out in paragraph 1;
 - (b) the procedure and timeframe for an issuer of significant asset-referenced tokens to adjust to higher own funds requirements as set out in paragraph 3;
 - (c) the criteria for requiring higher own funds or for allowing lower own funds, as set out in paragraph 3.

The EBA shall submit those draft regulatory technical standards to the Commission by *[please insert date 12 months after entry into force]*.

Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.

CHAPTER 3

RESERVE OF ASSETS

Article 32

Obligation to have reserve assets, and composition and management of such reserve of assets

1. Issuers of asset-referenced tokens shall at all times constitute and maintain a reserve of assets.
2. Issuers that offers two or more categories of asset-referenced tokens to the public shall operate and maintain separate reserve of assets for each category of asset-referenced tokens which shall be managed separately.

Issuers of asset-referenced tokens that offer the same asset-referenced tokens to the public shall operate and maintain only one reserve of assets for that category of asset-referenced tokens.
3. The management bodies of issuers of asset-referenced tokens shall ensure effective and prudent management of the reserve assets. The issuers shall ensure that the creation and destruction of asset-referenced tokens is always matched by a corresponding increase or decrease in the reserve of assets and that such increase or decrease is adequately managed to avoid any adverse impacts on the market of the reserve assets.
4. Issuers of asset-referenced tokens shall have a clear and detailed policy describing the stabilisation mechanism of such tokens. That policy and procedure shall in particular:
 - (a) list the reference assets to which the asset-referenced tokens aim at stabilising their value and the composition of such reference assets;
 - (b) describe the type of assets and the precise allocation of assets that are included in the reserve of assets;

- (c) contain a detailed assessment of the risks, including credit risk, market risk and liquidity risk resulting from the reserve assets;
 - (d) describe the procedure by which the asset-referenced tokens are created and destroyed, and the consequence of such creation or destruction on the increase and decrease of the reserve assets;
 - (e) mention whether the reserve assets are invested;
 - (f) where issuers of asset-referenced tokens invest a part of the reserve assets, describe in detail the investment policy and contain an assessment of how that investment policy can affect the value of the reserve assets;
 - (g) describe the procedure to purchase asset-referenced tokens and to redeem such tokens against the reserve assets, and list the persons or categories of persons who are entitled to do so.
5. Without prejudice to Article 30(11), issuers of asset-referenced tokens shall mandate an independent audit of the reserve assets every six months, as of the date of its authorisation as referred to in Article 19.

Article 33
Custody of reserve assets

1. Issuers of asset-referenced tokens shall establish, maintain and implement custody policies, procedures and contractual arrangements that ensure at all times that:
- (a) the reserve assets are segregated from the issuers' own assets;
 - (b) the reserve assets are not encumbered nor pledged as a 'financial collateral arrangement', a 'title transfer financial collateral arrangement' or as a 'security financial collateral arrangement' within the meaning of Article 2(1), points (a), (b) and (c) of Directive 2002/47/EC of the European Parliament and of the Council⁵⁷;
 - (c) the reserve assets are held in custody in accordance with paragraph 4;
 - (d) the issuers of asset-referenced tokens have prompt access to the reserve assets to meet any redemption requests from the holders of asset-referenced tokens.
- Issuers of asset-referenced tokens that issue two or more categories of asset-referenced tokens in the Union shall have a custody policy for each reserve of assets. Issuers of asset-referenced tokens that have issued the same category of asset-referenced tokens shall operate and maintain only one custody policy.
2. The reserve assets received in exchange for the asset-referenced tokens shall be held in custody by no later than 5 business days after the issuance of the asset-referenced tokens by:
- (a) a crypto-asset service provider authorised under Article 53 for the service mentioned in Article 3(1), point (10), where the reserve assets take the form of crypto-assets;
 - (b) a credit institution for all other types of reserve assets.

⁵⁷ Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements (OJ L 168, 27.6.2002, p. 43).

3. Issuers of asset-referenced tokens shall exercise all due skill, care and diligence in the selection, appointment and review of credit institutions and crypto-asset providers appointed as custodians of the reserve assets in accordance with paragraph 2.

Issuers of asset-referenced tokens shall ensure that the credit institutions and crypto-asset service providers appointed as custodians of the reserve assets have the necessary expertise and market reputation to act as custodians of such reserve assets, taking into account the accounting practices, safekeeping procedures and internal control mechanisms of those credit institutions and crypto-asset service providers. The contractual arrangements between the issuers of asset-referenced tokens and the custodians shall ensure that the reserve assets held in custody are protected against claims of the custodians' creditors.

The custody policies and procedures referred to in paragraph 1 shall set out the selection criteria for the appointments of credit institutions or crypto-asset service providers as custodians of the reserve assets and the procedure to review such appointments.

Issuers of asset-referenced tokens shall review the appointment of credit institutions or crypto-asset service providers as custodians of the reserve assets on a regular basis. For that purpose, the issuer of asset-referenced tokens shall evaluate its exposures to such custodians, taking into account the full scope of its relationship with them, and monitor the financial conditions of such custodians on an ongoing basis.

4. The reserve assets held on behalf of issuers of asset-referenced tokens shall be entrusted to credit institutions or crypto-asset service providers appointed in accordance with paragraph 3 in the following manner:

- (a) credit institutions shall hold in custody fiat currencies in an account opened in the credit institutions' books;
- (b) for financial instruments that can be held in custody, credit institutions shall hold in custody all financial instruments that can be registered in a financial instruments account opened in the credit institutions' books and all financial instruments that can be physically delivered to such credit institutions;
- (c) for crypto-assets that can be held in custody, the crypto-asset service providers shall hold the crypto-assets included in the reserve assets or the means of access to such crypto-assets, where applicable, in the form of private cryptographic keys;
- (d) for other assets, the credit institutions shall verify the ownership of the issuers of the asset-referenced tokens and shall maintain a record of those reserve assets for which they are satisfied that the issuers of the asset-referenced tokens own those reserve assets.

For the purpose of point (a), credit institutions shall ensure that fiat currencies are registered in the credit institutions' books within segregated account in accordance with national provisions transposing Article 16 of Commission Directive 2006/73/EC⁵⁸ into the legal order of the Member States. The account shall be opened

⁵⁸ Commission Directive 2006/73/EC of 10 August 2006 implementing Directive 2004/39/EC of the European Parliament and of the Council as regards organisational requirements and operating

in the name of the issuers of the asset-referenced tokens for the purpose of managing the reserve assets, so that the fiat currencies held in custody can be clearly identified as belonging to the reserve of assets.

For the purposes of point (b), credit institutions shall ensure that all those financial instruments that can be registered in a financial instruments account opened in the credit institution's books are registered in the credit institutions' books within segregated accounts in accordance with national provisions transposing Article 16 of Commission Directive 2006/73/EC⁵⁹ into the legal order of the Member States. The financial instruments account shall be opened in the name of the issuers of the asset-referenced tokens for the purpose of managing the reserve assets, so that the financial instruments held in custody can be clearly identified as belonging to the reserve of assets.

For the purposes of point (c), crypto-asset service providers shall open a register of positions in the name of the issuers of the asset-referenced tokens for the purpose of managing the reserve assets, so that the crypto-assets held in custody can be clearly identified as belonging to the reserve of assets.

For the purposes of point (d), the assessment whether issuers of asset-referenced tokens own the reserve assets shall be based on information or documents provided by the issuers of the asset-referenced tokens and, where available, on external evidence.

5. The appointment of a credit institution or a crypto-asset service provider as custodian of the reserve assets in accordance with paragraph 3 shall be evidenced by a written contract as referred to in Article 30(5), second subparagraph. Those contracts shall, amongst others, regulate the flow of information deemed necessary to enable the issuers of asset-referenced tokens and the credit institutions and the crypto-assets service providers to perform their functions.
6. The credit institutions and crypto-asset service providers that have been appointed as custodians in accordance with paragraph 3 shall act honestly, fairly, professionally, independently and in the interest of the issuer of the asset-referenced tokens and the holders of such tokens.
7. The credit institutions and crypto-asset service providers that have been appointed as custodians in accordance with paragraph 3 shall not carry out activities with regard to issuers of asset-referenced tokens that may create conflicts of interest between those issuers, the holders of the asset-referenced tokens, and themselves unless all of the following conditions have been complied with:
 - (a) the credit institutions or the crypto-asset service providers have functionally and hierarchically separated the performance of their custody tasks from their potentially conflicting tasks;
 - (b) the potential conflicts of interest have been properly identified, managed, monitored and disclosed by the issuer of the asset-referenced tokens to the holders of the asset-referenced tokens, in accordance with Article 28.

conditions for investment firms and defined terms for the purposes of that Directive (OJ L 241, 2.9.2006, p. 26).

⁵⁹ Commission Directive 2006/73/EC of 10 August 2006 implementing Directive 2004/39/EC of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (OJ L 241, 2.9.2006, p. 26).

8. In case of a loss of a financial instrument or a crypto-asset held in custody as referred to in paragraph 4, the credit institution or the crypto-asset service provider that lost that financial instrument or crypto-asset shall return to the issuer of the asset-referenced tokens a financial instrument or a crypto-asset of an identical type or the corresponding value without undue delay. The credit institution or the crypto-asset service provider concerned shall not be liable where it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

Article 34

Investment of the reserve assets

1. Issuers of asset-referenced tokens that invest a part of the reserve assets shall invest those reserve assets only in highly liquid financial instruments with minimal market and credit risk. The investments shall be capable of being liquidated rapidly with minimal adverse price effect.
2. The financial instruments in which the reserve assets are invested shall be held in custody in accordance with Article 33.
3. All profits or losses, including fluctuations in the value of the financial instruments referred to in paragraph 1, and any counterparty or operational risks that result from the investment of the reserve assets shall be borne by the issuer of the asset-referenced tokens.
4. The EBA shall, after consulting ESMA and the European System of Central Banks, develop draft regulatory technical standards specifying the financial instruments that can be considered highly liquid and bearing minimal credit and market risk as referred to in paragraph 1. When specifying the financial instruments referred to in paragraph 1, the EBA shall take into account:
 - (a) the various types of reserve assets that can back an asset-referenced token;
 - (b) the correlation between those reserve assets and the highly liquid financial instruments the issuers may invest in;
 - (c) the conditions for recognition as high quality liquid assets under Article 412 of Regulation (EU) No 575/2013 and Commission Delegated Regulation (EU) 2015/61⁶⁰.

EBA shall submit those draft regulatory technical standards to the Commission by *[please insert date 12 months after entry into force]*.

Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.

⁶⁰ Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for Credit Institutions (OJ L 011 17.1.2015, p. 1).

Article 35

Rights on issuers of asset-referenced tokens or on the reserve assets

1. Issuers of asset-referenced tokens shall establish, maintain and implement clear and detailed policies and procedures on the rights granted to holders of asset-referenced tokens, including any direct claim or redemption rights on the issuer of those asset-referenced tokens or on the reserve assets.
2. Where holders of asset-referenced tokens are granted rights as referred to in paragraph 1, issuers of asset-referenced tokens shall establish a policy setting out:
 - (a) the conditions, including thresholds, periods and timeframes, for holders of asset-referenced tokens to exercise those rights;
 - (b) the mechanisms and procedures to ensure the redemption of the asset-referenced tokens, including in stressed market circumstances, in case of an orderly wind-down of the issuer of asset-referenced tokens as referred to in Article 42, or in case of a cessation of activities by such issuer;
 - (c) the valuation, or the principles of valuation, of the asset-referenced tokens and of the reserve assets when those rights are exercised by the holder of asset-referenced tokens;
 - (d) the settlement conditions when those rights are exercised;
 - (e) the fees applied by the issuers of asset-referenced tokens when the holders exercise those rights.

The fees referred to in point (e) shall be proportionate and commensurate with the actual costs incurred by the issuers of asset-referenced tokens.

3. Where issuers of asset-referenced tokens do not grant rights as referred to in paragraph 1 to all the holders of asset-referenced tokens, the detailed policies and procedures shall specify the natural or legal persons that are provided with such rights. The detailed policies and procedures shall also specify the conditions for exercising such rights and the obligations imposed on those persons.

Issuers of asset-referenced tokens shall establish and maintain appropriate contractual arrangements with those natural or legal persons who are granted such rights. Those contractual arrangements shall precisely set out the roles, responsibilities, rights and obligations of the issuers of asset-referenced tokens and each of those natural or legal persons. A contractual arrangement with cross-jurisdictional implications shall provide for an unambiguous choice of law.

4. Issuers of asset-referenced tokens that do not grant rights as referred to in paragraph 1 to all the holders of such asset-referenced tokens shall put in place mechanisms to ensure the liquidity of the asset-referenced tokens. For that purpose, they shall establish and maintain written agreements with crypto-asset service providers authorised for the crypto-asset service referred to in Article 3(1) point (12). The issuer of asset-referenced tokens shall ensure that a sufficient number of crypto-asset service providers are required to post firm quotes at competitive prices on a regular and predictable basis.

Where the market value of asset-referenced tokens varies significantly from the value of the reference assets or the reserve assets, the holders of asset-referenced tokens shall have the right to redeem the crypto-assets from the issuer of crypto-assets

directly. In that case, any fee applied for such redemption shall be proportionate and commensurate with the actual costs incurred by the issuer of asset-referenced tokens.

The issuer shall establish and maintain contractual arrangements to ensure that the proceeds of the reserve assets are paid to the holders of asset-referenced tokens, where the issuer decides to stop operating or where it has been placed under an orderly wind-down, or when its authorisation has been withdrawn.

5. The EBA shall, in close cooperation with ESMA, develop draft regulatory technical standards specifying:
 - (a) the obligations imposed on the crypto-asset service providers ensuring the liquidity of asset-referenced tokens as set out in the first subparagraph of paragraph 4;
 - (b) the variations of value triggering a direct right of redemption from the issuer of asset-referenced tokens as set out in the second subparagraph of paragraph 4, and the conditions for exercising such a right.

EBA shall submit those draft regulatory technical standards to the Commission by ...
[please insert 12 months after the date of entry into force of this Regulation].

Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph of this paragraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.

Article 36 **Prohibition of interest**

Issuers of asset-referenced tokens or crypto-asset service providers shall not provide for interest or any other benefit related to the length of time during which a holder of asset-referenced tokens holds asset-referenced assets.

CHAPTER 4

ACQUISITIONS OF ISSUERS OF ASSET-REFERENCED TOKENS

Article 37

Assessment of intended acquisitions of issuers of asset-referenced tokens

1. Any natural or legal person or such persons acting in concert (the ‘proposed acquirer’), who intends to acquire, directly or indirectly, a qualifying holding in an issuer of asset-referenced tokens or to further increase, directly or indirectly, such a qualifying holding so that the proportion of the voting rights or of the capital held would reach or exceed 10 %, 20 %, 30 % or 50 %, or so that the issuer of asset-referenced tokens would become its subsidiary (the ‘proposed acquisition’), shall notify the competent authority of that issuer thereof in writing, indicating the size of the intended holding and the information required by the regulatory technical standards adopted by the Commission in accordance with Article 38(4).
2. Any natural or legal person who has taken a decision to dispose, directly or indirectly, of a qualifying holding in an issuer of asset-referenced tokens (the ‘proposed vendor’) shall first notify the competent authority in writing thereof, indicating the size of such holding. Such a person shall likewise notify the competent authority where it has taken a decision to reduce a qualifying holding so that the

proportion of the voting rights or of the capital held would fall below 10 %, 20 %, 30 % or 50 % or so that the issuer of asset-referenced tokens would cease to be that person's subsidiary.

3. Competent authorities shall promptly and in any event within two working days following receipt of the notification required under paragraph 1 acknowledge receipt thereof in writing.
4. Competent authorities shall assess the intended acquisition referred to in paragraph 1 and the information required by the regulatory technical standards adopted by the Commission in accordance with Article 38(4), within 60 working days from the date of the written acknowledgement of receipt referred to in paragraph 3.

When acknowledging receipt of the notification, competent authorities shall inform the persons referred to in paragraph 1 of the date on which the assessment will be finalised.

5. When performing the assessment referred to in paragraph 4, first subparagraph, competent authorities may request from the persons referred to in paragraph 1 any additional information that is necessary to complete that assessment. Such request shall be made before the assessment is finalised, and in any case no later than on the 50th working day from the date of the written acknowledgement of receipt referred to in paragraph 3. Such requests shall be made in writing and shall specify the additional information needed.

Competent authorities shall halt the assessment referred to in paragraph 4, first subparagraph, until they have received the additional information referred to in the first subparagraph of this paragraph, but for no longer than 20 working days. Any further requests by competent authorities for additional information or for clarification of the information received shall not result in an additional interruption of the assessment.

Competent authority may extend the interruption referred to in the second subparagraph of this paragraph up to 30 working days where the persons referred to in paragraph 1 are situated or regulated outside the Union.

6. Competent authorities that, upon completion of the assessment, decide to oppose the intended acquisition referred to in paragraph 1 shall notify the persons referred to in paragraph 1 thereof within two working days, but before the date referred to in paragraph 4, second subparagraph, extended, where applicable, in accordance with paragraph 5, second and third subparagraph. That notification shall provide the reasons for that decision.
7. Where competent authorities do not oppose the intended acquisition referred to in paragraph 1 before the date referred to in paragraph 4, second subparagraph, extended, where applicable, in accordance with paragraph 5, second and third subparagraph, the intended acquisition or intended disposal shall be deemed to be approved.
8. Competent authority may set a maximum period for concluding the intended acquisition referred to in paragraph 1, and extend that maximum period where appropriate.

Article 38

Content of the assessment of intended acquisitions of issuers of asset-referenced tokens

1. When performing the assessment referred to in Article 37(4), competent authorities shall appraise the suitability of the persons referred to in Article 37(1) and the financial soundness of intended acquisition against all of the following criteria:
 - (a) the reputation of the persons referred to in Article 37(1);
 - (b) the reputation and experience of any person who will direct the business of the issuer of asset-referenced tokens as a result of the intended acquisition or disposal;
 - (c) the financial soundness of the persons referred to in Article 37(1), in particular in relation to the type of business pursued and envisaged in the issuer of asset-referenced tokens in which the acquisition is intended;
 - (d) whether the issuer of asset-referenced tokens will be able to comply and continue to comply with the provisions of this Title;
 - (e) whether there are reasonable grounds to suspect that, in connection with the intended acquisition, money laundering or terrorist financing within the meaning of Article 1 of Directive (EU) 2015/849/EC is being or has been committed or attempted, or that the intended acquisition could increase the risk thereof.
2. Competent authorities may oppose the intended acquisition only where there are reasonable grounds for doing so on the basis of the criteria set out in paragraph 1 or where the information provided in accordance with Article 37(4) is incomplete or false.
3. Member States shall not impose any prior conditions in respect of the level of holding that must be acquired nor allow their competent authorities to examine the proposed acquisition in terms of the economic needs of the market.
4. The EBA, in close cooperation with ESMA, shall develop draft regulatory technical standards to establish an exhaustive list of information that is necessary to carry out the assessment referred to in Article 37(4), first subparagraph and that shall be provided to the competent authorities at the time of the notification referred to in paragraph 37(1). The information required shall be relevant for a prudential assessment, be proportionate and be adapted to the nature of the persons and the intended acquisition referred to in Article 37(1).

The EBA shall submit those draft regulatory technical standards to the Commission by *[please insert 12 months after the entry into force of this Regulation]*.

Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.

CHAPTER 5

SIGNIFICANT ASSET-REFERENCED TOKENS

Article 39

Classification of asset-referenced tokens as significant asset-referenced tokens

1. The EBA shall classify asset-referenced tokens as significant asset-referenced tokens on the basis of the following criteria, as specified in accordance with paragraph 6 and where at least three of the following criteria are met:
 - (a) the size of the customer base of the promoters of the asset-referenced tokens, the shareholders of the issuer of asset-referenced tokens or of any of the third-party entities referred to in Article 30(5), point (h);
 - (b) the value of the asset-referenced tokens issued or, where applicable, their market capitalisation;
 - (c) the number and value of transactions in those asset-referenced tokens;
 - (d) the size of the reserve of assets of the issuer of the asset-referenced tokens;
 - (e) the significance of the cross-border activities of the issuer of the asset-referenced tokens, including the number of Member States where the asset-referenced tokens are used, the use of the asset-referenced tokens for cross-border payments and remittances and the number of Member States where the third-party entities referred to in Article 30(5), point (h), are established;
 - (f) the interconnectedness with the financial system.
2. Competent authorities that authorised an issuer of asset-referenced tokens in accordance with Article 19 shall provide the EBA with information on the criteria referred to in paragraph 1 and specified in accordance with paragraph 6 on at least a yearly basis.
3. Where the EBA is of the opinion that asset-referenced tokens meet the criteria referred to in paragraph 1, as specified in accordance with paragraph 6, the EBA shall prepare a draft decision to that effect and notify that draft decision to the issuers of those asset-referenced tokens and the competent authority of the issuer's home Member State. The EBA shall give issuers of such asset-referenced tokens and their competent authorities the opportunity to provide observations and comments in writing prior the adoption of its final decision. The EBA shall duly consider those observations and comments.
4. The EBA shall take its final decision on whether an asset-referenced token is a significant asset-referenced token within three months after the notification referred to in paragraph 3 and immediately notify the issuers of such asset-referenced tokens and their competent authorities thereof.
5. The supervisory responsibilities on issuers of significant asset-referenced tokens shall be transferred to the EBA one month after the notification of the decision referred to in paragraph 4.

The EBA and the competent authority concerned shall cooperate in order to ensure the smooth transition of supervisory competences.

6. The Commission shall be empowered to adopt delegated acts in accordance with Article 121 to further specify the criteria set out in paragraph 1 for an asset-referenced token to be deemed significant and determine:
- (a) the thresholds for the criteria referred to in points (a) to (e) of paragraph 1, subject to the following:
 - i) the threshold for the customer base shall not be lower than two million of natural or legal persons;
 - ii) the threshold for the value of the asset-referenced token issued or, where applicable, the market capitalisation of such an asset-referenced token shall not be lower than EUR 1 billion;
 - iii) the threshold for the number and value of transactions in those asset-referenced tokens shall not be lower than 500 000 transactions per day or EUR 100 million per day respectively;
 - iv) the threshold for the size of the reserve assets as referred to in point (d) shall not be lower than EUR 1 billion;
 - v) the threshold for the number of Member States where the asset-referenced tokens are used, including for cross-border payments and remittances, or where the third parties as referred to in Article 30(5), point (h), are established shall not be lower than seven;
 - (b) the circumstances under which asset-referenced tokens and their issuers shall be considered as interconnected with the financial system;
 - (c) the content and format of information provided by competent authorities to EBA under paragraph 2.
 - (d) the procedure and timeframe for the decisions taken by the EBA under paragraphs 3 to 5.

Article 40

Voluntary classification of asset-referenced tokens as significant asset-referenced tokens

1. Applicant issuers of asset-referenced tokens that apply for an authorisation as referred to in Article 16, may indicate in their application for authorisation that they wish to classify their asset-referenced tokens as significant asset-referenced tokens. In that case, the competent authority shall immediately notify the request from the prospective issuer to the EBA.

For the asset-referenced tokens to be classified as significant at the time of authorisation, applicant issuers of asset-referenced tokens shall demonstrate, through its programme of operations as referred to in Article 16(2), point (c) that it is likely to meet at least three criteria referred to in Article 39(1), as specified in accordance with Article 39(6).

2. Where, on the basis of the programme of operation, the EBA is of the opinion that asset-referenced tokens meet the criteria referred to in Article 39(1), as specified in accordance with Article 39(6), the EBA shall prepare a draft decision to that effect and notify that draft decision to the competent authority of the applicant issuer's home Member State.

The EBA shall give competent authority of the applicant issuer's home Member State the opportunity to provide observations and comments in writing prior the

adoption of its final decision. The EBA shall duly consider those observations and comments.

3. Where, on the basis of the programme of operation, the EBA is of the opinion that asset-referenced tokens do not meet the criteria referred to in Article 39(1), as specified in accordance with Article 39(6), the EBA shall prepare a draft decision to that effect and notify that draft decision to the applicant issuer and the competent authority of the applicant issuer's home Member State.

The EBA shall give the applicant issuer and the competent authority of its home Member State the opportunity to provide observations and comments in writing prior the adoption of its final decision. The EBA shall duly consider those observations and comments.

4. The EBA shall take its final decision on whether an asset-referenced token is a significant asset-referenced token within three months after the notification referred to in paragraph 1 and immediately notify the issuers of such asset-referenced tokens and their competent authorities thereof.
5. Where asset-referenced tokens have been classified as significant in accordance with a decision referred to in paragraph 4, the supervisory responsibilities shall be transferred to the EBA on the date of the decision by which the competent authority grants the authorisation referred to in Article 19(1).

Article 41

Specific additional obligations for issuers of significant asset-referenced tokens

1. Issuers of significant asset-referenced tokens shall adopt, implement and maintain a remuneration policy that promotes sound and effective risk management of such issuers and that does not create incentives to relax risk standards.
2. Issuers of significant asset-referenced tokens shall ensure that such tokens can be held in custody by different crypto-asset service providers authorised for the service referred to in Article 3(1) point (10), including by crypto-asset service providers that do not belong to the same group, as defined in Article 2(11) of Directive 2013/34/EU of the European Parliament and of the Council⁶¹, on a fair, reasonable and non-discriminatory basis.
3. Issuers of significant asset-referenced tokens shall assess and monitor the liquidity needs to meet redemption requests or the exercise of rights, as referred to in Article 34, by holders of asset-referenced tokens. For that purpose, issuers of significant asset-referenced tokens shall establish, maintain and implement a liquidity management policy and procedures. That policy and those procedures shall ensure that the reserve assets have a resilient liquidity profile that enable issuer of significant asset-referenced tokens to continue operating normally, including under liquidity stressed scenarios.
4. The percentage referred to in Article 31(1), point (b), shall be set at 3% of the average amount of the reserve assets for issuers of significant asset-referenced tokens.

⁶¹ Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ L 182, 29.6.2013, p. 19).

5. Where several issuers offer the same asset-referenced token that is classified as significant, each of those issuers shall be subject to the requirements set out in the paragraphs 1 to 4.

Where an issuer offers two or more categories of asset-referenced tokens in the Union and at least one of those asset-referenced tokens is classified as significant, such an issuer shall be subject to the requirements set out in paragraphs 1 to 4.

6. The EBA, in close cooperation with ESMA, shall develop draft regulatory technical standards specifying:
 - (a) the minimum content of the governance arrangements on the remuneration policy referred to in paragraph 1;
 - (b) the procedure and timeframe for an issuer of significant asset-referenced tokens to adjust to higher own funds requirements as set out in paragraph 4.

The EBA shall submit those draft regulatory technical standards to the Commission by *[please insert date 12 months after entry into force]*.

Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.

Chapter 6

Orderly wind-down

Article 42

Orderly wind-down

1. Issuers of asset-referenced tokens shall have in place a plan that is appropriate to support an orderly wind-down of their activities under applicable national law, including continuity or recovery of any critical activities performed by those issuers or by any third-party entities as referred in Article 30(5), point (h). That plan shall demonstrate the ability of the issuer of asset-referenced tokens to carry out an orderly wind-down without causing undue economic harm to the holders of asset-referenced tokens or to the stability of the markets of the reserve assets.
2. The plan referred to in paragraph 1 shall include contractual arrangements, procedures and systems to ensure that the proceeds from the sale of the remaining reserve assets are paid to the holders of the asset-referenced tokens.
3. The plan referred to in paragraph 1 shall be reviewed and updated regularly.

TITLE IV: Electronic money tokens

Chapter 1

Requirements to be fulfilled by all issuers of electronic money tokens

Article 43

Authorisation

1. No electronic money tokens shall be offered to the public in the Union or shall be admitted to trading on a trading platform for crypto-assets unless the issuer of such electronic money tokens:
 - (a) is authorised as a credit institution or as an ‘electronic money institution’ within the meaning of Article 2(1) of Directive 2009/110/EC;
 - (b) complies with requirements applying to electronic money institution set out in Titles II and III of Directive 2009/110/EC, unless stated otherwise in this Title;
 - (c) publishes a crypto-asset white paper notified to the competent authority, in accordance with Article 46.

For the purpose of point (a), an ‘electronic money institution’ as defined in Article 2(1) of Directive 2009/110/EC shall be authorised to issue ‘e-money tokens’ and e-money tokens shall be deemed to be ‘electronic money’ as defined in Article 2(2) of Directive 2009/110/EC.

An e-money token which references a Union currency shall be deemed to be offered to the public in the Union.

2. Paragraph 1 shall not apply to:
 - (a) e-money tokens that are marketed, distributed and held by qualified investors and can only be held by qualified investors;
 - (b) if the average outstanding amount of e-money tokens does not exceed EUR 5 000 000, or the corresponding equivalent in another currency, over a period of 12 months, calculated at the end of each calendar day.

For the purpose of point (b), where the Member State has set a threshold lower than EUR 5 000 000 in accordance with Article 9 (1)(a) of Directive 2009/110/EC, such a threshold shall apply.

In the case referred to in points (a) and (b), the issuers of electronic money tokens shall produce a crypto-asset white paper and notify such crypto-asset white paper to the competent authority in accordance with Article 46.

Article 44

Issuance and redeemability of electronic money tokens

1. By derogation of Article 11 of Directive 2009/110/EC, only the following requirements regarding the issuance and redeemability of e-money tokens shall apply to issuers of e-money tokens.

2. Holders of e-money tokens shall be provided with a claim on the issuer of such e-money tokens. Any e-money token that does not provide all holders with a claim shall be prohibited.
3. Issuers of such e-money tokens shall issue e-money tokens at par value and on the receipt of funds within the meaning of Article 4(25) of Directive 2015/2366.
4. Upon request by the holder of e-money tokens, the respective issuer must redeem, at any moment and at par value, the monetary value of the e-money tokens held to the holders of e-money tokens, either in cash or by credit transfer.
5. Issuers of e-money tokens shall prominently state the conditions of redemption, including any fees relating thereto, in the crypto-asset white paper as referred to in Article 46.
6. Redemption may be subject to a fee only if stated in the crypto-asset white paper. Any such fee shall be proportionate and commensurate with the actual costs incurred by issuers of e-money tokens.
7. Where issuers of e-money tokens does not fulfil legitimate redemption requests from holders of e-money tokens within the time period specified in the crypto-asset white paper and which shall not exceed 30 days, the obligation set out in paragraph 3 applies to any following third party entities that has been in contractual arrangements with issuers of e-money tokens:
 - (a) entities ensuring the safeguarding of funds received by issuers of e-money tokens in exchange for e-money tokens in accordance with Article 7 of Directive 2009/110/EC;
 - (b) any natural or legal persons in charge of distributing e-money tokens on behalf of issuers of e-money tokens.

Article 45

Prohibition of interests

By derogation to Article 12 of Directive 2009/110/EC, no issuer of e-money tokens or crypto-asset service providers shall grant interest or any other benefit related to the length of time during which a holder of e-money tokens holds such e-money tokens.

Article 46

Content and form of the crypto-asset white paper for electronic money tokens

1. Before offering e-money tokens to the public in the EU or seeking an admission of such e-money tokens to trading on a trading platform, the issuer of e-money tokens shall publish a crypto-asset white paper on its website.
2. The crypto-asset white paper referred to in paragraph 1 shall contain all the following relevant information:
 - (a) a description of the issuer of e-money tokens;
 - (b) a detailed description of the issuer's project, and a presentation of the main participants involved in the project's design and development;
 - (c) an indication on whether the crypto-asset white paper concerns an offering of e-money tokens to the public and/or an admission of such e-money tokens to trading on a trading platform for crypto-assets;

- (d) a detailed description of the rights and obligations attached to the e-money tokens, including the redemption right at par value as referred to in Article 44 and the procedures and conditions of exercise of these rights;
 - (e) the information on the underlying technology and standards met by the issuer of e-money tokens allowing for the holding, storing and transfer of such e-money tokens;
 - (f) the risks relating to the issuer of e-money issuer, the e-money tokens and the implementation of the project, including the technology;
 - (g) the disclosure items specified in Annex III.
3. All such information referred to in paragraph 2 shall be fair, clear and not misleading. The crypto-asset white paper shall not contain material omissions and it shall be presented in a concise and comprehensible form.
 4. Every crypto-asset white paper shall also include a statement from the management body of the issuer of e-money confirming that the crypto-asset white paper complies with the requirements of this Title and specifying that, to their best knowledge, the information presented in the crypto-asset white paper is correct and that there is no significant omission.
 5. The crypto-asset white paper shall include a summary which shall, in brief and non-technical language, provide key information in relation to the offer to the public of e-money tokens or admission of such e-money tokens to trading, and in particular about the essential elements of the e-money tokens. The summary shall indicate that:
 - (a) the holders of e-money tokens have a redemption right at any moment and at par value;
 - (b) the conditions of redemption, including any fees relating thereto.
 6. Every crypto-asset white paper shall be dated.
 7. The crypto-asset white paper shall be drawn up in at least one of the official languages of the home Member State or in a language customary in the sphere of international finance.
 8. The crypto-asset white paper shall be made available in machine readable formats, in accordance with Article 5.
 9. The issuer of e-money tokens shall notify its draft crypto-asset white paper, and where applicable their marketing communications, to the relevant competent authority as referred to in Article 3(1) point (24)(b) at least 20 working days before its date of its publication.

After the notification and without prejudice of the powers laid down in Directive 2009/110/EC or the national laws transposing it, the competent authority of the home Member State may exercise the powers laid down in Article 82(1) of this Regulation.
 10. Any change or new fact likely to have a significant influence on the purchase decision of any potential purchaser or on the decision of holders of e-money tokens to sell or exchange such e-money tokens to the issuer which occurs after the publication of the initial crypto-asset white paper shall be described in a modified crypto-asset white paper prepared by the issuer and notified to the relevant competent authority, in accordance with paragraph 9.

