MiCA

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**MiCA Helpline**

Have you heard about MiCA but aren't sure what it means for you? This guide breaks down the basics of MiCA (Markets in Crypto-Assets).

**What is MiCA?**

MiCA is an EU regulation that applies to the entire European Union (EU) and all EU residents and citizens. Unlike some regulations (directives), MiCA is directly applied across all the EU countries. This creates a consistent legal landscape for crypto assets, simplifying things for everyone involved.

**Why was MiCA created?**

MiCA establishes a framework for investigating and enforcing market abuse cases. National competent authorities, such as financial regulators, are responsible for carrying out these investigations and imposing sanctions on offenders. Sanctions may include fines, trading bans, and even criminal penalties.

When creating MiCA, lawmakers had four main goals:

1. **Clarity**: To establish clear and consistent laws for issuing, offering and proposal of crypto assets, providing classification of crypto assets, separate from traditional finance rules.
2. **Innovation**: To foster a competitive and innovative environment for the crypto market.
3. **Investor Protection**: To protect people investing in crypto assets and using services related to crypto assets.
4. **Financial Stability**: To manage potential risks associated with crypto assets and maintain financial stability within the EU.

**What Does MiCA Cover?**

MiCA stands for Markets in Crypto-Assets Regulation, and it's essentially a set of rules for crypto activities within the EU. Let's break down what's covered and what's not:

Activities Regulated by MiCA:

* **Issuing crypto assets**: By establishing the rules for creating and offering new crypto assets for trading, such as e-money tokens, asset-referenced tokens, and other tokens (utility tokens).
* **Crypto Service Providers (CASPs):** Companies that offer services related to crypto assets, such as crypto asset exchanges and custodial wallets. MiCA outlines specific rules for how these companies operate. Here are some examples of CASP services covered by MiCA:

1. the custody and administration of crypto-assets on behalf of third parties;
2. the operation of a trading platform for crypto-assets;
3. the exchange of crypto-assets for funds;
4. the exchange of crypto-assets for other crypto-assets;
5. the execution of orders for crypto-assets on behalf of third parties;
6. placing of crypto-assets;
7. providing transfer services for crypto-assets on behalf of third parties;
8. the reception and transmission of orders for crypto-assets on behalf of third parties;
9. providing advice on crypto-assets;
10. providing portfolio management on crypto-assets.

What's Not Covered by MiCA:

* **Non-fungible tokens (NFTs):** These unique digital assets aren't currently regulated by MiCA.
* **Central bank digital currencies (CBDCs):** These digital versions of traditional currencies issued by central banks fall outside MiCA's scope.
* **Security tokens:** Tokens qualified as financial instruments like shares, bonds, and derivatives.
* **Crypto mining:** The process of creating new crypto assets isn’t regulated by MiCA.
* **Decentralized systems (DEXs, DAOs):** These platforms operate without a central authority, and MiCA doesn't regulate them.
* **Staking (except Staking-as-a-Service)** involves holding crypto assets to earn rewards. While staking itself isn't regulated, MiCA might cover services that offer staking on your behalf (staking-as-a-service).

Please take into consideration that by 30 December 2024, the EU Commission shall present a report to the European Parliament and the Council on the latest developments concerning:

* **Decentralized systems;**
* **Lending and borrowing of crypto-asset;**
* **NFTs.**

**Categories of crypto assets and their definition according to MiCA:**

The scope of MiCA is aimed at the following types of crypto assets:

1. **E-money tokens:** Crypto assets that are designed to be used as a medium of exchange and to maintain their stable value by referencing the value of a particular fiat currency (e.g., Tether USDT, which is referenced 1:1 USD);
2. **Asset-referenced tokens (ART):** Crypto assets that maintain their value by referencing the value of multiple fiat currencies, one or more commodities, one or more crypto assets, or a combination of such assets (e.g., Tether XAUt, which is referenced 1:1 basis of one fine troy ounce of gold on a physical bar of gold);
3. **Utility tokens** (other than e-money or ART tokens)**:** Crypto assets issued to fund the development of a crypto project and that can be used to purchase a good or service offered by the issuer of such token (e.g., Binance BNB, which gives access to premium features on the platform and reduces fees).

**Requirements for issuing and offering crypto assets to trading:**

For the issue of crypto-assets to the EU market, as well as for admission (listing) of crypto-assets to trading on the EU-based CASP, issuers of such assets must:

1. Notify the relevant EU authority in one of the EU Member States;
2. Publish a white paper which contains mandatory information and disclosures. Such crypto-asset white paper should include:

* general information on the issuer;
* offeror or person seeking admission to trading;
* information on the project to be carried out with the capital raised;
* information on the public offer of crypto-assets or their admission to trading on a trading platform for crypto-assets;
* information on the rights and obligations attached to the crypto-assets;
* information on the underlying technology used for such assets; and
* information on the related risks.

