

## **FIA EPTA Response to the ESMA Consultation Paper on Technical Standards specifying certain requirements of the Markets in Crypto Assets Regulation (MiCA)**

**Introduction:**

The European Principal Traders Association (FIA EPTA) represents Europe’s leading Principal Trading Firms. Our members are independent market makers and providers of liquidity and risk transfer for markets and end-investors across Europe, providing liquidity in all centrally cleared asset classes including shares, bonds, listed derivatives and ETFs. FIA EPTA works constructively with policymakers, regulators and other market stakeholders to ensure efficient, resilient and trusted financial markets in Europe.

FIA EPTA welcomes the opportunity to respond to the ESMA Consultation Paper on on Technical Standards specifying certain requirements of the Markets in Crypto Assets Regulation (MiCA). FIA EPTA members believe the draft RTS and ITS set out a balanced approach. However, FIA EPTA members believe further proportionality should be considered, in regard to the requirement to provide a programme of operations for the following three years. In addition, FIA EPTA members would welcome clarity on Articles 3 and 4 and the implementation of MiCAR and DORA, as DORA is not yet implemented when MiCAR will become into force.

Our members are becoming a part of the digital/crypto assets space, using their existing knowledge to improve the liquidity in digital/crypto products and in the development of technology. Our members are at the forefront of using blockchain technology to transform more traditional parts of the financial market industry. For example, our members are closely involved with the development of the Pyth network<sup>4</sup> which aims at consolidating financial market data to DeFi applications and making it available to the general public. Our members welcome regulation in this growing new asset class and believe it is important for investor protection and the normalisation of trading digital/crypto assets.

More information about FIA EPTA and independent market makers is available on: [www.fia.org/epta](http://www.fia.org/epta) and [www.wearemarketmakers.com](http://www.wearemarketmakers.com).

**3 Provision of crypto-asset services by certain financial entities**

Question	FIA EPTA Response
<p><b>Q1: Do you think that anything is missing from the draft RTS and ITS on the notification by certain financial entities to provide crypto-asset services referred to in Articles 60(13) and 60(14) of MiCA?</b></p>	<p>No, FIA EPTA members do not think there is anything missing from the draft RTS and ITS. FIA EPTA members believe the draft RTS and ITS set out a balanced approach to the notification requirements based on the recognition that the notifying entities have already gone through the authorization process with the NCA.</p> <p>However, FIA EPTA members believe further proportionality should be considered, in regard to the requirement to provide a programme of operations for the following three years. Our members believe this requirement should be based on the scale, nature and range of crypto-asset services that the notifying entity intends to provide, and the length should be tailored (1-3 years) based on that proportional approach.</p> <p>In addition, FIA EPTA would welcome more clarity on Article 1(a) of the proposed RTS states that a notifying firm must provide an overview of the impact within the group including all entities within such group. In Article 1(l) an individual and consolidated group-level forecast needs to be made for the notifying entity. The definition of a group in this regard is unclear. FIA EPTA members believe that the consolidated finances and impact should be done by the notifying entity that aims to or is providing crypto-asset services.</p> <p>Furthermore, FIA EPTA members would welcome clarity on Article 3 and the implementation of MiCAR and DORA. The RTS states that a notifying entity must provide a business continuity plan including the critical and important functions supported by third-party service providers. Whilst these requirements originate from DORA it is not unfeasible for a notifying entity to provide this. However, a notifying entity is one that is already regulated and one that will be within the scope of DORA. MiCAR will be effective before DORA meaning a notifying firm is required to implement DORA before DORA is in effect. It is the same with regards to article 4, whereby a notifying entity will either have to wait until DORA is in effect and as such can provide compliance with the regulation or have to prove compliance with DORA before it is in effect.</p>