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By PwC Deutschland | 14 May 2023

Crypto assets: Go ahead for supervision and consumer protection within the EU

The European Parliament endorsed the first EU rules to trace crypto-asset transfers, prevent money laundering, as well as common rules on supervision and customer protection.

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Tracing transfers of crypto assets

On 20 April 2023 MEPs approved the first piece of EU legislation for tracing transfers of crypto assets like bitcoins and electronic money tokens. The text - which was provisionally agreed by Parliament and Council negotiators in June 2022 - aims to ensure that crypto transfers, as is the case with any other financial operation, can always be traced and suspicious transactions blocked. The so-called “travel rule”, already used in traditional finance, will in future cover transfers of crypto assets. Information on the source of the asset and its beneficiary will have to “travel” with the transaction and be stored on both sides of the transfer.

The law would also cover transactions above €1000 from so-called self-hosted wallets (a crypto-asset wallet address of a private user) when they interact with hosted wallets managed by crypto-assets service providers. The rules do not apply to person-to-person transfers conducted without a provider or among providers acting on their own behalf.

Supervision, consumer protection and environmental safeguards of crypto assets

Plenary also gave its green light to new common rules on the supervision, consumer protection and environmental safeguards of crypto-assets, including crypto-currencies (MiCA). The draft law agreed informally with the Council in June 2022 includes safeguards against market manipulation and financial crime.

MiCA will cover crypto assets that are not regulated by existing financial services legislation. Key provisions for those issuing and trading crypto-assets (including asset-reference tokens and e-money tokens) cover transparency, disclosure, authorization, and supervision of transactions.

Finally, the agreed text includes measures against market manipulation and to prevent money laundering, terrorist financing and other criminal activities. To counter money-laundering risks the European Securities and Markets Authority (ESMA) should set up a public register for non-compliant crypto assets service providers that operate in the European Union without authorization.

To reduce the high carbon footprint of crypto-currencies, significant service providers will have to disclose their energy consumption.

Next steps and entry into force

The texts will now have to be formally endorsed by EU-Council before publication in the EU Official Journal. They will enter into force 20 days later.

Source

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Keywords

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