

Cryptoassets: market trends and first MiCA lessons

1. Lessons learned from the implementation of MiCA

1.1 Market impact of MiCA

An industry speaker emphasised that, from an industry perspective, the overall assessment of the Markets in Crypto-Assets Regulation (MiCA) after nearly one year of implementation is positive. The framework provides a clear and structured pathway to authorisation and enables firms to scale across the EU through passporting, supporting the development of a functioning and increasingly mature cryptoasset ecosystem.

Several elements demonstrate the effectiveness of MiCA in practice. First, the growing number of authorised cryptoasset service providers (CASPs) in the EU, currently exceeding 100, reflects a healthy level of market participation. A number of e-money token issuers (EMT: stablecoins referencing a single currency) are also active. Second, the absence of major crypto-related incidents in recent years in Europe suggests that improved regulation and transparency may have contributed to greater market stability. Third, the industry has matured with firms operating in a more transparent and structured manner and engaging more closely with national competent authorities (NCAs), marking a significant shift compared to the situation prior to MiCA.

A regulator noted that to date, 29 EMTs have been issued in the EU by 18 entities under the MiCA framework, while no asset-referenced tokens (ARTs: stablecoins referencing a basket of assets or multiple currencies) have yet emerged. Stablecoins not compliant with MiCA are no longer permitted to be offered within the EU under the new regulatory framework.

A second industry speaker explained that traditional banks also are increasingly active in the cryptoasset market. As an asset servicer for institutional clients, their firm aims to enable these clients to access the crypto ecosystem through digital asset custody solutions and the tokenisation of financial instruments, with MiCA regulation acting as a prerequisite for entering the market. Early engagement with the regulatory process enabled the firm to secure authorisation within a few months and gain a first-mover advantage as one of the first asset servicers authorised under MiCA.

1.2 Benefits and opportunities from MiCA

An industry speaker emphasized that the primary benefit of MiCA lies in the legal certainty it provides, which is a prerequisite for traditional financial institutions entering the market. The passporting mechanism is also a major advantage, enabling firms to operate across the EU without navigating multiple national regimes. The framework for EMTs also

represents a key benefit, as it provides a clear regulatory basis for stablecoin-related activities.

A regulator stated that MiCA has established a harmonised framework for prudential, governance and transparency requirements, aimed at strengthening safeguards and enhancing confidence in the cryptoasset market, notably in relation to stablecoins. As implementation progresses, it enables authorised entities to operate across Member States under a single framework, significantly simplifying cross-border activity and contributing to reduced fragmentation and stronger investor protection and market integrity.

An official stated that MiCA represents a significant milestone in establishing a regulatory framework for cryptoassets in the EU, marking a clear transition from an unregulated environment to a structured and supervised ecosystem. Regulatory harmonisation and passporting act as key enablers of market development, allowing firms to scale their activities across the EU while supporting innovation and consumer protection, with the legal certainty provided by the framework further facilitating the expansion of activities by both new entrants and existing financial institutions.

The official also stressed that MiCA should be seen as a first step rather than a final framework. Given the rapid pace of technological and market developments, continuous monitoring will be required to assess its implementation, the evolution of the market and interactions with other jurisdictions where regulatory approaches are still emerging. The perception sometimes put forward that Europe is lagging behind globally in the digital asset space is not accurate, as the EU benefits from a strong legal foundation under MiCA that positions it as a leader in this area.

A second industry speaker added that the EU is the first jurisdiction to have implemented with MiCA a comprehensive regulatory framework covering the crypto ecosystem at scale. By providing legal certainty and enabling passporting across the single market, MiCA has already encouraged firms to seek EU licences and supported increased participation by institutional players.

1.3 Remaining regulatory challenges and areas for clarification

An industry speaker identified several challenges encountered by CASPs during implementation. A key issue related to the transitional regimes, which expired at different times and under different conditions across Member States, creating legal uncertainty for cross-border firms operating under multiple regulatory situations across the EU. As this provision was set at Level 1, no adjustment was possible. This legal uncertainty translated directly into business uncertainty, affecting firms' ability to plan operations and serve clients across jurisdictions. While the issue has now largely been

resolved, it should be considered an important lesson for future regulatory design.

