

## L46: Swiss FINMA and EU MiCA

### Module G: Regulation & Future

Blockchain & Cryptocurrency Course

December 2025

- Understand Swiss FINMA's principles-based approach to crypto regulation
- Analyze token classification frameworks (FINMA vs MiCA)
- Evaluate EU MiCA as comprehensive crypto-asset regulation
- Compare stablecoin requirements between frameworks
- Assess CASP licensing and compliance requirements
- Understand real-world implementation challenges (2024-2025)

# Why Focus on Switzerland and EU?

## Switzerland

- Crypto Valley (Zug): 1,000+ blockchain companies
- Clear legal framework since 2019
- Home to Ethereum, Cardano, Tezos foundations
- Principles-based, flexible approach

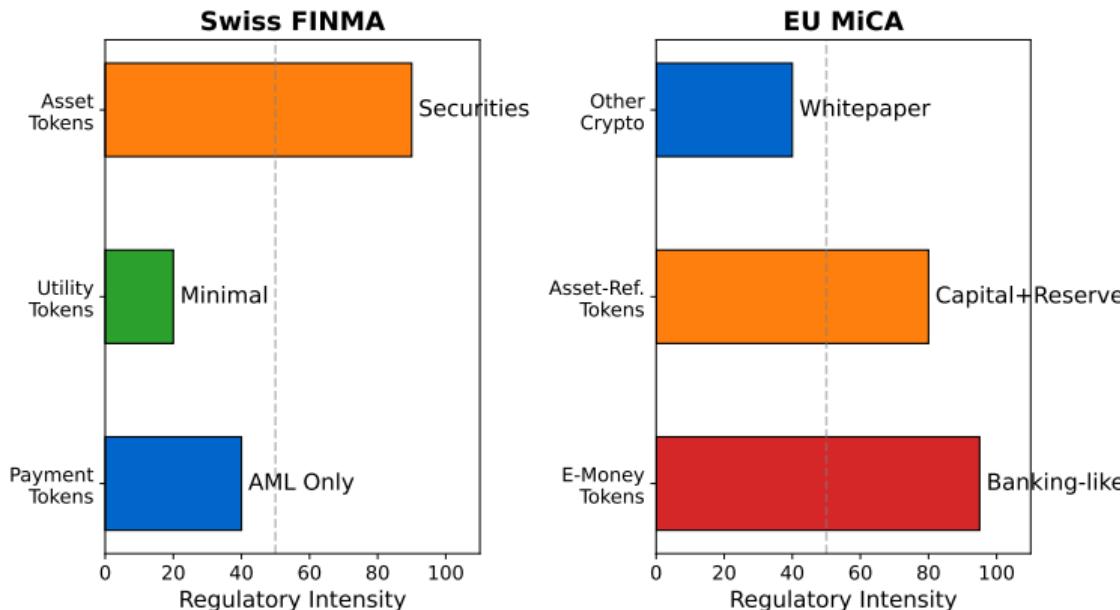
## EU MiCA

- First comprehensive crypto framework
- 27 member states (450M people)
- Template for other jurisdictions
- Rules-based, detailed requirements

