

The Timeline to MiCA Compliance: Time to take action



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The Timeline to MiCA Compliance: Time to Take Action

MiCA is fully coming into force on 30 December 2024, but the path to compliance is marked by a 4-year timeline with requirements that go beyond mere licensing. Learn more about MiCA white papers, crypto sustainability data and other regulations your organisation may need to conform to over the coming months and years.

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General Secretary, MiCA Crypto Alliance

The Markets in Crypto-Assets Regulation (MiCA or MiCAR) introduces a comprehensive regulatory framework for crypto-assets in the European Union, aimed at enhancing market integrity and investor protection. A significant part of the regulation deals with the licensing regime for Crypto Assets Service Providers (CASPs) and stablecoins (E-Money Tokens or EMTs and Asset-Referenced Tokens or ARTs). However, two important MiCA requirements are often overlooked :

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The first one is that MiCA requires almost all crypto asset types to have very comprehensive white papers disclosing many aspects of the technology, the tokenomics, the identities of everybody involved in the crypto asset project, the offer to the public and the rights and obligations attached, the underlying asset reserves and the environmental impact of the asset.

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The second requirement is that climate indicators should also be displayed prominently in the websites of all CASPs. This means that a CASP providing services in relation to any crypto asset is obliged to collect the corresponding climate indicators for each one of these assets. Exchanges have even further obligations as they also have a duty to collect the white papers.

As a result, it is necessary to understand when these requirements are kicking in, and what can be done to come into compliance.

White paper requirements

The requirements to have a white paper are as follows:

- 01 By **30 June 2024**, **e-money tokens** and **asset-referenced tokens** need a MiCA white paper. However, the European Securities and Markets Authority's (ESMA) technical guidance for white paper elaboration has not yet been approved by the European Parliament. **This is expected by October 2024**. It is nevertheless recommended to follow the Regulatory Technical Standards (RTS) **published on 3 July 2024**.
- 02 By **30 December 2024**, new crypto assets other than EMTs and ARTs need a white paper to be listed in the European Union. A new crypto asset is one that was not already admitted to trading by 29 December 2024. A crypto asset of the other type includes all utility tokens, but also beyond them. White papers for utility tokens have very slight differences with other white papers in this category.
- 03 By **30 December 2027**, crypto assets that were **already trading** by 29 December 2024 must have a white paper to avoid being delisted in the EU. **Issuers and offerors are encouraged to submit the white papers earlier**, but are given a grace period of transition to adapt. If they do not produce these white papers, it is the exchanges' duty to generate them themselves.
- 04 However, National Competent Authorities (NCAs) can **waive the transition period** if they choose to do so by **30 June 2024**. In that case, both new and "old" crypto assets require a white paper by **30 December 2024**. To our knowledge, no NCA has exercised this option so far.

Crypto assets that were already trading by 2024

Does this mean that the teams in crypto asset projects whose key crypto asset was already listed before 30 December 2024 do not need to worry about white papers? Not at all. There are multiple reasons and milestones to generate a white paper as soon as possible:



As soon as possible, ESMA must establish a centralised public register of white papers submitted to the authorities. Considering other MiCA requirements, this should happen in early 2025.



By 30 June 2025, ESMA will publish an interim report that will discuss the white papers received, and will also highlight false and misleading information contained in marketing communications, social media, and the white papers themselves. This interim report can include a legislative proposal that, among other things, may further regulate how white papers should be. By 30 December 2027, a final report will have to be submitted.



Also by 30 June 2025, the European Commission (EC) will have to submit another report on the application of MiCA to the European Parliament after consulting ESMA and the European Banking Authority (EBA). This may also be accompanied by a legislative proposal. By 30 June 2027, the EC must submit a final report.

This introduces a risk of “naming and shaming” crypto assets that have not submitted a white paper by 30 June 2025, or of sanctions for crypto asset projects whose social media shares misleading information because a proper methodology to elaborate the content (that the white paper should replicate) is absent. The reverse of this means that crypto asset projects with adequately written white papers will emerge as leaders in the space, and the standards they set may establish the bar that followers will have to reach.