A second industry speaker also pointed to a number of regulatory and operational challenges. The authorisation process remains significantly longer in practice than the timelines set out in the regulation, often due to delays in the availability of secondary legislation and supervisory guidance. In addition, overlaps between MiCA and existing frameworks, particularly the Payment Services Directive 2 (PSD2), continue to create uncertainty regarding the delineation and articulation of regulatory regimes. A further question concerns the significant discrepancy between the number of CASPs authorised under MiCA (around 175) and the more than 3,000 Virtual Asset Service Providers (VASPs) previously registered under national regimes. While this partly reflects duplication across jurisdictions prior to MiCA and the transition to a more demanding regulatory framework, the gap remains difficult to fully explain and warrants further analysis.

A third industry speaker considered that the MiCA framework remains relatively prescriptive and operationally burdensome, with implementation still uneven across Member States. While MiCA provides the EU with a first-mover advantage in terms of regulatory clarity and a holistic framework for the crypto ecosystem, this does not automatically translate into global competitiveness. Key risks include regulatory arbitrage, the relocation of innovative activities outside the EU and competitive asymmetries with less constrained jurisdictions. At the same time, MiCA offers the EU the opportunity to position itself as a global hub for regulated, institutional crypto activities. A key strategic question remains whether MiCA will be able to establish itself as a global standard or remain a regional framework potentially subject to regulatory arbitrage.

1.4 Supervisory challenges in the implementation of MiCA

A regulator emphasised that several supervisory challenges remain in the implementation of MiCA. Effective cross-border cooperation within the EU is essential to address potential gaps, particularly given the novelty of the framework and the risk of residual fragmentation. Transitional arrangements for CASP licensing and reporting continue to limit the availability of comprehensive supervisory data, and full visibility will only be achieved once the relevant authorisation and reporting frameworks are fully operational across the EU. Ensuring such supervisory visibility is a priority for EBA, ESMA and the NCAs. A further issue is the need to address increasingly complex business models, such as multi-issuance structures and other cross-border arrangements involving third countries, which require enhanced supervisory convergence and close cooperation among authorities. Despite the existence of a harmonised EU framework, these models create operational and supervisory challenges that require continuous coordination at EU level and, where relevant, with third-country authorities.

In this context, the regulator noted that EBA plays a central role in promoting supervisory convergence through dialogue, knowledge sharing and peer reviews and has a mandate to directly supervise significant EMTs and ARTs, including oversight of liquidity and own funds

requirements, recovery and redemption arrangements, and remuneration policies. EBA and ESMA also cooperate in monitoring market developments, aligning supervisory practices and addressing overlaps between MiCA and other regulatory frameworks such as PSD2. Developments in EU supervisory arrangements in other areas, such as the establishment of AMLA with a direct supervisory role, illustrate a possible direction of travel. Ongoing monitoring, consumer protection initiatives, such as warnings to users, and continuous knowledge development across regulators, supervisors and market participants, are also essential in a rapidly evolving environment where new risks and business models continue to emerge.

An industry speaker also highlighted the supervisory challenges associated with implementing a fully harmonised framework across 27 NCAs with differing levels of experience and resources, particularly given the legacy of more discretionary regimes such as MiFID. While MiCA aims to eliminate national discretion, initial inconsistencies emerged in supervisory practices. Significant efforts have since been made to address these through ESMA's work on supervisory convergence, contributing to a more transparent and consistent application of the framework.

2. Regulatory approaches at the global level

2.1 The need for enhanced international cooperation

An industry speaker stated that regulatory approaches to cryptoassets remain fragmented at the global level, with no clear convergence emerging yet between the EU, the US and the UK, highlighting the need for stronger international coordination in this inherently cross-border market.

An official emphasised the global and cross-border nature of cryptoasset markets, which must be supported both through passporting within the EU and active international engagement, while ensuring appropriate safeguards. Global cooperation is essential to avoid regulatory fragmentation and ensure that differing frameworks do not create barriers to market development, while maintaining a level playing field for firms operating across jurisdictions.

Another official noted that, despite differing regulatory approaches, the core policy challenges are broadly consistent across jurisdictions: enabling innovation while ensuring consumer protection and financial stability. Given the inherently borderless nature of cryptoassets, international cooperation is therefore essential. In this regard, the UK is actively engaged in European, international and transatlantic fora. Avoiding divergence in regulatory standards is key to preventing fragmentation and regulatory arbitrage. At the same time, stronger supervisory cooperation, particularly on interoperability and reciprocity, is needed to reduce frictions without lowering standards. International institutions also have an important role to play in shaping the future of these markets, building on the work of the FSB and IOSCO on stablecoins and digital assets. Strengthening multilateral frameworks to promote consistency and support national

regulatory efforts should therefore be a key priority, including in the context of the G20 agenda.