Article 47

Liability of issuers of e-money tokens for the information given in a crypto-asset white paper

1. Where an issuer of e-money tokens or its management body has infringed Article 46, by providing in its crypto-asset white paper or in a modified crypto-asset white paper information which is not complete, fair or clear or by providing information which is misleading, a holder of such e-money tokens may claim damages from that issuer of e-money tokens or its management body for damage caused to her or him due to that infringement.
Any exclusion of civil liability shall be deprived of any legal effect.
2. It shall be the responsibility of the holders of e-money tokens to present evidence indicating that the issuer of e-money tokens has infringed Article 46 and that such an infringement had an impact on his or her decision to buy, sell or exchange the said e-money tokens.
3. A holder of e-money tokens shall not be able to claim damages for the information provided in a summary as referred to in Article 46(5), including the translation thereof, except where:
 - (a) the summary is misleading, inaccurate or inconsistent when read together with the other parts of the crypto-asset white paper;
 - (b) the summary does not provide, when read together with the other parts of the crypto-asset white paper, key information in order to aid consumers and investors when considering whether to purchase such e-money tokens.
4. This Article does not exclude further civil liability claims in accordance with national law.

Article 48

Marketing communications

1. Any marketing communications relating to an offer of e-money tokens to the public, or to the admission of such e-money tokens to trading on a trading platform for crypto-assets, shall comply with all of the following:
 - (a) the marketing communications shall be clearly identifiable as such;
 - (b) the information in the marketing communications shall be fair, clear and not misleading;
 - (c) the information in the marketing communications shall be consistent with the information in the crypto-asset white paper;
 - (d) the marketing communications shall clearly state that a crypto-asset white paper has been published and indicate the address of the website of the issuer of the e-money tokens.
2. The marketing communications shall contain a clear and unambiguous statement that all the holders of the e-money tokens have a redemption right at any time and at par value on the issuer.

Article 49

Investment of funds received in exchange of e-money token issuers

Funds received by issuers of e-money tokens in exchange of e-money tokens and that are invested in secure, low-risk assets in accordance with Article 7(2) of Directive 2009/110/EC shall be invested in assets denominated in the same currency as the one referenced by the e-money token.

Chapter 2

Significant e-money tokens

Article 50

Classification of e-money tokens as significant e-money tokens

1. The EBA shall classify e-money tokens as significant e-money tokens on the basis of the criteria referred to in Article 39(1), as specified in accordance with Article 39(6), and where at least three of those criteria are met.
2. Competent authorities of the issuer's home Member State shall provide the EBA with information on the criteria referred to in Article 39(1) of this Article and specified in accordance with Article 39(6) on at least a yearly basis.
3. Where the EBA is of the opinion that e-money tokens meet the criteria referred to in Article 39(1), as specified in accordance with Article 39(6), the EBA shall prepare a draft decision to that effect and notify that draft decision to the issuers of those e-money tokens and the competent authority of the issuer's home Member State. The EBA shall give issuers of such e-money tokens and their competent authorities the opportunity to provide observations and comments in writing prior the adoption of its final decision. The EBA shall duly consider those observations and comments.
4. The EBA shall take its final decision on whether an e-money token is a significant e-money token within three months after the notification referred to in paragraph 3 and immediately notify the issuers of such e-money tokens and their competent authorities thereof.

Article 51

Voluntary classification of e-money tokens as significant e-money tokens

1. An issuer of e-money tokens, authorised as a credit institution or as an 'electronic money institution' as defined in Article 2(1) of Directive 2009/110/EC or applying for such authorisation, may indicate that they wish to classify their e-money tokens as significant e-money tokens. In that case, the competent authority shall immediately notify the request from the issuer or applicant issuer to EBA.

For the e-money tokens to be classified as significant, the issuer or applicant issuer of e-money tokens shall demonstrate, through a detailed programme of operations, that it is likely to meet at least three criteria referred to in Article 39(1), as specified in accordance with Article 39(6).

2. Where, on the basis of the programme of operation, the EBA is of the opinion that the e-money tokens meet the criteria referred to in Article 39(1), as specified in accordance with Article 39(6), the EBA shall prepare a draft decision to that effect

and notify that draft decision to the competent authority of the issuer or applicant issuer's home Member State.

The EBA shall give competent authority of the issuer or applicant issuer's home Member State the opportunity to provide observations and comments in writing prior the adoption of its final decision. The EBA shall duly consider those observations and comments.

3. Where, on the basis of the programme of operation, the EBA is of the opinion that the e-money tokens do not meet the criteria referred to in Article 39(1), as specified in accordance with Article 39(6), the EBA shall prepare a draft decision to that effect and notify that draft decision to the issuer or applicant issuer and the competent authority of the issuer or applicant issuer's home Member State.

The EBA shall give the issuer or applicant issuer and the competent authority of its home Member State the opportunity to provide observations and comments in writing prior the adoption of its final decision. The EBA shall duly consider those observations and comments.

4. The EBA shall take its final decision on whether an e-money token is a significant e-money token within three months after the notification referred to in paragraph 1 and immediately notify the issuers or applicant issuer of such e-money tokens and their competent authorities thereof. The decision shall be immediately notified to the issuer or applicant issuer of e-money tokens and to the competent authority of its home Member State.

Article 52

Specific additional obligations for issuers of significant e-money tokens

Issuers of at least one category of e-money tokens shall apply the following requirements applying to issuers of asset-referenced tokens or significant asset-referenced tokens:

- (a) Articles 33 and 34 of this Regulation, instead of Article 7 of Directive 2009/110/EC;
- (b) Article 41, paragraphs 1, 2, and 3 of this Regulation;
- (c) Article 41 paragraph 4 of this Regulation, instead of Article 5 of Directive 2009/110/EC;
- (d) Article 42 of this Regulation.

TITLE V: Authorisation and operating conditions for Crypto-Asset Service providers

Chapter 1: Authorisation of crypto-asset service providers

Article 53

Authorisation

1. Crypto-asset services shall only be provided by legal persons that have a registered office in a Member State of the Union and that have been authorised as crypto-asset service providers in accordance with Article 55

Crypto-asset service providers shall, at all times, meet the conditions for their authorisation.

No person who is not a crypto-asset service provider shall use a name, or a corporate name, or issue marketing communications or use any other process suggesting that he or she is authorised as a crypto-asset service provider or that is likely to create confusion in that respect.

2. Competent authorities that grant an authorisation under Article 55 shall ensure that such authorisation specifies the crypto-asset services that crypto-asset service providers are authorised to provide.
3. An authorisation as a crypto-asset service provider shall be valid for the entire Union and shall allow crypto-asset service providers to provide throughout the Union the services for which they have been authorised, either through the right of establishment, including through a branch, or through the freedom to provide services.

Crypto-asset service providers that provide crypto-asset services on a cross-border basis shall not be required to have a physical presence in the territory of a host Member State.

4. Crypto-asset service providers seeking to add crypto-asset services to their authorisation shall request the competent authorities that granted the authorisation for an extension of their authorisation by complementing and updating the information referred to in Article 54. The request for extension shall be processed in accordance with Article 55.

Article 54

Application for authorisation

1. Legal persons that intend to provide crypto-asset services shall apply for authorisation as a crypto-asset service provider to the competent authority of the Member State where they have their registered office.
2. The application referred to in paragraph 1 shall contain all of the following:
 - (a) the name, including the legal name and any other commercial name to be used, the legal entity identifier of the applicant crypto-asset service provider, the website operated by that provider, and its physical address;
 - (b) the legal status of the applicant crypto-asset service provider;

- (c) the articles of association of the applicant crypto-asset service provider;
- (d) a programme of operations setting out the types of crypto-asset services that the applicant crypto-asset service provider wishes to provide, including where and how these services are to be marketed;
- (e) a description of the applicant crypto-asset service provider's governance arrangements;
- (f) for all natural persons involved in the management body of the applicant crypto-asset service provider, and for all natural persons who, directly or indirectly, hold 20% or more of the share capital or voting rights, proof of the absence of a criminal record in respect of infringements of national rules in the fields of commercial law, insolvency law, financial services law, anti-money laundering law, counter-terrorism legislation, and professional liability obligations;
- (g) proof that the natural persons involved in the management body of the applicant crypto-asset service provider collectively possess sufficient knowledge, skills and experience to manage that provider and that those natural persons are required to commit sufficient time to the performance of their duties;
- (h) a description of the applicant crypto-asset service provider's internal control mechanism, procedure for risk assessment and business continuity plan;
- (i) descriptions both in technical and non-technical language of applicant crypto-asset service provider's IT systems and security arrangements;
- (j) proof that the applicant crypto-asset service provider meets the prudential safeguards in accordance with Article 60;
- (k) a description of the applicant crypto-asset service provider's procedures to handle complaints from clients;
- (l) a description of the procedure for the segregation of client's crypto-assets and funds;
- (m) a description of the procedure and system to detect market abuse.
- (n) where the applicant crypto-asset service provider intends to ensure the custody and administration of crypto-assets on behalf of third parties, a description of the custody policy;
- (o) where the applicant crypto-asset service provider intends to operate a trading platform for crypto-assets, a description of the operating rules of the trading platform;
- (p) where the applicant crypto-asset service provider intends to exchange crypto-assets for fiat currency or crypto-assets for other crypto-assets, a description of the non-discriminatory commercial policy;
- (q) where the applicant crypto-asset service provider intends to execute orders for crypto-assets on behalf of third parties, a description of the execution policy;
- (r) where the applicant intends to receive and transmit orders for crypto-assets on behalf of third parties, proof that the natural persons giving advice on behalf of the applicant crypto-asset service provider have the necessary knowledge and expertise to fulfil their obligations.

3. Competent authorities shall not require an applicant crypto-asset service provider to provide any information they have already received pursuant to Directive 2009/110/EC, Directive 2014/65/EU, Directive 2015/2366/EU or national law applicable to crypto-asset services prior to the entry into force of this Regulation, provided that such information or documents are still up-to-date and are accessible to the competent authorities.

Article 55

Assessment of the application for authorisation and grant or refusal of authorisation

1. Competent authorities shall, within 25 working days of receipt of the application referred to in Article 54(1), assess whether that application is complete by checking that the information listed in Article 54(2) has been submitted. Where the application is not complete, the authorities shall set a deadline by which the applicant crypto-asset service providers are to provide the missing information.
2. Competent authorities may refuse to review applications where such applications remain incomplete after the deadline referred to in paragraph 1.
3. Competent authorities shall immediately notify applicant crypto-asset service providers of the fact that an application is complete.
4. Before granting or refusing to an authorisation as a crypto-asset service provider, competent authorities shall consult the competent authorities of another Member State in any of the following cases:
 - (a) the applicant crypto-asset service provider is a subsidiary of a crypto-asset service provider authorised in that other Member State;
 - (b) the applicant crypto-asset service provider is a subsidiary of the parent undertaking of a crypto-asset service provider authorised in that other Member State;
 - (c) the applicant crypto-asset service provider is controlled by the same natural or legal persons who control a crypto-asset service provider authorised in that other Member State.
5. Competent authorities shall, within three months from the date of receipt of a complete application, assess whether the applicant crypto-asset service provider complies with the requirements of this Title and shall adopt a fully reasoned decision granting or refusing an authorisation as a crypto-asset service provider. That assessment shall take into account the nature, scale and complexity of the crypto-asset services that the applicant crypto-asset service provider intends to provide.

Competent authorities may refuse authorisation where there are objective and demonstrable grounds for believing that:

 - (a) the management body of the applicant crypto-asset service provider poses a threat to its effective, sound and prudent management and business continuity, and to the adequate consideration of the interest of its clients and the integrity of the market;
 - (b) the applicant fails to meet or is likely to fail to meet any requirements of this Title.
6. Competent authorities shall inform ESMA of all authorisations granted under this Article. ESMA shall add all the information submitted in successful applications to

the register of authorised crypto-asset service providers provided for in Article 57. ESMA may request information in order to ensure that competent authorities grant authorisations under this Article in a consistent manner.

7. Competent authorities shall notify applicant crypto-asset service providers of their decisions to grant or to refuse authorisation within three working days of the date of that decision.

Article 56

Withdrawal of authorisation

1. Competent authorities shall withdraw the authorisations in any of the following situations the crypto-asset service provider:
 - (a) has not used its authorisation within 18 months of the date of granting of the authorisation;
 - (b) has expressly renounced to its authorisation;
 - (c) has not provided crypto-asset services for nine successive months;
 - (d) has obtained its authorisation by irregular means, including making false statements in its application for authorisation;
 - (e) no longer meets the conditions under which the authorisation was granted and has not taken the remedial actions requested by the competent authority within a set-time frame;
 - (f) has seriously infringed this Regulation.
2. Competent authorities shall also have the power to withdraw authorisations in any of the following situations:
 - (a) the crypto-asset service provider or the members of its management body have infringed national law implementing Directive (EU) 2015/849⁶² in respect of money laundering or terrorist financing;
 - (b) the crypto-asset service provider has lost its authorisation as a payment institution in accordance with Article 13 of Directive (EU) 2015/2366 or its authorisation as an electronic money institution granted in accordance with Title II of Directive 2009/110/EC and that crypto-asset service provider has failed to remedy the situation within 40 calendar days.
3. Where a competent authority withdraws an authorisation, the competent authority designated as a single point of contact in that Member State in accordance with Article 81 shall notify ESMA and the competent authorities of the host Member States thereof without undue delay. ESMA shall register the information on the withdrawal of the authorisation in the register referred to in Article 57.
4. Competent authorities may limit the withdrawal of authorisation to a particular service.

⁶² Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (OJ L 141, 5.6.2015, p. 73–117)

5. Before withdrawing an the authorisation, competent authorities shall consult the competent authority of another Member State where the crypto-asset service provider concerned is:
 - (a) a subsidiary of a crypto-asset service provider authorised in that other Member State;
 - (b) a subsidiary of the parent undertaking of a crypto-asset service provider authorised in that other Member State;
 - (c) controlled by the same natural or legal persons who control a crypto-asset service provider authorised in that other Member State.
6. The EBA, ESMA and any competent authority of a host Member State may at any time request that the competent authority of the home Member State examines whether the crypto-asset service provider still complies with the conditions under which the authorisation was granted.
7. Crypto-asset service providers shall establish, implement and maintain adequate procedures ensuring the timely and orderly transfer of the clients' crypto-assets and funds to another crypto-asset service provider when an authorisation is withdrawn.

Article 57

Register of crypto-asset service providers

1. ESMA shall establish a register of all crypto-asset service providers. That register shall be publicly available on its website and shall be updated on a regular basis.
2. The register referred to in paragraph 1 shall contain the following data:
 - (a) the name, legal form and the legal entity identifier and the branches of the crypto-asset service provider;
 - (b) the commercial name, physical address and website of the crypto-asset service provider or the trading platform for crypto-assets operated by the crypto-asset service provider;
 - (c) the name and address of the competent authority which granted authorisation and its contact details;
 - (d) the list of crypto-asset services for which the crypto-asset service provider is authorised;
 - (e) the list of Member States in which the crypto-asset service provider has notified its intention to provide crypto-asset services in accordance with Article 58;
 - (f) any other services provided by the crypto-asset service provider not covered by this Regulation with a reference to the relevant Union or national law.
3. Any withdrawal of an authorisation of a crypto-asset service provider in accordance with Article 56 shall remain published in the register for five years.

Article 58

Cross-border provision of crypto-asset services

1. Crypto-asset service providers that intend to provide crypto-asset services in more than one Member State, shall submit the following information to the competent authority designated as a single point of contact in accordance with Article 81.
 - (a) a list of the Member States in which the crypto-asset service provider intends to provide crypto-asset services;
 - (b) the starting date of the intended provision of the crypto-asset services;
 - (c) a list of all other activities provided by the crypto-asset service provider not covered by this Regulation.
2. The single point of contact of the Member State where authorisation was granted shall, within 10 working days of receipt of the information referred to in paragraph 1 communicate that information to the competent authorities of the host Member States, to ESMA and to the EBA. ESMA shall register that information in the register referred to in Article 57.
3. The single point of contact of the Member State which granted authorisation shall inform the crypto-asset service provider concerned of the communication referred to in paragraph 2 without delay.
4. Crypto-asset service providers may start to provide crypto-asset services in a Member State other than their home Member State from the date of the receipt of the communication referred to in paragraph 3 or at the latest 15 calendar days after having submitted the information referred to in paragraph 1.

Chapter 2: Obligation for all crypto-asset service providers

Article 59

Obligation to act honestly, fairly and professionally in the best interest of clients and information to clients

1. Crypto-asset service providers shall act honestly, fairly and professionally in accordance with the best interests of their clients and prospective clients.
2. Crypto-asset service providers shall provide their clients with fair, clear and not misleading information, in particular in marketing communications, which shall be identified as such. Crypto-asset service providers shall not, deliberately or negligently, mislead a client in relation to the real or perceived advantages of any crypto-assets.
3. Crypto-asset service providers shall warn clients of risks associated with purchasing crypto-assets.
4. Crypto-asset service providers shall make their pricing policies publicly available, by online posting with a prominent place on their website.

Article 60

Prudential requirements

1. Crypto-asset service providers shall, at all times, have in place prudential safeguards equal to an amount of at least the higher of the following:

- (a) the amount of permanent minimum capital requirements indicated in Annex IV, depending on the nature of the crypto-asset services provided;
 - (b) one quarter of the fixed overheads of the preceding year, reviewed annually;
2. The prudential safeguards referred to in paragraph 1 shall take any of the following forms:
 - (a) own funds, consisting of Common Equity Tier 1 items referred to in Articles 26 to 30 of Regulation (EU) No 575/2013 after the deductions in full, pursuant to Article 36 of that Regulation, without the application of threshold exemptions pursuant to Articles 46 and 48 of that Regulation;
 - (b) an insurance policy covering the territories of the Union where crypto-asset services are actively provided or a comparable guarantee.
3. Crypto-asset service providers that have not been in business for one year from the date on which they started providing services shall use, for the calculation referred to in paragraph 1, point (b), the projected fixed overheads included in their projections for the first 12 months' of service provision, as submitted with their application for authorisation.
4. The insurance policy referred to in paragraph 2 shall have at least all of the following characteristics:
 - (a) it has an initial term of no less than one year;
 - (b) the notice period for its cancellation is at least 90 days;
 - (c) it is taken out from an undertaking authorised to provide insurance, in accordance with Union law or national law;
 - (d) it is provided by a third-party entity.
5. The insurance policy referred to in paragraph 2, point (b) shall include, coverage against the risk of:
 - (a) loss of documents;
 - (b) misrepresentations or misleading statements made;
 - (c) acts, errors or omissions resulting in a breach of:
 - i) legal and regulatory obligations;
 - ii) the duty to act honestly, fairly and professionally towards clients;
 - iii) obligations of confidentiality;
 - (d) failure to establish, implement and maintain appropriate procedures to prevent conflicts of interest;
 - (e) losses arising from business disruption or system failures;
 - (f) where applicable to the business model, gross negligence in safeguarding of clients' crypto-assets and funds.
6. For the purposes of paragraph 1 point (b), crypto-asset service providers shall calculate their fixed overheads for the preceding year, using figures resulting from the applicable accounting framework, by subtracting the following items from the total expenses after distribution of profits to shareholders in their most recently

audited annual financial statements or, where audited statements are not available, in annual financial statements validated by national supervisors:

- (a) staff bonuses and other remuneration, to the extent that those bonuses and that remuneration depend on a net profit of the crypto-asset service providers in the relevant year;
- (b) employees', directors' and partners' shares in profits;
- (c) other appropriations of profits and other variable remuneration, to the extent that they are fully discretionary;
- (d) non-recurring expenses from non-ordinary activities.

Article 61

Organisational requirements

1. Members of the management body of crypto-asset service providers shall have the necessary good repute and competence, in terms of qualifications, experience and skills to perform their duties. They shall demonstrate that they are capable of committing sufficient time to effectively carry out their functions.
2. Natural persons who either own, directly or indirectly, more than 20% of the crypto-asset service provider's share capital or voting rights, or who exercise, by any other means, a power of control over the said crypto-asset service provider shall provide evidence that they have the necessary good repute and competence.
3. None of the persons referred to in paragraphs 1 or 2 shall have been convicted of offences relating to money laundering or terrorist financing or other financial crimes.
4. Crypto-asset service providers shall employ personnel with the skills, knowledge and expertise necessary for the discharge of responsibilities allocated to them, and taking into account the scale, the nature and range of crypto-asset services provided.
5. The management body shall assess and periodically review the effectiveness of the policies arrangements and procedures put in place to comply with the obligations set out in Chapters 2 and 3 of this Title and take appropriate measures to address any deficiencies.
6. Crypto-asset service providers shall take all reasonable steps to ensure continuity and regularity in the performance of their crypto-asset services. To that end, crypto-asset service providers shall employ appropriate and proportionate resources and procedures, including resilient and secure ICT systems in accordance with Regulation (EU) 2021/xx of the European Parliament and of the Council.⁶³

They shall establish a business continuity policy, which shall include ICT business continuity as well as disaster recovery plans set-up in accordance with Regulation (EU) 2021/xx of the European Parliament and of the Council⁶⁴ aimed at ensuring, in the case of an interruption to their ICT systems and procedures, the preservation of essential data and functions and the maintenance of crypto-asset services, or, where

⁶³ Proposal for a Regulation of the European Parliament and the Council on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014 and (EU) No 909/2014 - COM(2020)595.

⁶⁴ Proposal for a Regulation of the European Parliament and the Council on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014 and (EU) No 909/2014 - COM(2020)595.

that is not possible, the timely recovery of such data and functions and the timely resumption of crypto-asset services.

7. Crypto-asset service providers shall have internal control mechanisms and effective procedures for risk assessment, including effective control and safeguard arrangements for managing ICT systems in accordance with Regulation (EU) 2021/xx of the European Parliament and of the Council.⁶⁵ They shall monitor and, on a regular basis, evaluate the adequacy and effectiveness of internal control mechanisms and procedures for risk assessment and take appropriate measures to address any deficiencies.

Crypto-asset service providers shall have systems and procedures to safeguard the security, integrity and confidentiality of information in accordance with Regulation (EU) 2021/xx of the European Parliament and of the Council.⁶⁶

8. Crypto-asset service providers shall arrange for records to be kept of all crypto-asset services, orders and transactions undertaken by them. Those records shall be sufficient to enable competent authorities to fulfil their supervisory tasks and to perform the enforcement actions, and in particular to ascertain whether the crypto-asset service provider has complied with all obligations including those with respect to clients or potential clients and to the integrity of the market.
9. Crypto-asset service providers shall have in place systems, procedures and arrangements to monitor and detect market abuse as referred in Title VI. They shall immediately report to their competent authority any suspicion that there may exist circumstances that indicate that any market abuse has been committed, is being committed or is likely to be committed.

Article 62

Information to competent authorities

Crypto-asset service providers shall notify their competent authority of any changes to their management body and shall provide their competent authority with all the necessary information to assess compliance with Article 61.

Article 63

Safekeeping of clients' crypto-assets and funds

1. Crypto-asset service providers that hold crypto-assets belonging to clients or the means of access to such crypto-assets shall make adequate arrangements to safeguard the ownership rights of clients, especially in the event of the crypto-asset service provider's insolvency, and to prevent the use of a client's crypto-assets on own account except with the client's express consent.
2. Where their business models or the crypto-asset services require holding clients' funds, crypto-asset service providers shall have adequate arrangements in place to

⁶⁵ Proposal for a Regulation of the European Parliament and the Council on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014 and (EU) No 909/2014 - COM(2020)595.

⁶⁶ Proposal for a Regulation of the European Parliament and the Council on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014 and (EU) No 909/2014 - COM(2020)595.

safeguard the rights of clients and prevent the use of clients' funds, as defined under Article 4(25) of Directive (EU) 2015/2366⁶⁷, for their own account.

3. Crypto-asset service providers shall, promptly place any client's funds, with a central bank or a credit institution.

Crypto-asset service providers shall take all necessary steps to ensure that the clients' funds held with a central bank or a credit institution are held in an account or accounts separately identifiable from any accounts used to hold funds belonging to the crypto-asset service provider.

4. Crypto-asset service providers may themselves, or through a third party, provide payment services related to the crypto-asset service they offer, provided that the crypto-asset service provider itself, or the third-party, is a payment institution as defined in Article 4, point (4), of Directive (EU) 2015/2366.
5. Paragraphs 2 and 3 of this Article shall not apply to crypto-asset service providers that are electronic money institutions as defined in Article 2, point 1 of Directive 2009/110/EC or payment institutions as defined in Article 4, point (4), of Directive (EU) 2015/2366.

Article 64

Complaint handling procedure

1. Crypto-asset service providers shall establish and maintain effective and transparent procedures for the prompt, fair and consistent handling of complaints received from clients.
2. Clients shall be able to file complaints with crypto-asset service providers free of charge.
3. Crypto-asset service providers shall develop and make available to clients a template for complaints and shall keep a record of all complaints received and any measures taken in response thereof.
4. Crypto-assets service providers shall investigate all complaints in a timely and fair manner, and communicate the outcome of such investigations to their clients within a reasonable period of time.

Article 65

Prevention, identification, management and disclosure of conflicts of interest

1. Crypto-asset service providers shall maintain and operate an effective policy to prevent, identify, manage and disclose conflicts of interest between themselves and:
 - (a) their shareholders or any person directly or indirectly linked to them by control;
 - (b) their managers and employees,
 - (c) their clients, or between one client and another client.

⁶⁷ Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC (*OJL* 33, 23.12.2015, p.35)

2. Crypto-asset service providers shall disclose to their clients and potential clients the general nature and sources of conflicts of interest and the steps taken to mitigate them.

Crypto-asset service providers shall make such disclosures on their website in a prominent place.

3. The disclosure referred to in paragraph 2 shall be sufficiently precise, taking into account the nature of each client and to enable each client to take an informed decision about the service in the context of which the conflicts of interest arises.
4. Crypto-asset service providers shall assess and at least annually review, their policy on conflicts of interest and take all appropriate measures to address any deficiencies.

Article 66

Outsourcing

1. Crypto-asset service providers, that rely on third parties for the performance of operational functions, take all reasonable steps to avoid additional operational risk. They shall remain fully responsible for discharging all of their obligations under this Title and shall ensure at all times that all the following conditions are complied with:
 - (a) outsourcing does not result in the delegation of the responsibility of the crypto-asset service providers;
 - (b) outsourcing does not alter the relationship between the crypto-asset service providers and their clients, nor the obligations of the crypto-asset service providers towards their clients;
 - (c) outsourcing does not change the conditions for the authorisation of the crypto-asset service providers;
 - (d) third parties involved in the outsourcing cooperate with the competent authority of the crypto-asset service providers' home Member State and the outsourcing does not prevent the exercise of supervisory functions by those competent authorities, including on-site access to acquire any relevant information needed to fulfil those functions;
 - (e) crypto-asset service providers retain the expertise and resources necessary for evaluating the quality of the services provided, for supervising the outsourced services effectively and for managing the risks associated with the outsourcing on an ongoing basis;
 - (f) crypto-asset service providers have direct access to the relevant information of the outsourced services;
 - (g) crypto-asset service providers ensure that third parties involved in the outsourcing meet the standards laid down in the relevant data protection law which would apply if the third parties were established in the Union.

For the purposes of point (g), crypto-asset service providers are responsible for ensuring that the standards laid down in the relevant data protection legislation are set out in the contract referred to in paragraph 3.

2. Crypto-asset service providers shall have a policy on their outsourcing, including on contingency plans and exit strategies.

3. Crypto-asset service providers shall enter into a written agreement with any third parties involved in outsourcing. That written agreement shall specify the rights and obligations of both the crypto-asset service providers and of the third parties concerned, and shall allow the crypto-asset service providers concerned to terminate that agreement.
4. Crypto-asset service providers and third parties shall, upon request, make available to the competent authorities and the relevant authorities all information necessary to enable those authorities to assess compliance of the outsourced activities with the requirements of this Title.

Chapter 3: Obligations for the provision of specific crypto-asset services

Article 67

Custody and administration of crypto-assets on behalf of third parties

1. Crypto-asset service providers that are authorised for the custody and administration on behalf of third parties shall enter into an agreement with their clients to specify their duties and their responsibilities. Such agreement shall include at least all the following:
 - (a) the identity of the parties to the agreement;
 - (b) the nature of the service provided and a description of that service;
 - (c) the means of communication between the crypto-asset service provider and the client, including the client's authentication system;
 - (d) a description of the security systems used by the crypto-assets service provider;
 - (e) fees applied by the crypto-asset service provider;
 - (f) the law applicable to the agreement.
2. Crypto-asset service providers that are authorised for the custody and administration of crypto-assets on behalf of third parties shall keep a register of positions, opened in the name of each client, corresponding to each client's rights to the crypto-assets. Crypto-asset service providers shall record as soon as possible, in that register any movements following instructions from their clients. Their internal procedures shall ensure that any movement affecting the registration of the crypto-assets is evidenced by a transaction regularly registered in the client's position register.
3. Crypto-asset service providers that are authorised for the custody and administration of crypto-assets on behalf of third parties shall establish a custody policy with internal rules and procedures to ensure the safekeeping or the control of such crypto-assets, or the means of access to the crypto-assets, such as cryptographic keys.

Those rules and procedures shall ensure that the crypto-asset service provider cannot lose clients' crypto-assets or the rights related to those assets due to frauds, cyber threats or negligence.
4. Where applicable, crypto-asset service providers that are authorised for the custody and administration of crypto-assets on behalf of third parties shall facilitate the exercise of the rights attached to the crypto-assets. Any event likely to create or modify the client's rights shall be recorded in the client's position register as soon as possible.

5. Crypto-asset providers that are authorised for the custody and administration of crypto-assets on behalf of third parties shall provide their clients, at least once every three months and at each request of the client concerned, with a statement of position of the crypto-assets recorded in the name of those clients. That statement of position shall be made in a durable medium. The statement of position shall mention the crypto-assets concerned, their balance, their value and the transfer of crypto-assets made during the period concerned.

Crypto-asset service providers that are authorised for the custody and administration of crypto-assets on behalf of third parties shall provide their clients as soon as possible with any information about operations on crypto-assets that require a response from those clients.

6. Crypto-asset service providers that are authorised for the custody and administration of crypto-assets on behalf of third parties shall ensure that crypto-assets held on behalf of their clients or the means of access to those crypto-assets are returned as soon as possible to those clients.
7. Crypto-asset service providers that are authorised for the custody and administration of crypto-assets on behalf of third parties shall segregate holdings on behalf of their clients from their own holdings. They shall ensure that, on the DLT, their clients' crypto-assets are held on separate addresses from those on which their own crypto-assets are held.
8. Crypto-asset service providers that are authorised for the custody and administration of crypto-assets on behalf of third parties shall be liable to their clients for loss of crypto-assets as a result of a malfunction or hacks up to the market value of the crypto-assets lost.

Article 68

Operation of a trading platform for crypto-assets

1. Crypto-asset service providers that are authorised for the operation of a trading platform for crypto-assets shall lay down operating rules for the trading platform. These operating rules shall at least:
 - (a) set the requirements, due diligence and approval processes that are applied before admitting crypto-assets to the trading platform;
 - (b) define exclusion categories, if any, which are the types of crypto-assets that will not be admitted to trading on the trading platform, if any.
 - (c) set out the policies, procedures and the level of fees, if any, for the admission of trading of crypto-assets to the trading platform;
 - (d) set objective and proportionate criteria for participation in the trading activities, which promote fair and open access to the trading platform for clients willing to trade;
 - (e) set requirements to ensure fair and orderly trading;
 - (f) set conditions for crypto-assets to remain accessible for trading, including liquidity thresholds and periodic disclosure requirements;
 - (g) set conditions under which trading of crypto-assets can be suspended;
 - (h) set procedures to ensure efficient settlement of both crypto-asset transactions and fiat currency transactions.

For the purposes of point (a), the operating rules shall clearly state that a crypto-asset shall not be admitted to trading on the trading platform, where a crypto-asset white paper has been published, unless such a crypto-asset benefits from the exemption set out in Articles 4(2).

Before admitting a crypto-asset to trading, crypto-asset service providers that are authorised for the operation of a trading platform for crypto-assets shall ensure that the crypto-asset complies the operating rules of the trading platform and assess the quality of the crypto-asset concerned. When assessing the quality of a crypto-asset, the trading platform shall take into account the experience, track record and reputation of the issuer and its development team. The trading platform shall also assess the quality of the crypto-assets benefiting from the exemption set out in Articles 4(2).

The operating rules of the trading platform for crypto-assets shall prevent the admission to trading of crypto-assets which have inbuilt anonymisation function unless the holders of the crypto-assets and their transaction history can be identified by the crypto-asset service providers that are authorised for the operation of a trading platform for crypto-assets or by competent authorities.

2. These operating rules referred to in paragraph 1 shall be drafted in one of the official languages of the home Member States or in another language that is customary in the sphere of finance. Those operating rules shall be made public on the website of the crypto-asset service provider concerned.
3. Crypto-asset service providers that are authorised for the operation of a trading platform for crypto-assets shall not deal on own account on the trading platform for crypto-assets they operate, even when they are authorised for the exchange of crypto-assets for fiat currency or for the exchange of crypto-assets for other crypto-assets.
4. Crypto-asset service providers that are authorised for the operation of a trading platform for crypto-assets shall have in place effective systems, procedures and arrangements to ensure that their trading systems:
 - (a) are resilient;
 - (b) have sufficient capacity to ensure orderly trading under conditions of severe market stress;
 - (c) are able to reject orders that exceed pre-determined volume and price thresholds or are clearly erroneous;
 - (d) are fully tested to ensure that conditions under points (a), (b) and (c) are met;
 - (e) are subject to effective business continuity arrangements to ensure continuity of their services if there is any failure of the trading system.
5. Crypto-asset service providers that are authorised for the operation of a trading platform for crypto-assets shall make public any bid and ask prices and the depth of trading interests at those prices which are advertised for crypto-assets through the systems of the trading platform for crypto-assets. The crypto-asset service providers concerns shall make that information available to the public during the trading hours on a continuous basis.
6. Crypto-asset service providers that are authorised for the operation of a trading platform for crypto-assets shall make public the price, volume and time of the transactions executed in respect of crypto-assets traded on their trading platforms.