**Key Contrast:** Principles-based (Switzerland) vs rules-based (EU)

# Token Classification Comparison

Token Classification Frameworks

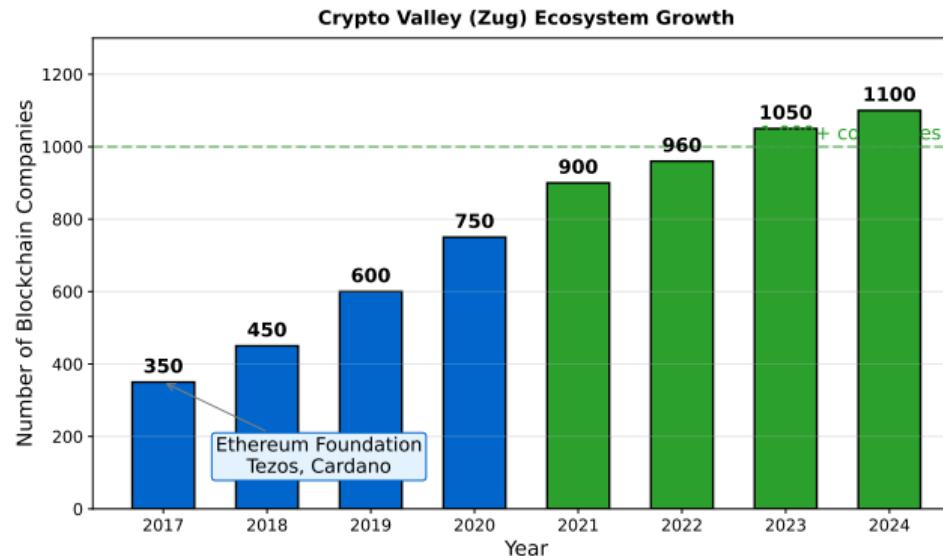


*Economic function determines regulatory treatment, not technology*

- **Three Token Categories** (not mutually exclusive):
  - ① **Payment Tokens**: Means of payment, transfer of value
    - Examples: Bitcoin, Litecoin
    - Regulation: AML only (not securities law)
  - ② **Utility Tokens**: Access to application or service
    - Examples: Filecoin, Golem
    - Regulation: Minimal (if truly utility)
  - ③ **Asset Tokens**: Represent assets, claims, or equity
    - Examples: Tokenized securities, equity tokens
    - Regulation: Securities law (prospectus, licensing)
- **Hybrid Tokens**: Can have multiple characteristics

- **Purpose:** Adapt Swiss law to blockchain technology
- **Key Innovations:**
  - ① **DLT Securities:** Legal recognition of tokenized securities
    - Rights register maintained on blockchain
    - Same legal status as traditional securities
  - ② **DLT Trading Facilities:** New license category
    - Lower barriers than traditional exchanges
    - Capital: CHF 500,000 minimum
  - ③ **Crypto Asset Segregation in Bankruptcy**
    - Customer assets segregated from estate
- **Impact:** Legal certainty for tokenization, institutional custody

# Swiss Crypto Valley Growth



*Regulatory clarity attracted global blockchain companies to Switzerland*

- **MiCA (Markets in Crypto-Assets Regulation):** EU-wide framework
- **Timeline:**
  - Proposed: September 2020
  - Approved: April 2023
  - Full implementation: December 30, 2024
- **Objectives:**
  - ① Legal certainty for crypto assets
  - ② Consumer and investor protection
  - ③ Financial stability safeguards
  - ④ Support innovation and competition
- **Scope:** Crypto-assets, issuers, CASPs
- **Exclusions:** NFTs (unless fractionalized), CBDCs

## ① E-Money Tokens (EMTs):

- Stable value referencing single fiat currency
- Examples: USDC, USDT
- Regulation: Strictest (banking-like)

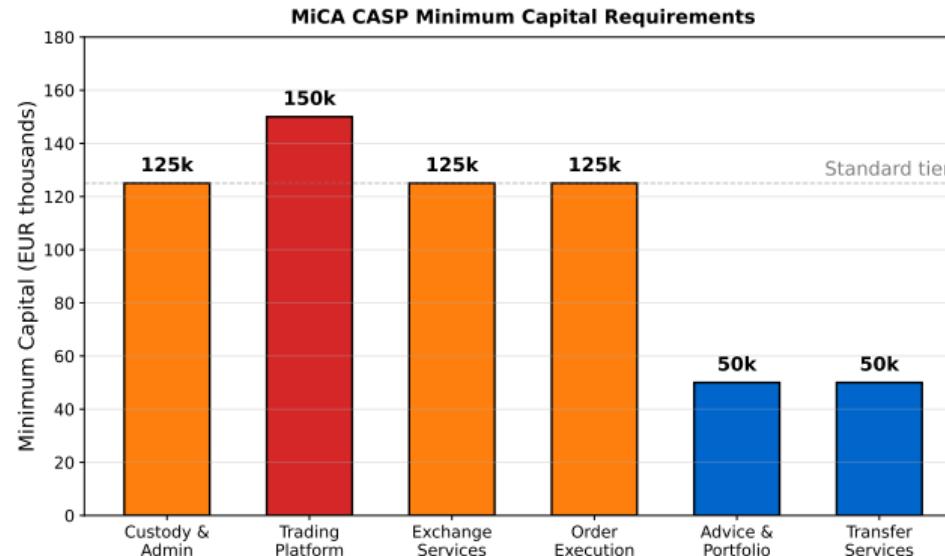
## ② Asset-Referenced Tokens (ARTs):

