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NAVIGATING MiCAR

The Essential Readiness Checklist for Crypto Businesses

INTRODUCTION

The accelerating adoption of digital assets has transformed the global financial landscape, prompting regulators worldwide to address the challenges related to innovation, investor protection, and market stability. While jurisdictions such as the United States have already begun shaping their approach through supervisory measures and proposals like the GENIUS Act, the European Union has introduced a fully harmonized framework with the Markets in Crypto Assets Regulation (MiCAR).

MiCAR introduces, for the first time, a unified regulatory framework for crypto assets across all EU Member States. It seeks to provide legal clarity for issuers, service providers, and investors operating in a rapidly evolving and often inconsistent regulatory environment. In doing so, it brings the European Union's financial regulatory philosophy, built on transparency, stability, and consumer protection, into the digital asset space.

Beyond harmonization, MiCAR demonstrates the EU's strategic intention to apply established financial principles such as transparency, governance, and accountability to the digital economy. It marks a shift from reactive supervision to proactive regulation, setting a precedent for integrating digital asset markets into the broader financial system in a responsible and sustainable manner.

For Crypto-Asset Service Providers (CASPs), this new framework opens the door to new opportunities by creating a level playing field across the EU, enabling passportable licenses and fostering greater institutional trust. Those who prepare early will be best positioned to benefit from the regulatory clarity MiCAR brings.

WHO THIS GUIDE IS FOR

This guide is for Crypto-Asset Service Providers (CASPs), token issuers, and financial institutions seeking to understand how MiCAR will reshape their regulatory obligations and operating models within the EU.

It is designed to help compliance teams, executives, and decision-makers navigate the key requirements and prepare their organizations for full MiCAR readiness.

No prior expertise required.

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WHAT IS MICAR?

The Markets in Crypto Assets Regulation (MiCAR) is the European Union's new regulatory framework designed to govern the issuance and provision of services related to crypto assets. It represents the EU's first coordinated effort to establish clear and consistent rules for the digital asset market across all Member States.

MiCAR introduces a unified set of requirements covering authorization, supervision, governance, and consumer protection. By aligning previously fragmented national regulations, MiCAR lays the foundation for a transparent and secure digital asset ecosystem within the European single market.

WHY IS IT BEING INTRODUCED?

The Markets in Crypto Assets Regulation (MiCAR) was introduced to address regulatory gaps in the rapidly growing digital asset market. Previously, the lack of harmonized EU rules created a fragmented landscape of national regulations, causing uncertainty for both businesses and consumers.

Building on existing frameworks such as MiFID, MiCAR extends core financial principles to digital assets, aiming to create a transparent and stable market environment.

Its main objectives are to:

- Establish a unified legal framework for crypto assets across the EU.
- Provide legal certainty for issuers and service providers.
- Safeguard financial stability and market integrity.
- Strengthen consumer protection and awareness of potential risks.
- Support innovation while countering market abuse and financial crime.

By achieving these goals, MiCAR aims to build trust and ensure that innovation in the EU develops within a secure and predictable regulatory framework.

This guide is based on publicly available information from the AMF (2024), EY (2024), and the Kaiko (n.d.) Decoding MiCAR Report.

WHEN WILL IT COME INTO FORCE?

MiCAR entered into force in June 2023, initiating an 18-month preparation phase for regulators and market participants. Since June 2024, the regulation has applied to issuers of asset-referenced tokens (ARTs) and e-money tokens (EMTs). As of 30 December 2024, it also applies to all other issuers and crypto-asset service providers (CASPs), aligning with the compliance deadline for the Transfer of Funds Regulation (TFR). Since January 2025, national authorities have been accepting MiCAR licensing applications. Existing CASPs operating under national regimes can continue their activities during an 18-month grandfathering period, which runs until June 2026, by which time full compliance across the EU is required.