They shall make details of all such transactions public as close to real-time as is technically possible.

7. Crypto-asset service providers that are authorised for the operation of a trading platform for crypto-assets shall make the information published in accordance with paragraphs 5 and 6 available to the public on a reasonable commercial basis and ensure non-discriminatory access to that information. That information shall be made available free of charge 15 minutes after publication in a machine readable format and remain published for at least 2 years.
8. Crypto-asset service providers that are authorised for the operation of a trading platform for crypto-assets shall complete the final settlement of a crypto-asset transaction on the DLT on the same date as the transactions has been executed on the trading platform.
9. Crypto-asset service providers that are authorised for the operation of a trading platform for crypto-assets shall ensure that their fee structures are transparent, fair and non-discriminatory and that they do not create incentives to place, modify or cancel orders or to execute transactions in a way that contributes to disorderly trading conditions or market abuse as referred to in Title VI.
10. Crypto-asset service providers that are authorised for the operation of a trading platform for crypto-assets shall maintain resources and have back-up facilities in place to be capable of reporting to their competent authority at all times.

Article 69

Exchange of crypto-assets against fiat currency or exchange of crypto-assets against other crypto-assets

1. Crypto-asset providers that are authorised for exchanging crypto-assets against fiat currency or other crypto-assets shall establish a non-discriminatory commercial policy that indicates, in particular, the type of clients they accept to transact with and the conditions that shall be met by clients.
2. Crypto-asset service providers that are authorised for exchanging crypto-assets against fiat currency or other crypto-assets shall publish a firm price of the crypto-assets or a method for determining the price of the crypto-assets they propose for exchange against fiat currency or other crypto-assets.
3. Crypto-asset service providers that are authorised for exchanging crypto-assets against fiat currency or other crypto-assets shall execute the clients' orders at the prices displayed at the time of their receipt.
4. Crypto-asset service providers that are authorised for exchanging crypto-assets against fiat currency or other crypto-assets shall publish the details of the orders and the transactions concluded by them, including transaction volumes and prices.

Article 70

Execution of orders for crypto-assets on behalf of third parties

1. Crypto-asset service providers that are authorised to execute orders for crypto-assets on behalf of third parties shall take all necessary steps to obtain, when executing orders, the best possible result for their clients taking into account the best execution factors of price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order, unless the crypto-asset

service provider concerned executes orders for crypto-assets following specific instructions given by its clients.

2. To ensure compliance with paragraph 2, a crypto-asset service provider that are authorised to execute orders for crypto-assets on behalf of third parties shall establish and implement effective execution arrangements. In particular, they shall establish and implement an order execution policy to allow them to obtain, for their clients' orders, the best possible result. In particular, this order execution policy shall provide for the prompt, fair and expeditious execution of clients' orders and prevent the misuse by the crypto-asset service providers' employees of any information relating to clients' orders.
3. Crypto-asset service providers that are authorised to execute orders for crypto-assets on behalf of third parties shall provide appropriate and clear information to their clients on their order execution policy and any significant change to it.

Article 71

Placing of crypto-assets

1. Crypto-asset service providers that are authorised for placing crypto-assets shall communicate the following information to the issuer or any third party acting on their behalf, before concluding a contract with them:
 - (a) the type of placement considered, including whether a minimum amount of purchase is guaranteed or not;
 - (b) an indication of the amount of transaction fees associated with the service for the proposed operation;
 - (c) the considered timing, process and price for the proposed operation;
 - (d) information about the targeted purchasers.

Crypto-asset service providers that are authorised for placing crypto-assets shall, before placing the crypto-assets concerned shall obtain the agreement of the issuers or any third party acting on their behalf as regards points (a) to (d).
2. The rules on conflicts of interest referred to in Article 65 shall have specific and adequate procedures in place to prevent, monitor, manage and potentially disclose any conflicts of interest arising from the following situations:
 - (a) the crypto-asset service providers place the crypto-assets with their own clients;
 - (b) the proposed price for placing crypto-assets has been overestimated or underestimated.

Article 72

Reception and transmission of orders on behalf of third parties

1. Crypto-asset service providers that are authorised for the provision of the reception and transmission of orders on behalf of third parties shall establish and implement procedures and arrangements which provide for the prompt and proper transmission of client's orders for execution on a trading platform for crypto-assets or to another crypto-asset service provider.

2. Crypto-asset service providers that are authorised for the provision of the reception and transmission of orders on behalf of third parties shall not receive any remuneration, discount or non-monetary benefit for routing clients' orders received from clients to a particular trading platform for crypto-assets or to another crypto-asset service provider.
3. Crypto-asset service providers that are authorised for the provision of the reception and transmission of orders on behalf of third parties shall not misuse information relating to pending clients' orders, and shall take all reasonable steps to prevent the misuse of such information by any of their employees.

Article 73

Advice on crypto-assets

1. Crypto-asset service providers that are authorised to provide advice on crypto-assets shall assess the compatibility of such crypto-assets with the needs of the clients and recommend them only when this is in the interest of the clients.
2. Crypto-asset service providers that are authorised to provide advice on crypto-assets shall ensure that natural persons giving advice or information about crypto-assets or a crypto-asset service on their behalf possess the necessary knowledge and experience to fulfil their obligations.
3. For the purposes of the assessment referred to in paragraph 1, crypto-asset service providers that are authorised to provide advice on crypto-assets shall request information about the client or prospective client's knowledge of, and experience in crypto-assets, objectives, financial situation including the ability to bear losses and a basic understanding of risks involved in purchasing crypto-assets.

Crypto-asset service providers that are authorised to provide advice on crypto-assets shall warn clients that, due to their tradability, the value of crypto-assets may fluctuate.
4. Crypto-asset service providers that are authorised to provide advice on crypto-assets shall establish, maintain and implement policies and procedures to enable them to collect and assess all information necessary to conduct this assessment for each client. They shall take reasonable steps to ensure that the information collected about their clients or prospective clients is reliable.
5. Where clients do not provide the information required pursuant to paragraph 4, or where crypto-asset service providers that are authorised to provide advice on crypto-assets consider, on the basis of the information received under paragraph 4, that the prospective clients or clients have insufficient knowledge, crypto-asset service providers that are authorised to provide advice on crypto-assets shall inform those clients or prospective clients that the crypto-assets or crypto-asset services may be inappropriate for them and issue them a warning on the risks associated with crypto-assets. That risk warning shall clearly state the risk of losing the entirety of the money invested or converted into crypto-assets. Clients shall expressly acknowledge that they have received and understood the warning issued by the crypto-asset service provider concerned.
6. Crypto-asset service providers that are authorised to provide advice on crypto-assets shall for each client review the assessment referred to in paragraph 1 every two years after the initial assessment made in accordance with that paragraph.

7. Once the assessment referred to in paragraph 1 has been performed, crypto-asset service providers that are authorised to provide advice on crypto-assets shall provide clients with a report summarising the advice given to those clients. That report shall be made and communicated to the clients in a durable medium. That report shall, as a minimum:
 - (a) specify the clients' demands and needs;
 - (b) provide an outline of the advice given.

Chapter 4: Acquisition of crypto-asset service providers

Article 74

Assessment of intended acquisitions of crypto-asset service providers

1. Any natural or legal person or such persons acting in concert (the 'proposed acquirer'), who have taken a decision either to acquire, directly or indirectly, a qualifying holding in a crypto-asset service provider or to further increase, directly or indirectly, such a qualifying holding in a crypto-asset service provider so that the proportion of the voting rights or of the capital held would reach or exceed 10 %, 20 %, 30 % or 50 % or so that the crypto-asset service provider would become its subsidiary (the 'proposed acquisition'), shall notify the competent authority of that crypto-asset service provider thereof in writing indicating the size of the intended holding and the information required by the regulatory technical standards adopted by the Commission in accordance with Article 75(4).
2. Any natural or legal person who has taken a decision to dispose, directly or indirectly, of a qualifying holding in a crypto-asset service provider (the 'proposed vendor') shall first notify the competent authority in writing thereof, indicating the size of such holding. Such a person shall likewise notify the competent authority where it has taken a decision to reduce a qualifying holding so that the proportion of the voting rights or of the capital held would fall below 10 %, 20 %, 30 % or 50 % or so that the crypto-asset service provider would cease to be that person's subsidiary.
3. Competent authorities shall, promptly and in any event within two working days following receipt of the notification required under paragraph 1 acknowledge receipt thereof in writing to the proposed acquirer.
4. Competent authorities shall assess the intended acquisition referred to in paragraph 1 and the information required by the regulatory technical standards adopted by the Commission in accordance with Article 75(4), within sixty working days from the date of the written acknowledgement of receipt referred to in paragraph 3.

When acknowledging receipt of the notification, competent authorities shall inform the persons referred to in paragraph 1 of the date on which the assessment will be finalised.
5. When performing the assessment referred to in paragraph 4, first subparagraph, competent authorities may request from the persons referred to in paragraph 1 any additional information that is necessary to complete that assessment. Such request shall be made before the assessment is finalised, and in any case no later than on the 50th working day from the date of the written acknowledgement of receipt referred to in paragraph 3. Such requests shall be made in writing and shall specify the additional information needed.

Competent authorities shall halt the assessment referred to in paragraph 4, first subparagraph, until they have received the additional information referred to in the first subparagraph of this paragraph, but for no longer than 20 working days. Any further requests by competent authorities for additional information or for clarification of the information received shall not result in an additional interruption of the assessment.

Competent authority may extend the interruption referred to in the second subparagraph of this paragraph up to 30 working days where the persons referred to in paragraph 1 are situated or regulated outside the Union.

6. Competent authorities that, upon completion of the assessment, decide to oppose the intended acquisition referred to in paragraph 1 shall notify the persons referred to in paragraph 1 thereof within two working days, but before the date referred to in paragraph 4, second subparagraph, extended, where applicable, in accordance with paragraph 5, second and third subparagraph. That notification shall provide the reasons for that decision.
7. Where competent authorities do not oppose the intended acquisition referred to in paragraph 1 before the date referred to in paragraph 4, second subparagraph, extended, where applicable, in accordance with paragraph 5, second and third subparagraph, the intended acquisition or intended disposal shall be deemed to be approved.
8. Competent authority may set a maximum period for concluding the intended acquisition referred to in paragraph 1, and extend that maximum period where appropriate.

Article 75

Content of the assessment of intended acquisitions of crypto-asset service providers

1. When performing the assessment referred to in Article 74(4), competent authorities shall appraise the suitability of the persons referred to in Article 74(1) and the financial soundness of intended acquisition against all of the following criteria:
 - (a) the reputation of the persons referred to in Article 74(1);
 - (b) the reputation and experience of any person who will direct the business of the crypto-asset service provider as a result of the intended acquisition or disposal;
 - (c) the financial soundness of the persons referred to in Article 74(1), in particular in relation to the type of business pursued and envisaged in the crypto-asset service provider in which the acquisition is intended;
 - (d) whether the crypto-asset service provider will be able to comply and continue to comply with the provisions of this Title;
 - (e) whether there are reasonable grounds to suspect that, in connection with the intended acquisition, money laundering or terrorist financing within the meaning of Article 1 of Directive (EU) 2015/849/EC is being or has been committed or attempted, or that the intended acquisition could increase the risk thereof.
2. Competent authorities may oppose the intended acquisition only where there are reasonable grounds for doing so on the basis of the criteria set out in paragraph 1 or

where the information provided in accordance with Article 74(4) is incomplete or false.

3. Member States shall not impose any prior conditions in respect of the level of holding that must be acquired nor allow their competent authorities to examine the proposed acquisition in terms of the economic needs of the market.
4. ESMA, in close cooperation with the EBA, shall develop draft regulatory technical standards to establish an exhaustive list of information that is necessary to carry out the assessment referred to in Article 74(4), first subparagraph and that shall be provided to the competent authorities at the time of the notification referred to in Article 74(1). The information required shall be relevant for a prudential assessment, be proportionate and be adapted to the nature of the persons and the intended acquisition referred to in Article 74(1).

ESMA shall submit those draft regulatory technical standards to the Commission by *[please insert date 12 months after the entry into force of this Regulation]*.

Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1095/2010.

TITLE VI: Prevention of Market Abuse involving crypto-assets

Article 76

Scope of the rules on market abuse

The prohibitions and requirements laid down in this Title shall apply to acts carried out by any person and that concern crypto-assets that are admitted to trading on a trading platform for crypto-assets operated by an authorised crypto-asset service provider, or for which a request for admission to trading on such a trading platform has been made.

Article 77

Disclosure of inside information

1. Issuers of crypto-assets shall inform the public as soon as possible of inside information which concerns them, in a manner that enables the public to access that information in an easy manner and to assess that information in a complete, correct and timely manner.
2. Issuers of crypto-assets may, on their own responsibility, delay disclosure to the public of inside information provided that all of the following conditions are met:
 - (a) immediate disclosure is likely to prejudice the legitimate interests of the issuers;
 - (b) delay of disclosure is not likely to mislead the public;
 - (c) the issuers are able to ensure the confidentiality of that information.

Article 78

Prohibition of insider dealing

1. No person shall use inside information about crypto-assets to acquire those crypto-assets, or to dispose of those crypto-assets, either directly or indirectly and either for his or her own account or for the account of a third party.
2. No person that possesses inside information about crypto-assets shall:
 - (a) recommend, on the basis of that inside information, that another person acquires those crypto-assets or disposes of those crypto-assets to which that information relates, or induce that person to make such an acquisition or disposal;
 - (b) recommend, on the basis of that inside information, that another person cancels or amends an order concerning those crypto-assets, or induce that person to make such a cancellation or amendment.

Article 79

Prohibition of unlawful disclosure of inside information

No person that possesses inside information shall disclose such information to any other person, except where such disclosure is made in the normal exercise of an employment, a profession or duties.

Article 80

Prohibition of market manipulation

1. No person shall engage into market manipulation which shall include any of the following activities:
 - (a) unless the person entering into a transaction, placing an order to trade or engaging in any other behaviour establishes that such transaction, order or behaviour has been carried out for legitimate reasons, entering into a transaction, placing an order to trade or any other behaviour which:
 - i) gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of, a crypto-asset;
 - ii) sets, or is likely to set, the price of one or several crypto-assets at an abnormal or artificial level.
 - (b) entering into a transaction, placing an order to trade or any other activity or behaviour which affects or is likely to affect the price of one or several crypto-assets, while employing a fictitious device or any other form of deception or contrivance;
 - (c) disseminating information through the media, including the internet, or by any other means, which gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of a crypto-asset, or is likely to secure, the price of one or several crypto-assets, at an abnormal or artificial level, including the dissemination of rumours, where the person who made the dissemination knew, or ought to have known, that the information was false or misleading.
2. The following behaviour shall, inter alia, be considered as market manipulation:
 - (a) securing a dominant position over the supply of or demand for a crypto-asset, which has, or is likely to have, the effect of fixing, directly or indirectly, purchase or sale prices or creates, or is likely to create, other unfair trading conditions;
 - (b) the placing of orders to a trading platform for crypto-assets, including any cancellation or modification thereof, by any available means of trading, and which has one of the effects referred to in paragraph 1(a), by:
 - i) disrupting or delaying the functioning of the trading platform for crypto-assets or engaging into any activities that are likely to have that effect;
 - ii) making it more difficult for other persons to identify genuine orders on the trading platform for crypto-assets or engaging into any activities that are likely to have that effect, including by entering orders which result in the destabilisation of the normal functioning of the trading platform for crypto-assets;
 - iii) creating a false or misleading signal about the supply of, or demand for, or price of, a crypto-asset, in particular by entering orders to initiate or exacerbate a trend, or engaging into any activities that are likely to have that effect;
 - (c) taking advantage of occasional or regular access to the traditional or electronic media by voicing an opinion about a crypto-asset, while having previously taken positions on that crypto-asset, and profiting subsequently from the

impact of the opinions voiced on the price of that crypto-asset, without having simultaneously disclosed that conflict of interest to the public in a proper and effective way.

Title VII: competent Authorities, the EBA and ESMA

Chapter 1: Powers of competent authorities and cooperation between competent authorities, the EBA and ESMA

Article 81

Competent authorities

1. Member States shall designate the competent authorities responsible for carrying out the functions and duties provided for in this Regulation and shall inform the EBA and ESMA thereof.
2. Where Member States designate more than one competent authority pursuant to paragraph 1, they shall determine their respective tasks and designate one of them as a single point of contact for cross-border administrative cooperation between competent authorities as well as with the EBA and ESMA.
3. ESMA shall publish on its website a list of the competent authorities designated in accordance with paragraph 1.

Article 82

Powers of competent authorities

1. In order to fulfil their duties under Titles II, III, IV and V of this Regulation, competent authorities shall have, in accordance with national law, at least the following supervisory and investigative powers:
 - (a) to require crypto-asset service providers and the natural or legal persons that control them or are controlled by them, to provide information and documents;
 - (b) to require members of the management body of the crypto-asset service providers to provide information;
 - (c) to suspend, or to require a crypto-asset service provider to suspend, the provision of crypto-asset service for a maximum of 10 consecutive working days on any single occasion where there are reasonable grounds for believing that this Regulation has been infringed;
 - (d) to prohibit the provision of crypto-asset services where they find that this Regulation has been infringed;
 - (e) to disclose, or to require a crypto-asset service provider to disclose, all material information which may have an effect on the provision of the crypto-asset services in order to ensure consumer protection or the smooth operation of the market;
 - (f) to make public the fact that a crypto-asset service provider is failing to comply with its obligations;
 - (g) to suspend, or to require a crypto-asset service provider to suspend the provision of crypto-asset services where the competent authorities consider that the crypto-asset service provider's situation is such that the provision of the crypto-asset service would be detrimental to consumers' interests;

- (h) to transfer existing contracts to another crypto-asset service provider in cases where a crypto-asset service provider's authorisation is withdrawn in accordance with Article 56, subject to the agreement of the clients and the receiving crypto-asset service provider;
- (i) where there is a reason to assume that a person is providing a crypto-asset service without authorisation, to require information and documents from that person;
- (j) where there is a reason to assume that a person is issuing asset-referenced tokens or e-money tokens without authorisation, to require information and documents from that person;
- (k) in urgent cases, where there is a reason to assume that a person is providing crypto-asset services without authorisation, to order the immediate cessation of the activity without prior warning or imposition of a deadline;
- (l) to require issuers of crypto-assets, including asset-referenced tokens and e-money tokens, or persons asking for admission to trading on a trading platform for crypto-assets, and the persons that control them or are controlled by them, to provide information and documents;
- (m) to require members of the management body of the issuer of crypto-assets, including asset-referenced tokens and e-money tokens, or person asking for admission of such crypto-assets to trading on a trading platform for crypto-assets to provide information;
- (n) to require issuers of crypto-assets, including asset-referenced tokens and e-money tokens, to include additional information in their crypto-asset white papers, where necessary for consumer protection or financial stability;
- (o) to suspend an offer to the public of crypto-assets, including asset-referenced tokens or e-money tokens, or an admission to trading on a trading platform for crypto-assets for a maximum of 10 consecutive working days on any single occasion where there are reasonable grounds for suspecting that this Regulation has been infringed;
- (p) to prohibit an offer to the public of crypto-assets, including asset-referenced tokens or e-money tokens, or an admission to trading on a trading platform for crypto-assets where they find that this Regulation has been infringed or where there are reasonable grounds for suspecting that it would be infringed;
- (q) to suspend or require a trading platform for crypto-assets to suspend trading of the crypto-assets, including asset-referenced tokens or e-money tokens, for a maximum of 10 consecutive working days on any single occasion where there are reasonable grounds for believing that this Regulation has been infringed;
- (r) to prohibit trading of crypto-assets, including asset-referenced tokens or e-money tokens, on a trading platform for crypto-assets where they find that this Regulation has been infringed;
- (s) to make public the fact that an issuer of crypto-assets, including an issuer of asset-referenced tokens or e-money tokens, or a person asking for admission to trading on a trading platform for crypto-assets is failing to comply with its obligations;

- (t) to disclose, or to require the issuer of crypto-assets, including an issuer of asset-referenced tokens or e-money tokens, to disclose, all material information which may have an effect on the assessment of the crypto-assets offered to the public or admitted to trading on a trading platform for crypto-assets in order to ensure consumer protection or the smooth operation of the market;
- (u) to suspend or require the relevant trading platform for crypto-assets to suspend the crypto-assets, including asset-referenced tokens or e-money tokens, from trading where it considers that the issuer's situation is such that trading would be detrimental to consumers' interests;
- (v) in urgent cases, where there is a reason to assume that a person is issuing asset-referenced tokens or e-money tokens without authorisation or a person is issuing crypto-assets without a crypto-asset white paper notified in accordance with Article 7, to order the immediate cessation of the activity without prior warning or imposition of a deadline;
- (w) to require the temporary cessation of any practice that the competent authority considers contrary to this Regulation;
- (x) to carry out on-site inspections or investigations at sites other than the private residences of natural persons, and for that purpose to enter premises in order to access documents and other data in any form, where a reasonable suspicion exists that documents and other data related to the subject-matter of the inspection or investigation may be relevant to prove an infringement of this Regulation.

Supervisory and investigative powers exercised in relation to e-money token issuers are without prejudice to powers granted to relevant competent authorities under national laws transposing Directive 2009/110/EC.

2. In order to fulfil their duties under Title VI of this Regulation, competent authorities shall have, in accordance with national law, at least the following supervisory and investigatory powers in addition to powers referred to in paragraph 1:

- (a) to access any document and data in any form, and to receive or take a copy thereof;
- (b) to require or demand information from any person, including those who are successively involved in the transmission of orders or conduct of the operations concerned, as well as their principals, and if necessary, to summon and question any such person with a view to obtain information;
- (c) to enter the premises of natural and legal persons in order to seize documents and data in any form where a reasonable suspicion exists that documents or data relating to the subject matter of the inspection or investigation may be relevant to prove a case of insider dealing or market manipulation infringing this Regulation;
- (d) to refer matters for criminal investigation;
- (e) to require, insofar as permitted by national law, existing data traffic records held by a telecommunications operator, where there is a reasonable suspicion of an infringement and where such records may be relevant to the investigation of an infringement of Articles 77, 78, 79 and 80;
- (f) to request the freezing or sequestration of assets, or both;

- (g) to impose a temporary prohibition on the exercise of professional activity;
 - (h) to take all necessary measures to ensure that the public is correctly informed, inter alia, by correcting false or misleading disclosed information, including by requiring an issuer of crypto-assets or other person who has published or disseminated false or misleading information to publish a corrective statement.
3. Where necessary under national law, the competent authority may ask the relevant judicial authority to decide on the use of the powers referred to in paragraphs 1 and 2.
 4. Competent authorities shall exercise their functions and powers referred to in paragraphs 1 and 2 in any of the following ways:
 - (a) directly;
 - (b) in collaboration with other authorities;
 - (c) under their responsibility by delegation to such authorities;
 - (d) by application to the competent judicial authorities.
 5. Member States shall ensure that appropriate measures are in place so that competent authorities have all the supervisory and investigatory powers that are necessary to fulfil their duties.
 6. A person making information available to the competent authority in accordance with this Regulation shall not be considered to be infringing any restriction on disclosure of information imposed by contract or by any legislative, regulatory or administrative provision, and shall not be subject to liability of any kind related to such notification.

Article 83

Cooperation between competent authorities

1. Competent authorities shall cooperate with each other for the purposes of this Regulation. They shall exchange information without undue delay and cooperate in investigation, supervision and enforcement activities.

Where Member States have chosen, in accordance with Article 92(1), to lay down criminal penalties for an infringement of this Regulation, they shall ensure that appropriate measures are in place so that competent authorities have all the necessary powers to liaise with judicial, prosecuting, or criminal justice authorities within their jurisdiction to receive specific information related to criminal investigations or proceedings commenced for infringements of this Regulation and to provide the same information to other competent authorities as well as to the EBA and ESMA, in order to fulfil their obligation to cooperate for the purposes of this Regulation.
2. A competent authority may refuse to act on a request for information or a request to cooperate with an investigation only in any of the following exceptional circumstances:
 - (a) where complying with the request is likely to adversely affect its own investigation, enforcement activities or a criminal investigation;
 - (b) where judicial proceedings have already been initiated in respect of the same actions and against the same natural or legal persons before the authorities of the Member State addressed;

- (c) where a final judgment has already been delivered in relation to such natural or legal persons for the same actions in the Member State addressed.
3. Competent authorities shall, on request, without undue delay supply any information required for the purposes of this Regulation.

4. A competent authority may request assistance from the competent authority of another Member State with regard to on-site inspections or investigations.

Where a competent authority receives a request from a competent authority of another Member State to carry out an on-site inspection or an investigation, it may take any of the following actions:

- (a) carry out the on-site inspection or investigation itself;
 - (b) allow the competent authority which submitted the request to participate in an on-site inspection or investigation;
 - (c) allow the competent authority which submitted the request to carry out the on-site inspection or investigation itself;
 - (d) share specific tasks related to supervisory activities with the other competent authorities.
5. The competent authorities may refer to ESMA in situations where a request for cooperation, in particular to exchange information, has been rejected or has not been acted upon within a reasonable time.

Without prejudice to Article 258 TFEU, ESMA may, in such situations, act in accordance with the power conferred on it under Article 19 of Regulation (EU) No 1095/2010.

6. By derogation to paragraph 5, the competent authorities may refer to the EBA in situations where a request for cooperation, in particular to exchange information, concerning an issuer of asset-referenced tokens or e-money tokens, or crypto-asset services related to asset-referenced tokens or e-money tokens, has been rejected or has not been acted upon within a reasonable time.

Without prejudice to Article 258 TFEU, the EBA may, in such situations, act in accordance with the power conferred on it under Article 19 of Regulation (EU) No 1093/2010.

7. Competent authorities shall closely coordinate their supervision in order to identify and remedy infringements of this Regulation, develop and promote best practices, facilitate collaboration, foster consistency of interpretation, and provide cross-jurisdictional assessments in the event of any disagreements.

For the purpose of the first sub-paragraph, the EBA and ESMA shall fulfil a coordination role between competent authorities and across colleges as referred to in Articles 99 and 101 with a view of building a common supervisory culture and consistent supervisory practices, ensuring uniform procedures and consistent approaches, and strengthening consistency in supervisory outcomes, especially with regard to supervisory areas which have a cross-border dimension or a possible cross-border impact.

8. Where a competent authority finds that any of the requirements under this Regulation has not been met or has reason to believe that to be the case, it shall inform the

competent authority of the entity or entities suspected of such infringement of its findings in a sufficiently detailed manner.

9. ESMA, after consultation of the EBA, shall develop draft regulatory technical standards to specify the information to be exchanged between competent authorities in accordance with paragraph 1.

Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph of this paragraph in accordance with Articles 10 to 14 of Regulation (EU) No 1095/2010.

ESMA shall submit those draft regulatory technical standards to the Commission by ... *[please insert date 12 months after entry into force]*.

10. ESMA, after consultation of the EBA, shall develop draft implementing technical standards to establish standard forms, templates and procedures for the cooperation and exchange of information between competent authorities.

Power is conferred on the Commission to adopt the implementing technical standards referred to in the first subparagraph of this paragraph in accordance with Article 15 of Regulation (EU) No 1095/2010.

ESMA shall submit those draft implementing technical standards to the Commission by ... *[please insert date 12 months after the date of entry into force]*.

Article 84

Cooperation with the EBA and ESMA

1. For the purpose of this Regulation, the competent authorities shall cooperate closely with ESMA in accordance with Regulation (EU) No 1095/2010 and with the EBA in accordance with Regulation (EU) No 1093/2010. They shall exchange information in order to carry out their duties under this Chapter and Chapter 2 of this Title.
2. A requesting competent authority shall inform the EBA and ESMA of any request referred to in the Article 83(4).

In the case of an on-site inspection or investigation with cross-border effect, ESMA shall, where requested to do so by one of the competent authorities, coordinate the inspection or investigation. Where the on-site inspection or investigation with cross-border effects concerns an issuer of asset-referenced tokens or e-money tokens, or crypto-asset services related to asset-referenced tokens or e-money tokens, the EBA where requested to do so by one of the competent authorities, coordinate the inspection or investigation.

3. The competent authorities shall without delay provide the EBA and ESMA with all information necessary to carry out their duties, in accordance with Article 35 of Regulation (EU) No 1093/2010 and Article 35 of Regulation (EU) No 1095/2010 respectively.
4. In order to ensure uniform conditions of application of this Article, ESMA, in close cooperation with the EBA, shall develop draft implementing technical standards to establish standard forms, templates and procedures for the cooperation and exchange of information between competent authorities and with the EBA and ESMA.

ESMA shall submit those draft implementing technical standards to the Commission by ... *[please insert date 12 months after the date of entry into force]*.

Power is conferred on the Commission to adopt the implementing technical standards referred to in the first subparagraph of this paragraph in accordance with Article 15 of Regulation (EU) No 1095/2010.

Article 85

Cooperation with other authorities

Where an issuer of crypto-assets, including asset-referenced tokens or e-money tokens, or a crypto-asset service provider engages in activities other than those covered by this Regulation, the competent authorities shall cooperate with the authorities responsible for the supervision or oversight of such other activities as provided for in the relevant Union or national law, including tax authorities.

Article 86

Notification duties

Member States shall notify the laws, regulations and administrative provisions implementing this Title, including any relevant criminal law provisions, to the Commission, the EBA and ESMA by... *[please insert date 12 months after the date of entry into force]*. Member States shall notify the Commission and ESMA without undue delay of any subsequent amendments thereto.

Article 87

Professional secrecy

1. All information exchanged between the competent authorities under this Regulation that concerns business or operational conditions and other economic or personal affairs shall be considered to be confidential and shall be subject to the requirements of professional secrecy, except where the competent authority states at the time of communication that such information is permitted to be disclosed or such disclosure is necessary for legal proceedings.
2. The obligation of professional secrecy shall apply to all natural or legal persons who work or who have worked for the competent authorities. Information covered by professional secrecy may not be disclosed to any other natural or legal person or authority except by virtue of provisions laid down by Union or national law.

Article 88

Data protection

With regard to the processing of personal data within the scope of this Regulation, competent authorities shall carry out their tasks for the purposes of this Regulation in accordance with Regulation (EU) 2016/679⁶⁸.

With regard to the processing of personal data by the EBA and ESMA within the scope of this Regulation, it shall comply with Regulation (EU) 2018/1725⁶⁹.

⁶⁸ Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (*OJ L 119, 4.5.2016, p. 1*)

⁶⁹ Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions,

Article 89

Precautionary measures

1. Where the competent authority of a host Member State has clear and demonstrable grounds for believing that irregularities have been committed by a crypto-asset service provider or by an issuer of crypto-assets, including asset-referenced tokens or e-money tokens, it shall notify the competent authority of the home Member State and ESMA thereof.

Where the irregularities concerns an issuer of asset-referenced tokens or e-money tokens, or a crypto-asset service related to asset-referenced tokens or e-money tokens, the competent authorities of the host Member States shall also notify the EBA.

2. Where, despite the measures taken by the competent authority of the home Member State, the crypto-asset service provider or the issuer of crypto-assets persists in infringing this Regulation, the competent authority of the host Member State, after informing the competent authority of the home Member State, ESMA and where appropriate the EBA, shall take all appropriate measures in order to protect consumers and shall inform the Commission, ESMA and where appropriate the EBA, thereof without undue delay.
3. Where a competent authority disagrees with any of the measures taken by another competent authority pursuant to paragraph 2 of this Article, it may bring the matter to the attention of ESMA. ESMA may act in accordance with the powers conferred on it under Article 19 of Regulation (EU) No 1095/2010.

By derogation to the first subparagraph, where the measures concerns an issuer of asset-referenced tokens or e-money tokens, or a crypto-asset service related to asset-referenced tokens or e-money tokens, the competent authority may bring the matter to the attention of the EBA. The EBA may act in accordance with the powers conferred on it under Article 19 of Regulation (EU) No 1093/2010.

Article 90

Cooperation with third countries

1. The competent authorities of Member States shall, where necessary, conclude cooperation arrangements with supervisory authorities of third countries concerning the exchange of information with supervisory authorities in third countries and the enforcement of obligations arising under this Regulation in third countries. Those cooperation arrangements shall ensure at least an efficient exchange of information that allows the competent authorities to carry out their duties under this Regulation.

A competent authority shall inform the EBA, ESMA and the other competent authorities where it proposes to enter into such an arrangement.

2. ESMA, in close cooperation with the EBA, shall, where possible, facilitate and coordinate the development of cooperation arrangements between the competent authorities and the relevant supervisory authorities of third countries.

ESMA, in close cooperation with the EBA, shall develop draft regulatory technical standards containing a template document for cooperation arrangements that are to be used by competent authorities of Member States where possible.

bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC (Text with EEA relevance) OJ L 295, 21.11.2018, p. 39–98

ESMA shall submit those draft regulatory technical standards to the Commission by *[please insert date 12 months after entry into force]*.

Power is delegated to the Commission to adopt the regulatory technical standards referred to in the second subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1095/2010.

3. ESMA, in close cooperation with EBA, shall also, where possible, facilitate and coordinate the exchange between competent authorities of information obtained from supervisory authorities of third countries that may be relevant to the taking of measures under Chapter 2.
4. The competent authorities shall conclude cooperation arrangements on exchange of information with the supervisory authorities of third countries only where the information disclosed is subject to guarantees of professional secrecy which are at least equivalent to those set out in Article 87. Such exchange of information shall be intended for the performance of the tasks of those competent authorities.

