

MiCA: The Comprehensive Crypto Regulation Set to revolutionise the EU

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The European Parliament's passage of the Markets in Crypto Act (MiCA) represents a significant milestone for the crypto industry. With its comprehensive regulatory framework, Markets in Crypto Act aims to harmonize regulation and address issues across the European Union (EU), instilling confidence in the market and protecting consumers from financial risks.

Currently, the crypto sector is largely unregulated, leaving consumers exposed to significant risks, while providers of crypto-related services navigate different regulatory regimes across various member states. Markets in Crypto Act aims to bring much-needed regulation to the industry, harmonize the regulatory position across the EU, and create a single European market.

Markets in Crypto Act will introduce a unified licensing regime for crypto-businesses and require the publication of white papers by issuers of crypto-assets, akin to prospectuses required under the financial services regime. It also addresses market manipulation and insider trading issues, limiting the scope for "pump and dump" schemes.

While Markets in Crypto Act will not apply to non-fungible tokens or security tokens, it will cover issuers of cryptoassets and related service providers. Asset issuers must declare the blockchain consensus mechanism used in conjunction with their crypto-assets, and stablecoin issuers must maintain adequate reserves, with larger providers subject to supervision by the European Banking Authority. Additionally, Markets in Crypto Act requires disclosure of the energy consumption and environmental impact of crypto businesses.

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