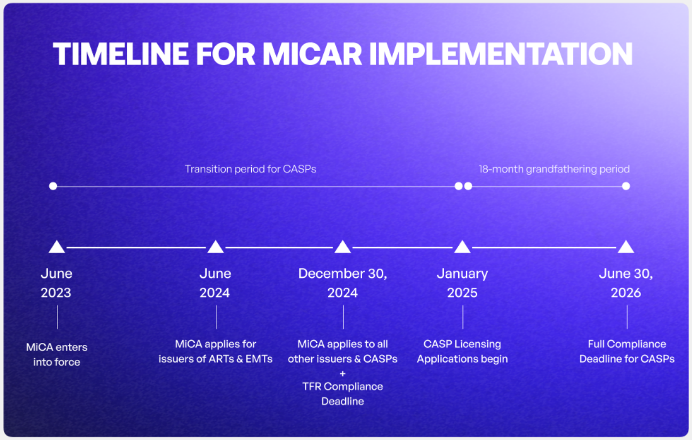
💡**Good to know:** While MiCAR establishes an EU-wide transition period of up to 18 months, several national regulators have opted for **shorter implementation timelines.** This means that CASPs operating across multiple jurisdictions may face differing national deadlines. It's therefore essential to verify the **specific MiCAR transition rules** that apply in each Member State.

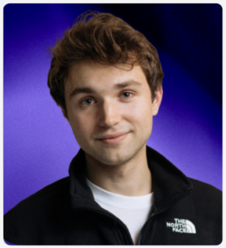
WHAT HAPPENS NEXT?

Once this period ends, national VASP registrations will cease to be valid, as MiCAR introduces a single, EU-wide authorization regime for all CASPs.

Entities currently operating under domestic frameworks will need to transition to a MiCAR licence to continue providing crypto-asset services within the EU.

The following figure summarizes the phased implementation of the requirements.





"MiCAR is more than a compliance challenge. It marks the foundation for a trusted and scalable digital asset ecosystem in Europe. Businesses that prepare early will not only meet regulatory standards but also gain a competitive edge in transparency and customer trust."

FERDINAND DABITZ
Co-Founder and CEO, Ivy

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SCOPE AND APPLICABILITY

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MiCAR's scope defines who must comply and when. Knowing where your business fits ensures you take the right steps from the start.

DOES IT APPLY TO ME?

MiCAR applies to all Crypto-Asset Service Providers (CASPs). Under the regulation, these are defined as any entity offering services such as custody, trading, exchange, issuance, or portfolio management on a professional basis.

This includes a variety of market participants, including:

- Crypto exchanges and trading platforms
- Crypto-asset custodians and wallet providers
- Issuers of crypto-assets
- Investment firms and asset managers offering services related to crypto-assets
- Payment service providers facilitating transactions involving crypto-assets
- Market makers and liquidity providers for crypto-assets
- Crypto-asset brokers and dealers
- Advisory firms offering investment advice on crypto-assets

Good to know:

MiCAR's "extraterritorial reach" is particularly relevant for UK or Swiss firms expanding into the EU. Even without an EU presence, these businesses must demonstrate compliance when offering services to European residents or settling trades in euros.

WHAT ASSETS DOES IT COVER?

In Scope:

- E-Money Tokens (EMTs)
- Asset-Referenced Tokens (ARTs)
- Utility Tokens

Out of Scope:

- Truly Unique NFTs
- Security Tokens (under MiFID II)
- Private or Limited Token Offerings

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Obtain authorization from a National Competent Authority

CASPs must secure approval from the NCA of the Member State in which they are established. This authorization grants them passporting rights across the EU single market.

Ensure adequate capital, governance, and internal control mechanisms

CASPs must maintain sufficient funds and have robust governance structures, including effective risk management and internal audit functions.

Implement AML/CFT measures

Compliance with Anti-Money Laundering and Counter-Terrorist Financing obligations is crucial. CASPs must report suspicious transactions and conduct due diligence.

Safekeeping of clients' crypto-assets and funds

Assets held on behalf of clients must be segregated and adequately protected to prevent them from being blended with company funds.

Provide transparency and disclosure

CASPs and issuers must disclose clear, accurate, and non-misleading information regarding their services, fees, and token characteristics, typically via a whitepaper.

Establish robust risk management controls

Effective systems must be in place for risk identification, monitoring, and stress testing, proportionate to the size and complexity of operations.

SERVICE-SPECIFIC OBLIGATIONS

Beyond the general obligations, MiCAR introduces additional rules tailored to specific services such as trading and brokerage. These measures address the distinct risks of each business model and ensure proportionate oversight throughout the crypto-asset ecosystem.