Article 91

Complaint handling by competent authorities

1. Competent authorities shall set up procedures which allow clients and other interested parties, including consumer associations, to submit complaints to the competent authorities with regard to issuer of crypto-assets, including asset-referenced tokens or e-money tokens, and crypto-asset service providers' alleged infringements of this Regulation. In all cases, complaints should be accepted in written or electronic form and in an official language of the Member State in which the complaint is submitted or in a language accepted by the competent authorities of that Member State.
2. Information on the complaints procedures referred to in paragraph 1 shall be made available on the website of each competent authority and communicated to the EBA and ESMA. ESMA shall publish the references to the complaints procedures related sections of the websites of the competent authorities in its crypto-asset register referred to in Article 57.

Chapter 2: administrative measures and sanctions by competent authorities

Article 92

Administrative sanctions and other administrative measures

1. Without prejudice to any criminal sanctions and without prejudice to the supervisory powers of competent authorities under Article 82, Member States shall, in accordance with national law, provide for competent authorities to have the power to take appropriate administrative sanctions and other administrative measures in relation to at least the following infringements:
 - (a) infringements of Articles 4 to 14;
 - (b) infringements of Articles 17 and 21, Articles 23 to 36 and Article 42;
 - (c) infringements of Articles 43 to 49, except Article 47;
 - (d) infringements of Article 56 and Articles 58 to 73;

- (e) infringements of Articles 76 to 80;
- (f) failure to cooperate or to comply with an investigation, with an inspection or with a request as referred to in Article 82(2).

Member States may decide not to lay down rules for administrative sanctions as referred to in the first subparagraph where the infringements referred to in points (a), (b), (c), (d) or (e) of that subparagraph are already subject to criminal sanctions in their national law by *[please insert date 12 months after entry into force]*. Where they so decide, Member States shall notify, in detail, to the Commission, ESMA and to EBA, the relevant parts of their criminal law.

By *[please insert date 12 months after entry into force]*, Member States shall notify, in detail, the rules referred to in the first and second subparagraph to the Commission, the EBA and ESMA. They shall notify the Commission, ESMA and EBA without delay of any subsequent amendment thereto.

2. Member States shall, in accordance with national law, ensure that competent authorities have the power to impose at least the following administrative sanctions and other administrative measures in relation to the infringements listed in point (a) of paragraph 1:
 - (a) a public statement indicating the natural person or the legal entity responsible and the nature of the infringement in accordance with Article 82;
 - (b) an order requiring the natural person or legal entity responsible to cease the conduct constituting the infringement;
 - (c) maximum administrative pecuniary sanctions of at least twice the amount of the profits gained or losses avoided because of the infringement where those can be determined;
 - (d) in the case of a legal person, maximum administrative pecuniary sanctions of at least EUR 5 000 000, or, in the Member States whose currency is not the euro, the corresponding value in the national currency on *[please insert date of entry into force of this Regulation]*, or 3 % of the total annual turnover of that legal person according to the last available financial statements approved by the management body. Where the legal person is a parent undertaking or a subsidiary of a parent undertaking which is required to prepare consolidated financial accounts in accordance with Directive 2013/34/EU⁷⁰, the relevant total annual turnover shall be the total annual turnover or the corresponding type of income in accordance with the relevant Union law in the area of accounting according to the last available consolidated accounts approved by the management body of the ultimate parent undertaking.
 - (e) in the case of a natural person, maximum administrative pecuniary sanctions of at least EUR 700 000, or, in the Member States whose currency is not the euro, the corresponding value in the national currency on *[please insert date of entry into force of this Regulation]*.
3. Member States shall, in accordance with national law, ensure that competent authorities have the power to impose at least the following administrative sanctions

⁷⁰ Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ L 182, 29.6.2013, p. 19).

and other administrative measures in relation to the infringements listed in point (b) of paragraph 1:

- (a) a public statement indicating the natural person or the legal entity responsible and the nature of the infringement;
- (b) an order requiring the natural person or legal entity responsible to cease the conduct constituting the infringement;
- (c) maximum administrative pecuniary sanctions of at least twice the amount of the profits gained or losses avoided because of the infringement where those can be determined;
- (d) in the case of a legal person, maximum administrative pecuniary sanctions of at least 15% of the total annual turnover of that legal person according to the last available financial statements approved by the management body.

4. Member States shall, in accordance with national law, ensure that competent authorities have the power to impose at least the following administrative sanctions and other administrative measures in relation to the infringements listed in point (c) of paragraph 1:

- (a) a public statement indicating the natural person or the legal entity responsible and the nature of the infringement;
- (b) an order requiring the natural person or legal entity responsible to cease the conduct constituting the infringement;
- (c) maximum administrative pecuniary sanctions of at least twice the amount of the profits gained or losses avoided because of the infringement where those can be determined;
- (d) in the case of a legal person, maximum administrative pecuniary sanctions of at least 15% of the total annual turnover of that legal person according to the last available financial statements approved by the management body.

5. Member States shall, in accordance with their national law, ensure that competent authorities have the power to impose at least the following administrative penalties and other administrative measures in relation to the infringements listed in point (d) of the first subparagraph of paragraph 1:

- (a) a public statement indicating the natural or legal person responsible for, and the nature of, the infringement;
- (b) an order requiring the natural or legal person to cease the infringing conduct and to desist from a repetition of that conduct;
- (c) a ban preventing any member of the management body of the legal person responsible for the infringement, or any other natural person held responsible for the infringement, from exercising management functions in such undertakings;
- (d) maximum administrative fines of at least twice the amount of the benefit derived from the infringement where that benefit can be determined, even if it exceeds the maximum amounts set out in point (e);
- (e) in the case of a legal person, maximum administrative fines of at least EUR 500 000, or, in the Member States whose currency is not the euro, the corresponding value in the national currency on ... *[please insert date of entry*

into force of this Regulation] or of up to 5% of the total annual turnover of that legal person according to the last available financial statements approved by the management body. Where the legal person is a parent undertaking or a subsidiary of a parent undertaking which is required to prepare consolidated financial statements in accordance with Directive 2013/34/EU of the European Parliament and of the Council, the relevant total annual turnover shall be the total annual turnover or the corresponding type of income in accordance with the relevant Union law in the area of accounting according to the last available consolidated accounts approved by the management body of the ultimate parent undertaking;

- (f) in the case of a natural person, maximum administrative fines of at least EUR 500 000, or, in the Member States whose currency is not the euro, the corresponding value in the national currency on ... *[please insert date of entry into force of this Regulation]*.

6. Member States shall, in accordance with national law, ensure that competent authorities have the power to impose at least the following administrative sanctions and to take at least the following administrative measures in the event of the infringements referred to in point (e) of the first subparagraph of paragraph 1:

- (a) an order requiring the person responsible for the infringement to cease the conduct and to desist from a repetition of that conduct;
- (b) the disgorgement of the profits gained or losses avoided due to the infringement insofar as they can be determined;
- (c) a public warning which indicates the person responsible for the infringement and the nature of the infringement;
- (d) withdrawal or suspension of the authorisation of a crypto-asset service provider;
- (e) a temporary ban of any member of the management body of the crypto-asset service provider or any other natural person, who is held responsible for the infringement, from exercising management functions in the crypto-asset service provider;
- (f) in the event of repeated infringements of Articles 78, 79 or 80, a permanent ban of any member of the management body of a crypto-asset service provider or any other natural person who is held responsible for the infringement, from exercising management functions in the crypto-asset service provider;
- (g) a temporary ban of any member of the management body of a crypto-asset service provider or any other natural person who is held responsible for the infringement, from dealing on own account;
- (h) maximum administrative pecuniary sanctions of at least 3 times the amount of the profits gained or losses avoided because of the infringement, where those can be determined;
- (i) in respect of a natural person, maximum administrative pecuniary sanctions of at least EUR 5 000 000 or in the Member States whose currency is not the euro, the corresponding value in the national currency on *[please insert date of entry into force of this Regulation]*;

- (j) in respect of legal persons, maximum administrative pecuniary sanctions of at least EUR 15 000 000 or 15 % of the total annual turnover of the legal person according to the last available accounts approved by the management body, or in the Member States whose currency is not the euro, the corresponding value in the national currency on *[please insert date of entry into force of this Regulation]*. Where the legal person is a parent undertaking or a subsidiary of a parent undertaking which is required to prepare consolidated financial statements in accordance with Directive 2013/34/EU of the European Parliament and of the Council, the relevant total annual turnover shall be the total annual turnover or the corresponding type of income in accordance with the relevant Union law in the area of accounting according to the last available consolidated accounts approved by the management body of the ultimate parent undertaking.
7. Member States may provide that competent authorities have powers in addition to those referred to in paragraphs 2 to 6 and may provide for higher levels of sanctions than those established in those paragraphs, in respect of both natural and legal persons responsible for the infringement.

Article 93

Exercise of supervisory powers and powers to impose penalties

1. Competent authorities, when determining the type and level of an administrative penalty or other administrative measures to be imposed in accordance with Article 92, shall take into account the extent to which the infringement is intentional or results from negligence and all other relevant circumstances, including, where appropriate:
- (a) the gravity and the duration of the infringement;
 - (b) the degree of responsibility of the natural or legal person responsible for the infringement;
 - (c) the financial strength of the natural or legal person responsible for the infringement, as indicated by the total turnover of the responsible legal person or the annual income and net assets of the responsible natural person;
 - (d) the importance of profits gained or losses avoided by the natural or legal person responsible for the infringement, insofar as those can be determined;
 - (e) the losses for third parties caused by the infringement, insofar as those can be determined;
 - (f) the level of cooperation of the natural or legal person responsible for the infringement with the competent authority, without prejudice to the need to ensure disgorgement of profits gained or losses avoided by that person;
 - (g) previous infringements by the natural or legal person responsible for the infringement;
 - (h) measures taken by the person responsible for the infringement to prevent its repetition;
 - (i) the impact of the infringement on consumers or investors' interests.
2. In the exercise of their powers to impose administrative penalties and other administrative measures under Article 92, competent authorities shall cooperate

closely to ensure that the exercise of their supervisory and investigative powers, and the administrative penalties and other administrative measures that they impose, are effective and appropriate under this Regulation. They shall coordinate their action in order to avoid duplication and overlaps when exercising their supervisory and investigative powers and when imposing administrative penalties and other administrative measures in cross-border cases.

Article 94
Right of appeal

Member States shall ensure that any decision taken under this Regulation is properly reasoned and is subject to the right of appeal before a tribunal. The right of appeal before a tribunal shall also apply where, in respect of an application for authorisation as a crypto-asset service provider which provides all the information required, no decision is taken within six months of its submission.

Article 95
Publication of decisions

1. A decision imposing administrative penalties and other administrative measures for infringement of this Regulation shall be published by competent authorities on their official websites immediately after the natural or legal person subject to that decision has been informed of that decision. The publication shall include at least information on the type and nature of the infringement and the identity of the natural or legal persons responsible. That obligation does not apply to decisions imposing measures that are of an investigatory nature.
2. Where the publication of the identity of the legal entities, or identity or personal data of natural persons, is considered by the competent authority to be disproportionate following a case-by-case assessment conducted on the proportionality of the publication of such data, or where such publication would jeopardise an ongoing investigation, competent authorities shall take one of the following actions:
 - (a) defer the publication of the decision to impose a penalty or a measure until the moment where the reasons for non-publication cease to exist;
 - (b) publish the decision to impose a penalty or a measure on an anonymous basis in a manner which is in conformity with national law, where such anonymous publication ensures an effective protection of the personal data concerned;
 - (c) not publish the decision to impose a penalty or measure in the event that the options laid down in points (a) and (b) are considered to be insufficient to ensure:
 - i) that the stability of financial markets is not jeopardised;
 - ii) the proportionality of the publication of such a decision with regard to measures which are deemed to be of a minor nature.

In the case of a decision to publish a penalty or measure on an anonymous basis, as referred to in point (b) of the first subparagraph, the publication of the relevant data may be deferred for a reasonable period where it is foreseen that within that period the reasons for anonymous publication shall cease to exist.

3. Where the decision to impose a penalty or measure is subject to appeal before the relevant judicial or other authorities, competent authorities shall publish,

immediately, on their official website such information and any subsequent information on the outcome of such appeal. Moreover, any decision annulling a previous decision to impose a penalty or a measure shall also be published.

4. Competent authorities shall ensure that any publication in accordance with this Article remains on their official website for a period of at least five years after its publication. Personal data contained in the publication shall be kept on the official website of the competent authority only for the period which is necessary in accordance with the applicable data protection rules.

Article 96

Reporting of penalties and administrative measures to ESMA and EBA

1. The competent authority shall, on an annual basis, provide ESMA and EBA with aggregate information regarding all administrative penalties and other administrative measures imposed in accordance with Article 92. ESMA shall publish that information in an annual report.

Where Member States have chosen, in accordance with Article 92(1), to lay down criminal penalties for the infringements of the provisions referred to in that paragraph, their competent authorities shall provide the EBA and ESMA annually with anonymised and aggregated data regarding all criminal investigations undertaken and criminal penalties imposed. ESMA shall publish data on criminal penalties imposed in an annual report.

2. Where the competent authority has disclosed administrative penalties, other administrative measures or criminal penalties to the public, it shall simultaneously report them to ESMA.
3. Competent authorities shall inform the EBA and ESMA of all administrative penalties or other administrative measures imposed but not published, including any appeal in relation thereto and the outcome thereof. Member States shall ensure that competent authorities receive information and the final judgment in relation to any criminal penalty imposed and submit it to the EBA and ESMA. ESMA shall maintain a central database of penalties and administrative measures communicated to it solely for the purposes of exchanging information between competent authorities. That database shall be only accessible to the EBA and ESMA, and the competent authorities and it shall be updated on the basis of the information provided by the competent authorities.

Article 97

Reporting of breaches and protection of reporting persons

Directive (EU) 2019/1937⁷¹ shall apply to the reporting of breaches of this Regulation and the protection of persons reporting such breaches.

⁷¹ Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law OJ L 305, 26.11.2019, p. 17.

Chapter 3: Supervisory responsibilities of EBA on issuers of significant asset-referenced tokens and significant e-money tokens and colleges of supervisors

Article 98

Supervisory responsibilities of EBA on issuers of significant asset-referenced tokens and issuers of significant e-money tokens

1. Where an asset-referenced token has been classified as significant in accordance with Article 39 or Article 40, the issuer of such asset-referenced tokens shall carry out their activities under the supervision of the EBA.

The EBA shall exercise the powers of competent authorities conferred by Articles 21, 37 and 38 as regards issuers of significant asset-referenced tokens.
2. Where an issuer of significant asset-referenced tokens provide crypto-asset services or issue crypto-assets that are not significant asset-referenced tokens, such services and activities shall remain supervised by the competent authority of the home Member State.
3. Where an asset-referenced token has been classified as significant in accordance with Article 39, the EBA shall conduct a supervisory reassessment to ensure that issuers of significant asset-referenced tokens comply with the requirements under Title III.
4. Where an e-money token has been classified as significant in accordance with Articles 50 or 51, the EBA shall be responsible of the compliance of the issuer of such asset-significant e-money tokens with the requirements laid down in Article 52.

Article 99

Colleges for issuers of significant asset-referenced tokens

1. Within 30 calendar days of a decision to classify an asset-referenced token as significant, the EBA shall establish, manage and chair a consultative supervisory college for each issuer of significant asset-referenced tokens to facilitate the exercise of its supervisory tasks under this Regulation.
2. The college shall consist of:
 - (a) the EBA, as the chair of the college;
 - (b) ESMA;
 - (c) the competent authority of the home Member State where the issuer of significant asset-referenced tokens is established;
 - (d) the competent authorities of the most relevant credit institutions or crypto-asset service providers ensuring the custody of the reserve assets in accordance with Article 33;
 - (e) where applicable, the competent authorities of the most relevant trading platforms for crypto-assets where the significant asset-referenced tokens are admitted to trading;
 - (f) where applicable, the competent authorities of the most relevant crypto-asset service providers in charge of ensuring the liquidity of the significant asset-referenced tokens in accordance with the first paragraph of Article 35(4);

- (g) where applicable, the competent authorities of the entities ensuring the functions as referred to in Article 30(5), point (h);
 - (h) where applicable, the competent authorities of the most relevant crypto-asset service providers providing the crypto-asset service referred to in Article 3(1) point (10) in relation with the significant asset-referenced tokens;
 - (i) the ECB;
 - (j) where the issuer of significant asset-referenced tokens is established in a Member State the currency of which is not euro, or where a currency that is not euro is included in the reserve assets, the national central bank of that Member State;
 - (k) relevant supervisory authorities of third countries with which the EBA has concluded an administrative agreement in accordance with Article 108.
3. The competent authority of a Member State which is not a member of the college may request from the college any information relevant for the performance of its supervisory duties.
4. The college shall, without prejudice to the responsibilities of competent authorities under this Regulation, ensure:
- (a) the preparation of the non-binding opinion referred to in Article 100;
 - (b) the exchange of information in accordance with Article 107;
 - (c) agreement on the voluntary entrustment of tasks among its members, including delegation of tasks under Article 120;
 - (d) the coordination of supervisory examination programmes based on the risk assessment carried out by the issuer of significant asset-referenced tokens in accordance with Article 30(9).

In order to facilitate the performance of the tasks assigned to colleges pursuant to the first subparagraph, members of the college referred to in paragraph 2 shall be entitled to contribute to the setting of the agenda of the college meetings, in particular by adding points to the agenda of a meeting.

5. The establishment and functioning of the college shall be based on a written agreement between all its members.

The agreement shall determine the practical arrangements for the functioning of the college, including detailed rules on:

- (a) voting procedures as referred in Article 100(4);
- (b) the procedures for setting the agenda of college meetings;
- (c) the frequency of the college meetings;
- (d) the format and scope of the information to be provided by the EBA to the college members, especially with regard to the information to the risk assessment as referred to in Article 30(9);
- (e) the appropriate minimum timeframes for the assessment of the relevant documentation by the college members;
- (f) the modalities of communication between college members.

The agreement may also determine tasks to be entrusted to the EBA or another member of the college.

6. In order to ensure the consistent and coherent functioning of colleges, the EBA shall, in cooperation with ESMA and the European System of Central Banks, develop draft regulatory standards specifying the conditions under which the entities referred to in points (d) to (h) of paragraph 2 are to be considered as the most relevant and the details of the practical arrangements referred to in paragraph 5.

The EBA shall submit those draft regulatory standards to the Commission by *[please insert date 12 months after the entry into force]*.

Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Article 10 to 14 of Regulation (EU) No 1093/2010.

Article 100

Non-binding opinions of the colleges for issuers of significant asset-referenced tokens

1. The college for issuers of significant asset-referenced tokens may issue a non-binding opinion on the following:
 - (a) the supervisory reassessment as referred to in Article 98(3);
 - (b) any decision to require an issuer of significant asset-referenced tokens to hold a higher amount of own funds or to permit such an issuer to hold a lower amount of own funds in accordance with Article 41(4);
 - (c) any update of the orderly wind-down plan of an issuer of significant asset-referenced tokens pursuant to Article 42;
 - (d) any change to the issuer of significant asset-referenced tokens' business model pursuant to Article 21(1);
 - (e) a draft amended crypto-asset white paper in accordance with Article 21(2);
 - (f) any measures envisaged in accordance with Article 21(3);
 - (g) any envisaged supervisory measures pursuant to Article 112;
 - (h) any envisaged agreement of exchange of information with a third-country supervisory authority with Article 108;
 - (i) any delegation of supervisory tasks from the EBA to a competent authority pursuant to Article 120;
 - (j) any envisaged change in the authorisation of, or any envisaged supervisory measure on, the entities and crypto-asset service providers referred to in Article 99(2), points (d) to (h).
2. Where the college issues an opinion in accordance with paragraph 1, at the request of any member of the college and upon adoption by a majority of the college in accordance with paragraph 4, the opinion may include any recommendations aimed at addressing shortcomings of the envisaged action or measure envisaged by the EBA or the competent authorities.
3. The EBA shall facilitate the adoption of the opinion in accordance with its general coordination function under Article 31 of Regulation (EU) No 1093/2010.

4. A majority opinion of the college shall be based on the basis of a simple majority of its members.

For colleges up to and including 12 members, a maximum of two college members belonging to the same Member State shall have a vote and each voting member, shall have one vote. For colleges with more than 12 members, a maximum of three members belonging to the same Member State shall have a vote and each voting member shall have one vote.

Where the ECB is a member of the college pursuant to Article 99(2), point (i), it shall have two votes.

Supervisory authorities of third countries referred to in Article 99(2), point (k), shall have no voting right on the opinion of the college.

5. The EBA and competent authorities shall duly consider the opinion of the college reached in accordance with paragraph 1, including any recommendations aimed at addressing shortcomings of the envisaged action or supervisory measure envisaged on an issuer of significant asset-referenced tokens or on the entities and crypto-asset service providers referred to in points (d) to (h) of Article 99(2). Where the EBA or a competent authority does not agree with an opinion of the college, including any recommendations aimed at addressing shortcomings of the envisaged action or supervisory measure envisaged, its decision shall contain full reasons and an explanation of any significant deviation from that opinion or recommendations.

Article 101

College for issuers of significant electronic money tokens

1. Within 30 calendar days of a decision to classify an e-money token as significant, the EBA shall establish, manage and chair a consultative supervisory college for each issuer of significant e-money tokens to facilitate the exercise of supervisory tasks under this Regulation.
2. The college shall consist of:
 - (a) the EBA, as the Chair;
 - (b) the competent authority of the home Member State where the issuer of e-money token has been authorised either as a credit institution or as an electronic money institution;
 - (c) ESMA;
 - (d) the competent authorities of the most relevant credit institutions ensuring the custody of the funds received in exchange of the significant e-money tokens;
 - (e) the competent authorities of the most relevant payment institutions authorised in accordance with Article 11 of Directive (EU) 2015/2366 and providing payment services in relation to the significant e-money tokens;
 - (f) where applicable, the competent authorities of the most relevant trading platforms for crypto-assets where the significant e-money tokens are admitted to trading;
 - (g) where applicable, the competent authorities of the most relevant crypto-asset service providers providing the crypto-asset service referred to in Article 3(1) point (10) in relation to significant e-money tokens;

- (h) where the issuer of significant e-money tokens is established in a Member State the currency of which is euro, or where the significant e-money token is referencing euro, the ECB;
 - (i) where the issuer of significant e-money tokens is established in a Member State the currency of which is not euro, or where the significant e-money token is referencing a currency which is not the euro, the national central bank of that Member State;
 - (j) relevant supervisory authorities of third countries with which the EBA has concluded an administrative agreement in accordance with Article 108.
3. The competent authority of a Member State which is not a member of the college may request from the college any information relevant for the performance of its supervisory duties.
 4. The college shall, without prejudice to the responsibilities of competent authorities under this Regulation, ensure:
 - (a) the preparation of the non-binding opinion referred to in Article 102;
 - (b) the exchange of information in accordance with this Regulation;
 - (c) agreement on the voluntary entrustment of tasks among its members, including delegation of tasks under Article 120.

In order to facilitate the performance of the tasks assigned to colleges pursuant to the first subparagraph, members of the college referred to in paragraph 2 shall be entitled to contribute to the setting of the agenda of the college meetings, in particular by adding points to the agenda of a meeting.

5. The establishment and functioning of the college shall be based on a written agreement between all its members.

The agreement shall determine the practical arrangements for the functioning of the college, including detailed rules on:

- (a) voting procedures as referred to in Article 102;
- (b) the procedures for setting the agenda of college meetings;
- (c) the frequency of the college meetings;
- (d) the format and scope of the information to be provided by the competent authority of the issuer of significant e-money tokens to the college members;
- (e) the appropriate minimum timeframes for the assessment of the relevant documentation by the college members;
- (f) the modalities of communication between college members.

The agreement may also determine tasks to be entrusted to the competent authority of the issuer of significant e-money tokens or another member of the college.

6. In order to ensure the consistent and coherent functioning of colleges, the EBA shall, in cooperation with ESMA and the European System of Central Banks, develop draft regulatory standards specifying the conditions under which the entities referred to in points (d) to (g) of paragraph 2 are to be considered as the most relevant and the details of the practical arrangements referred to in paragraph 5.

The EBA shall submit those draft regulatory standards to the Commission by *[please insert date 12 months after the entry into force]*.

Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Article 10 to 14 of Regulation (EU) No 1093/2010.

Article 102

Non-binding opinions of the college for issuers of significant electronic money tokens

1. The college for issuers of significant e-money tokens may issue a non-binding opinion on the following:
 - (a) any decision to require an issuer of significant e-money tokens to hold a higher amount of own funds or to permit such an issuer to hold a lower amount of own funds in accordance with Articles 31 and 41(4);
 - (b) any update of the orderly wind-down plan of an issuer of significant e-money tokens pursuant to Article 42;
 - (c) a draft amended crypto-asset white paper in accordance with Article 46(10);
 - (d) any envisaged withdrawal of authorisation for an issuer of significant e-money tokens as a credit institution or pursuant to Directive 2009/110/EC;
 - (e) any envisaged supervisory measures pursuant to Article 112;
 - (f) any envisaged agreement of exchange of information with a third-country supervisory authority;
 - (g) any delegation of supervisory tasks from the competent authority of the issuer of significant e-money tokens to the EBA or another competent authority, or from the EBA to the competent authority in accordance with Article 120;
 - (h) any envisaged change in the authorisation of, or any envisaged supervisory measure on, the entities and crypto-asset service providers referred to in points (d) to (g) of Article 101(2).
2. Where the college issues an opinion in accordance with paragraph 1, at the request of any member of the college and upon adoption by a majority of the college in accordance with paragraph 4, the opinion may include any recommendations aimed at addressing shortcomings of the envisaged action or measure envisaged by the competent authorities or by the EBA.
3. The EBA shall facilitate the adoption of the opinion in accordance with its general coordination function under Article 31 of Regulation (EU) No 1093/2010.
4. A majority opinion of the college shall be based on the basis of a simple majority of its members.

For colleges up to and including 12 members, a maximum of two college members belonging to the same Member State shall have a vote and each voting member, shall have one vote. For colleges with more than 12 members, a maximum of three members belonging to the same Member State shall have a vote and each voting member shall have one vote.

Where the ECB is a member of the college pursuant to point (h) of Article 101(2), it shall have 2 votes.

Supervisory authorities of third countries referred to in Article 101(2) point (j) shall have no voting right on the opinion of the college.

5. The competent authority of the issuer of significant e-money tokens, EBA or any competent authority for the entities and crypto-asset service providers referred to in points (d) to (g) of Article 101(2) shall duly consider the opinion of the college reached in accordance with paragraph 1, including any recommendations aimed at addressing shortcomings of any envisaged action or supervisory measure. Where the EBA or a competent authority do not agree with an opinion of the college, including any recommendations aimed at addressing shortcomings of the envisaged action or supervisory measure, its decision shall contain full reasons and an explanation of any significant deviation from that opinion or recommendations.

Chapter 4: the EBA’s powers and competences on issuers of significant asset-referenced tokens and issuers of significant e-money tokens

Article 103

Exercise of powers referred to in Articles 104 to 107

The powers conferred on the EBA by Articles 104 to 107, or on any official or other person authorised by the EBA, shall not be used to require the disclosure of information which is subject to legal privilege.

Article 104

Request for information

1. In order to carry out its duties under Article 98, the EBA may by simple request or by decision require the following persons to provide all information necessary to enable the EBA to carry out its duties under this Regulation:
 - (a) an issuer of significant asset-referenced tokens or a person controlling or being directly or indirectly controlled by an issuer of significant asset-referenced tokens;
 - (b) any third parties as referred to in Article 30(5), point (h) with which the issuers of significant asset-referenced tokens has a contractual arrangement;
 - (c) any crypto-assets service provider as referred to in Article 35(4) which provide liquidity for significant asset-referenced tokens;
 - (d) credit institutions or crypto-asset service providers ensuring the custody of the reserve assets in accordance with Article 33;
 - (e) an issuer of significant e-money tokens or a person controlling or being directly or indirectly controlled by an issuer of significant e-money tokens;
 - (f) any payment institutions authorised in accordance with Article 11 of Directive (EU) 2015/2366 and providing payment services in relation to significant e-money tokens;
 - (g) any natural or legal persons in charge of distributing significant e-money tokens on behalf of the issuer of significant e-money tokens;

- (h) any crypto-asset service provider providing the crypto-asset service referred to in Article 3(1) point (10) in relation with significant asset-referenced tokens or significant e-money tokens;
 - (i) any trading platform for crypto-assets that has admitted a significant asset-referenced token or a significant e-money token to trading;
 - (j) the management body of the persons referred to in points (a) to (i).
2. Any simple request for information as referred to in paragraph 1 shall:
 - (a) refer to this Article as the legal basis of that request;
 - (b) state the purpose of the request;
 - (c) specify the information required;
 - (d) include a time limit within which the information is to be provided;
 - (e) indicate the amount of the fine to be issued in accordance with Article 113 where the information provided is incorrect or misleading.
 3. When requiring to supply information under paragraph 1 by decision, the EBA shall:
 - (a) refer to this Article as the legal basis of that request;
 - (b) state the purpose of the request;
 - (c) specify the information required;
 - (d) set a time limit within which the information is to be provided;
 - (e) indicate the periodic penalty payments provided for in Article 114 where the production of information is required.
 - (f) indicate the fine provided for in Article 113, where the answers to questions asked are incorrect or misleading;
 - (g) indicate the right to appeal the decision before the EBA's Board of Appeal and to have the decision reviewed by the Court of Justice of the European Union ('Court of Justice') in accordance with Articles 60 and 61 of Regulation (EU) No 1093/2010.
 4. The persons referred to in paragraph 1 or their representatives and, in the case of legal persons or associations having no legal personality, the persons authorised to represent them by law or by their constitution shall supply the information requested. Lawyers duly authorised to act may supply the information on behalf of their clients. The latter shall remain fully responsible if the information supplied is incomplete, incorrect or misleading.
 5. The EBA shall without delay send a copy of the simple request or of its decision to the competent authority of the Member State where the persons referred to in paragraph 1 concerned by the request for information are domiciled or established.

Article 105

General investigative powers

1. In order to carry out its duties under Article 98 of this Regulation, EBA may conduct investigations on issuers of significant asset-referenced tokens and issuers of significant e-money tokens. To that end, the officials and other persons authorised by the EBA shall be empowered to:

- (a) examine any records, data, procedures and any other material relevant to the execution of its tasks irrespective of the medium on which they are stored;
- (b) take or obtain certified copies of or extracts from such records, data, procedures and other material;
- (c) summon and ask any issuer of significant asset-referenced tokens or issuer of significant of e-money tokens, or their management body or staff for oral or written explanations on facts or documents relating to the subject matter and purpose of the inspection and to record the answers;
- (d) interview any other natural or legal person who consents to be interviewed for the purpose of collecting information relating to the subject matter of an investigation;
- (e) request records of telephone and data traffic.

The college for issuers of significant asset-referenced tokens as referred to in Article 99 or the college for issuers of significant e-money tokens as referred to in Article 101 shall be informed without undue delay of any findings that may be relevant for the execution of its tasks.

2. The officials and other persons authorised by the EBA for the purposes of the investigations referred to in paragraph 1 shall exercise their powers upon production of a written authorisation specifying the subject matter and purpose of the investigation. That authorisation shall also indicate the periodic penalty payments provided for in Article 114 where the production of the required records, data, procedures or any other material, or the answers to questions asked to issuers of significant asset-referenced tokens or issuers of significant e-money tokens are not provided or are incomplete, and the fines provided for in Article 113, where the answers to questions asked to issuers of significant asset-referenced tokens or issuers of significant e-money tokens are incorrect or misleading.
3. The issuers of significant asset-referenced tokens and issuers of significant e-money tokens are required to submit to investigations launched on the basis of a decision of the EBA. The decision shall specify the subject matter and purpose of the investigation, the periodic penalty payments provided for in Article 114, the legal remedies available under Regulation (EU) No 1093/2010 and the right to have the decision reviewed by the Court of Justice.
4. In due time before an investigation referred to in paragraph 1, the EBA shall inform the competent authority of the Member State where the investigation is to be carried out of the investigation and of the identity of the authorised persons. Officials of the competent authority concerned shall, upon the request of the EBA, assist those authorised persons in carrying out their duties. Officials of the competent authority concerned may also attend the investigations upon request.
5. If a request for records of telephone or data traffic referred to in point (e) of paragraph 1 requires authorisation from a judicial authority according to applicable national law, such authorisation shall be applied for. Such authorisation may also be applied for as a precautionary measure.
6. Where a national judicial authority receives an application for the authorisation of a request for records of telephone or data traffic referred to in point (e) of paragraph 1, that authority shall verify the following:
 - (a) the decision adopted by the EBA referred to in paragraph 3 is authentic;

- (b) any measures to be taken are proportionate and not arbitrary or excessive.
7. For the purposes of point (b) paragraph 6, the national judicial authority may ask the EBA for detailed explanations, in particular relating to the grounds the EBA has for suspecting that an infringement of this Regulation has taken place and the seriousness of the suspected infringement and the nature of the involvement of the person subject to the coercive measures. However, the national judicial authority shall not review the necessity for the investigation or demand that it be provided with the information on the EBA's file. The lawfulness of the EBA's decision shall be subject to review only by the Court of Justice following the procedure set out in Regulation (EU) No 1093/2010.

Article 106

On-site inspections

1. In order to carry out its duties under Article 98 of this Regulation, the EBA may conduct all necessary on-site inspections at any business premises of the issuers of significant asset-referenced tokens and issuers of significant e-money tokens.