1. Disclose information to the public and authorities;
2. Comply with marketing rules.

Additionally, to general requirements, ARTs issuers should:

1. Receive proper authorization according to MiCA or be a credit institution;
2. Hold share capital equivalent to either €350,000 or 2% of their total reserve assets - whichever is greater.
3. Segregate their reserve assets and own assets;
4. Open office in one of the EU Member States.

Additionally, to general requirements, e-money issuers should:

1. Receive an Electronic Money Institution (EMI) license or be a credit institution;
2. Hold share capital equivalent to either €350,000 or 2% of their total reserve assets - whichever is greater.
3. Segregate their reserve assets and own assets;
4. Open office in one of the EU Member States;
5. Report monthly on the number and value of tokens issued, as well as the status of reserve assets.

**CASPs Requirements:**

CASPs should follow the requirements:

1. Have a registered office in one of the EU Member States;
2. Meet a high level of organisational and management requirements;
3. Have insurance coverage in the form of own funds or an insurance policy;
4. Comply with the procedure for processing and storing personal data of customers;
5. Provide systems to avoid market abuse and conflicts of interest;
6. Take appropriate measures to protect clients‘ property rights, especially in case of insolvency, and not use clients’ crypto assets for their own activities;
7. Have a minimum authorised capital from EUR 50,000 to 150,000, depending on the activity type.

**MiCA applicability for Hiveon**

MiCA is not applicable to Hiveon, whereas Hiveon does not provide any regulated activities covered by MiCA.

Therefore, Hiveon is based outside the EU, in Liechtenstein, and MiCA is only expected to apply to the EEA Member States after the adoption of the EEA MiCA implementation act, which is currently in the legislative process and is scheduled to take effect on February 1, 2025.

**When does MiCA come into force?**

The EU is taking a step-by-step approach to regulating the crypto assets industry, and two key regulations are coming into effect. Here's a breakdown of what to expect:

* **Phase 1:** June 30, 2024 (coming soon): This phase focuses on e-money tokens and ARTs.
* **Phase 2:** December 30, 2024: This broader phase applies to the rest of MiCA. It will introduce regulations for various crypto-assets (beyond ARTs and e-money tokens) and Crypto-Asset Service Providers (CASPs).

**Additional considerations:**

Travel of Funds Regulation comes into force on December 30, 2024.

Travel of Funds Regulation comes into effect alongside the second phase of MiCA. This directive strengthens Anti-Money Laundering (AML) and Know Your Customer (KYC) procedures for CASPs and traditional financial institutions across the EU.

The Travel Rule will apply to all transactions involving CASPs within the EU, including transfers to or from self-hosted addresses.

For the purposes of the Travel Rule, CASPs will be obliged to receive information about the customers under KYC procedures.

It includes the following information:

* **Personal identification** of both the sender and receiver;
* **Crypto asset addresses:** This identifies the specific wallet or account where the crypto is located;
* **Account numbers:** This applies if the transfer happens within a CASP platform (like an exchange account);
* **Unique identifier (for some transfers):** If the transfer doesn't involve a CASP account or blockchain technology, a unique code will be needed to track it;
* **Optional identifiers:** If available, additional information, such as a Legal Entity Identifier (LEI), may be collected in some cases.

The exception from the obligation of Travel Rule:

1. Transactions between CASPs acting on their own behalf;
2. Peer-to-peer (P2P) transactions if CASPs are not involved.

**Purpose of publishing the information**

The world of crypto assets constantly evolves, and regulations are a big part of it. By keeping you updated on MiCA and other relevant regulations, we demonstrate our commitment to responsible operations within the legal framework. This transparency helps build trust and shows we're here for the long haul.

Regulations like MiCA can be complex. We understand that. By providing information about MiCA, we're offering you the resources to understand how these regulations might impact you as a miner. This knowledge empowers you to make informed decisions about your mining activities.

While MiCA doesn't regulate mining pools, the regulatory landscape constantly changes. By staying ahead of the curve and informing you about these developments, we're preparing for any potential future regulations that could impact the mining industry. This proactive approach ensures we can continue offering you a reliable mining platform.

Some mining pools integrate with regulated services like crypto assets exchanges or custodial wallets. Understanding regulations like MiCA can help us ensure our operations comply indirectly with regulatory requirements. This ultimately benefits you by providing a secure and responsible mining environment.

**Our contacts**

If you have any further questions about MiCA or other regulations, please don't hesitate to email our support team at welawyou@hiveon.net. We're here to help!

**FAQ**

**1. What is MiCA?**

MiCA stands for Markets in Crypto-Assets Regulation. It's a set of rules established by the EU to regulate the crypto asset market within the EU.