Sustainability Indicators: An Urgent Requirement

Crypto asset sustainability indicators, notably climate indicators, **will not enjoy a transition period. By 30 December 2024, CASPs will be required to display these indicators in their websites.** Exchanges can refuse to list new crypto assets if the indicators have not been provided. However, **if the crypto asset was already listed by 30 December 2024, and if issuers and operators do not cooperate by facilitating the information themselves, the exchanges will have to generate the indicators themselves** or the assets may face **delisting as well.**

Other MiCA requirements

Other milestones established by MiCA are better known. These include:



18-Month Transition Period for CASPs and Issuers (July 2023 - December 2024): MiCA officially entered into force on 29 June 2023, and from June 2024, issuers of EMTs and ARTs must comply with MiCA standards, notably having secured a licence.



30 June 2024: Other rules for EMTs and ARTs kick in.



Licensing by December 2024: All Crypto Asset Service Providers (CASPs) must be fully licensed under MiCA to operate within the EU, meeting prudential, consumer protection, and anti-market abuse standards. Licensed CASPs can operate across the EU without additional national authorisations.



June 2025 - Public Disclosure of Major Incidents: CASPs must begin publicly disclosing major incidents such as security breaches, under MiCA's transparency requirements. ESMA will issue guidelines on supervisory practices by 30 June 2025 to ensure consistent market abuse prevention.



Q4 2025 - Stablecoin Reserve Review: The European Banking Authority (EBA) will review reserve management practices of stablecoins to ensure compliance with MiCA's governance, transparency, and adequacy standards.



2026 - Market Abuse and Insider Trading Guidelines: ESMA will issue guidelines on market abuse and insider trading for crypto-assets, clarifying enforcement and compliance expectations for market participants.



Operation Extension for Pre-2024 CASPs: CASPs active before 30 December 2024 may continue operating until 1 July 2026 or until MiCA authorisation is granted or refused. Simplified procedures will apply to entities authorised under national law by December 2024, provided MiCA's standards are met.

Penalties

MiCA grants competent authorities in EU Member States the power to impose significant penalties for non-compliance. Penalties include **public statements** naming the responsible parties, **orders to cease** violations, and administrative fines. For individuals, **finest** can reach up to EUR 700,000, while legal entities may face fines of up to EUR 5 million or 12.5% of their annual turnover, depending on the nature of the infringement. In cases where the infringement profits can be quantified, fines may be twice the amount of the gains.

Additional sanctions may include the **suspension or withdrawal of authorisations** for CASPs, and temporary or permanent **bans** on individuals from holding management positions. Repeated or severe violations can lead to more severe actions, such as a ten-year ban for responsible management members or substantial fines of up to 15% of annual turnover for legal entities. These stringent measures underscore the importance of adhering to MiCA's regulatory framework to avoid significant operational and financial repercussions.

While, under MiCA, **delisting is a penalty established only for certain conduct and not for others, it will constitute the de facto punishment for crypto asset projects that fail to conform to MiCA** requirements, whether delisting is explicitly established as a penalty or not. This is because CASPs will be forced to delist the assets to avoid the other aforementioned sanctions.

The MiCA Crypto Alliance

The MiCA Crypto Alliance, launched by Exponential Science, is a strategic initiative aimed at supporting the industry's transition to compliance with MiCA. Bringing together leading blockchain projects such as Ripple, Hedera and Aptos Foundation, the alliance seeks to streamline compliance and enhance regulatory adherence across the crypto market.

This alliance focuses on standardising compliance efforts among its members, offering exclusive resources like sustainability indicators and white paper elaboration tools tailored to meet MiCA requirements. By leveraging the collective expertise of its members, the MiCA Crypto Alliance will help reduce the complexities and costs associated with compliance, while setting a high standard for transparency, market integrity, and consumer protection.

For more details on joining the MiCA Crypto Alliance, visit micacryptoalliance.com or contact mica@dltscience.org.



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About the Author:

Juan Ignacio Ibañez is the Chief of Staff at Exponential Science and General Secretary at the MiCA Crypto Alliance. His work focuses on blockchain and sustainability, covering carbon accounting, carbon markets, renewable energy, and supply chains. He has authored multiple scientific articles on blockchain carbon footprint and the two first MiCA white papers ever written. He is also a researcher at the University College London Centre for Blockchain Technologies and a lecturer at the Catholic University of Argentina.

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