The college for issuers of significant asset-referenced tokens as referred to in Article 99 or the college for issuers of significant e-money tokens as referred to in Article 101 shall be informed without undue delay of any findings that may be relevant for the execution of its tasks.
2. The officials and other persons authorised by the EBA to conduct an on-site inspection may enter any business premises of the persons subject to an investigation decision adopted by the EBA and shall have all the powers stipulated in Article 105(1). They shall also have the power to seal any business premises and books or records for the period of, and to the extent necessary for, the inspection.
3. In due time before the inspection, the EBA shall give notice of the inspection to the competent authority of the Member State where the inspection is to be conducted. Where the proper conduct and efficiency of the inspection so require, the EBA, after informing the relevant competent authority, may carry out the on-site inspection without prior notice to the issuer of significant asset-referenced tokens or the issuer of significant e-money tokens.
4. The officials and other persons authorised by the EBA to conduct an on-site inspection shall exercise their powers upon production of a written authorisation specifying the subject matter and purpose of the inspection and the periodic penalty payments provided for in Article 114 where the persons concerned do not submit to the inspection.
5. The issuer of significant asset-referenced tokens or the issuer of significant e-money tokens shall submit to on-site inspections ordered by decision of the EBA. The decision shall specify the subject matter and purpose of the inspection, appoint the date on which it is to begin and indicate the periodic penalty payments provided for in Article 114, the legal remedies available under Regulation (EU) No 1093/2010 as well as the right to have the decision reviewed by the Court of Justice.
6. Officials of, as well as those authorised or appointed by, the competent authority of the Member State where the inspection is to be conducted shall, at the request of the EBA, actively assist the officials and other persons authorised by the EBA. Officials of the competent authority of the Member State concerned may also attend the onsite inspections.

7. The EBA may also require competent authorities to carry out specific investigatory tasks and on-site inspections as provided for in this Article and in Article 105(1) on its behalf.
8. Where the officials and other accompanying persons authorised by the EBA find that a person opposes an inspection ordered pursuant to this Article, the competent authority of the Member State concerned shall afford them the necessary assistance, requesting, where appropriate, the assistance of the police or of an equivalent enforcement authority, so as to enable them to conduct their on-site inspection.
9. If the on-site inspection provided for in paragraph 1 or the assistance provided for in paragraph 7 requires authorisation by a judicial authority according to national law, such authorisation shall be applied for. Such authorisation may also be applied for as a precautionary measure.
10. Where a national judicial authority receives an application for the authorisation of an on-site inspection provided for in paragraph 1 or the assistance provided for in paragraph 7, that authority shall verify the following:
 - (a) the decision adopted by the EBA referred to in paragraph 4 is authentic;
 - (b) any measures to be taken are proportionate and not arbitrary or excessive.
11. For the purposes of paragraph 10, point (b), the national judicial authority may ask the EBA for detailed explanations, in particular relating to the grounds the EBA has for suspecting that an infringement of this Regulation has taken place and the seriousness of the suspected infringement and the nature of the involvement of the person subject to the coercive measures. However, the national judicial authority shall not review the necessity for the investigation or demand that it be provided with the information on the EBA's file. The lawfulness of the EBA's decision shall be subject to review only by the Court of Justice following the procedure set out in Regulation (EU) No 1093/2010.

Article 107

Exchange of information

In order to carry out its duties under Article 98 and without prejudice to Article 84, the EBA and the competent authorities shall provide each other with the information required for the purposes of carrying out their duties under this Regulation without undue delay. For that purpose, competent authorities shall exchange with the EBA any information related to:

- (a) an issuer of significant asset-referenced tokens or a person controlling or being directly or indirectly controlled by an issuer of significant asset-referenced tokens;
- (b) any third parties as referred to in Article 30(5), point (h) with which the issuers of significant asset-referenced tokens has a contractual arrangement;
- (c) any crypto-assets service provider as referred to in Article 35(4) which provide liquidity for significant asset-referenced tokens;
- (d) credit institutions or crypto-asset service providers ensuring the custody of the reserve assets in accordance with Article 33;
- (e) an issuer of significant e-money tokens or a person controlling or being directly or indirectly controlled by an issuer of significant e-money tokens;
- (f) any payment institutions authorised in accordance with Article 11 of Directive (EU) 2015/2366 and providing payment services in relation to significant e-money tokens;

- (g) any natural or legal persons in charge of distributing significant e-money tokens on behalf of the issuer of significant e-money tokens;
- (h) any crypto-asset service provider providing the crypto-asset service referred to in Article 3(1), point (10), in relation with significant asset-referenced tokens or significant e-money tokens;
- (i) any trading platform for crypto-assets that has admitted a significant asset-referenced token or a significant e-money token to trading;
- (j) the management body of the persons referred to in point (a) to (i).

Article 108

Administrative agreements on exchange of information between the EBA and third countries

1. In order to carry out its duties under Article 98, the EBA may conclude administrative agreements on exchange of information with the supervisory authorities of third countries only if the information disclosed is subject to guarantees of professional secrecy which are at least equivalent to those set out in Article 111.
2. Exchange of information referred to in paragraph 1 shall be intended for the performance of the tasks of the EBA or those supervisory authorities.
3. With regard to transfer of personal data to a third country, the EBA shall apply Regulation (EU) No 2018/1725.

Article 109

Disclosure of information from third countries

The EBA may disclose the information received from supervisory authorities of third countries only where the EBA or a competent authority has obtained the express agreement of the supervisory authority that has transmitted the information and, where applicable, the information is disclosed only for the purposes for which that supervisory authority gave its agreement or where such disclosure is necessary for legal proceedings.

Article 110

Cooperation with other authorities

Where an issuer of significant asset-referenced tokens or an issuer of significant e-money tokens engages in activities other than those covered by this Regulation, the EBA shall cooperate with the authorities responsible for the supervision or oversight of such other activities as provided for in the relevant Union or national law, including tax authorities.

Article 111

Professional secrecy

The obligation of professional secrecy shall apply to the EBA and all persons who work or who have worked for the EBA or for any other person to whom the EBA has delegated tasks, including auditors and experts contracted by the EBA.

Article 112

Supervisory measures by the EBA

1. Where the EBA finds that an issuer of a significant asset-referenced tokens has committed one of the infringements listed in Annex V, it may take one or more of the following actions:
 - (a) adopt a decision requiring the issuer of significant asset-referenced tokens to bring the infringement to an end;
 - (b) adopt a decision imposing fines or periodic penalty payments pursuant to Articles 113 and 114;
 - (c) adopt a decision requiring the issuer of significant asset-referenced tokens supplementary information, where necessary for consumer protection;
 - (d) adopt a decision requiring the issuer of significant asset-referenced tokens to suspend an offer to the public of crypto-assets for a maximum period of 10 consecutive working days on any single occasion where there are reasonable grounds for suspecting that this Regulation has been infringed;
 - (e) adopt a decision prohibiting an offer to the public of significant asset-referenced tokens where they find that this Regulation has been infringed or where there are reasonable grounds for suspecting that it would be infringed;
 - (f) adopt a decision requiring the relevant trading platform for crypto-assets that has admitted to trading significant asset-referenced tokens, for a maximum of 10 consecutive working days on any single occasion where there are reasonable grounds for believing that this Regulation has been infringed;
 - (g) adopt a decision prohibiting trading of significant asset-referenced tokens, on a trading platform for crypto-assets where they find that this Regulation has been infringed;
 - (h) adopt a decision requiring the issuer of significant asset-referenced tokens to disclose, all material information which may have an effect on the assessment of the significant asset-referenced tokens offered to the public or admitted to trading on a trading platform for crypto-assets in order to ensure consumer protection or the smooth operation of the market;
 - (i) issue warnings on the fact that an issuer of significant asset-referenced tokens is failing to comply with its obligations;
 - (j) withdraw the authorisation of the issuer of significant asset-referenced tokens.
2. Where the EBA finds that an issuer of a significant e-money tokens has committed one of the infringements listed in Annex VI, it may take one or more of the following actions:
 - (a) adopt a decision requiring the issuer of significant e-money tokens to bring the infringement to an end;
 - (b) adopt a decision imposing fines or periodic penalty payments pursuant to Articles 113 and 114;
 - (c) issue warnings on the fact that an issuer of significant e-money tokens is failing to comply with its obligations.

3. When taking the actions referred to in paragraphs 1 and 2, the EBA shall take into account the nature and seriousness of the infringement, having regard to the following criteria:
 - (a) the duration and frequency of the infringement;
 - (b) whether financial crime has been occasioned, facilitated or otherwise attributable to the infringement;
 - (c) whether the infringement has revealed serious or systemic weaknesses in the issuer of significant asset-referenced tokens' or in the issuer of significant e-money tokens' procedures, policies and risk management measures;
 - (d) whether the infringement has been committed intentionally or negligently;
 - (e) the degree of responsibility of the issuer of significant asset-referenced tokens or the issuer of significant e-money tokens responsible for the infringement;
 - (f) the financial strength of the issuer of significant asset-referenced tokens, or of the issuer of significant e-money tokens, responsible for the infringement, as indicated by the total turnover of the responsible legal person or the annual income and net assets of the responsible natural person;
 - (g) the impact of the infringement on the interests of holders of significant asset-referenced tokens or significant e-money tokens;
 - (h) the importance of the profits gained, losses avoided by the issuer of significant asset-referenced tokens or significant e-money tokens responsible for the infringement or the losses for third parties derived from the infringement, insofar as they can be determined;
 - (i) the level of cooperation of the issuer of significant asset-referenced tokens, or for the issuer of significant e-money tokens responsible for the infringement with the EBA, without prejudice to the need to ensure disgorgement of profits gained or losses avoided by that person;
 - (j) previous infringements by the issuer of significant asset-referenced tokens or by the issuer of e-money tokens responsible for the infringement;
 - (k) measures taken after the infringement by the issuer of significant asset-referenced tokens or by the issuer of significant e-money tokens to prevent the repetition of such an infringement.
4. Before taking the actions referred in points (d) to (g) and point (j) of paragraph 1, the EBA shall inform ESMA and, where the significant asset-referenced tokens refers Union currencies, the central banks of issues of those currencies.
5. Before taking the actions referred in points (a) to (c) of paragraph 2, the EBA shall inform the competent authority of the issuer of significant e-money tokens and the central bank of issue of the currency that the significant e-money token is referencing.
6. The EBA shall notify any action taken pursuant to paragraph 1 and 2 to the issuer of significant asset-referenced tokens or the issuer of significant e-money tokens responsible for the infringement without undue delay and shall communicate that action to the competent authorities of the Member States concerned and the Commission. The EBA shall publicly disclose any such decision on its website within 10 working days from the date when that decision was adopted.

7. The disclosure to the public referred to in paragraph 6 shall include the following:
 - (a) a statement affirming the right of the person responsible for the infringement to appeal the decision before the Court of Justice;
 - (b) where relevant, a statement affirming that an appeal has been lodged and specifying that such an appeal does not have suspensive effect;
 - (c) a statement asserting that it is possible for EBA's Board of Appeal to suspend the application of the contested decision in accordance with Article 60(3) of Regulation (EU) No 1093/2010.

Article 113

Fines

1. The EBA shall adopt a decision imposing a fine in accordance with paragraph 3 or 4, where in accordance with Article 116(8), it finds that:

- (a) an issuer of significant asset-referenced tokens has, intentionally or negligently, committed one of the infringements listed in Annex V;
- (b) an issuer of significant e-money tokens has, intentionally or negligently, committed one of the infringements listed in Annex VI.

An infringement shall be considered to have been committed intentionally if the EBA finds objective factors which demonstrate that such an issuer or its management body acted deliberately to commit the infringement.

2. When taking the actions referred to in paragraph 1, the EBA shall take into account the nature and seriousness of the infringement, having regard to the following criteria:

- (a) the duration and frequency of the infringement;
- (b) whether financial crime has been occasioned, facilitated or otherwise attributable to the infringement;
- (c) whether the infringement has revealed serious or systemic weaknesses in the issuer of significant asset-referenced tokens' or in the issuer of significant e-money tokens' procedures, policies and risk management measures;
- (d) whether the infringement has been committed intentionally or negligently;
- (e) the degree of responsibility of the issuer of significant asset-referenced tokens or the issuer of significant e-money tokens responsible for the infringement;
- (f) the financial strength of the issuer of significant asset-referenced tokens, or of the issuer of significant e-money tokens, responsible for the infringement, as indicated by the total turnover of the responsible legal person or the annual income and net assets of the responsible natural person;
- (g) the impact of the infringement on the interests of holders of significant asset-referenced tokens or significant e-money tokens;
- (h) the importance of the profits gained, losses avoided by the issuer of significant asset-referenced tokens responsible for the infringement or the losses for third parties derived from the infringement, insofar as they can be determined;
- (i) the level of cooperation of the issuer of significant asset-referenced tokens, or for the issuer of significant e-money tokens, for the infringement with the

EBA, without prejudice to the need to ensure disgorgement of profits gained or losses avoided by that person;

- (j) previous infringements by the issuer of significant asset-referenced tokens or by the issuer of significant e-money tokens responsible for the infringement;
 - (k) measures taken after the infringement by the issuer of significant asset-referenced tokens or by the issuer of significant e-money tokens to prevent the repetition of such an infringement.
3. For issuers of significant asset-referenced tokens, the maximum amount of the fine referred to in paragraph 1 shall up to 15% of the annual turnover as defined under relevant Union law, in the preceding business year, or twice the amount or profits gained or losses avoided because of the infringement where those can be determined.
 4. For issuers of significant e-money tokens, the maximum amount of the fine referred to in paragraph 1 shall up to 5% of the annual turnover, as defined under relevant Union law, in the preceding business year, or twice the amount or profits gained or losses avoided because of the infringement where those can be determined.

Article 114

Periodic penalty payments

1. The EBA shall, by decision, impose periodic penalty payments in order to compel:
 - (a) a person to put an end to an infringement in accordance with a decision taken pursuant to Article 112;
 - (b) a person referred to in Article 104(1):
 - i) to supply complete information which has been requested by a decision pursuant to Article 104;
 - ii) to submit to an investigation and in particular to produce complete records, data, procedures or any other material required and to complete and correct other information provided in an investigation launched by a decision pursuant to Article 105;
 - iii) to submit to an on-site inspection ordered by a decision taken pursuant to Article 106.
2. A periodic penalty payment shall be effective and proportionate. The periodic penalty payment shall be imposed for each day of delay.
3. Notwithstanding paragraph 2, the amount of the periodic penalty payments shall be 3 % of the average daily turnover in the preceding business year, or, in the case of natural persons, 2 % of the average daily income in the preceding calendar year. It shall be calculated from the date stipulated in the decision imposing the periodic penalty payment.
4. A periodic penalty payment shall be imposed for a maximum period of six months following the notification of the EBA's decision. Following the end of the period, the EBA shall review the measure.

Article 115

Disclosure, nature, enforcement and allocation of fines and periodic penalty payments

1. The EBA shall disclose to the public every fine and periodic penalty payment that has been imposed pursuant to Articles 113 and 114 unless such disclosure to the public would seriously jeopardise the financial stability or cause disproportionate damage to the parties involved. Such disclosure shall not contain personal data within the meaning of Regulation (EU) 2016/679⁷².
2. Fines and periodic penalty payments imposed pursuant to Articles 113 and 114 shall be of an administrative nature.
3. Where the EBA decides to impose no fines or penalty payments, it shall inform the European Parliament, the Council, the Commission, and the competent authorities of the Member State concerned accordingly and shall set out the reasons for its decision.
4. Fines and periodic penalty payments imposed pursuant to Articles 113 and 114 shall be enforceable.
5. Enforcement shall be governed by the rules of civil procedure in force in the State in the territory of which it is carried out.
6. The amounts of the fines and periodic penalty payments shall be allocated to the general budget of the European Union.

Article 116

Procedural rules for taking supervisory measures and imposing fines

1. Where, in carrying out its duties under Articles 98, the EBA finds that there are serious indications of the possible existence of facts liable to constitute one or more of the infringements listed in Annexes V or VI, the EBA shall appoint an independent investigation officer within the EBA to investigate the matter. The appointed officer shall not be involved or have been directly or indirectly involved in the supervision of the issuers of significant asset-referenced tokens or issuers of significant e-money tokens and shall perform its functions independently from the EBA.
2. The investigation officer referred to in paragraph 1 shall investigate the alleged infringements, taking into account any comments submitted by the persons who are subject to the investigations, and shall submit a complete file with his findings to EBA.
3. In order to carry out its tasks, the investigation officer may exercise the power to request information in accordance with Article 104 and to conduct investigations and on-site inspections in accordance with Articles 105 and 106. When using those powers, the investigation officer shall comply with Article 103.
4. Where carrying out his tasks, the investigation officer shall have access to all documents and information gathered by the EBA in its supervisory activities.

⁷² Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ L 119, 4.5.2016, p. 1).

5. Upon completion of his or her investigation and before submitting the file with his findings to the EBA, the investigation officer shall give the persons subject to the investigations the opportunity to be heard on the matters being investigated. The investigation officer shall base his or her findings only on facts on which the persons concerned have had the opportunity to comment.
6. The rights of the defence of the persons concerned shall be fully respected during investigations under this Article.
7. When submitting the file with his findings to the EBA, the investigation officer shall notify the persons who are subject to the investigations. The persons subject to the investigations shall be entitled to have access to the file, subject to the legitimate interest of other persons in the protection of their business secrets. The right of access to the file shall not extend to confidential information affecting third parties or the EBA's internal preparatory documents.
8. On the basis of the file containing the investigation officer's findings and, when requested by the persons subject to the investigations, after having heard those persons in accordance with Article 117, the EBA shall decide if one or more of the infringements of provisions listed in Annex V or VI have been committed by the issuer of significant asset-referenced tokens or the issuer of significant e-money tokens subject to the investigations and, in such a case, shall take a supervisory measure in accordance with Article 112 and/or impose a fine in accordance with Article 113.
9. The investigation officer shall not participate in EBA's deliberations or in any other way intervene in EBA's decision-making process.
10. The Commission shall adopt delegated acts in accordance with Article 121 by *[please insert date 12 months after entry into force]* specifying further the rules of procedure for the exercise of the power to impose fines or periodic penalty payments, including provisions on the rights of the defence, temporal provisions, and the collection of fines or periodic penalty payments, and the limitation periods for the imposition and enforcement of fines and periodic penalty payments.
11. The EBA shall refer matters to the appropriate national authorities for investigation and possible criminal prosecution where, in carrying out its duties under this Regulation, it finds that there are serious indications of the possible existence of facts liable to constitute criminal offences. In addition, the EBA shall refrain from imposing fines or periodic penalty payments where a prior acquittal or conviction arising from identical fact or facts which are substantially the same has already acquired the force of res judicata as the result of criminal proceedings under national law.

Article 117

Hearing of persons concerned

1. Before taking any decision pursuant to Articles 112, 113 and 114, the EBA shall give the persons subject to the proceedings the opportunity to be heard on its findings. The EBA shall base its decisions only on findings on which the persons subject to the proceedings have had an opportunity to comment.
2. Paragraph 1 shall not apply if urgent action is needed in order to prevent significant and imminent damage to the financial stability or consumer protection. In such a case

the EBA may adopt an interim decision and shall give the persons concerned the opportunity to be heard as soon as possible after taking its decision.

3. The rights of the defence of the persons subject to investigations shall be fully respected in the proceedings. They shall be entitled to have access to the EBA's file, subject to the legitimate interest of other persons in the protection of their business secrets. The right of access to the file shall not extend to confidential information or the EBA's internal preparatory documents.

Article 118

Review by the Court of Justice

The Court of Justice shall have unlimited jurisdiction to review decisions whereby the EBA has imposed a fine or a periodic penalty payment or imposed any other sanction or administrative measure in accordance with this Regulation. It may annul, reduce or increase the fine or periodic penalty payment imposed.

Article 119

Supervisory fees

1. The EBA shall charge fees to the issuers of significant asset-referenced tokens and the issuers of significant e-money tokens in accordance with this Regulation and in accordance with the delegated acts adopted pursuant to paragraph 3. Those fees shall cover the EBA's expenditure relating to the supervision of issuers of significant asset-referenced tokens and the supervision of issuers of significant e-money token issuers in accordance with Article 98, as well as the reimbursement of costs that the competent authorities may incur carrying out work pursuant to this Regulation, in particular as a result of any delegation of tasks in accordance with Article 120.
2. The amount of the fee charged to an individual issuer of significant asset-referenced tokens shall be proportionate to the size of its reserve assets and shall cover all costs incurred by the EBA for the performance of its supervisory tasks in accordance with this Regulation.

The amount of the fee charged to an individual issuer of significant e-money tokens shall be proportionate to the size of the e-money issued in exchanged of funds and shall cover all costs incurred by the EBA for the performance of its supervisory tasks in accordance with this Regulation.

3. The Commission shall adopt a delegated act in accordance with Article 121 by *[please insert date 12 months after entry into force]* to specify the type of fees, the matters for which fees are due, the amount of the fees and the manner in which they are to be paid and the methodology to calculate the maximum amount per entity under paragraph 2 that can be charged by the EBA.

Article 120

Delegation of tasks by the EBA to competent authorities

1. Where necessary for the proper performance of a supervisory task for issuers of significant asset-referenced tokens or significant e-money tokens, the EBA may delegate specific supervisory tasks to the competent authority of a Member State. Such specific supervisory tasks may, in particular, include the power to carry out requests for information in accordance with Article 104 and to conduct investigations and on-site inspections in accordance with Article 105 and Article 106.

2. Prior to delegation of a task, the EBA shall consult the relevant competent authority about:
 - (a) the scope of the task to be delegated;
 - (b) the timetable for the performance of the task; and
 - (c) the transmission of necessary information by and to the EBA.
3. In accordance with the regulation on fees adopted by the Commission pursuant to Article 119(3), the EBA shall reimburse a competent authority for costs incurred as a result of carrying out delegated tasks.
4. The EBA shall review the decision referred to in paragraph 1 at appropriate intervals. A delegation may be revoked at any time.

Title VIII: Delegated acts and implementing acts

Article 121

Exercise of the delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.
2. The power to adopt delegated acts referred to in Articles 3(2), 39(6), 116(10) and 119(3) shall be conferred on the Commission for a period of 36 months from ... *[please insert date of entry into force of this Regulation]*.
3. The delegation of powers referred to in Articles 3(2), 39(6), 116(10) and 119(3) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the *Official Journal of the European Union* or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.
4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.
5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
6. A delegated act adopted pursuant to Articles 3(2), 39(6), 116(10) and 119(3) shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of three months of notification of that act to the European Parliament and to the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by three months at the initiative of the European Parliament or of the Council.

Title IX Transitional and final provisions

Article 122

Report

1. By ... [36 months after the date of entry into force of this Regulation] after consulting the EBA and ESMA, the Commission shall present a report to the European Parliament and the Council on the application of this Regulation, where appropriate accompanied by a legislative proposal.
2. The report shall contain the following:
 - (a) the number of issuances of crypto-assets in the EU, the number of crypto-asset white papers registered with the competent authorities, the type of crypto-assets issued and their market capitalisation, the number of crypto-assets admitted to trading on a trading platform for crypto-assets;
 - (b) an estimation of the number of EU residents using or investing in crypto-assets issued in the EU;
 - (c) the number and value of fraud, hacks and thefts of crypto-assets reported in the EU, types of fraudulent behaviour, the number of complaints received by crypto-asset service providers and issuers of asset-referenced tokens, the number of complaints received by competent authorities and the subjects of the complaints received;
 - (d) the number of issuers of asset-referenced tokens authorised under this Regulation, and an analysis of the categories of assets included in the reserves, the size of the reserves and the volume of payments in asset-referenced tokens;
 - (e) the number of issuers of significant asset-referenced tokens authorised under this Regulation, and an analysis of the categories of assets included in the reserves, the size of the reserves and the volume of payments in significant asset-referenced tokens;
 - (f) the number of issuers of e-money tokens authorised under this Regulation and under Directive 2009/110/EC, and an analysis of the currencies backing the e-money tokens, the size of the reserves and the volume of payments in e-money tokens;
 - (g) the number of issuers of significant e-money tokens authorised under this Regulation and under Directive 2009/110/EC, and an analysis of the currencies backing the significant e-money tokens, the size of the reserves and the volume of payments in significant e-money tokens;
 - (h) an assessment of the functioning of the market for crypto-asset services in the Union, including of market development and trends, taking into account the experience of the supervisory authorities, the number of crypto-asset service providers authorised and their respective average market share;
 - (i) an assessment of the level of consumer protection, including from the point of view of the operational resilience of issuers of crypto-assets and crypto-asset service providers, market integrity and financial stability provided by this Regulation;

- (j) an assessment of whether the scope of crypto-asset services covered by this Regulation is appropriate and whether any adjustment to the definitions set out in this Regulation is needed;
- (k) an assessment of whether an equivalence regime should be established for third-country crypto-asset service providers, issuers of asset-referenced tokens or issuers of e-money tokens under this Regulation;
- (l) an assessment of whether the exemptions under Articles 4 and 15 are appropriate;
- (m) an assessment of the impact of this Regulation on the proper functioning of the internal market for crypto-assets, including any impact on the access to finance for small and medium-sized enterprises and on the development of new means of payment instruments;
- (n) a description of developments in business models and technologies in the crypto-asset market;
- (o) an appraisal of whether any changes are needed to the measures set out in this Regulation to ensure consumer protection, market integrity and financial stability;
- (p) the application of administrative penalties and other administrative measures;
- (q) an evaluation of the cooperation between the competent authorities, the EBA and ESMA, and an assessment of advantages and disadvantages of the competent authorities and the EBA being responsible for supervision under this Regulation;
- (r) the costs of complying with this Regulation for issuers of crypto-assets, other than asset-referenced tokens and e-money tokens as a percentage of the amount raised through crypto-asset issuances;
- (s) the costs for crypto-asset service providers to comply with this Regulation as a percentage of their operational costs;
- (t) the costs for issuers of asset-referenced tokens and issuers of e-money tokens to comply with this Regulation as a percentage of their operational costs;
- (u) the number and amount of administrative fines and criminal penalties imposed for infringements of this Regulation by competent authorities and the EBA.

Article 123

Transitional measures

1. Articles 4 to 14 shall not apply to crypto-assets, other than asset-referenced tokens and e-money tokens, which were offered to the public in the Union or admitted to trading on a trading platform for crypto-assets before *[please insert date of entry into application]*.
2. By way of derogation from this Regulation, crypto-asset service providers which provided their services in accordance with applicable law before *[please insert the date of entry into application]*, may continue to do so until *[please insert the date 18 months after the date of application]* or until they are granted an authorisation pursuant to Article 55, whichever is sooner.

3. By way of derogation from Articles 54 and 55, Member States may apply a simplified procedure for applications for an authorisation which are submitted between the *[please insert the date of application of this Regulation]* and *[please insert the date 18 months after the date of application]* by entities that, at the time of entry into force of this Regulation, were authorised under national law to provide crypto-asset services. The competent authorities shall ensure that the requirements laid down in Chapters 2 and 3 of Title IV are complied with before granting authorisation pursuant to such simplified procedures.
4. The EBA shall exercise its supervisory responsibilities pursuant to Article 98 from the date of the entry into application of the delegated acts referred to in Article 39(6).

Article 124

Amendment of Directive (EU) 2019/1937

In Part I.B of the Annex to Directive (EU) 2019/1937, the following point is added:

"(xxi) Regulation (EU) .../... of the European Parliament and of the Council of ... on Markets in Crypto-Assets (EU) 2021/XXX, and amending Directive (EU) 2019/37 (OJ L ...) ⁷³."

Article 125

Transposition of amendment of Directive (EU) 2019/1937

1. Member States shall adopt, publish and apply, by ... *[12 months after the date of entry into force of this Regulation]*, the laws, regulations and administrative provisions necessary to comply with Article 97. However, if that date precedes the date of transposition referred to in Article 26(1) of Directive (EU) 2019/1937, the application of such laws, regulations and administrative provisions shall be postponed until the date of transposition referred to in Article 26(1) of Directive (EU) 2019/1937.
2. Member States shall communicate to the Commission, the EBA and ESMA the text of the main provisions of national law which they adopt in the field covered by Article 97.

Article 126

Entry into force and application

1. This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.
2. This Regulation shall apply from *[please insert date 18 months after the date of entry into force]*.
3. However, the provisions laid down in Title III and Title IV shall apply from *[please insert the date of the entry into force]*.

⁷³ OJ: Please insert in the text the number, date and OJ reference of this Regulation.

4. This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the European Parliament
The President*

*For the Council
The President*

LEGISLATIVE FINANCIAL STATEMENT

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1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

EU Framework for crypto-assets

1.2. Policy area(s) concerned

Policy area: Internal Market
Activity: Financial markets

1.3. The proposal relates to

- a new action
- a new action following a pilot project/preparatory action⁷⁴
- the extension of an existing action
- a merger of one or more actions towards another/a new action

1.4. Objective(s)

1.4.1. General objective(s)

This initiative has four general objectives. The first is to provide legal clarity and certainty to promote the safe development of crypto-assets and use of DLT in financial services. Secondly, the initiative should support innovation and fair competition by creating an enabling framework for the issuance and provision of services related to crypto-assets. The third objective is to ensure a high level of consumer and investor protection and market integrity, and the fourth is to address potential financial stability and monetary policy risks that could arise from an increased use of crypto-assets and DLT.

1.4.2. Specific objective(s)

The specific objectives of this initiative are as follows:

- Removing regulatory obstacles to the issuance, trading and post-trading of crypto-assets that qualify as financial instruments, while respecting the principle of technological neutrality;
- Increasing the sources of funding for companies through increased Initial Coin Offerings and Securities Token Offerings;
- Limiting the risks of fraud and illicit practices in the crypto-asset markets;
- Allowing EU consumers and investors to access new investment opportunities or new types of payment instruments in particular for cross-border situations.

⁷⁴ As referred to in Article 58(2)(a) or (b) of the Financial Regulation.

1.4.3. *Expected result(s) and impact*

Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.

The proposals are expected to provide a fully harmonised framework for crypto-assets that currently fall outside existing financial services legislation and allow for experimentation with the use of DLT and financial instruments in crypto-asset form.

The bespoke regime for crypto-assets will ensure a high level of consumer and investor protection and market integrity, by regulating the main activities related to crypto-assets (such as crypto-assets issuance, wallet provision, exchange and trading platforms). By imposing requirements (such as governance, operational requirements) on the main crypto-asset service providers and issuers operating in the EU, the proposal is likely to reduce the amounts of fraud and theft of crypto-assets.

In addition, the bespoke regime will introduce specific requirements on e-money tokens, significant e-money tokens, asset-referenced tokens and significant asset-referenced tokens in order to address the potential risks to financial stability and monetary policy transmission these can present. Finally, it will address market fragmentation issues arising from the different national approaches across the EU.

The accompanying proposal for a regulation on a pilot regime on DLT market infrastructures will allow for experimentation. It will enable the development of a secondary market for financial instruments in crypto-asset form, further reaping the potential benefits offered by the technology. Additionally, this experimentation will generate further experience and evidence necessary to assess whether and how to amend existing financial services legislation to ensure it is technology neutral.

1.4.4. *Indicators of performance*

Specify the indicators for monitoring progress and achievements.

Non-exhaustive list of potential indicators:

- Number and volumes of crypto-asset issuances in the EU
- Number of entities authorised in the EU as crypto-asset services providers
- Number of entities authorised in the EU as asset backed-crypto-asset or significant asset-referenced token issuers
- Number and value of fraud and thefts of crypto-assets in the EU
- Number of entities authorised by a NCA as a DLT market infrastructure under the pilot/ regime
- Volume of transactions traded and settled by DLT market infrastructure
- Number of market abuse cases involving crypto-assets reported to NCAs and investigated by NCAs
- Market capitalisation of asset backed crypto-assets and significant asset-referenced tokens
- Volume of payments through the use of asset-referenced tokens and significant asset-referenced tokens

- Assessment if other crypto-assets/infrastructures or market participants using DLT and/or dealing with crypto-assets have reached a systemically relevant level
- Number and volume of financial instruments issued as crypto-assets in the EU
- Number of prospectuses of financial instruments as crypto-assets approved by NCAs
- Number of entities authorised by NCAs to provide services under existing EU legislation (e.g. MiFID II/MiFIR, CSDR, SFD) and using a DLT/financial instruments in crypto-asset form
- Volume of transactions traded and settled by service providers authorised under existing EU legislation (e.g. MiFID II/MiFIR, CSDR, SFD) and using a DLT/financial instruments in crypto-asset form

1.5. Grounds for the proposal/initiative

1.5.1. Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative

These proposals should address the following challenges:

1) Consumer protection and removing obstacles to innovation: Crypto-assets are one of the major applications of blockchain technology in finance. Since the publication of the Commission's FinTech Action Plan, in March 2018, the Commission has been examining the opportunities and challenges raised by crypto-assets.

On 9 January 2019, the EBA and ESMA published reports with advice to the European Commission on the applicability and suitability of the EU financial services regulatory framework on crypto-assets. These reports were based on the mandate given to them under the Commission's FinTech action plan, published in March 2018.

Both the EBA and ESMA argues that while some crypto-assets could fall within the scope of EU financial services legislation, most of them, do not. Further, even where crypto-assets are within the scope of financial services legislation, effectively applying the legislation to these assets is not always straightforward, and some provisions may inhibit the use of DLT.

2) Fragmentation: Several Member States are considering or have already implemented bespoke measures related to crypto-assets, leading to fragmentation across the Union.

3) Financial stability: The emerging category of so-called 'stablecoins' have attracted much attention, due to their potential to achieve widespread adoption. Like other crypto-assets, these come in many forms, some of which may fall outside the current regulatory framework.

1.5.2. Added value of Union involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this point 'added value of Union involvement' is the value resulting from Union intervention which is additional to the value that would have been otherwise created by Member States alone.