TRADING PLATFORMS (E.G., DEXS, CEXS, P2P MARKETPLACES)

Preventing Market Abuse

Take measures to prevent market abuse, such as insider trading or price manipulation.

Risk Management and Resilience

Implement risk management procedures to ensure platform stability and operational resilience.

Maintaining Market Liquidity

Adopt mechanisms to maintain market liquidity and ensure orderly trading activity.

BROKERS (EXECUTING ORDERS ON BEHALF OF THIRD PARTIES)

Proving Best Execution

Demonstrate best execution by proving to NCAs that the best available price was obtained for clients.

Process Documentation

Document processes and methodologies for selecting trading venues.

Avoiding Conflicts of Interest

Avoid receiving any benefits or incentives for using specific platforms.

MiCAR outlines a core set of obligations for all Crypto-Asset Service Providers (CASPs) operating within the EU. These requirements focus on sound governance, financial resilience, and effective risk management, creating a consistent baseline of trust and transparency across the digital asset market.

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LOOKING AHEAD

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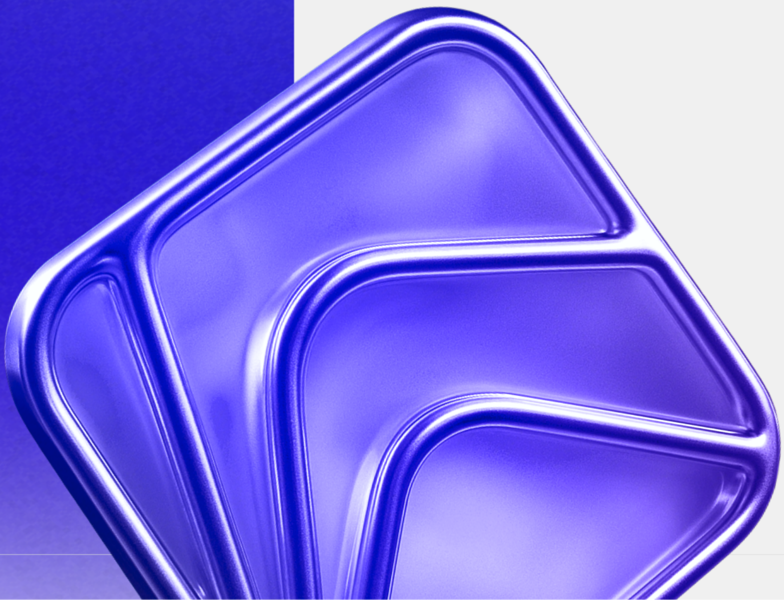
With MiCAR setting a new standard for digital assets in Europe, the focus now shifts from regulation to execution, building transparent, compliant, and future ready infrastructure.



SHAPING THE FUTURE OF DIGITAL ASSETS WITH IVY

As MiCAR takes full effect, the European digital asset landscape is entering a new phase of maturity.

Regulatory clarity is expected to drive institutional adoption, promote investor confidence, and create a more stable foundation for innovation. For market participants, success will depend not only on compliance but also on the ability to integrate regulatory standards into efficient and scalable business models.

In this new environment, selecting the right business partners will be as crucial as maintaining internal compliance efforts. Service providers must ensure that their operational, liquidity, and payment infrastructures are fully aligned with MiCAR standards and supervised under recognized regulatory frameworks. This applies across the value chain, from custody and trading to payments and settlement.

Ivy is built on a **fully licensed infrastructure for both fiat and virtual asset services.** As an authorized Payment Institution in Europe, Ivy facilitates **regulated fiat and stablecoin flows across the EEA.** It is also a registered Virtual Asset Service Provider, with a MiCAR-compliant CASP application scheduled to be underway in 2025. This regulatory foundation enables Ivy's customers to **access payment and asset-transfer services with full compliance**, including AML, KYC, and ongoing supervision.

By partnering with regulated institutions like Ivy, market participants can navigate the post-MiCAR era confidently, combining innovation with trust and ensuring that every transaction meets the highest standards of transparency and accountability.

As MiCAR reshapes Europe's crypto market, Ivy helps businesses turn compliance into a competitive advantage. Operate with confidence, transparency, and trust under a fully licensed framework.

Get in touch with our payments and banking experts and let's build the future of finance together.

SPEAK TO AN EXPERT >

Ivy

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GET IN TOUCH

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