2.2 The UK approach to cryptoasset regulation

An official explained that the UK has progressed more slowly than some other jurisdictions, including the EU, in bringing forward cryptoasset legislation, reflecting a deliberate sequencing approach. The UK has recently moved from a phase of assessment to implementation, with detailed legislation introduced at the end of 2025 to establish a regulatory framework for cryptoassets, including stablecoins, which is expected to come into force in October 2027. This builds on earlier legislation adopted in 2023, which brought cryptoassets within the existing financial regulatory perimeter and granted powers to the Treasury to develop a detailed regime, as well as to the Bank of England to regulate systemic stablecoins. This approach aims to balance consumer protection with maintaining the UK's attractiveness as a destination for innovation and investment in the cryptoasset sector.

The official emphasised that the UK approach differs from MiCA in its design, as it integrates cryptoassets into existing financial regulation rather than establishing a standalone framework. The regime defines qualifying cryptoassets and introduces regulated activities such as dealing, custody and the operation of trading platforms, requiring firms to be authorised by the Financial Conduct Authority. Stablecoin issuance is regulated only when conducted in the UK, while overseas issued stablecoins may still be traded domestically but are treated as unbacked cryptoassets such as Bitcoin.

An industry speaker stressed that the UK approach is pragmatic, with a strong emphasis on consultation, iterative development and regulatory sandboxes, combined with a focus on stablecoins and targeted rules governing the marketing of cryptoassets to consumers.

2.3 The US approach to cryptoasset regulation

An industry speaker observed that the US, as the largest crypto market, is characterised by high levels of innovation and liquidity but also by a fragmented regulatory structure split between the Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC). The US policy approach is evolving towards a more structured framework through initiatives such as the GENIUS Act (focusing on stablecoins and including reserve backing, redemption rights and their role as a payment instrument) and the proposed Clarity Act (aimed at clarifying the classification of cryptoassets and the respective roles of SEC and CFTC), the latter remains under discussion. The US approach therefore remains incomplete with a significant degree of legal uncertainty persisting.

An official emphasised that the US GENIUS Act represents a significant step through its focus on stablecoins as a potential foundation for tokenized payments and the inclusion of reciprocity provisions with other jurisdictions. The proposed Clarity Act is another important proposal, raising questions regarding the treatment of yield- and reward-generating crypto products (such as staking or lending), including whether these should fall within the scope of securities regulation and how yield on stablecoins should be addressed.

3. Future market trends and policy implications

3.1 Structural trends in the cryptoasset market

An industry speaker emphasised that the cryptoasset market is moving from a phase of experimentation towards deeper integration with the financial system driven by several structural trends. First, the institutionalisation of the market is accelerating, with major asset managers, banks and custodians entering the space and offering crypto and tokenised asset related services such as crypto investment, tokenization capabilities, on-chain settlement and custody. This shift is driving greater use of regulated platforms and vehicles, with MiCA providing the legal certainty required for institutional participation and scaling. Second, stablecoins are gaining traction as a key segment of the cryptoasset market, increasingly used for cross-border payments and benefiting from rising adoption, with market capitalisation exceeding USD 100 billion and growing transaction volumes. Third, market structures are evolving towards greater vertical integration, with major CASPs combining activities such as trading, custody, issuance and prime brokerage. While this creates efficiencies, it also introduces concentration and dependency risks reminiscent of certain pre-financial crisis market structures, and therefore requires careful monitoring.

A second industry speaker agreed that the cryptoasset market is increasingly converging with the traditional financial system and should now be considered a maturing market. While still smaller in scale, it is growing rapidly, with over 600 million individuals globally having exposure to cryptoassets, whereas only half that amount have invested in shares and traditional financial instruments experience limited growth.

A third industry speaker highlighted the evolving positioning of CASPs within the broader financial system. While initially operating at the fringe as largely unregulated entities, they are now increasingly integrated into the regulated ecosystem under frameworks such as MiCA, MiFID and PSD, and are competing more directly with traditional financial institutions.