Reasons for action at European level (ex-ante):

Lack of certainty as to whether and how existing EU rules apply (for crypto-assets that are covered by EU rules and obstacles to applying DLT in market infrastructures)

Where a crypto-asset qualify as a MiFID II financial there is a lack of clarity on how the existing regulatory framework for financial services applies to such assets and services related

to them. As the existing regulatory framework was not designed with crypto-assets and DLT in mind, NCAs face challenges in interpreting and applying the various requirements under EU law, which can hamper innovation. Those NCAs may therefore diverge in their approach to interpreting and applying existing EU rules. This diverging approach by NCAs creates fragmentation of the market.

Absence of rules at EU level and diverging national rules for crypto-assets that are not covered by EU rules

For crypto-assets that are not covered by EU financial services legislation, the absence of rules exposes consumers and investors to substantial risks. In the absence of rules at EU level, three Member States (France, Germany and Malta) have already put in place national regimes that regulate certain aspects of crypto-assets that neither qualify as financial instruments under MIFID II nor as electronic money under EMD2. These regimes differ: (i) rules are optional in France while they are mandatory in Malta and Germany; (ii) the scope of crypto-assets and activities covered differ; (iii) the requirements imposed on issuers or services providers are not the same; and (iv) the measures to ensure market integrity are not equivalent.

Other Member States are also considering legislating on crypto-assets and related activities.

Expected generated Union added value (ex-post):

Action at EU level would present more advantages compared to actions at national level.

For crypto-assets that are covered by EU regulation (i.e. those that could qualify as ‘financial instruments’ under MiFID II), regulatory action at EU level in the form of a pilot regime that would allow market infrastructures to test out the application of DLT in the issuance, trading and settlement of financial instruments, could facilitate the take-up of primary and secondary markets for crypto-assets that qualify as financial instruments across the single market, while ensuring financial stability and a high level of investor protection.

For crypto-assets that are not currently covered by EU legislation, an action at EU level, such as the creation of an EU regulatory framework, would set the ground on which a larger cross-border market for crypto-assets and crypto-asset service providers could develop, thereby reaping the full benefits of the single market. An EU regime would significantly reduce the complexity as well as the financial and administrative burdens for all stakeholders, such as the service providers, issuers and investors/users. Harmonising operational requirements on service providers as well as the disclosure requirements imposed on issuers could also bring clear benefits in terms of investor protection and financial stability.

1.5.3. Lessons learned from similar experiences in the past

N/A

1.5.4. Compatibility with the Multiannual Financial Framework and possible synergies with other appropriate instruments

The objectives of the initiative are consistent with a number of other EU policies and ongoing initiatives.

As set out in the Communication ‘Shaping Europe’s digital future’, it is crucial for Europe to reap all the benefits of the digital age and to strengthen its industrial and innovation capacity within safe and ethical boundaries.

President Ursula von der Leyen has stressed the need for “*a common approach with Member States on cryptocurrencies to ensure we understand how to make the most of the opportunities they create and address the new risks they may pose*”. Executive Vice-President Valdis Dombrovskis has also indicated his intention to propose new legislation for a common EU approach on crypto-assets, including ‘stablecoins’. While acknowledging the risks they may present, the Commission and the Council also jointly declared in December 2019 that they “*are committed to put in place a framework that will harness the potential opportunities that some crypto-assets may offer*” .

This initiative is closely linked with wider Commission policies on blockchain technology, since crypto-assets, as the main application of blockchain technologies, are inextricably linked to the promotion of blockchain technology throughout Europe. This proposal supports a holistic approach to blockchain and DLT, which aims at positioning Europe at the forefront of blockchain innovation and uptake. Policy work in this area has included the creation of the European Blockchain Observatory and Forum, and the European Blockchain Partnership, which unites all Member States at political level, as well as the public-private partnerships envisaged with the International Association for Trusted Blockchain Applications.

It is also consistent with the Union policies aimed at creating a Capital Markets Union (CMU). It notably responds to the High-level Forum’s final report, which stressed the underused potential of crypto-assets and called on the Commission to bring legal certainty and establish clear rules for the use of crypto-assets. Lastly, this initiative is consistent with the SME strategy adopted on 10 March 2020, which also highlights DLT and crypto-assets as innovations that can enable SMEs to engage directly with investors.

The legislative proposal would have a very limited impact on the MFF, as it foresees additional Union contribution to ESMA stemming from the additional 2 FTEs that the Authority would receive to implement the additional tasks conferred by the legislators. The new activities to be undertaken by the EBA would be fully fee funded.

This will translate into a proposal to increase the authorised staff of the agency during the future annual budgetary procedure. The agency will continue to work towards maximising synergies and efficiency gains (*inter alia* via IT systems), and closely monitor the additional workload associated with this proposal, which would be reflected in the level of authorised staff requested by the agency in the annual budgetary procedure.

1.5.5. *Assessment of the different available financing options, including scope for redeployment*

1.6. Duration and financial impact of the proposal/initiative

limited duration

- Proposal/initiative in effect from [DD/MM]YYYY to [DD/MM]YYYY
- Financial impact from YYYY to YYYY

unlimited duration

- Implementation with a start-up period from YYYY to YYYY,
- followed by full-scale operation.

1.7. Management mode(s) planned⁷⁵

Direct management by the Commission through

- executive agencies

Shared management with the Member States

Indirect management by entrusting budget implementation tasks to:

international organisations and their agencies (to be specified);

the EIB and the European Investment Fund;

bodies referred to in Articles 70 and 71;

public law bodies;

bodies governed by private law with a public service mission to the extent that they provide adequate financial guarantees;

bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that provide adequate financial guarantees;

persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU, and identified in the relevant basic act.

Comments

⁷⁵ Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: <https://myintracomm.ec.europa.eu/budgweb/EN/man/budgmanag/Pages/budgmanag.aspx>.

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

Specify frequency and conditions.

Providing for a robust monitoring and evaluation mechanism is crucial to ensure that the regulatory actions undertaken are effective in achieving their respective objectives. The Commission would establish a detailed programme for monitoring the outputs and impacts of this initiative. The Commission will be in charge of monitoring the effects of the new requirements. Beyond those indicators, the Commission would have to produce a report, in cooperation with ESMA, on the pilot programme for DLT market infrastructures, after a three-year period. On the basis of this report, the Commission would inform the Parliament and Council on the appropriate way forward (e.g. continuing the experimentation, extending its scope, modifying existing legislation...).

2.2. Management and control system(s)

2.2.1. *Justification of the management mode(s), the funding implementation mechanism(s), the payment modalities and the control strategy proposed*

Management will take place through the three European Supervisory Authorities (ESAs).

As regards the control strategy, the three ESAs work closely with the Commission's Internal Audit Service to ensure that appropriate standards are met in all areas of internal control framework. Those arrangements will also apply to the role of the Agencies in respect of the current proposal.

In addition, every financial year, the European parliament, following a recommendation from the Council, and taking into account the findings of the European Court of Auditors, considers whether to grant discharge to the Agencies for their implementation of the budget.

2.2.2. *Information concerning the risks identified and the internal control system(s) set up to mitigate them*

In relation to the legal, economic, efficient and effective use of appropriations resulting from the actions to be carried out by the ESAs in the context of this proposal, this initiative does not bring about new significant risks that would not be covered by an existing internal control framework. The actions to be carried out in the context of this proposal will start in 2022, and will further continue.

2.2.3. *Estimation and justification of the cost-effectiveness of the controls (ratio of "control costs ÷ value of the related funds managed"), and assessment of the expected levels of risk of error (at payment & at closure)*

Management and control systems are provided in the Regulations currently governing the functioning of the ESAs. These bodies work closely together with the Internal Audit Service of the Commission to ensure that the appropriate standards are observed in all areas of the internal control framework.

Every year, the European Parliament, following a recommendation from the Council, grants discharge to each ESA for the implementation of their budget

Costs of controls - Supervision of ESAs

For the EBA, we estimate a need for 18 FTEs (currently there are 24 asset-referenced tokens in operation, but only few of them would be covered by the category of significant asset-referenced tokens or e-money tokens that are subject to the EBA supervision). These staff resources will be built up over time.

All of these costs would be covered by fees levied from issuers of significant asset-referenced or e-money tokens. The EBA will need to prepare for taking on these responsibilities.

On the ESMA role for the pilot regime for DLT market infrastructures. ESMA will have to provide an initial opinion on the permission given by an NCA and then monitor on an ongoing basis, however national supervisors would do the direct supervision. These activities will be covered fully by their operating budget, which will be increased accordingly.

2.3. Measures to prevent fraud and irregularities

Specify existing or envisaged prevention and protection measures, e.g. from the Anti-Fraud Strategy.

For the purposes of combating fraud, corruption and any other illegal activity, the provisions of Regulation (EC) No 1073/1999 of the European Parliament and of the Council of 25 May 1999 concerning investigations conducted by the European Anti-Fraud Office (OLAF) shall apply to ESMA without any restrictions.

ESMA shall accede to the Interinstitutional Agreement of 25 May 1999 between the European Parliament, the Council of the European Union and the Commission of the European Communities concerning internal investigations by the European Anti-Fraud Office (OLAF) and shall immediately adopt appropriate provisions for all ESMA staff.

The funding decisions and the agreements and the implementing instruments resulting from them shall explicitly stipulate that the Court of Auditors and OLAF may, if need be, carry out on the spot checks on the beneficiaries of monies disbursed by ESMA as well as on the staff responsible for allocating these monies.

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff. ⁷⁶	from EFTA countries ⁷⁷	from candidate countries ⁷⁸	from third countries	within the meaning of Article 21(2)(b) of the Financial Regulation
1	ESMA: <03.10.04>	Diff.	NO	NO	NO	NO

- New budget lines requested

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./non-diff.	from EFTA countries	from candidate countries	from third countries	within the meaning of Article 21(2)(b) of the Financial Regulation
	[XX.YY.YY.YY]		YES/NO	YES/NO	YES/NO	YES/NO

⁷⁶ Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

⁷⁷ EFTA: European Free Trade Association.

⁷⁸ Candidate countries and, where applicable, potential candidates from the Western Balkans.

3.2. Estimated impact on expenditure

3.2.1. Summary of estimated impact on expenditure

EUR million (to three decimal places)

Heading of multiannual financial framework	Number	Heading 1 : Single Market, Innovation & Digital
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ESMA: <03.10.04>			2022 ⁷⁹	2023	2024	2025	2026	2027	TOTAL
Title 1:	Commitments	(1)	0,059	0,118	0,118	0,118	0,118	0,118	0,649
	Payments	(2)	0,059	0,118	0,118	0,118	0,118	0,118	0,649
Title 2:	Commitments	(1a)	0,010	0,020	0,020	0,020	0,020	0,020	0,110
	Payments	(2a)	0,010	0,020	0,020	0,020	0,020	0,020	0,110
Title 3:	Commitments	(3a)							
	Payments	(3b)							
TOTAL for ESMA: <03.10.04>	Commitments	=1+1a +3a	0,069	0,138	0,138	0,138	0,138	0,138	0,759
	Payments	=2+2a +3b	0,069	0,138	0,138	0,138	0,138	0,138	0,759

⁷⁹ Year N is the year in which implementation of the proposal/initiative starts. Please replace "N" by the expected first year of implementation (for instance: 2021). The same for the following years.

Heading of multiannual financial framework	7	'European public administration'
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EUR million (to three decimal places)

		Year N	Year N+1	Year N+2	Year N+3	Enter as many years as necessary to show the duration of the impact (see point 1.6)			TOTAL
DG: <.....>									
• Human Resources									
• Other administrative expenditure									
TOTAL DG <.....>		Appropriations							

TOTAL appropriations under HEADING 7 of the multiannual financial framework	(Total commitments = Total payments)								
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EUR million (to three decimal places)

		Year N ⁸⁰	Year N+1	Year N+2	Year N+3	Enter as many years as necessary to show the duration of the impact (see point 1.6)			TOTAL
TOTAL appropriations under HEADINGS 1 to 7 of the multiannual financial framework		Commitments							
		Payments							

⁸⁰ Year N is the year in which implementation of the proposal/initiative starts. Please replace "N" by the expected first year of implementation (for instance: 2021). The same for the following years.

3.2.2. *Estimated impact on [body]'s appropriations*

- The proposal/initiative does not require the use of operational appropriations
- The proposal/initiative requires the use of operational appropriations, as explained below:

Commitment appropriations in EUR million (to three decimal places)

Indicate objectives and outputs ↓			Year N		Year N+1		Year N+2		Year N+3		Enter as many years as necessary to show the duration of the impact (see point 1.6)						TOTAL	
	OUTPUTS																	
	Type ⁸¹	Average cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	Total No	Total cost
SPECIFIC OBJECTIVE No 1 ⁸² ...																		
- Output																		
- Output																		
- Output																		
Subtotal for specific objective No 1																		
SPECIFIC OBJECTIVE No 2 ...																		
- Output																		
Subtotal for specific objective No 2																		
TOTAL COST																		

⁸¹ Outputs are products and services to be supplied (e.g.: number of student exchanges financed, number of km of roads built, etc.).

⁸² As described in point 1.4.2. 'Specific objective(s)...'

3.2.3. Estimated impact on EBA and ESMA's human resources

3.2.3.1. Summary

- The proposal/initiative does not require the use of appropriations of an administrative nature
- The proposal/initiative requires the use of appropriations of an administrative nature, as explained below:

EUR million (to three decimal places)

	2022	2023	2024	2025	2026	2027	TOTAL
--	------	------	------	------	------	------	-------

Temporary agents (AD Grades) EBA and ESMA ⁸³	1,404	3,061	3,309	3,309	3,309	3,309	17,701
Temporary agents (AST grades)							
Contract staff							
Seconded National Experts							

TOTAL	1,404	3,061	3,309	3,309	3,309	3,309	17,701
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Staff requirements (FTE):

	2022	2023	2024	2025	2026	2027	TOTAL
--	------	------	------	------	------	------	-------

Temporary agents (AD Grades) EBA=15 for 2022 and 18 as of 2023, ESMA=2	17	20	20	20	20	20	20
Temporary agents (AST grades)							
Contract staff							
Seconded National Experts							

TOTAL	17	20	20	20	20	20	20
--------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------

⁸³

The costs for EBA include 100% employer's pension contribution and the costs for ESMA include the pension contribution corresponding to the 60% National Competent Authorities share.

It is forecast that:

- Approximately 50% of the required staff required for 2022 will be recruited in that year, approximately 50% of the additional 3 posts required for 2023 will be recruited in that year and full staffing will be achieved in 2024.

3.2.3.2. Estimated requirements of human resources for the parent DG

- The proposal/initiative does not require the use of human resources.
- The proposal/initiative requires the use of human resources, as explained below:

Estimate to be expressed in full amounts (or at most to one decimal place)

	Year N	Year N+1	Year N+2	Year N+3	Enter as many years as necessary to show the duration of the impact (see point 1.6)		
• Establishment plan posts (officials and temporary staff)							
XX 01 01 01 (Headquarters and Commission's Representation Offices)							
XX 01 01 02 (Delegations)							
XX 01 05 01 (Indirect research)							
10 01 05 01 (Direct research)							
• External staff (in Full Time Equivalent unit: FTE)⁸⁴							
XX 01 02 01 (AC, END, INT from the 'global envelope')							
XX 01 02 02 (AC, AL, END, INT and JPD in the Delegations)							
XX 01 04 yy⁸⁵	- at Headquarters ⁸⁶						
	- in Delegations						
XX 01 05 02 (AC, END, INT – Indirect research)							
10 01 05 02 (AC, END, INT – Direct research)							
Other budget lines (specify)							
TOTAL							

XX is the policy area or budget title concerned.

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary

⁸⁴ AC = Contract Staff; AL = Local Staff; END = Seconded National Expert; INT = agency staff; JPD = Junior Professionals in Delegations .

⁸⁵ Sub-ceiling for external staff covered by operational appropriations (former 'BA' lines).

⁸⁶ Mainly for the Structural Funds, the European Agricultural Fund for Rural Development (EAFRD) and the European Fisheries Fund (EFF).

with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

Description of tasks to be carried out:

Officials and temporary staff	
External staff	

Description of the calculation of cost for FTE units should be included in the Annex V, section 3.

3.2.4. *Compatibility with the current multiannual financial framework*

- The proposal/initiative is compatible the current multiannual financial framework.
- The proposal/initiative will entail reprogramming of the relevant heading in the multiannual financial framework.

Explain what reprogramming is required, specifying the budget lines concerned and the corresponding amounts.

- The proposal/initiative requires application of the flexibility instrument or revision of the multiannual financial framework⁸⁷.

Explain what is required, specifying the headings and budget lines concerned and the corresponding amounts.

3.2.5. *Third-party contributions*

- The proposal/initiative does not provide for co-financing by third parties.
- The proposal/initiative provides for the co-financing estimated below:

EUR million (to three decimal places)

	2022	2023	2024	2025	2026	2027	Total
Industry fees ⁸⁸ EBA	2,234	3,957	4,042	4,042	4,042	4,042	22,359
TOTAL appropriations co-financed	2,234	3,957	4,042	4,042	4,042	4,042	22,359

EUR million (to three decimal places)

⁸⁷ See Articles and of Council Regulation (EU, Euratom) No /2020 laying down the multiannual financial framework for the years 2021-2027.
⁸⁸ 100% of the cost of implementing the proposal will be covered by fees.

	2022	2023	2024	2025	2026	2027	Total
National Authorities to ESMA ⁸⁹ Competent contribution	0,115	0,230	0,230	0,230	0,230	0,230	1,265
TOTAL appropriations co-financed	0,115	0,230	0,230	0,230	0,230	0,230	1,265

⁸⁹ 60% of the total estimated cost (the EU contribution having been estimated at 40%) plus a 60% share of the employer's pension contributions

3.3. Estimated impact on revenue

- The proposal/initiative has no financial impact on revenue.
- The proposal/initiative has the following financial impact:
- on own resources
- on other revenue
- please indicate, if the revenue is assigned to expenditure lines

EUR million (to three decimal places)

Budget revenue line:	Appropriations available for the current financial year	Impact of the proposal/initiative ⁹⁰					Enter as many years as necessary to show the duration of the impact (see point 1.6)		
		Year N	Year N+1	Year N+2	Year N+3				
Article									

For miscellaneous 'assigned' revenue, specify the budget expenditure line(s) affected.

Specify the method for calculating the impact on revenue.

⁹⁰ As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 20 % for collection costs.

ANNEX

General Assumptions

Title I – Staff Expenditure

The following specific assumptions have been applied in the calculation of the staff expenditure based upon the identified staffing needs explained below:

- Additional staff hired in 2022 are costed for 6 months given the assumed time needed to recruit the additional staff. The 3 additional staff required for 2023 (over and above the staff required for 2022) are costed for 6 months given the assumed time needed to recruit the additional staff. Full staffing will be achieved in 2024.
- The average annual cost of a Temporary Agent is EUR 150 000, of a Contract Agent is EUR 85 000 and for a seconded national expert is EUR 80 000, all of which including EUR 25 000 of ‘habillage’ costs (Buildings, IT, etc.);
- The correction coefficients applicable to staff salaries in Paris (EBA and ESMA) is 117.7;
- Employer’s pension contributions for Temporary Agents have been based upon the standard basic salaries included in the standard average annual costs, i.e. EUR 95 660;
- All additional Temporary Agents are AD5s.

Title II – Infrastructure and operating expenditure

Costs are based upon multiplying the number of staff by the proportion of the year employed by the standard cost for ‘habillage’, i.e. EUR 25 000.

Title III – Operational expenditure

Costs are estimated subject to the following assumptions:

- Translation cost are set at EUR 350 000 per year for the EBA.
- The one-off IT costs of EUR 500 000 for the EBA are assumed to be implemented over the two years 2022 and 2023 on the basis of a 50% - 50% split. Yearly maintenance costs for the EBA are estimated at EUR 50 000.
- On-site yearly supervision costs for the EBA are estimated at EUR 200.000.

The estimations presented here above result in the following costs per year:

Heading of multiannual financial framework	Number	
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EBA: <			2022	2023	2024	2025	2026	2027	TOTAL
Title 1:	Commitments	(1)	1,246	2,744	2,992	2,992	2,992	2,992	15,958
	Payments	(2)	1,246	2,744	2,992	2,992	2,992	2,992	15,958
Title 2:	Commitments	(1a)	0,188	0,413	0,450	0,450	0,450	0,450	2,401
	Payments	(2a)	0,188	0,413	0,450	0,450	0,450	0,450	2,401
Title 3:	Commitments	(3a)	0,800	0,800	0,600	0,600	0,600	0,600	4,000
	Payments	(3b)	0,800	0,800	0,600	0,600	0,600	0,600	4,000
TOTAL appropriations for EBA	Commitments	=1+1a +3a	2,234	3,957	4,042	4,042	4,042	4,042	22,359
	Payments	=2+2a +3b	2,234	3,957	4,042	4,042	4,042	4,042	22,359

Constant Prices

The proposal requires the use of operational appropriations, as explained below:

Commitment appropriations in EUR million (to three decimal places) in constant prices

EBA

Indicate objectives and outputs ↓			2022	2023	2024	2025	2026	2027									
	OUTPUTS																
	Type ⁹¹	Average cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	Total No	Total cost	
SPECIFIC OBJECTIVE No 1 ⁹² Direct supervision of significant asset-basket crypto-asset issuers																	
- Output			0,800	0,800	0,600	0,600	0,600	0,600	0,600	0,600	0,600	0,600	0,600		4,000		
Subtotal for specific objective No 1																	
SPECIFIC OBJECTIVE No 2 approval of amended crypto-asset white paper submitted by issuer of significant asset-referenced token																	
- Output																	
Subtotal for specific objective No 2																	
TOTAL COST			0,800	0,800	0,600	0,600	0,600	0,600	0,600	0,600	0,600	0,600	0,600		4,000		

⁹¹ Outputs are products and services to be supplied (e.g.: number of student exchanges financed, number of km of roads built, etc.).
⁹² As described in point 1.4.2. ‘Specific objective(s)...’

The direct supervisory activities of the EBA shall be fully funded by fees levied from the supervised entities as follows:

EBA

	2022	2023	2024	2025	2026	2027	Total
The costs shall be covered 100% by fees levied from the supervised entities	2,234	3,957	4,042	4,042	4,042	4,042	22,359
TOTAL appropriations co-financed	2,234	3,957	4,042	4,042	4,042	4,042	22,359

The coordination activities of ESMA under the DLT pilot regime set out in the related Proposal for a Regulation on DLT market infrastructures shall be funded by their operating budget with EU contributions corresponding to 40% (amounts indicated in table 3.2.1 Summary of estimated impact on expenditure) and National Competent Authorities corresponding to 60% (amounts indicated in table 3.2.5 Third countries contribution) of the total cost.

SPECIFIC INFORMATION

Direct Supervisory powers

The European Banking Authority (EBA) is a special Union body, which was established to protect the public interest by contributing to the short, medium and long-term stability and effectiveness of the financial system for the Union economy, its citizens and businesses.

While the EBA will need to recruit specialist personnel, the duties and functions to be undertaken to implement the proposed legislation are in line with the remit and tasks of the EBA.

Specifically, the EBA will need to train and hire specialist to fulfil the duties of the direct supervision as envisaged in this proposal for the supervision of issuers of significant asset-referenced tokens.

Other proposals covered under this Legislative Financial Statement

This Legislative Financial Statement also covers the financial impact stemming from the Proposal for a Regulation on DLT market infrastructures, which accounts for the increase in the funding for ESMA.



Brussels, 24.9.2020
COM(2020) 593 final

ANNEXES 1 to 6

ANNEXES

to the

**Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE
COUNCIL**

on Markets in Crypto-assets, and amending Directive (EU) 2019/1937

{SEC(2020) 306 final} - {SWD(2020) 380 final} - {SWD(2020) 381 final}

ANNEX I: Crypto-assets white paper for issuers of crypto-assets – minimum content

Part A: General information about the issuer

1. Issuer's name;
2. Registered address;
3. Date of the registration;
4. Legal entity identifier;
5. Where applicable, the group of undertakings to which the issuer belongs;
6. Identity, address and functions of persons belonging to the management body of the issuer;
7. The statement referred to in Article 5(5);
8. Potential conflicts of interest;
9. Details of the issuer's financial track record for the last 3 years or where the issuer has not been established for the last 3 years, the issuer's financial track record since the date of its registration. Where the offer concerns utility tokens that can be effectively exchanged for a product or service upon issuance, the issuer shall be exempted from this requirement.

Part B: Information about the project

1. Name of the project or the crypto-assets (if different than the issuer's name);
2. Details of all natural or legal persons (including addresses and/or domicile of the company) involved in project implementation, such as advisors, development team and crypto-asset service providers;
3. A description of the reasons behind the issuance of crypto-assets;
4. Where the offer to the public of crypto-assets concerns utility tokens, key features of the products or services developed or to be developed;
5. Information about the project organisation, including the description of the past and future milestones of the project and, where applicable, resources already allocated to the project;
6. Where applicable, information about the planned use of funds;
7. Except for utility tokens, expenses related to the offer to the public of crypto-assets.

Part C: Information about the offer to the public of crypto-assets or their admission to trading on a trading platform for crypto-assets

1. Indication on whether the whitepaper concerns an offer of crypto-assets to the public and/or an admission of crypto-assets to trading on a trading platform for crypto-assets;
2. Where applicable, the amount that the offer intends to raise in any fiat currency or in any other crypto-asset. Where applicable, any soft cap (minimum amount necessary to carry out the project) or hard cap (maximum amount of the offer to the public) set for the offer to the public of crypto-assets;
3. The issue price of the crypto-asset being offered (in fiat currency or any other crypto-assets);

4. Where applicable, the total number of crypto-assets to be offered and/or admitted to trading on a trading platform for crypto-assets;
5. Indication of the holders/purchasers that the offer to the public of crypto-assets and/or admission of such crypto-assets to trading targets, including any restriction as regards the type of purchasers or holders for such crypto-assets;
6. Specific notice that purchasers participating in the offer to the public of crypto-assets will be able to get their contribution back if the soft cap (minimum amount necessary to carry out the project) is not reached at the end of the offer to the public or if the offer is cancelled and detailed description of the refund mechanism, including the expected timeline of when such refunds will be completed;
7. Information about the various periods of the offer of crypto-assets, including information on discounted purchase price for early purchasers of crypto-assets (pre-public sales);
8. For time-limited offers, the subscription period during which the offer to the public is open and the arrangements to safeguard funds or other crypto-assets as referred to in Article 9;
9. Methods of payment to buy the crypto-assets offered;
10. For crypto-assets, other than asset-referenced tokens or e-money tokens, information on the right of withdrawal as referred to in Article 12;
11. Information on the manner and time schedule of transferring the purchased crypto-assets to the holders;
12. Where applicable, name of the crypto-asset service provider in charge of the placement of crypto-assets and the form of such placement (guaranteed or not);
13. Where applicable, name of the trading platform for crypto-assets where admission to trading is sought;
14. The law applicable to the offer to the public of crypto-assets, as well as the competent courts.

Part D: Rights and obligations attached to crypto-assets

1. The statement as referred to in Article 5(6);
2. A description of the characteristics and functionality of the crypto-assets being offered or admitted to trading on a trading platform for crypto-assets, including information about when the functionalities are planned to apply;
3. A description of the rights and obligations (if any) that the purchaser is entitled to, and the procedure and conditions for the exercise of these rights;
4. Where applicable, information on the future offers of crypto-assets by the issuer and the number of crypto-assets retained by the issuer itself;
5. Where the offer of crypto-assets or admission to trading on a trading platform for crypto-assets concerns utility tokens, information about the quality and quantity of products and/or services that the utility tokens give access to;
6. Where the offers to the public of crypto-assets or admission to trading on a trading platform for crypto-assets concerns utility tokens, information on how utility tokens can be redeemed for products or services they relate to;

7. Where an admission to trading on a trading platform for crypto-assets is not sought, information on how and where the crypto-assets can be acquired or sold after the offer to the public;
8. Any restrictions on the free transferability of the crypto-assets being offered or admitted to trading on a trading platform for crypto-assets;
9. Where the crypto-assets purport to maintain a stable value via protocols for the increase or decrease of their supply in response to changes in demand, a description of the functioning of such protocols.

Part E: Information on the underlying technology

1. Information on the technology used, including distributed ledger technology, protocols and technical standards used;
2. A description of the underlying protocol's interoperability with other protocols;
3. The consensus algorithm, where applicable;
4. Incentive mechanisms to secure transactions and any fees applicable;
5. Where the crypto-assets are issued, transferred and stored on a distributed ledger that is operated by the issuer or a third-party acting on his behalf, a detailed description of the functioning of such distributed ledger;
6. Information on the audit outcome of the technology used (if any).

Part F: Risks

1. A description of risks associated with the issuer of crypto-assets;
2. A description of risks associated with the offer of crypto-assets and/or admission to trading on a trading venue for crypto-assets;
3. A description of risks associated with the crypto-assets;
4. A description of risks associated with project implementation;
5. A description of risks associated with the technology used as well as mitigating measures (if any).

Annex II: Additional information for crypto-asset white papers for issuers of asset-referenced tokens

Part A: General Information about the issuer

1. A detailed description of the governance of the issuer;
2. Except for issuers of asset-referenced tokens that are exempted from authorisation in accordance with Article 15(3), details about the authorisation as an issuer of asset-referenced tokens and name of the competent authority which granted such an authorisation.

Part B: Information about the project

1. A description of the role, responsibilities and accountability of any third-party entities referred to in Article 30(5), point (h).

Part D: Rights and obligations attached to the crypto-assets

1. Information on the nature and enforceability of rights, including direct redemption right and any claims that holders and any legal or natural person as referred to in Article 35(3), may have on the reserve assets or against the issuer, including on how such rights may be treated in case of insolvency procedures;
2. Where applicable, the statement as referred to in the last subparagraph of Article 17(1);
3. Where applicable, information on the arrangements put in place by the issuer to ensure the liquidity of the asset-referenced tokens, including the name of entities in charge of ensuring such liquidity;
4. A description of the complaint handling procedure and any dispute resolution mechanism or redress procedure established by the issuer of asset-referenced tokens.

Part F: Risks

1. Risks related to the value of the reserve assets, including liquidity risks;
2. Risks related to the custody of the reserve assets;
3. Risks related to the investment of the reserve assets.

Part G: Reserve of assets

1. A detailed description of the mechanism aimed at stabilising the value of the asset-referenced tokens, including legal and technical aspects;
2. A detailed description of the reserve assets and their composition;
3. A description of the mechanisms through which asset-referenced tokens are issued, created and destroyed;
4. Information on whether a part of the reserve assets are invested and where applicable, a description of the investment policy for the reserve assets;
5. A description of the custody arrangements for the reserve assets, including the segregation of assets, the name of credit institutions or crypto-asset service providers appointed as custodians.

Annex III: Whitepaper applicable to issuers of e-money tokens–minimum content

Part A: General information about the issuer

1. Issuer's name;
2. Registered address;
3. Date of the registration;
4. Legal entity identifier;
5. Where applicable, the group of undertakings to which the issuer belongs;
6. Identity, address and functions of persons belonging to the management body of the issuer;
7. The statement as referred to in Article 46(4);
8. Potential conflicts of interest;
9. Details of the issuer's financial track record for the last three years or where the issuer has not been established for the last three years, the issuer's financial track record since the date of its registration.
10. Except for e-money issuers who are exempted from authorisation in accordance with Article 43(2), details about the authorisation as an issuer of e-money tokens and name of the competent authority which granted authorisation.

Part B: Information about the project

1. Details of all natural or legal persons (including addresses and/or domicile of the company) involved in design and development, such as advisors, development team and crypto-asset service providers;

Part C: Information about the offer to the public of e-money tokens or their admission to trading

1. Indication on whether the whitepaper concerns an offer to the public of e-money tokens to the general public and/or their admission to trading on a trading platform for crypto-assets;
2. Where applicable, the total number of e-money tokens to be offered to the public and/or admitted to trading on a trading platform for crypto-assets;
3. Where applicable, name of the trading platform for crypto-assets where the admission to trading of e-money tokens is sought.
4. The law applicable to the offer to the public of e-money tokens, as well as the competent courts.

Part D: Rights and obligations attached to e-money tokens

1. A detailed description of the rights and obligations (if any) that the holder of the e-money token is entitled to, including the right of redemption at par value as well as the procedure and conditions for the exercise of these rights;
2. Any related fees applied by the issuer of e-money tokens when the redemption right at par value is exercised by the holder of e-money tokens;

Part E: Information on the underlying technology

1. Information on the technology used, including distributed ledger technology, protocols and technical standards used, allowing for the holding, storing and transfer of such e-money tokens;
2. Description of the underlying protocol's interoperability with other protocols;
3. The consensus algorithm, where applicable;
4. Incentive mechanisms to secure transactions and any fees applicable;
5. Where the crypto-assets are issued, transferred and stored on a distributed ledger that is operated by the issuer or a third-party acting on its behalf, a detailed description of the functioning of such distributed ledger;
6. Information on the audit outcome of the technology used (if any);

Part F: Risks

1. Description of risks associated with the issuer of e-money tokens;
2. Description of risks associated with the e-money tokens;
3. Description of risks associated with the technology used as well as mitigating measures (if any).