- Stable value referencing basket/commodities
- Regulation: Capital, reserve, governance

## ③ Other Crypto-Assets:

- All other tokens (BTC, ETH, utility)
- Regulation: Disclosure (white paper)

# MiCA CASP Capital Requirements



*Single authorization valid across all 27 EU member states (passporting)*

- **CASP Services** (require authorization):
  - ① Custody and administration of crypto-assets
  - ② Operation of trading platform
  - ③ Exchange (crypto-fiat, crypto-crypto)
  - ④ Execution of orders on behalf of clients
  - ⑤ Placing of crypto-assets
  - ⑥ Providing advice on crypto-assets
  - ⑦ Portfolio management
  - ⑧ Transfer services
- **Passporting:** Single authorization valid EU-wide
- **Grandfathering:** 18-month transition for existing providers

- **Issuer Authorization:**

- Must be credit institution or e-money institution
- CASP license NOT sufficient

- **Reserve Requirements:**

- 1:1 backing in high-quality liquid assets
- Segregated from issuer's assets
- Daily reconciliation

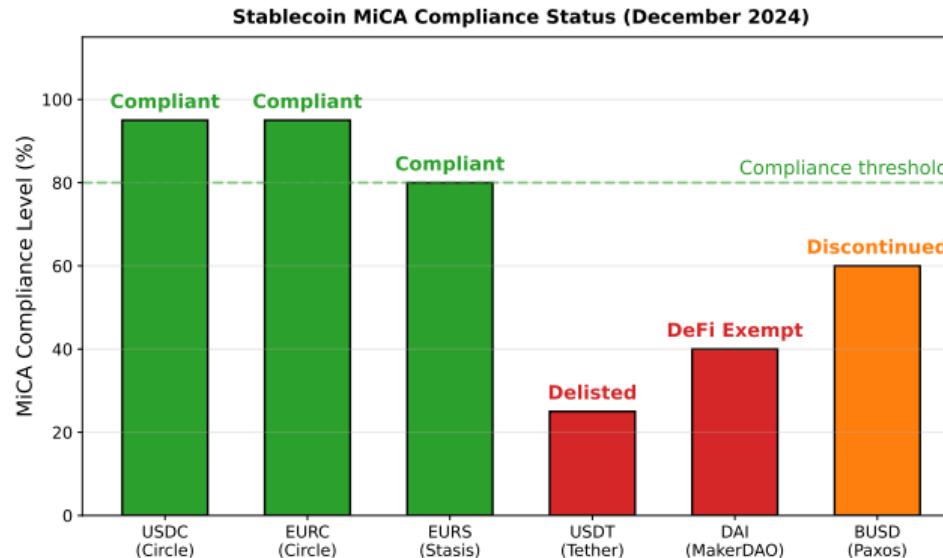
- **Redemption Rights:**

- Redeem at par value at any time
- No fees for redemption

- **Significant EMTs:** Enhanced EBA supervision

- **Prohibition:** Interest payments on stablecoins

# Stablecoin MiCA Compliance (2024)



*USDT delisted from EU exchanges; USDC positioned as MiCA-compliant*

- **Circle (USDC):**

- Obtained e-money license in France (July 2024)
- First global stablecoin issuer MiCA-compliant
- USDC and EURC fully authorized