An official concurred that stablecoins are already demonstrating concrete use cases, particularly in payments, and that their adoption is likely to continue alongside the broader acceleration of electronic payments observed since the pandemic. Looking ahead, financial ecosystems are expected to combine private forms of money, such as stablecoins and tokenised deposits, with public solutions, including the digital euro and wholesale central bank digital currencies, alongside traditional forms of money. Regulators should approach these developments with openness to ensure that innovation is not constrained and that the benefits of different forms of money can be fully realised. Future regulatory developments should build on MiCA, which provides a strong foundation and legal clarity, while remaining adaptable to ongoing technological changes, such as the potential role of artificial intelligence in shaping future developments in the sector.

The official added that cryptoassets and related technologies can also contribute to broader EU priorities,

including the Savings and Investments Union, notably by supporting deeper capital market integration, improving access to financing and enhancing the competitiveness of EU financial markets.

Another official similarly emphasised the growing interaction between stablecoins and payment systems, agreeing that future payment ecosystems are likely to incorporate multiple forms of money. In this context, the UK similarly to the EU, is assessing how stablecoin regulation should interact with existing payment legislation.

3.2 The prospects of DLT, tokenization and stablecoins in the financial infrastructure

An industry speaker emphasised that distributed ledger technology (DLT) has significant potential to transform financial infrastructure by enabling institutions to move away from siloed systems towards shared, decentralised infrastructures supporting multiple asset classes and more efficient transaction processing. Tokenisation also acts as a key bridge between cryptoassets and traditional finance, with expanding use cases including tokenised deposits, repos and equities. In the US, tokenised repo markets are already developing, with significant volumes of intraday settlement, and are expected to expand further. The possibility to leverage common technological infrastructures across cryptoassets and tokenised financial instruments is a further benefit.

A second industry speaker noted that stablecoins are increasingly acting as a core component of financial infrastructure, serving as a key settlement asset in on-chain markets and playing a growing role in cross-border payments, which raises new regulatory considerations.

An official agreed that the use of DLT is likely to play a transformative role in the financial system, particularly by improving the efficiency of securities settlement, while requiring careful management of associated risks.

3.3 Key policy questions and future regulatory and supervisory priorities

An industry speaker emphasised that a significant share of activity remains outside the regulated perimeter, notably in decentralised finance (DeFi), where substantial volumes of assets are managed on a cross-border basis without traditional intermediaries, as well as in staking and lending activities that are not fully captured by MiCA. This may lead to regulatory arbitrage, pushing certain activities outside the regulatory perimeter. A further challenge is to strengthen cross-border supervision and improve coordination, as the market becomes increasingly global, decentralised and more institutionalised.

A second industry speaker agreed that addressing activities that fall outside its current scope of MiCA, such as DeFi, is a key challenge going forward, as well as clarifying how MiCA will interact with other regulatory frameworks. Tokenisation is also a central area of future development where regulatory approaches differ across jurisdictions. In Europe, tokenisation is typically approached through the lens of the underlying asset, whereas in some other jurisdictions the focus is on the underlying technology, with tokenised activities treated within crypto-specific regulatory frameworks. This raises the question of whether regulatory approaches should converge or whether

different models can coexist at the international level, provided that consumer protection and market integrity are maintained.

The industry speaker further raised the question of whether primary issuance of financial instruments directly on distributed ledgers will develop, and how this would coexist with assets such as equities continuing to be issued through traditional market infrastructures and subsequently tokenised. This evolution raises important operational and regulatory questions regarding how such new forms of issuance and market structures should be addressed in future legislation.

A regulator highlighted the broader question of how to strike the right balance between innovation and regulation, and which should come first. Innovation should be allowed to develop while the regulatory framework continues to mature, rather than being constrained prematurely, particularly as not all emerging use cases ultimately prove viable or attractive to consumers. The regulator also emphasised the importance of continuous knowledge sharing and education among regulators, supervisors and industry participants, noting that effective supervision depends on the quality of information and understanding available and should not remain tied to legacy practices that may no longer be adapted to evolving market structures.

An official underlined the importance of maintaining strong support for innovation at EU level, ensuring that regulatory frameworks facilitate the development of new products and services where there is demand.

Wrap up

The Chair concluded that the discussion highlighted both the progress achieved through MiCA and the importance of the international dimension in the crypto space, noting broad agreement on the value of MiCA and the need for continued adaptation. The discussion confirmed that MiCA represents a structural shift for the EU cryptoasset market, providing greater legal certainty, reducing fragmentation and supporting cross-border activity through passporting, while also raising implementation challenges requiring further guidance and supervisory convergence. Looking ahead, the increasing integration of cryptoassets with traditional financial services will require continued calibration of the regulatory and supervisory framework.