Annex IV – Minimum capital requirements for crypto-asset service providers

Crypto-asset service providers	Type of crypto-asset services	Minimum capital requirements under Article (1)(a)
Class 1	Crypto-asset service provider authorised for the following crypto-asset services: <ul style="list-style-type: none">– reception and transmission of orders on behalf of third parties; and/or– providing advice on crypto-assets; and/or– execution of orders on behalf of third parties; and/or– placing of crypto-assets.	EUR 50,000
Class 2	Crypto-asset service provider authorised for any crypto-asset services under class 1 and: <ul style="list-style-type: none">– custody and administration of crypto-assets on behalf of third parties.	EUR 125,000
Class 3	Crypto-asset service provider authorised for any crypto-asset services under class 2 and: <ul style="list-style-type: none">– exchange of crypto-assets for fiat	EUR 150,000

	<p>currency that is legal tender;</p> <ul style="list-style-type: none">– exchange of crypto-assets for other crypto-assets;– operation of a trading platform for crypto-assets.	
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Annex V – List of infringements referred to in Title III and Title VI for issuers of significant asset-referenced tokens

1. The issuer infringes Article 21 by not notifying the EBA from any change of its business model likely to have a significant influence on the purchase decision of any actual or potential holder of significant asset-referenced tokens, or by not describing such a change in a crypto-asset white paper.
2. The issuer infringes Article 21 by not complying with a measure requested by the EBA in accordance with Article 21(3).
3. The issuer infringes Article 23(1), point (a) by not acting honestly, fairly and professionally.
4. The issuer infringes Article 23(1), point (b) by not communicating with holders of significant asset-referenced tokens in a fair, clear and not misleading manner.
5. The issuer infringes Article 23(2) by not acting in the best interests of the holders of significant asset-referenced tokens, or by giving a preferential treatment to specific holders, which is not disclosed in the issuer's white paper
6. The issuer infringes Article 24, by not publishing on its website its approved crypto-asset white paper as referred to in Article 19(1) and, where applicable, its modified crypto-asset white paper referred to in Article 21 and its marketing communications referred to in Article 25.
7. The issuer infringes Article 24 by not making the white papers publicly accessible before the starting date of the offer to the public of the significant asset-referenced tokens or the admission of those tokens to trading on a trading platform for crypto-assets.
8. The issuer infringes Article 24 by not making the crypto-asset white paper and the marketing communications available as long as the significant asset-referenced tokens are held by the public.
9. The issuer infringes Article 25(1) by publishing marketing communications, relating to an offer to the public of significant asset-referenced tokens, or to the admission of such significant asset-referenced tokens to trading on a trading platform for crypto-assets, which do not meet the requirements set out in Article 25(1), points (a) to (d);
10. In the absence of a direct claim or redemption right granted to all the holders of significant asset-referenced tokens, the issuer infringes Article 25(2) by not

including, in its marketing communications, a clear and unambiguous statement that the holders of such tokens do not have a claim on the reserve assets or cannot redeem these tokens with the issuer at any time;

11. The issuer infringes Article 26(1) by not disclosing at least every month and/or in a clear, accurate and transparent manner on their website the amount of significant asset-referenced tokens in circulation and the value and the composition of the reserve assets referred to in Article 32.
12. The issuer infringes Article 26(2) by not disclosing as soon as possible and/or in a clear, accurate and transparent manner on their website the outcome of the audit of the reserve assets referred to in Article 32.
13. The issuer infringes Article 26(3) by not disclosing in a clear, accurate and transparent manner as soon as possible any event that has or is likely to have a significant effect on the value of the significant asset-referenced tokens or the reserve assets.
14. The issuer infringes Article 27(1) by not establishing and/or maintaining effective and transparent procedures for the prompt, fair and consistent handling of complaints received from holders of significant asset-referenced tokens, or by not establishing procedures to facilitate the handling of complaints between holders and third-party entities as referred to in Article 30(5), point (h).
15. The issuer infringes Article 27(2), by not enabling the holders of significant asset-referenced tokens to file complaints free of charge.
16. The issuer infringes Article 27(3), by not developing and/or making available to the holders of significant asset-referenced tokens a template for filing complaints and/or by not keeping a record of all complaints received and any measures taken in response to those complaints.
17. The issuer infringes Article 27(4), by not investigating all complaints in a timely and fair manner and/or, by not communicating the outcome of such investigations to the holders of their significant asset-referenced tokens within a reasonable period of time.
18. The issuer infringes Article 28(1), by not maintaining and implementing effective policies and procedures to prevent, identify, manage and disclose conflicts of interest between the issuer itself and its shareholders, the members of its management body, its employees, any natural persons who either own, directly or indirectly, more than 20% of the issuer's share capital or voting rights, or who exercise, by any other means, a power of control over the said issuer, the holders of significant asset-referenced tokens, any third party providing one of the functions as referred in

Article 30(5), point (h), or any natural or legal person granted with a direct claim or a redemption right in accordance with Article 35(3).

19. The issuer infringes Article 28(1) by not taking all appropriate steps to prevent, identify, manage and disclose conflicts of interest arising from management and investment of the reserve assets.
20. The issuer infringes Article 28, paragraphs (2) to (4), by not disclosing to the holders of significant asset-referenced tokens the general nature and sources of conflicts of interest and the steps taken to mitigate those risks, or by not making this disclosure on a durable medium, or by not being sufficiently precise in the disclosure to enable the holders of significant asset-referenced tokens to take an informed purchasing decision about such tokens.
21. The issuer infringes Article 29, by not notifying to the EBA of any changes to their management body.
22. The issuer infringes Article 30(1) by not having robust governance arrangements, which include a clear organisational structure with well-defined, transparent and consistent lines of responsibility, effective processes to identify, manage, monitor and report the risks to which it is or might be exposed, and adequate internal control processes, including sound administrative and accounting procedures.
23. The issuer infringes Article 30(2) by having members of their management body who do not have the necessary good repute and competence, in terms of qualifications, experience and skills, to perform their duties or to ensure the sound and prudent management of the issuer.
24. The issuer infringes Article 30(5) by not adopting policies and procedure policies that are not sufficiently effective to ensure compliance with this Regulation, including compliance of its managers and employees with all the provisions of this Title, including by not establishing, maintaining and implementing any of the policies and procedures referred to in Article 30(5), points (a) to (k);
25. The issuer infringes Article 30(5) by not establishing and maintaining contractual arrangements with third-party entities as referred to in Article 30(5), point (h), that precisely set out the roles, responsibilities, rights and obligations of each of the third-party entities and the issuer, or by providing for an unambiguous choice of law for such contracts with cross-jurisdictional implications.
26. Unless they have initiated a plan as referred to in Article 42, the issuer infringes Article 30(6), by not employing appropriate and proportionate systems, resources or procedures to ensure the continued and regular performance of their services and

activities, or by not maintaining all their systems and security access protocols to appropriate Union standards.

27. The issuer infringes Article 30(7) by not identifying sources of operational risks or by not minimising those risks through the development of appropriate systems, controls and procedures.
28. The issuer infringes Article 30(8) by not establishing a business continuity policy that ensures, in case of an interruption of its systems and procedures, the preservation of essential data and functions and the maintenance of their activities, or, where that is not possible, the timely recovery of such data and functions and the timely resumption of its activities.
29. Unless it has been permitted to hold a lower amount of own funds in accordance with Article 31(3), the issuer infringes Article 31(1) point (a) or 41(4) by not abiding, at all times, to the own funds requirement.
30. The issuer infringes Article 31(2) where its own funds does not consist of the common Equity Tier 1 items and instruments referred to in Articles 26 to 30 of Regulation (EU) No 575/2013 after the deductions in full, pursuant to Article 36 of that Regulation, without the application of threshold exemptions referred to in Articles 46 and 48 of that Regulation.
31. The issuer infringes Article 31(3) by not abiding to the own funds required by the competent authority, following the assessment made in accordance with Article 31(3).
32. The issuer infringes Article 32(1) by not constituting and maintaining a reserve of assets at all times.
33. The issuer infringes Article 32(3) where its management body does not ensure effective and prudent management of the reserve assets.
34. The issuer infringes Article 32(3) by not ensuring that the creation and destruction of significant asset-referenced tokens is always matched by a corresponding increase or decrease in the reserve assets and that such increase or decrease is adequately managed to avoid any adverse impacts on the market of the reserve assets.
35. The issuer infringes Article 32(4), by not having clear and/or detailed policies on the stabilisation mechanism of such tokens that do not meet the conditions set out in Article 32(4), points (a) to (g).

36. The issuer infringes Article 32(5) by not mandating an independent audit of the reserve assets every 6 months, as of the date of its authorisation.
37. The issuer infringes Article 33(1) by not establishing, maintaining or implementing custody policies, procedures and contractual arrangements that ensure at all times that the conditions listed in Article 33(1) points (a) to (d) are met.
38. The issuer infringes Article 33(1) by not having a custody policy for each reserve of assets it manages.
39. The issuer infringes Article 33(2) where the reserve assets are not held in custody by a crypto-asset service provider or by a credit institution by no later than 5 business days after the issuance of the significant asset-referenced tokens.
40. The issuer infringes Article 33(3) by not exercising all due skill, care, diligence in the selection, appointment and review of credit institutions and crypto-asset service providers appointed as custodians of the reserve assets.
41. The issuer infringes Article 33(3) by not ensuring that the credit institutions and crypto-asset service providers appointed as custodians of the reserve assets have the necessary expertise and market reputation to act as custodians of such reserve assets.
42. The issuer infringes Article 33(3) by not having contractual arrangements with the custodians that ensure that the reserve assets held in custody are protected against claims of the custodians' creditors.
43. The issuer infringes Article 33(3) by not having custody policies and procedures that set out the selection criteria for the appointments of credit institutions or crypto-asset service providers as custodians of the reserve assets and/or by not having the procedure to review such appointments.
44. The issuer infringes Article 33(3) by not reviewing the appointment of credit institutions or crypto-asset service providers as custodians of the reserve assets on a regular basis, and/or, by not evaluating its exposures to such custodians, and/or by not monitoring the financial conditions of such custodians on an ongoing basis.
45. The issuer infringes Article 33(4) where the reserve assets are not entrusted to credit institutions or crypto-asset service providers in accordance with Article 33(4) points (a) to (d).
46. The issuer infringes Article 33(5) where the appointment of a custodian is not evidenced by a written contract, or where such a contract does not regulate the flow

of information deemed necessary to enable the issuers, the credit institutions and the crypto-assets service providers to perform their functions.

47. The issuer infringes Article 34(1) by investing the reserve assets in any products that are not highly liquid financial instruments with minimal market and credit risk or where such investments cannot be liquidated rapidly with minimal price effect.
48. The issuer infringes Article 34(2) by not holding in custody the financial instruments in which the reserve assets are held.
49. The issuer infringes Article 34(3) by not bearing all profits and losses that result from the investment of the reserve assets.
50. The issuer infringes Article 35(1), by not establishing, maintaining and implementing clear and detailed policies and procedures on the rights granted to holders of significant asset-referenced tokens.
51. Where holders of significant asset-referenced are granted rights as referred to in Article 35(1), the issuer infringes Article 35(2) by not establishing a policy that meets the conditions listed in Article 35(2), points (a) to (e).
52. Where holders of significant asset-referenced tokens are granted rights as referred to in Article 35(1), the issuer infringes Article 35(2), by not providing for fees that are proportionate and commensurate with the actual costs incurred by the issuers of significant asset-referenced tokens.
53. Where the issuer do not grant rights as referred to in Article 35(1) to all the holders of significant asset-referenced tokens, such an issuer infringes Article 35(3) by not establishing a policy specifying the natural or legal persons that are provided with such rights, or by not specifying the conditions for exercising such rights, or the obligations imposed on those persons.
54. Where the issuer do not grant rights as referred to in Article 35(1) to all the holders of significant asset-referenced tokens, such an issuer infringes Article 35(3) by not establishing or maintaining appropriate contractual arrangements with those natural or legal persons who are granted with such rights, or by not having contractual arrangements which do set out the roles, responsibilities, rights and obligations of the issuers and each of those natural or legal persons, or by not having an unambiguous choice of law for such contractual arrangements with cross-border implications.
55. Where the issuer do not grant rights as referred to in Article 35(1) to all the holders of significant asset-referenced tokens, such an issuer infringes Article 35(4) by not putting in place a mechanism to ensure the liquidity of the significant asset-referenced tokens.

56. Where the issuer do not grant rights as referred to in Article 35(1) to all the holders of significant asset-referenced tokens, such an issuer infringes Article 35(4) by not establishing or maintaining written agreements with crypto-asset service providers, or by not ensuring that a sufficient number of crypto-asset service providers are required to post firm quotes at a competitive price on a regular and predictable basis.
57. Where the issuer do not grant rights as referred to in Article 35(1) to all the holders of significant asset-referenced tokens, such an issuer infringes Article 35(4) by not ensuring the direct redemption of such significant asset-referenced tokens in case of significant fluctuation of value of the significant asset-referenced tokens or of the reserve assets, or by not applying fees that are proportionate and commensurate with the actual costs incurred for such a redemption.
58. Where the issuer do not grant rights as referred to in Article 35(1) to all the holders of significant asset-referenced tokens, such an issuer infringes Article 35(4) by not establishing and maintaining contractual arrangements to ensure that the proceeds of the reserve assets are paid to the holders of significant asset-referenced tokens, where the issuer decides to stop operating or where it has been placed under an orderly wind-down, or when its authorisation has been withdrawn.
59. The issuer infringes Article 36 by providing for interests or any other benefits related to the length of time during which a holder of significant asset-referenced tokens holds such significant asset-referenced tokens.
60. The issuer infringes Article 41(1) by not adopting, implementing and maintaining a remuneration policy that promotes sound and effective risk management of such issuers and that does not create incentives to relax risk standards.
61. The issuer infringes Article 41(2) by not ensuring that its significant asset-referenced tokens can be held in custody by different crypto-asset service providers authorised for the service referred to in Article 3(1), point (10), on a fair, reasonable and non-discriminatory basis.
62. The issuer infringes Article 41(2) by not assessing or monitoring the liquidity needs to meet redemption requests or the exercise of rights, as referred to in Article 36, by holders of significant asset-referenced tokens.
63. The issuer infringes Article 41(3) by not establishing, maintaining or implementing a liquidity management policy and procedures or by not having policy and procedures that ensure that the reserve assets have a resilient liquidity profile that enables the issuer of significant asset-referenced tokens to continue operating normally, including under liquidity stressed scenarios.

64. The issuer infringes Article 42(1) by not having in place a plan that is appropriate to support an orderly wind-down of their activities under applicable national law, or by not having a plan that demonstrates the ability of the issuer of significant asset-referenced tokens to carry out an orderly wind-down without causing undue economic harm to the holders of significant asset-referenced tokens or to the stability of the markets of the reserve assets.
65. The issuer infringes Article 42(2) by not having a plan that includes contractual arrangements, procedures or systems ensuring that the proceeds from the sale of the remaining reserve assets are paid to the holders of the significant asset-referenced tokens.
66. The issuer infringes Article 42(2) by not reviewing or updating the plan regularly.
67. Unless the conditions of Article 77(2) are met, the issuer infringes Article 77(1) by not informing the public as soon as possible of inside information, which concerns that issuer, in a manner that enables easy and widespread access to that information and its complete, correct and timely assessment by the public.

Annex VI: List of infringements referred to in Title III for issuers of significant electronic money tokens

1. The issuer infringes Article 33(1) by not establishing, maintaining or implementing custody policies, procedures and contractual arrangements that ensure at all times that the conditions listed in Article 33(1), points (a) to (d) are met.
2. The issuer infringes Article 33(1) by not having a custody policy for each reserve of assets it manages.
3. The issuer infringes Article 33(2) where the reserve assets are not held in custody by a crypto-asset service provider or by a credit institution by no later than 5 business days after the issuance of the significant e-money tokens.
4. The issuer infringes Article 33(3) by not exercising all due skill, care, diligence in the selection, appointment and review of credit institutions and crypto-asset service providers appointed as custodians of the reserve assets.
5. The issuer infringes Article 33(3) by not ensuring that the credit institutions and crypto-asset service providers appointed as custodians of the reserve assets have the necessary expertise and market reputation to act as custodians of such reserve assets.
6. The issuer infringes Article 33(3) by not having contractual arrangements with the custodians that ensure that the reserve assets held in custody are protected against claims of the custodians' creditors.
7. The issuer infringes Article 33(3) by not having custody policies and procedures that set out the selection criteria for the appointments of credit institutions or crypto-asset service providers as custodians of the reserve assets and/or the procedure to review such appointments.
8. The issuer infringes Article 33(3) by not reviewing the appointment of credit institutions or crypto-asset service providers as custodians of the reserve assets on a regular basis, and/or, by not evaluating its exposures to such custodians, and/or monitoring the financial conditions of such custodians on an ongoing basis.
9. The issuer infringes Article 33(4) where the reserve assets are not entrusted to credit institutions or crypto-asset service providers in accordance with Article 33(4), points (a) to (d).
10. The issuer infringes Article 33(5) where the appointment of a custodian is not evidenced by a written contract, or where such a contract does not regulate the flow

of information deemed necessary to enable the issuers and the credit institutions and the crypto-assets service providers to perform their functions.

11. The issuer infringes Article 34(1) by investing the reserve assets in any products that are not highly liquid financial instruments with minimal market and credit risk or where such investments cannot be liquidated rapidly with minimal price effect.
12. The issuer infringes Article 34(2) by not holding the financial instruments in which the reserve assets are held in custody in accordance with Article 33.
13. The issuer infringes Article 34(3) by not bearing all profits and losses that result from the investment of the reserve assets.
14. The issuer infringes Article 41(1) by not adopting, implementing and maintaining a remuneration policy that promotes sound and effective risk management of such issuers and that does not create incentives to relax risk standards.
15. The issuer infringes Article 41(2) by not ensuring that its significant e-money tokens can be held in custody by different crypto-asset service providers authorised for the service referred to in Article 3(1) point (10), on a fair, reasonable and non-discriminatory basis.
16. The issuer infringes Article 41(3) by not establishing, maintaining or implementing a liquidity management policy and procedures or by not having policy and procedures that ensure that the reserve assets have a resilient liquidity profile that enable the issuer to continue operating normally, including under liquidity stressed scenarios.
17. Unless it has been permitted to hold a lower amount of own funds in accordance with Article 31(3), the issuer infringes Article 41(4) by not abiding, at all times, to the own funds requirement.
18. The issuer infringes Article 31(2) where its own funds does not consist of the common Equity Tier 1 items and instruments referred to in Articles 26 to 30 of Regulation (EU) No 575/2013 after the deductions in full, pursuant to Article 36 of that Regulation, without the application of threshold exemptions referred to in Articles 46 and 48 of that Regulation.
19. The issuer infringes Article 31(3) by not abiding to the own funds required by the competent authority, following the assessment made in accordance with Article 31(3).

20. The issuer infringes Article 42(1) by not having in place a plan that is appropriate to support an orderly wind-down of their activities under applicable national law, or by not having a plan that demonstrates the ability of the issuer of significant e-money tokens to carry out an orderly wind-down without causing undue economic harm to the holders of significant e-money tokens or to the stability of the markets of the reserve assets.
21. The issuer infringes Article 42(2) by not having a plan that includes contractual arrangements, procedures or systems ensuring that the proceeds from the sale of the remaining reserve assets are paid to the holders of the significant e-money tokens.
22. The issuer infringes Article 42(2) by not reviewing or updating the plan regularly.
23. Unless the conditions of Article 77(2) are met, the issuer infringes Article 77(1) by not informing the public as soon as possible of inside information, which concerns that issuer, in a manner that enables easy and widespread access to that information and its complete, correct and timely assessment by the public.

9.2 Draft Order approving form 172, "Information return on balances in virtual currencies" and form 173 "Information return on operations with virtual currencies", and establishing the conditions and procedure for their presentation



DOCUMENTO SOMETIDO A TRÁMITE DE INFORMACIÓN PÚBLICA 27 DE JUNIO DE 2022

PROYECTO DE ORDEN POR LA QUE SE APRUEBAN EL MODELO 172, “DECLARACIÓN INFORMATIVA SOBRE SALDOS EN MONEDAS VIRTUALES” Y EL MODELO 173 “DECLARACIÓN INFORMATIVA SOBRE OPERACIONES CON MONEDAS VIRTUALES”, Y SE ESTABLECEN LAS CONDICIONES Y EL PROCEDIMIENTO PARA SU PRESENTACIÓN.

La Ley 11/2021, de 9 de julio, de medidas de prevención y lucha contra el fraude fiscal, de transposición de la Directiva (UE) 2016/1164, del Consejo, de 12 de julio de 2016, por la que se establecen normas contra las prácticas de elusión fiscal que inciden directamente en el funcionamiento del mercado interior, de modificación de diversas normas tributarias y en materia de regulación del juego, ha modificado la Ley 35/2006, de 28 de noviembre, del Impuesto sobre la Renta de las Personas Físicas y de modificación parcial de las leyes de los Impuestos sobre Sociedades, sobre la Renta de no Residentes y sobre el Patrimonio, para establecer nuevas obligaciones informativas relativas a la tenencia de monedas virtuales y a las operaciones que se efectúen con aquellas, con el objeto de mejorar el control tributario de los hechos imposables que puedan derivarse de dicha tenencia u operativa.

Estas nuevas obligaciones informativas sobre tenencia y operaciones con monedas virtuales introducidas en la Ley 35/2006, de 28 de noviembre, están recogidas respectivamente en los apartados 6 y 7 de la disposición adicional decimotercera de la citada Ley.

El desarrollo reglamentario de estas dos obligaciones informativas se encuentra en el Real Decreto XX/XXX, de xx de xxxxx, del Real Decreto xx/2022, de xx de xx, por el que se modifican el Reglamento general de desarrollo de la Ley 58/2003, de 17 de diciembre, General Tributaria, en materia de revisión en vía administrativa, aprobado por el Real Decreto 520/2005, de 13 de mayo, el Reglamento General de Recaudación, aprobado por el Real Decreto 939/2005, de 29 de julio, el Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos, aprobado por Real Decreto 1065/2007, de 27 de julio, el Reglamento del Impuesto sobre Sucesiones y Donaciones, aprobado por el Real Decreto 1629/1991, de 8 de noviembre, el Reglamento del Impuesto sobre el Valor Añadido,



aprobado por el Real Decreto 1624/1992, de 29 de diciembre, el Reglamento del Impuesto sobre la Renta de las Personas Físicas, aprobado por el Real Decreto 439/2007, de 30 de marzo, y el Reglamento de desarrollo de la Ley 19/1994, de 6 de julio, de modificación del Régimen Económico y Fiscal de Canarias, en las materias referentes a los incentivos fiscales en la imposición indirecta, la reserva para inversiones en Canarias y la Zona Especial Canaria, aprobado por Real Decreto 1758/2007, de 28 de diciembre.

En concreto el desarrollo reglamentario de estas obligaciones informativas sobre monedas virtuales se encuentra en los nuevos artículos 39 bis y artículo 39 ter del Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos, aprobado por Real Decreto 1065/2007, de 27 de julio.

Con el objeto de aprobar los modelos necesarios para habilitar la presentación de estas nuevas declaraciones informativas se procede en esta orden a aprobar el modelo 172, “Declaración informativa sobre saldos en monedas virtuales” y el modelo 173, “Declaración informativa sobre operaciones con monedas virtuales”, junto con los correspondientes diseños de registro a través de los cuales se normaliza la información a suministrar.

El contenido y diseños de registro de las declaraciones informativas figura en los anexos I y II de esta orden.

Por otra parte, la orden establece como formas de presentación de ambos modelos de declaración la remisión de la información mediante el envío de los correspondientes mensajes informáticos, de acuerdo con las condiciones y el procedimiento previsto en la Orden HAP/2194/2013, de 22 de noviembre, por la que se regulan los procedimientos y las condiciones generales para la presentación de determinadas autoliquidaciones, declaraciones informativas, declaraciones censales, comunicaciones y solicitudes de devolución, de naturaleza tributaria.

Esta orden ministerial se dicta al amparo de las habilitaciones contenidas en los artículos 30.2, 39 bis y 39 ter del Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos, aprobado por el Real Decreto 1065/2007, de 27 de julio.



De acuerdo con lo dispuesto en la Ley 39/2015, de 1 de octubre, del Procedimiento Administrativo Común de las Administraciones Públicas, la elaboración de esta orden se ha efectuado de acuerdo con los principios de necesidad, eficacia, proporcionalidad, seguridad jurídica, transparencia y eficiencia.

Se cumplen los principios de necesidad y eficacia jurídica por ser desarrollo de la norma reglamentaria y el instrumento adecuado para dicho desarrollo.

Se cumple también el principio de proporcionalidad al contener la regulación necesaria para conseguir los objetivos que justifican su aprobación.

Respecto al principio de seguridad jurídica, se ha garantizado la coherencia del texto con el resto del ordenamiento jurídico nacional, generando un marco normativo estable, predecible, integrado, claro y de certidumbre que facilita su conocimiento y comprensión y, en consecuencia, la actuación y toma de decisiones de los diferentes sujetos afectados sin introducción de cargas administrativas innecesarias.

El principio de transparencia, sin perjuicio de su publicación oficial en el Boletín Oficial del Estado, se ha garantizado mediante la publicación del proyecto de orden en la página web del Ministerio de Hacienda y Función Pública, a efectos de que pueda ser conocido dicho texto en el trámite de audiencia e información pública por todos los ciudadanos.

Por último, en relación con el principio de eficiencia se ha procurado que la norma genere las menores cargas administrativas para los ciudadanos, así como los menores costes indirectos, fomentando el uso racional de los recursos públicos y el pleno respeto a los principios de estabilidad presupuestaria y sostenibilidad financiera.

La habilitación al Ministro de Hacienda y Administraciones Públicas incluida en el artículo 30.2 del Reglamento General de las actuaciones y los procedimientos de Gestión e Inspección Tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos, aprobado por Real Decreto 1065/2007, de 27 de julio, debe entenderse conferida en la actualidad a la Ministra de Hacienda y Función Pública, de acuerdo con lo dispuesto en el artículo 5 y en la disposición final segunda del Real Decreto 2/2020, de 12 de enero, por el que se reestructuran los departamentos ministeriales.



Las habilitaciones anteriores al Ministro de Economía y Hacienda deben entenderse conferidas en la actualidad a la Ministra de Hacienda y Función Pública de acuerdo con lo dispuesto en el artículo 5 del Real Decreto 2/2020, de 12 de enero, por el que se reestructuran los departamentos ministeriales, modificado por Real Decreto 507/2021, de 10 de julio.

En su virtud, dispongo:

Artículo 1. Aprobación de la “Declaración informativa sobre saldos en monedas virtuales”, modelo 172.

Se aprueba el modelo 172, de “Declaración informativa sobre saldos en monedas virtuales”, que habrá de presentarse con periodicidad anual por los obligados a declarar, y remitirse a la Agencia Estatal de Administración Tributaria mediante el envío de mensajes informáticos, de acuerdo con el procedimiento y con el formato y diseño previstos en los artículos 9 y 10, y con el contenido a que se refiere el anexo I de esta orden.

Artículo 2. Obligados a presentar la “Declaración informativa sobre saldos en monedas virtuales”, modelo 172.

Los obligados a presentar el modelo 172, de “Declaración informativa sobre saldos en monedas virtuales”, son los delimitados en el apartado 1 del artículo 39 bis del Reglamento General de las actuaciones y los procedimientos de Gestión e Inspección Tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos, aprobado por Real Decreto 1065/2007, de 27 de julio.

Artículo 3. Objeto de la información de la “Declaración informativa sobre saldos en monedas virtuales”, modelo 172.

Deberá ser objeto de declaración en el modelo 172, la información contenida en el anexo I de esta orden, de conformidad con lo previsto en el artículo 39 bis del Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos, en relación con las monedas incluidas en cada clave pública respecto de las que se tengan la obligación de declarar.



Artículo 4. Plazo de presentación de la “Declaración informativa sobre saldos en monedas virtuales”, modelo 172.

La presentación del modelo 172 tendrá carácter anual y su plazo de presentación será el mes de enero del año siguiente al que se corresponda la información declarada.

Artículo 5. Aprobación de la “Declaración informativa sobre operaciones con monedas virtuales”, modelo 173.

Se aprueba la “Declaración informativa sobre operaciones con monedas virtuales”, modelo 173, que habrá de presentarse con periodicidad anual por los obligados a declarar, y remitirse a la Agencia Estatal de Administración Tributaria mediante el envío de mensajes informáticos, de acuerdo con el procedimiento y con el formato y diseño previstos en los artículos 9 y 10, y con el contenido a que se refiere el anexo II de la misma.

Artículo 6. Obligados a presentar la “Declaración informativa sobre operaciones con monedas virtuales”, modelo 173.

Los obligados a presentar la “Declaración informativa sobre operaciones con monedas virtuales”, modelo 173, son los delimitados en el apartado 1 del artículo 39 ter del Reglamento General de las actuaciones y los procedimientos de Gestión e Inspección Tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos, aprobado por Real Decreto 1065/2007, de 27 de julio.

Artículo 7. Objeto de la información de la “Declaración informativa sobre operaciones con monedas virtuales”, modelo 173.

Deberá ser objeto de declaración en el modelo 173, de “Declaración informativa sobre operaciones con monedas virtuales”, la información contenida en el anexo II de esta orden, de conformidad con lo previsto en el artículo 39 ter del Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos, en relación con las monedas incluidas en cada clave pública respecto de las que se tengan la obligación de declarar.



Artículo 8. Plazo de presentación de la “Declaración informativa sobre operaciones con monedas virtuales”, modelo 173.

La presentación de la “Declaración informativa sobre operaciones con monedas virtuales”, modelo 173, tendrá carácter anual y su plazo de presentación será el mes de enero del año siguiente al que se corresponda la información declarada.

Artículo 9. Condiciones y procedimiento para la presentación del modelo 172 y del modelo 173.

1. La presentación del modelo 172, de “Declaración informativa sobre saldos en monedas virtuales” y del modelo 173, de “Declaración informativa sobre operaciones con monedas virtuales”, se efectuará mediante la presentación de los mensajes informáticos a que se refiere el artículo 1 y 5 de esta orden, de acuerdo con las condiciones y el procedimiento previsto en los artículos 16 y 17 de la Orden HAP/2194/2013, de 22 de noviembre, por la que se regulan los procedimientos y las condiciones generales para la presentación de determinadas autoliquidaciones, declaraciones informativas, declaraciones censales, comunicaciones y solicitudes de devolución, de naturaleza tributaria.

No obstante lo anterior, no será de aplicación lo dispuesto en el apartado 2.c) del artículo 16 ni lo establecido en el apartado 1.c) del artículo 17 de la Orden HAP/2194/2013, de 22 de noviembre.

2. Si la declaración contuviera errores, solo se aceptarán aquellos registros para los que no exista motivo de rechazo. En este caso, el mensaje informático de respuesta contendrá las relaciones de registros aceptados y rechazados junto con la expresión del motivo por el que no hayan sido aceptados.

Si al menos uno de los registros resulta aceptado, el mensaje informático también incorporará un código seguro de verificación de 16 caracteres, además de la fecha y hora de presentación como justificación del suministro de los registros presentados y aceptados.

En el caso de que el registro sea rechazado se deberán realizar las correcciones necesarias y proceder a su nueva presentación.



Artículo 10. Formato y diseño de los mensajes informáticos.

Los mensajes informáticos comprensivos de las declaraciones de los modelos 172 y 173 se ajustarán a los campos de registro en que se concrete el contenido de los mismos que figuran en los anexos I y II, y su formato y diseño serán los que consten en la Sede electrónica de la Agencia Estatal de Administración Tributaria en Internet.

Disposición final primera. Modificación de la Orden HAP/2194/2013, de 22 de noviembre, por la que se regulan los procedimientos y las condiciones generales para la presentación de determinadas autoliquidaciones, declaraciones informativas, declaraciones censales, comunicaciones y solicitudes de devolución, de naturaleza tributaria.

Se incluyen el modelo 172, de “Declaración informativa sobre saldos en monedas virtuales” y el modelo 173, de “Declaración informativa sobre operaciones con monedas virtuales”, en la relación de declaraciones informativas a que se refiere el apartado 3 del artículo 1 de la Orden HAP/2194/2013, de 22 de noviembre.

Disposición final segunda. Entrada en vigor.

La presente orden entrará en vigor el día siguiente al de su publicación en el «Boletín Oficial del Estado» y será de aplicación por primera vez para la presentación del modelo 172, de “Declaración informativa sobre saldos en monedas virtuales” y del modelo 173, de “Declaración informativa sobre operaciones con monedas virtuales” correspondientes al ejercicio 2022 que deba realizarse en el mes de enero de 2023.



ANEXO I

CONTENIDO DE LA DECLARACIÓN INFORMATIVA SOBRE SALDOS EN MONEDAS VIRTUALES, MODELO 172

Los mensajes informáticos que, en cumplimiento de lo dispuesto en la presente orden, sean transmitidos a la Agencia Estatal de Administración Tributaria deberán contener, en los términos establecidos en el artículo 39 bis del Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos, aprobado por Real Decreto 1065/2007, de 27 de julio, la información que se muestra a continuación, incluyendo una descripción de cada uno de los campos de registro integrados en los mensajes informáticos en que se concreta el contenido de la declaración del modelo 172.

