

Defining LSTs Under MiCA: A Taxonomy Initiative

An industry-backed effort led by the MiCA Crypto Alliance to clarify how Liquid Staking Tokens (LSTs) fit within the EU Markets in Crypto-Assets (MiCA) Regulation.

THE CHALLENGE

LSTs enable liquidity from staked assets but defy MiCA classification, creating compliance risks for CASPs and financial institutions.



Yield Generation

Provides returns, complicating classification as e-money tokens (EMTs).



Collateral-Backed

Resemble asset-referenced tokens (ARTs) without price stabilisation or clear redemption rights.



No Identifiable Issuer

Many LSTs lack a single issuer, a mandatory requirement for ARTs under MiCA.

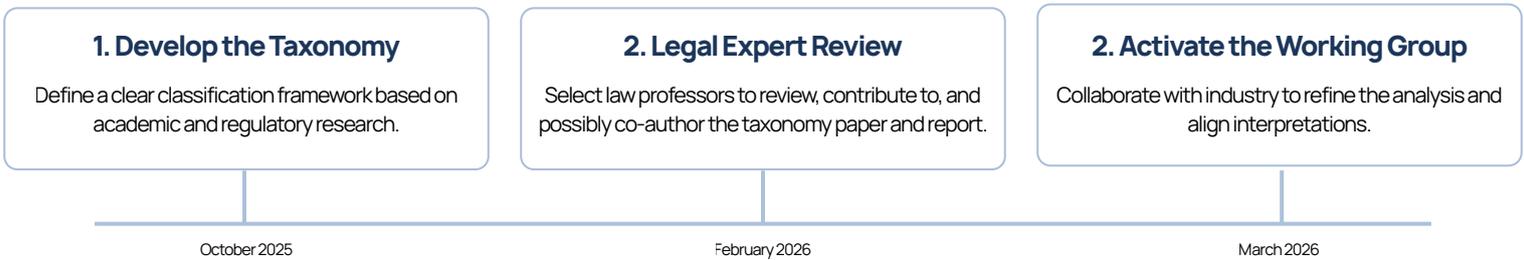
Classification	Implications for EU Operations
EMTs	Illegal – EMTs are strictly prohibited from providing a return or interest (MiCA Title IV, Art 50)
ARTs	Prohibitive – Requires authorisation, governance and asset reserves (MiCA Title III, Arts. 16-21)
Financial Instruments	Burdensome – Explicitly excluded from MiCA (Art. 2(4)(a)) and instead subject to MiFID II / AIFMD / Prospectus Regulation

Absent clear regulatory guidance, CASPs face the risk of retroactive reclassification, potentially invalidating compliance efforts and leading to liability for service providers.

A COLLABORATIVE PATH TO CLARITY



The MiCA Crypto Alliance is leading an industry-driven, research-based effort to develop a formal taxonomy clarifying how LSTs fit within MiCA. This initiative combines academic rigour, legal expertise and industry consensus to produce an academically grounded, submission-ready framework for ESMA.



WHY IT MATTERS

-  **Risk Mitigation:** Avoid costly reclassification and ensure your protocol remains MiCA-compliant.
-  **Regulatory Influence:** Be part of the only coordinated effort submitting an LST classification proposal directly to EU regulators.
-  **Industry Alignment:** Build consensus on decentralised asset classification to strengthen the broader DeFi ecosystem.

HOW TO GET INVOLVED

- **Expert Review** – Join the academic consultation on the draft taxonomy. Scan the QR code.
- **Endorsement** – Support the final submission to ESMA through organisational sign-off.



GET IN TOUCH

The Alliance simplifies the complex journey of MiCA compliance by providing token issuers, offerors, CASPs, L1s/L2s, law firms and exchanges with MiCA-compliant white papers and verified ESG datasheets to meet disclosure requirements.