

Profitable INVESTING Tips

Stock Market Investing Tips, Techniques, and Resources



New EU Crypto Rules

By: www.ProfitableInvestingTips.com

As nations across the globe work on ways for [crypto regulation](#), the EU (European Union) has approved the fullest set of rules of any nation. The goal of the new EU crypto regulations will be to protect the broader financial system and investors from glitches in crypto as it grows. At the same time the wish of EU regulators is to allow crypto to grow and evolve. It is their belief that nations which successfully allow crypto to grow and innovate within a sufficiently regulated framework will benefit from the next phases of crypto growth.

EU Crypto Regulations

Crypto rules dealing with a crypto version of the euro, broad financial services innovation, money laundering, and digital finance in the broadest sense are called the MiCA or Markets in Crypto Assets regulations. Specific goals of MiCA are to eliminate criminal activity, fraudulent business practices, investment scams, and the sort of cascading business failures that we saw across crypto this last year from the [Voyager Digital Ltd. bankruptcy](#), to the [FTX collapse](#), to the [Genesis DeFi business bankruptcy](#). The EU specifically wants to avoid crypto problems that end up destabilizing their traditional banking sector.

Working Parts of MiCA for Crypto

[Crypto licensing](#) and funds transfer rules will be such that a crypto business will need to register with the financial regulatory authority in at least one EU state in order to operate within the EU as a whole. Thus all crypto businesses will be under the supervision of the European Securities and Markets Authority and the European Banking Authority which are the EU's two financial watchdogs. In separate legislation the European Parliament passed an anti-money laundering law by a 529 to 29 vote. This law will require all crypto operators to identify who their clients are.

Stablecoins Must Be Stable in the EU

Another aspect of the new EU regulations is that stablecoins that are tied to other assets to maintain their value will be required to maintain sufficient reserves in order to accomplish that task. This is the sort of thing that we suggested is coming as well in the USA where crypto businesses that hold customer assets will be required to have reserves and be [regulated like banks](#) by the Fed or other governing authorities. EU regulators say that a big part of the new set of laws is to provide regulatory clarity so that those doing business in the crypto realm know what is expected of them and what the boundaries are. In addition, the new set of laws will be rolled out over the coming year or so, allowing those to be affected to get ready. According to an article published online by *Bloomberg*, we can expect to see the final text of the new set of laws in June and they will enter into law starting in July. The stablecoin rules will apply as of July of 2024 and some of the rules applying to service providers in decentralized finance will not be active until January of 2025.

Crypto Trading Volume Caps Under MiCA

In order to avoid the collapse of not-so stable [stablecoins](#), not only will these entities need to peg one-to-one to currencies like the dollar or euro but they will be required to demonstrate adequate governance and management practices and will have a daily trading cap of €200 million if they are pegged to a non-euro currency.

Crypto Will Be Required to Abide by the Travel Rule in the EU

The “travel rule” is the set of laws that apply to money transfers. Crypto businesses will be required to send information about receivers and senders of crypto assets to the appropriate local anti-money laundering authority in the EU.

Who Will Have to Comply with New EU Crypto Laws?

Roughly a fifth of global crypto asset transfers occurred in northern, central, and western Europe in 2022 or about \$1.3 trillion as valued in US dollars. Anyone who is an exchange operator, marketing or advisory service, custody provider, or otherwise engaged in dealing with customers in a crypto business in the EU will be required to follow the new laws, including [money laundering](#) laws, as they are rolled out. In regard to crypto businesses located outside of the EU, if they are not directly soliciting business from entities within the EU, they will be able to service customers there.

While many in the crypto realm oppose any sort of regulation, the cascade of business failures and investor losses in the last year made this set of laws in the EU and coming regulations elsewhere a certainty.

For more insights and useful information about investments and investing, visit www.ProfitableInvestingTips.com.

Educational Resources

**Click the links below to get your
FREE training materials.**

Free Weekly Investing Webinars

Don't miss these free training events!

<http://www.profitableinvestingtips.com/free-webinar>

Forex Conspiracy Report

Read every word of this report!

<http://www.forexconspiracyreport.com>

Get 12 Free Japanese Candlestick Videos
Includes training for all 12 major candlestick signals.

<http://www.candlestickforums.com>

Disclaimer: Trading and investing involves significant financial risk and is not suitable for everyone. No content on this document should be considered as financial, trading, or investing advice. All information is intended for educational purposes only.