I. CAMPOS DE REGISTRO Y ESPECIFICACIONES FUNCIONALES DE LOS MENSAJES DE ALTA Y MODIFICACIÓN.

Leyenda	Campo
Rojo o ¹ (superíndice)	Campo obligatorio
(N) =	Grupo repetitivo
Negro =	Campo opcional
	Campo de selección

BLOQUE	DATOS/ AGRUPACIÓN	DATOS/ AGRUPACIÓN	DATOS/ AGRUPACIÓN	DATOS/ AGRUPACIÓN	DESCRIPCIÓN	FORMATO LONGITUD LISTA
Cabecera	TipoComunicacion ¹				Tipo de operación (alta, modificación)	Alfanumérico(2)



Declarado					L1		
	Modelo ¹			Modelo de la declaración	Numérico(3)		
	Ejercicio ¹			Ejercicio	Numérico(4)		
	IDVersionModelo ¹			Identificación de la versión del esquema utilizado para la presentación de la información	Alfanumérico(3)		
	IDDeclarante ¹	NIF ¹			NIF del declarante	FormatoNIF(9)	
		NombreRazon ¹			Nombre y apellidos / razón social del declarante.	Alfanumérico(120)	
		NIFRepresentante			NIF del representante del declarante	FormatoNIF(9)	
		PersonaContacto	Telefono ¹			Número de teléfono de la persona de contacto	Numérico(12)
			ApellidosNombre ¹			Apellidos y nombre de la persona de contacto	Alfanumérico(120)
	IDRegistroDeclarado ¹				Identificador del registro de detalle	Alfanumérico(20)	
IDDeclarado ¹ (N)	Clave ¹			Clave condición del declarado	Alfabético (1)		
	NombreRazon ¹			Nombre y apellidos -razón social del declarado: persona o entidad a quien corresponda en algún momento del año las claves criptográficas privadas.	Alfanumérico(120)		
	NIFRepresentante			NIF del representante legal del declarado	FormatoNIF(9)		
	NIF ¹			Identificador del NIF del declarado	FormatoNIF(9)		



	IDOtro ¹	CodigoPais		Código del país asociado al NIF declarado	Alfanumérico(2) (ISO 3166-1 alpha-2 codes) L3	
		IDType ¹		Clave para establecer el tipo de identificación en el país de residencia	Alfanumérico(2) L4	
		ID ¹		Número de identificación en el país de residencia	Alfanumérico(20)	
	IDMonedas (N)	IdentifClavePública ¹			Clave o dirección pública con la que se identifica el monedero electrónico del declarado	Alfanumérico(300)
		TipoMoneda ¹			Tipo de moneda para la que existe obligación de informar	Alfabético (1) L5
		TipoMonedaVirtual ¹			Si el tipo de moneda es virtual: Tipo de moneda virtual depositada en la clave o dirección pública informada en el campo "IdentifClavePública".	Alfanumérico (50)
		NumMonedasInicio ¹			Número de unidades para cada tipo de moneda virtual depositada en la clave pública declarada a comienzo de año o en su defecto en la primera fecha en la que se depositen en el monedero electrónico	Numérico decimal (20,20)
		NumMonedasRecibidas ¹			Número total de unidades que para cada tipo de moneda virtual depositada en la clave pública declarada han sido recibidas durante el año.	Numérico decimal (20,20)



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NumMonedasEnviadas¹		Número total de unidades que para cada tipo de moneda virtual depositada en la clave pública declarada han sido enviadas durante el año.	Numérico decimal (20,20)
NumMonedasFinal¹		Número de unidades para cada tipo de moneda virtual depositada en la clave pública declarada correspondientes al saldo declarado a 31 de diciembre. Si la condición de declarado se hubiera extinguido antes del 31 de diciembre se informará del número de unidades correspondiente al día de la pérdida de la condición de declarado.	Numérico decimal (20,20)
ValorMonedas¹		Valor de la unidad de moneda virtual declarada en euros. Para efectuar esta valoración se tomará la cotización media a 31 de diciembre que ofrezcan las principales plataformas de negociación o, en su defecto, se utilizarán los mecanismos comúnmente utilizados de valoración que proporcionen una estimación razonable del valor de mercado en euros de la moneda virtual a 31 de diciembre.	Numérico Decimal (10,20)
CotizaciónValor¹		Se informará en este campo de la cotización o valor utilizado para efectuar la valoración de la unidad de moneda virtual declarada en euros.	Numérico Decimal (16,20)
FechaFinCondición		En el caso de que a 31 de diciembre el declarado ya no tenga la condición de titular, autorizado o beneficiario, deberá informarse en este campo de la fecha de la pérdida de tal condición.	Numérico (8) Fecha (dd-mm-yyyy)



	FinServicioSalvagu rda¹	FinServicioSalvaguada¹			En el caso de que las personas o entidades obligadas a informar hayan dejado de prestar el servicio de salvaguarda de claves criptográficas privadas respecto de las personas o entidades declaradas, deberá informarse en este campo de dicha circunstancia, sin perjuicio de que se suministre igualmente la información por el periodo correspondiente en el que sí se haya prestado dicho servicio.	Alfanumérico (1) <u>L7</u>
		Fecha fin servicio salvaguarda			Fecha en que finalice la prestación del servicio de salvaguarda de claves criptográficas privadas	Numérico (8) Fecha (dd-mm-yyyy)

II. CLAVES Y VALORES PERMITIDOS EN CAMPOS DE TIPO LISTA:

L0-IDVersionM172

VALORES	DESCRIPCIÓN
1.0	Versión actual del esquema utilizado para el intercambio de información

L1-Tipo de Comunicación

VALORES	DESCRIPCIÓN
A0	Alta de registro
A1	Modificación (corrección de errores registrales)



L2-Condición de declarado

VALORES	DESCRIPCIÓN
T	Titular
A	Autorizado
B	Beneficiario

L3-Código de País

Se informará según la relación de códigos de países y territorios que se incluye en el Anexo II de la Orden EHA/3496/2011, de 15 de diciembre (BOE del 26 de diciembre).

L4-Tipos de identificación

VALORES	DESCRIPCIÓN
02	NIF-IVA
03	PASAPORTE
04	DOCUMENTO OFICIAL DE IDENTIFICACIÓN EXPEDIDO POR EL PAÍS O TERRITORIO DE RESIDENCIA
05	CERTIFICADO DE RESIDENCIA
06	OTRO DOCUMENTO PROBATORIO

L5-Tipo de moneda para la que existe obligación de informar

VALORES	DESCRIPCIÓN
V	Moneda Virtual
F	Moneda Fiduciaria



L6-Tipo Moneda Fiduciaria

Deberá utilizarse la abreviatura establecida por la norma internacional ISO 4217

L7-Fin Servicio Salvaguarda

VALORES	DESCRIPCIÓN
S	SI
N	NO



ANEXO II

CONTENIDO DE LA DECLARACIÓN INFORMATIVA SOBRE OPERACIONES CON MONEDAS VIRTUALES, MODELO 173

Los mensajes informáticos que, en cumplimiento de lo dispuesto en la presente orden, sean transmitidos a la Agencia Estatal de Administración Tributaria deberán contener, en los términos establecidos en el artículo 39 ter del Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos, aprobado por Real Decreto 1065/2007, de 27 de julio, la información que se muestra a continuación, incluyendo una descripción de cada uno de los campos de registro integrados en los mensajes informáticos en que se concreta el contenido de la declaración del modelo 173.

I. CAMPOS DE REGISTRO Y ESPECIFICACIONES FUNCIONALES DE LOS MENSAJES DE ALTA Y MODIFICACIÓN.

Leyenda	Campo
Rojo o ¹ (superíndice)	Campo obligatorio
(N) =	Grupo repetitivo
Negro =	Campo opcional
	Campo de selección

BLOQUE	DATOS/ AGRUPACIÓN	DATOS/ AGRUPACIÓN	DATOS/ AGRUPACIÓN	DATOS/ AGRUPACIÓN	DESCRIPCIÓN	FORMATO LONGITUD LISTA
Cabecera	TipoComunicacion ¹				Tipo de operación (alta, modificación)	Alfanumérico(2)



					L1		
	Modelo ¹			Modelo de la declaración	Numérico(3)		
	Ejercicio ¹			Ejercicio	Numérico(4)		
	IDVersionModelo ¹			Identificación de la versión del esquema utilizado para la presentación de la información	Alfanumérico(3)		
	IDDeclarante ¹	NIF ¹			NIF del declarante	FormatoNIF(9)	
		NombreRazon ¹			Nombre y apellidos / razón social del declarante.	Alfanumérico(120)	
		NIFRepresentante			NIF del representante del declarante	FormatoNIF(9)	
		PersonaContacto	Telefono ¹			Número de teléfono de la persona de contacto	Numérico(12)
			ApellidosNombre ¹			Apellidos y nombre de la persona de contacto	Alfanumérico(120)
	IDRegistroDeclarado ₁				Identificador del registro de detalle	Alfanumérico(20)	
Declarado	IDDeclarado ¹ (N)	NombreRazon ¹			Nombre y apellidos -razón social del declarado: persona o entidad que efectúe la operación declarada	Alfanumérico(120)	
		NIFRepresentante			NIF del representante legal del declarado	FormatoNIF(9)	
		NIF ¹			Identificador del NIF del declarado	FormatoNIF(9)	



	IDOtro ¹	CodigoPais		Código del país asociado al NIF declarado	Alfanumérico(2) (ISO 3166-1 alpha-2 codes) L2	
		IDType ¹		Clave para establecer el tipo de identificación en el país de residencia.	Alfanumérico(2) L3	
		ID ¹		Número de identificación en el país de residencia.	Alfanumérico(20)	
		FechaRegistro ¹		Fecha de registro inicial en la plataforma del sujeto obligado a presentar la declaración.	Númérico (8) Fecha (dd-mm-yyyy)	
	DatosOperación ¹ (N)	TipoOperación ¹			Tipo de operación realizada con la/s moneda/s virtual/es.	Alfabético (1) L4
		FechaOperación ¹			Fecha de operación declarada.	Númérico (8) Fecha (dd-mm-yyyy)
		IdentifClavePúblicaOrigen ¹			Clave o dirección pública de origen asociada a la moneda virtual entregada, permutada o transferida.	Alfanumérico(300)
		IdentifClavePúblicaDestino ¹			Clave o dirección pública de destino asociada a la moneda virtual recibida, permutada o transferida.	Alfanumérico(300)
		TipoMonedaVirtual ¹			Tipo de moneda virtual objeto de la operación declarada (adquirida, entregada, permutada o transferida).	Alfanumérico (50)
		NumMonedasFinal ¹			Número de unidades de la moneda virtual objeto de la operación declarada (adquiridas, entregadas, permutadas o transferidas).	Númérico decimal (20,20)



		ValorOperación¹			Valor en euros por el que se efectúa la operación.	Numérico Decimal (16,20)
		ComisionesGastos			Comisiones y gastos asociados a la operación percibidos por el obligado tributario a presentar esta declaración informativa.	Numérico Decimal (10,20)
		Contraprestación¹			Se informará si existe contraprestación a informar o no por el sujeto obligado a presentar esta declaración informativa.	Alfabetico (1) L5
	DetalleContraprestación (N)	Tipo de contraprestación¹			Si en campo "Contraprestación" se ha indicado "S", se informará en este campo del tipo de contraprestación.	Alfabetico (1) L6
		ImporteContraprestación¹			Importe de la contraprestación en euros para cada modalidad o tipo de contraprestación. Cuando la operación no lleve aparejada contraprestación en moneda fiduciaria en su totalidad y la valoración de la operación deba realizarse en euros, se tomará la cotización media que ofrezcan las principales plataformas de negociación en la fecha en la que se haya efectuado la operación o, en su defecto, se deberán utilizar mecanismos comúnmente utilizados de valoración que proporcionen una estimación razonable del valor de mercado en euros de la moneda virtual en la fecha en la que se haya efectuado la operación.	Numérico Decimal (16,20)
Descripción tipo de contraprestación		Descripción tipo de contraprestación¹		Si toda o parte de la contraprestación no se hace en moneda fiduciaria, se informará del tipo de moneda o activo virtual, bien o servicio en que consita la contraprestación.	Alfanumérico (50)	



				En el caso de que la contraprestación no sea en moneda fiduciaria y se hubiera debido hacer la valoración de la operación en euros se informará en este campo de la cotización o valor utilizado para efectuar esta valoración por cada una de los tipos de monedas o activos virtuales, bienes o servicios en que consista la contraprestación.	Numérico Decimal (16,20)
				Si el "TipoOperación" declarado es "N" (Entregas de nuevas monedas virtuales), se deberá indicar si el declarante es la persona que realiza la oferta inicial de nuevas monedas virtuales o no.	Alfabético (1) L7
				Si en el campo "DeclaranteOfertaInicial" se ha indicado que el declarante no es la persona que realiza la oferta inicial, deberá informarse en este campo del nombre y apellidos o razón social de la persona o entidad que realiza la oferta inicial de nuevas monedas virtuales	Alfanumérico(120)
				NIF del representante legal de la persona o entidad que realiza la oferta inicial de nuevas monedas virtuales	FormatoNIF(9)
				Identificador del NIF de la persona o entidad que realiza la oferta inicial de nuevas monedas virtuales.	FormatoNIF(9)
				Código del país asociado al NIF de la persona o entidad que realiza la oferta inicial de nuevas monedas virtuales.	Alfanumérico(2) (ISO 3166-1 alpha-2 codes) L3
				Clave para establecer el tipo de identificación en el país de residencia de la persona o entidad que realiza la oferta inicial de nuevas monedas virtuales.	Alfanumérico(2) L4



			ID¹	Número de identificación en el país de residencia de la persona o entidad que realiza la oferta inicial de nuevas monedas virtuales.	Alfanumérico(20)
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II. CLAVES Y VALORES PERMITIDOS EN CAMPOS DE TIPO LISTA:

L0-IDVersionM173

VALORES	DESCRIPCIÓN
1.0	Versión actual del esquema utilizado para el intercambio de información

L1-Tipo de Comunicación

VALORES	DESCRIPCIÓN
A0	Alta de registro
A1	Modificación (corrección de errores registrales)

L2-Código de País

L3-Tipos de identificación

VALORES	DESCRIPCIÓN
02	NIF-IVA



VALORES	DESCRIPCIÓN
03	PASAPORTE
04	DOCUMENTO OFICIAL DE IDENTIFICACIÓN EXPEDIDO POR EL PAÍS O TERRITORIO DE RESIDENCIA
05	CERTIFICADO DE RESIDENCIA
06	OTRO DOCUMENTO PROBATORIO

L4-Tipo de operación

VALORES	DESCRIPCIÓN
A	Adquisición
T	Transmisión
P	Permuta
R	Transferencia
N	Entregas de nuevas monedas virtuales

L5-Contraprestación

VALORES	DESCRIPCIÓN
S	Existe contraprestación y el obligado a presentar la declaración la satisface, percibe o intermedia o tiene conocimiento de ella.
N	El obligado a presentar la declaración no conoce la posible contraprestación de la operación.

L6-Tipo Contraprestación

VALORES	DESCRIPCIÓN
F	Moneda fiduciaria



VALORES	DESCRIPCIÓN
N	Otra moneda virtual
O	Otro activo virtual
B	Bienes y servicios

L7-Declarante Oferta Inicial

VALORES	DESCRIPCIÓN
S	Si el declarante es la persona que realiza la oferta inicial de nuevas monedas virtuales.
N	Si el declarante NO es la persona que realiza la oferta inicial de nuevas monedas virtuales.

9.3 Draft Order approving form 721 "Informative declaration on virtual currencies located abroad", and establishing the conditions and procedure for its presentation



DOCUMENTO SOMETIDO A TRÁMITE DE INFORMACIÓN PÚBLICA 28 DE JUNIO DE 2022

PROYECTO DE ORDEN POR LA QUE SE APRUEBA EL MODELO 721 “DECLARACIÓN INFORMATIVA SOBRE MONEDAS VIRTUALES SITUADAS EN EL EXTRANJERO”, Y SE ESTABLECEN LAS CONDICIONES Y EL PROCEDIMIENTO PARA SU PRESENTACIÓN.

La Ley 11/2021, de 9 de julio, de medidas de prevención y lucha contra el fraude fiscal, de transposición de la Directiva (UE) 2016/1164, del Consejo, de 12 de julio de 2016, por la que se establecen normas contra las prácticas de elusión fiscal que inciden directamente en el funcionamiento del mercado interior, de modificación de diversas normas tributarias y en materia de regulación del juego, ha modificado la Ley 58/2003, de 17 de diciembre, General Tributaria, para establecer una nueva obligación informativa relativa a la tenencia de monedas virtuales situadas en el extranjero, con el objeto de mejorar el control tributario de los hechos imponibles que puedan derivarse de dicha tenencia u operativa.

Esta nueva obligación informativa sobre tenencia y operaciones con monedas virtuales introducida en la Ley 58/2003, de 17 de diciembre, General Tributaria, está recogida en la letra d) de la disposición adicional decimoctava de la citada Ley.

El desarrollo reglamentario de esta obligación informativa se encuentra en el Real Decreto XX/XXX, de xx de xxxxx, del Real Decreto xx/2022, de xx de xx, por el que se modifican el Reglamento general de desarrollo de la Ley 58/2003, de 17 de diciembre, General Tributaria, en materia de revisión en vía administrativa, aprobado por el Real Decreto 520/2005, de 13 de mayo, el Reglamento General de Recaudación, aprobado por el Real Decreto 939/2005, de 29 de julio, el Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos, aprobado por Real Decreto 1065/2007, de 27 de julio, el Reglamento del Impuesto sobre Sucesiones y Donaciones, aprobado por el Real Decreto 1629/1991, de 8 de noviembre, el Reglamento del Impuesto sobre el Valor Añadido, aprobado por el Real Decreto 1624/1992, de 29 de diciembre, el Reglamento del Impuesto sobre la Renta de las Personas Físicas, aprobado por el Real Decreto 439/2007, de 30 de marzo, y el Reglamento de desarrollo de la Ley 19/1994, de 6 de julio, de modificación del Régimen Económico y Fiscal de Canarias, en las materias referentes a los incentivos fiscales en la imposición indirecta, la reserva para inversiones en Canarias y la Zona Especial Canaria, aprobado por Real Decreto 1758/2007, de 28 de diciembre.



En concreto el desarrollo reglamentario de esta obligación informativa sobre monedas virtuales se encuentra en el nuevo artículo 42 quater del Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos, aprobado por Real Decreto 1065/2007, de 27 de julio.

Con el objeto de aprobar el modelo necesario para habilitar la presentación de esta nueva declaración informativa se procede en esta orden a aprobar modelo 721, "Declaración informativa sobre monedas virtuales situadas en el extranjero", junto con los correspondientes diseños de registro a través de los cuales se normaliza la información a suministrar.

El contenido y diseños de registro de la declaración informativa figura en el anexo de esta orden.

Por otra parte, la orden establece como formas de presentación del modelo de declaración la remisión de la información mediante el envío de los correspondientes mensajes informáticos, de acuerdo con las condiciones y el procedimiento previsto en la Orden HAP/2194/2013, de 22 de noviembre, por la que se regulan los procedimientos y las condiciones generales para la presentación de determinadas autoliquidaciones, declaraciones informativas, declaraciones censales, comunicaciones y solicitudes de devolución, de naturaleza tributaria.

Esta orden ministerial se dicta al amparo de las habilitaciones contenidas en los artículos 30.2, y 42 quater del Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos, aprobado por el Real Decreto 1065/2007, de 27 de julio.

De acuerdo con lo dispuesto en la Ley 39/2015, de 1 de octubre, del Procedimiento Administrativo Común de las Administraciones Públicas, la elaboración de esta orden se ha efectuado de acuerdo con los principios de necesidad, eficacia, proporcionalidad, seguridad jurídica, transparencia y eficiencia.

Se cumplen los principios de necesidad y eficacia jurídica por ser desarrollo de la norma reglamentaria y el instrumento adecuado para dicho desarrollo.

Se cumple también el principio de proporcionalidad al contener la regulación necesaria para conseguir los objetivos que justifican su aprobación.



Respecto al principio de seguridad jurídica, se ha garantizado la coherencia del texto con el resto del ordenamiento jurídico nacional, generando un marco normativo estable, predecible, integrado, claro y de certidumbre que facilita su conocimiento y comprensión y, en consecuencia, la actuación y toma de decisiones de los diferentes sujetos afectados sin introducción de cargas administrativas innecesarias.

El principio de transparencia, sin perjuicio de su publicación oficial en el Boletín Oficial del Estado, se ha garantizado mediante la publicación del proyecto de orden en la página web del Ministerio de Hacienda y Función Pública, a efectos de que pueda ser conocido dicho texto en el trámite de audiencia e información pública por todos los ciudadanos.

Por último, en relación con el principio de eficiencia se ha procurado que la norma genere las menores cargas administrativas para los ciudadanos, así como los menores costes indirectos, fomentando el uso racional de los recursos públicos y el pleno respeto a los principios de estabilidad presupuestaria y sostenibilidad financiera.

La habilitación al Ministro de Hacienda y Administraciones Públicas incluida en el artículo 30.2 del Reglamento General de las actuaciones y los procedimientos de Gestión e Inspección Tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos, aprobado por Real Decreto 1065/2007, de 27 de julio, debe entenderse conferida en la actualidad a la Ministra de Hacienda y Función Pública, de acuerdo con lo dispuesto en el artículo 5 y en la disposición final segunda del Real Decreto 2/2020, de 12 de enero, por el que se reestructuran los departamentos ministeriales.

Las habilitaciones anteriores al Ministro de Economía y Hacienda deben entenderse conferidas en la actualidad a la Ministra de Hacienda y Función Pública de acuerdo con lo dispuesto en el artículo 5 del Real Decreto 2/2020, de 12 de enero, por el que se reestructuran los departamentos ministeriales, modificado por Real Decreto 507/2021, de 10 de julio.

En su virtud, dispongo:

Artículo 1. Aprobación del modelo 721.

Se aprueba el modelo 721, de “Declaración informativa sobre monedas virtuales situadas en el extranjero”, que habrá de presentarse con periodicidad anual por los obligados a declarar, y remitirse a la Agencia Estatal de Administración Tributaria mediante el envío de mensajes



informáticos, de acuerdo con el procedimiento y con el formato y diseño previstos en los artículos 5 y 6, y con el contenido a que se refiere el anexo de esta orden.

Artículo 2. Obligados a presentar la “Declaración informativa sobre monedas virtuales situadas en el extranjero”, modelo 721.

Los obligados a presentar el modelo 721, de “Declaración informativa sobre monedas virtuales situadas en el extranjero”, son los delimitados en el apartado 1 del artículo 42 quater del Reglamento General de las actuaciones y los procedimientos de Gestión e Inspección Tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos, aprobado por Real Decreto 1065/2007, de 27 de julio.

Artículo 3. Contenido de la “Declaración informativa sobre monedas virtuales situadas en el extranjero”, modelo 721.

Deberá ser objeto de declaración en el modelo 721, la información contenida en el anexo de la presente orden, de conformidad con lo previsto en el artículo 42 quater del Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos, en relación con las monedas incluidas en cada clave pública respecto de las que se tengan la obligación de declarar.

Artículo 4. Plazo de presentación del modelo 721.

La presentación del modelo 721, “Declaración informativa sobre monedas virtuales situadas en el extranjero”, se realizará entre el 1 de enero y el 31 de marzo del año siguiente a aquel al que se refiera la información a suministrar.

Artículo 5. Condiciones y procedimiento para la presentación del modelo 721.

1. La presentación del modelo 721, de “Declaración informativa sobre monedas virtuales situadas en el extranjero”, se efectuará mediante la presentación de los mensajes informáticos a que se refiere el artículo 1 de esta orden, de acuerdo con las condiciones y el procedimiento previsto en los artículos 16 y 17 de la Orden HAP/2194/2013, de 22 de noviembre, por la que se regulan los procedimientos y las condiciones generales para la presentación de determinadas autoliquidaciones, declaraciones informativas, declaraciones censales, comunicaciones y solicitudes de devolución, de naturaleza tributaria.



No obstante, lo anterior, no será de aplicación lo dispuesto en el apartado 2.c) del artículo 16 ni lo establecido en el apartado 1.c) del artículo 17 de la Orden HAP/2194/2013, de 22 de noviembre.

2. Si la declaración contuviera errores, solo se aceptarán aquellos registros para los que no exista motivo de rechazo. En este caso, el mensaje informático de respuesta contendrá las relaciones de registros aceptados y rechazados junto con la expresión del motivo por el que no hayan sido aceptados.

Artículo 6. Formato y diseño de los mensajes informáticos.

Los mensajes informáticos comprensivos de las declaraciones del modelo 721, “Declaración informativa sobre monedas virtuales situadas en el extranjero”, se ajustarán a los campos de registro en que se concrete el contenido de los mismos que figuran en el anexo de la presente orden, y su formato y diseño serán los que consten en la Sede electrónica de la Agencia Estatal de Administración Tributaria en Internet.

Disposición final primera. Modificación de la Orden HAP/2194/2013, de 22 de noviembre, por la que se regulan los procedimientos y las condiciones generales para la presentación de determinadas autoliquidaciones, declaraciones informativas, declaraciones censales, comunicaciones y solicitudes de devolución, de naturaleza tributaria.

Se incluye el modelo 721, de “Declaración informativa sobre monedas virtuales situadas en el extranjero”, en la relación de declaraciones informativas a que se refiere el apartado 3 del artículo 1 de la Orden HAP/2194/2013, de 22 de noviembre.

Disposición final segunda. Entrada en vigor.

La presente orden entrará en vigor el día siguiente al de su publicación en el «Boletín Oficial del Estado» y será de aplicación por primera vez con la presentación del modelo 721, de “Declaración informativa sobre monedas virtuales situadas en el extranjero” correspondiente al ejercicio 2022 que deba realizarse entre el 1 de enero y el 31 de marzo de 2023.



ANEXO

CONTENIDO DE LA DECLARACIÓN INFORMATIVA SOBRE MONEDAS VIRTUALES SITUADAS EN EL EXTRANJERO, MODELO 721

Los mensajes informáticos que, en cumplimiento de lo dispuesto en la presente orden, sean transmitidos a la Agencia Estatal de Administración Tributaria deberán contener, en los términos establecidos en el artículo 42 quater del Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos, aprobado por Real Decreto 1065/2007, de 27 de julio, la información que se muestra a continuación, incluyendo una descripción de cada uno de los campos de registro integrados en los mensajes informáticos en que se concreta el contenido de la declaración del modelo 721.

I. CAMPOS DE REGISTRO Y ESPECIFICACIONES FUNCIONALES DE LOS MENSAJES DE ALTA Y MODIFICACIÓN.

Leyenda	Campo
Rojo o ¹ (superíndice)=	Campo obligatorio
(N) =	Grupo repetitivo
Negro =	Campo opcional
	Campo de selección

BLOQUE	DATOS/ AGRUPACIÓN	DATOS/ AGRUPACIÓN	DATOS/ AGRUPACIÓN	DATOS/ AGRUPACIÓN	DESCRIPCIÓN	FORMATO LONGITUD LISTA
Cabecera ¹	TipoComunicacion ¹				Tipo de operación (alta, modificación)	Alfanumérico(2) <u>L1</u>
	Modelo ¹				Modelo de la declaración	Numérico(3)



	Ejercicio ¹				Ejercicio	Numérico(4)		
	IDVersionModelo ¹				Identificación de la versión del esquema utilizado para la presentación de la información	Alfanumérico(3) L0		
	IDDeclarante ¹	NIF ¹				NIF del declarante	FormatoNIF(9)	
		NombreRazon ¹				Nombre y apellidos / razón social del declarante	Alfanumérico(120)	
		NIFRepresentante				NIF del representante del declarante	FormatoNIF(9)	
		PersonaContacto	Telefono ¹				Número de teléfono de la persona de contacto	Numérico(12)
ApellidosNombre ¹					Apellidos y nombre de la persona de contacto	Alfanumérico(120)		
Registro de Detalle ¹	IDRegistroDetalle ¹				Identificador del registro de detalle	Alfanumérico(20)		
	RegistroDetalle ¹	Clave ¹				Clave condición del declarante	Alfabético (1) L2	
		IDPersonaEntidadSalvaguada ¹	NombreRazon ¹				Nombre y apellidos o razón social o denominación completa de la persona o entidad que proporciona servicios para salvaguardar las claves criptográficas privadas en nombre de terceros, para mantener, almacenar y transferir monedas virtuales.	Alfanumérico(120)
			NIF ¹				Si dispone de NIF se informará con el identificador del NIF de la persona o entidad que proporciona los servicios para salvaguardar las claves criptográficas privadas	FormatoNIF(9)



		IDOtro ¹	CodigoPais	Código del país de residencia fiscal de la persona o entidad que proporciona servicios para salvaguardar las claves criptográficas privadas en nombre de terceros, para mantener, almacenar y transferir monedas virtuales.	Alfanumérico(2) (ISO 3166-1 alpha-2 codes) L3
			IDType ¹	Clave para establecer el tipo de identificación en el país de residencia.	Alfanumérico(2) L4
			ID ¹	Número de identificación en el país de residencia.	Alfanumérico(20)
		DomicilioEntidadSalvavuarda ¹	CodigoPais ¹	Código del país en el que se encuentre el domicilio de la persona o entidad que proporciona servicios para salvaguardar las claves criptográficas privadas en nombre de terceros, para mantener, almacenar y transferir monedas virtuales.	Alfanumérico(2) (ISO 3166-1 alpha-2 codes) L3
			NombreMunicipio ¹	Nombre del municipio en el que se encuentre el domicilio de la persona o entidad que proporciona servicios para salvaguardar las claves criptográficas privadas en nombre de terceros, para mantener, almacenar y transferir monedas virtuales.	Alfanumérico (30)



		NombreVía	Nombre de la vía pública del domicilio de la persona o entidad que proporciona servicios para salvaguardar las claves criptográficas privadas en nombre de terceros, para mantener, almacenar y transferir monedas virtuales.	Alfanumérico(50)
		Numeración	Número de la vía publica en la que se encuentre el domicilio de la persona o entidad que proporciona servicios para salvaguardar las claves criptográficas privadas en nombre de terceros, para mantener, almacenar y transferir monedas virtuales.	Numérico (5)
		Código postal	Se consignará el código postal referido al domicilio	Alfanumérico (12)
		Complemento	Información complementaria del domicilio	Alfanumérico(50)
	IDClavePública ¹ (N)		Clave pública o dirección pública, o, en su caso, claves públicas, vinculada a la moneda virtual objeto de declaración y que identifica el monedero electrónico del declarante en el que se encuentra la moneda virtual informada.	Alfanumérico(300)
	TipoMonedaVirtual ¹		Tipo de moneda virtual situada en el extranjero depositada en la clave o dirección pública informada en el campo "IDClavePública".	Alfanumérico (50)



	NumMonedasInicio ¹			Número de unidades para cada tipo de moneda virtual situada en el extranjero depositada en la clave pública declarada a comienzo de año o en su defecto en la primera fecha en la que se depositen en el monedero electrónico	Numérico decimal (20,20)
	NumMonedasRecibidas ¹			Número total de unidades que, para cada tipo de moneda virtual situada en el extranjero depositada en la clave pública declarada, han sido recibidas durante el año.	Numérico decimal (20,20)
	NumMonedasEnviadas ¹			Número total de unidades que, para cada tipo de moneda virtual situada en el extranjero depositada en la clave pública declarada, han sido enviadas durante el año.	Numérico decimal (20,20)
	NumMonedasFinal ¹			Número de unidades finales para cada tipo de moneda virtual situada en el extranjero depositada en la clave pública declarada correspondientes al saldo declarado a 31 de diciembre. Si la condición de obligado a declarar se hubiera extinguido antes del 31 de diciembre se informará del número de unidades correspondiente al día de la pérdida de dicha condición.	Numérico decimal (20,20)
	ValorMonedas ¹			Valoración de la unidad de moneda virtual declarada situada en el extranjero en euros. Para efectuar esta valoración se tomará la cotización media a 31 de diciembre que ofrezcan las principales plataformas de negociación o, en su defecto, se utilizarán los mecanismos comúnmente utilizados de valoración que proporcionen una estimación razonable del valor de mercado en euros de la moneda virtual a 31 de diciembre.	Numérico Decimal (10,20)



	CotizaciónValor			Se informará en este campo de la cotización o valor utilizado para efectuar la valoración de la unidad de moneda virtual declarada en euros indicada en el campo anterior.	Alfanumérico (50)
	FechaFinCondición			En el caso de que a 31 de diciembre el declarante ya no tenga la condición de titular, autorizado o beneficiario, deberá informarse en este campo de la fecha de la pérdida de tal condición. Esta fecha será obligatoria si la clave del campo "OrigenMonedaVirtual" toma el valor "C".	Numérico (8) Fecha (dd-mm-yyyy)
	SaldoMonedasVirtuales ¹			Saldo a 31 de diciembre de las monedas virtuales del mismo tipo situadas en el extranjero incluidas en la clave pública declarada. Si la condición de obligado a declarar se hubiera extinguido antes del 31 de diciembre se informará del saldo correspondiente al día de la pérdida de dicha condición.	Numérico Decimal (16,20)
	FechaRegistro			Fecha de registro inicial en la plataforma del declarante titular, beneficiario o autorizado de monedas virtuales en el extranjero	Numérico (8)
	OrigenMonedaVirtual			Se indicará el origen de la moneda virtual (moneda virtual declarada por primera vez, o moneda que ya ha sido declarada en ejercicios anteriores y que ha experimentado un incremento superior a 20.000 euros respecto del que determinó la presentación de la última declaración, o si se canceló la posición en esta moneda en el ejercicio)	Alfanumérico(2) L5



II. CLAVES Y VALORES PERMITIDOS EN CAMPOS DE TIPO LISTA

L0-IDVersionM721

VALORES	DESCRIPCIÓN
1.0	Versión actual del esquema utilizado para el intercambio de información

L1-Tipo de Comunicación

VALORES	DESCRIPCIÓN
A0	Alta de registro
A1	Modificación (corrección de errores registrales)

L2-Condición de declarado

VALORES	DESCRIPCIÓN
T	Titular
A	Autorizado
B	Beneficiario
P	Con poder de disposición
R	Otras formas de titularidad real conforme a lo previsto en el artículo 4.2. de la Ley 10/2010, de 28 de abril.



L3-Código de País

Se informará según la relación de códigos de países y territorios que se incluye en el Anexo II de la Orden EHA/3496/2011, de 15 de diciembre (BOE del 26 de diciembre).

L4-Tipos de identificación

VALORES	DESCRIPCIÓN
02	NIF-IVA
03	PASAPORTE
04	DOCUMENTO OFICIAL DE IDENTIFICACIÓN EXPEDIDO POR EL PAÍS O TERRITORIO DE RESIDENCIA
05	CERTIFICADO DE RESIDENCIA
06	OTRO DOCUMENTO PROBATORIO

L5-Origen moneda virtual

VALORES	DESCRIPCIÓN
A	Moneda virtual declarada por primera vez
M	Moneda virtual ya declarada en ejercicios anteriores
C	Moneda virtual que se declara porque se extingue la titularidad, se revoca la autorización o poder de disposición o se extingue cualquier otra titularidad real