**2. Where can I see the MiCA text?**

You are able to review it via the [link](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023R1114).

**3. Does MiCA apply to me if I'm not located in the EU?**

MiCA targets the EU crypto market. However, regulations can influence the global industry, so staying informed is beneficial.

**4. Should I be worried about MiCA?**

There is no need to worry. MiCA aims to create a more transparent and secure crypto market. Stay informed, and don't hesitate to ask us questions. MiCA can bring stability and trust to the market, which can be beneficial in the long run.

**5. What happens if MiCA regulations change in the future?**

We'll closely monitor regulatory developments and adapt our procedures to ensure compliance. We'll keep you informed of any significant changes.

**6. Can you guarantee compliance with future regulations?**

While we strive for compliance, regulations can change. We're committed to responsible practices.

**7. Does MiCA regulate mining pools?**

MiCA currently focuses on crypto-asset issuance and service providers like exchanges and custodians. Mining pools, as mining infrastructure, are not targeted.

**8. Why is there information about MiCA on this website, then?**

We believe in transparency and keeping you informed. We also want to prepare for future regulations impacting the mining industry.

**9. Could MiCA ever regulate mining pools?**

It's possible that MiCA will be expanded or that additional regulations will be adopted to cover mining pools, especially if market manipulation or energy consumption concerns arise.

**10. How would MiCA impact me as a miner?**

Currently, there's likely minimal direct impact. MiCA regulates only crypto assets issuers and CASPs and your interactions with them. For details, please refer to our guidelines section above.

**11. Does MiCA affect the security of my mining rewards?**

No, MiCA focuses on regulations, not the security of your assets in connection with mining.

**12. Should I stop mining because of MiCA?**

No. MiCA doesn't currently restrict mining. It aims to create a more transparent and responsible crypto market regulating tokens issuing and CASPs.

**13. Does MiCA require me to verify my identity with the mining pool?**

No, MiCA doesn't currently require KYC for mining pools. However, those might apply if you use CASPs.

**14. What are Hiveon's thoughts on MiCA as a mining pool?**

Responsible regulations are essential for the long-term success of the crypto industry, and we're committed to adapting to them to promote a healthy market.

**15. Who can I contact if I have further questions about MiCA?**

Our support team is here to help! Feel free to reach out if you have any further questions about MiCA or its potential impact on mining.

# Guidelines

**Your potential rights, according to MiCA**

While MiCA doesn't grant rights to mining pool customers, it focuses on a more transparent and secure market and creates some indirect benefits. At the same time, you interact with crypto-assets issuers, offerors and CASPs:

1. **A 14-day refund period:** You can return utility tokens purchased from a CASP or issuer and get your money back within 14 days.
2. **Clear and Accurate Information:** You deserve to know precisely what you are investing in. MiCA requires CASPs, issuers, and offerors to provide transparent information about the crypto assets they offer, admit to trading, and include details on risks.
3. **Segregated customer funds:** Your funds held by a CASP will be kept separate from the CASP's own funds.
4. **Services from licensed CASPs:** You can be sure that services are provided by authorized CASPs that meet strict requirements, including:
   * Holding reserves and having sufficient capital;
   * Regular audits and supervision;
   * Following AML (Anti-Money Laundering) procedures;
   * Verifying customers and monitoring transactions;
   * Having clear policies for security, refunds, and conflict resolution;
   * Avoiding conflicts of interest.
5. **Compliant token issuers and offerors:** You can be sure that token issuers and offerors meet legal requirements, including:
   * Publishing a white paper;
   * Disclosing information;
   * Complying with marketing rules;
   * Having sufficient capital and reserves (for e-money and ARTs)/
6. **Protection against insider trading and market manipulation:** By prohibiting market manipulation through algorithmic trading (using automated programs to manipulate prices), requiring CASPs to disclose conflicts of interest that could influence their recommendations or services, and establishing a public register of insider trading sanctions to deter potential offenders.
7. **Effective dispute resolution mechanisms:** If you encounter an issue with CASPs, MiCA establishes clear procedures for resolving disputes fairly and efficiently.

**Your potential obligations according to MiCA**

Currently, MiCA doesn't impose obligations on mining pool customers. However, depending on your activities, there might be some indirect considerations:

* **KYC Requirements:** Expect more thorough identity verification processes when dealing with CASPs (for example, if you use a custodial wallet), per the Travel of Funds Regulation, to prevent bad actors from using crypto assets for illegal purposes, such as money laundering. You might also need to verify your identity to comply with AML requirements.
* **Tax Implications:** Crypto mining can have tax implications depending on location and earnings. While MiCA doesn't address taxes, it could potentially influence future tax regulations for crypto activities.