- **Tether (USDT):**

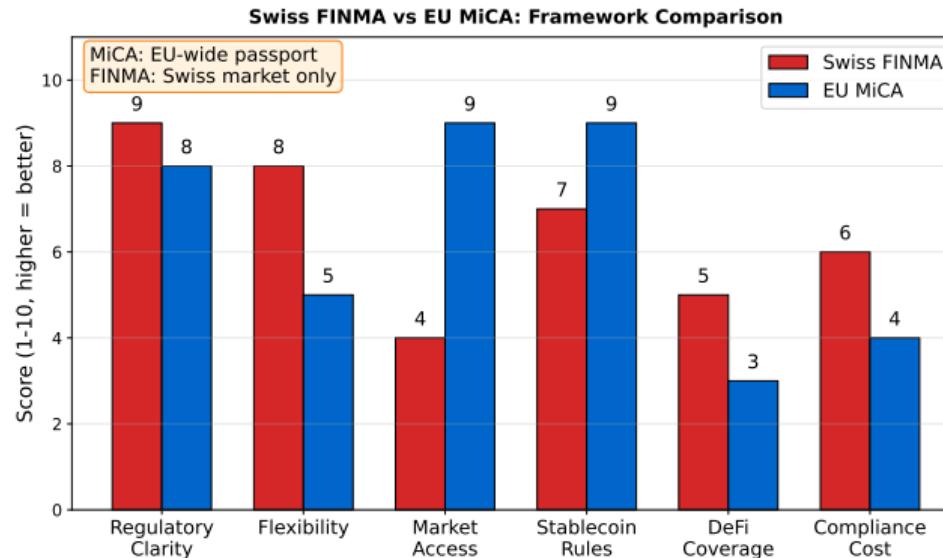
- Did NOT obtain EU e-money license
- Delisted from EU exchanges (December 2024)
- Coinbase Europe, Crypto.com removed USDT

- **Market Impact:**

- USDC gaining EU market share
- Euro stablecoins emerging (EURC, EURN)
- Compliance as competitive advantage

- **Prohibited Conduct:**
  - ① **Insider Dealing:**
    - Trading on material non-public information
    - Same rules as traditional securities
  - ② **Market Manipulation:**
    - Wash trading, spoofing, layering
    - Pump-and-dump schemes
    - Spreading false information
  - ③ **Unlawful Disclosure**
- **Enforcement:** National authorities, criminal penalties
- **Surveillance:** CASPs must monitor and report

# Framework Comparison



*Both frameworks provide regulatory clarity; MiCA offers broader market access*

# Swiss vs EU: Key Differences

Aspect	Switzerland	EU MiCA
Approach	Principles-based	Rules-based
Token Classification	Flexible (3 types)	Rigid (3 types)
Stablecoin Rules	Case-by-case	Banking-like
Market Access	Swiss only	27 EU countries
DeFi Treatment	Unclear	Excluded (for now)
Compliance Cost	Moderate	Higher

**Strategy:** Swiss firms seeking EU presence for MiCA passport

- **Major Exchanges Seeking Authorization:**

- Binance: Applied in multiple EU jurisdictions
- Kraken: Pursuing licenses in Germany, Ireland
- Coinbase: Leveraging Irish e-money license
- Bitstamp: Already licensed in Luxembourg

- **Bottlenecks:**

- National regulators overwhelmed with applications
- Varying interpretation across member states
- Technical standards still being finalized

- **Preferred Jurisdictions:** Ireland, France, Germany

- **European Commission Review (expected 2025):**
  - DeFi regulation (currently excluded)
  - NFT treatment (fractionalization rules)
  - Staking and lending services
- **Transfer of Funds Regulation (TFR):**
  - Travel Rule for crypto (sender/receiver info)
  - Self-hosted wallet verification above thresholds
- **Technical Standards (ESMA, EBA):**
  - Custody specifications
  - Sustainability disclosures (PoW energy)
- **Global Influence:** MiCA as template for UK, Japan, Singapore

## Key Takeaways:

- **Swiss FINMA:** Principles-based, flexible, DLT Act innovation
- **Token classification:** Payment, Utility, Asset (function-based)
- **EU MiCA:** Comprehensive rules-based framework, 27 countries
- **MiCA categories:** EMTs, ARTs, Other crypto-assets
- **Stablecoin regulation:** Banking-like requirements, reserve backing
- **December 2024:** MiCA fully implemented, USDT delisted
- **USDC vs USDT:** Compliance as competitive advantage
- **Crypto Valley:** 1,100+ companies, regulatory clarity advantage
- **Future:** MiCA 2.0 (DeFi, NFTs), Travel Rule enforcement

## Questions for Reflection

- ① What are the trade-offs between principles-based vs rules-based regulation?
- ② Why did Circle succeed in obtaining MiCA compliance while Tether did not?
- ③ How does the EU passport benefit crypto firms compared to Swiss-only?
- ④ Should DeFi protocols be included in MiCA 2.0?
- ⑤ What makes Crypto Valley attractive despite lacking EU market access?