

ICMA response to the European Commission MiCAR Review Targeted Consultation

Introduction

The International Capital Market Association (ICMA) welcomes the opportunity to provide feedback on the targeted consultation on the review of Regulation on the Markets in Crypto-Assets.

ICMA promotes well-functioning cross-border capital markets, which are essential to fund sustainable economic growth. It is a not-for-profit membership association serving around 630 members in 71 jurisdictions globally. Its members include private and public sector issuers, banks and securities dealers, asset and fund managers, insurance companies, law firms, capital market infrastructure providers and central banks. ICMA provides industry-driven standards and recommendations, prioritising three core fixed income market areas: primary, secondary and repo and collateral, with cross-cutting themes of sustainable finance and FinTech and digitalisation. ICMA works with regulatory and governmental authorities, helping to ensure that financial regulation supports stable and efficient capital markets.

ICMA's response reflects the views of a subset of its [ICMA DLT Bonds Working Group](#), which includes issuers, banks, investors, market infrastructures, law firms, data providers as well as technology providers across the spectrum of international debt capital markets.

ICMA response to targeted consultation on the review of the Market in Crypto-Assets Regulation ("MiCAR")

PART 1: Scope and definitions, Title II crypto-assets

1.1. MiCA scope & crypto-asset classification

Question 1. Should crypto-assets that qualify as financial instruments as defined in [Directive 2014/65/EU](#) of the European Parliament and of the Council, continue to be governed by sectorial legislation ([MiFID/MiFIR/MAR/Prospectus Regulation](#), etc.), or should all assets that are recorded and transacted on distributed ledgers and that meet the definition of a crypto-asset, or the services provided on such assets, in principle be covered by MiCA?

☒ **Yes, they should remain under the main sectoral legislation**

☐ No, all crypto-assets, or the services provided on such assets, should be covered by MiCA

If the answer is "Yes", is the distinction between financial instruments governed by MiFID and crypto-assets governed by MiCA sufficiently clear, also taking into account ESMA's guidelines on the conditions and criteria for the qualification of crypto-assets as financial instruments?

☒ **Yes, sufficiently clear**

☐ No, clarification is needed

If the answer to the previous question is “No” please explain your response and suggest any policy actions for clarification if needed.

ICMA Response:

MiCAR is a regulation expressly [covering crypto-assets that do not qualify as financial instruments as defined in](#) MiFID II. Bringing tokenised securities, which are already subject to regulation, into its scope would mark a major shift, creating uncertainty for tokenised securities already issued under the current regime and hampering the development of the nascent market segment for DLT-based securities.

At a time when the European Union (“EU”) seeks to deepen capital markets integration, promote growth, simplify regulation and strengthen its competitiveness, it would seem inopportune to make fundamental changes in its approach to regulating tokenised securities. Furthermore, ICMA members are concerned that this would undermine the Eurosystem’s [Pontes initiative](#), launched in the third quarter of 2026, and its longer-term ambitions reflected in the [Appia roadmap](#) in March 2026 (the “Appia Roadmap”).

Technological neutrality, coupled with equivalent prudential, legal and regulatory treatment of DLT-based bonds and traditional debt securities, including eligibility for use as collateral, are essential to support the broader deployment of tokenisation in capital markets. Legal and regulatory constraints, as well as uncertainty regarding the applicable framework, continue to impede market development. Regulatory clarity and a supportive framework are therefore needed to foster innovation, deepen capital markets integration, strengthen the EU’s competitiveness, and facilitate financing for the real economy.

Nevertheless, some ICMA members observe that the current framework may not provide sufficient clarity regarding crypto-assets that are used to facilitate transfers in respect of financial instruments but do not themselves qualify as financial instruments (or represent rights or interests in financial instruments). Without altering the existing regulatory boundary between MiCAR and sectoral legislation, further clarification on the treatment of such arrangements under unconventional tokenisation models could help to avoid uncertainty.

(...)

Part 2: Requirements applying to assets referenced tokens (ART) and electronic money tokens (EMT) and their issuers (MiCAR Titles III and IV)

2.1. The future role of stablecoins

Question 9. Looking 5-10 years ahead, how strongly do you agree with the following visions for the role of stablecoins in the EU?

For each vision below, please indicate on a scale of 1 to 5 where 1 = Strongly disagree 2 = Rather disagree 3 = Neutral 4 = Rather agree 5 = Strongly agree

	1	2	3	4	5
A mainstream digital means of payment for retail transactions within the EU	☐	☐	☐	☐	☐
A mainstream digital means of payment for wholesale transactions within the EU	☐	☐	☐	☐	☐
A complement to existing payment instruments, used mainly in specific use cases especially in international, cross-border payments	☐	☐	☐	☐	☐
A core infrastructure layer for the digital economy and tokenised financial markets especially for settlement	☐	X	☐	☐	☐
A niche or transitional product, eventually displaced by other forms of digital money (e.g. CBDCs or commercial bank money innovations)	☐	☐	X	☐	☐
No clear long-term role can be identified at this stage	☐	☐	☐	☐	☐
Others	☐	☐	☐	☐	☐

If your answer is “Others”, please elaborate.

Question 10. The following question explores the current and potential benefits of stablecoins (both EMTs and ARTs) for different use cases.

For each use case below, please indicate on a scale of 1 to 5 how beneficial stablecoins would be for EU users:

1: Not Beneficial, 2: Moderately Beneficial 3: Neutral 4: Beneficial 5: Very Beneficial

Use Case	1	2	3	4	5
International payments (non-EU cross-border remittances or transfers)	☐	☐	☐	☐	☐
Intra-EU payments (domestic and EU cross-border payments)	☐	☐	☐	☐	☐
Crypto trading and liquidity provision	☐	☐	☐	☐	☐

Retail payments - Person to Person	☐	☐	☐	☐	☐
Retail payments – Person to Business (POI payment to merchants including e-commerce)	☐	☐	☐	☐	☐
Retail payments - Business to Business	☐	☐	☐	☐	☐
Wholesale payments (between financial institutions)	☐	☐	☐	☐	☐
Settlement of tokenised financial instruments (e.g., digital bonds, securities)	☐	X	☐	☐	☐
Corporate treasury management	☐	X	☐	☐	☐
Access to programmable or smart contract-based financial services (DeFi applications)	☐	☐	☐	☐	☐
Provision of financial services in underserved regions in the EU	☐	☐	☐	☐	☐
Others	☐	☐	☐	☐	☐

If your answer is “Others”, please elaborate.

Please explain shortly your assessment and expectations as regards the benefits of stablecoins for EU users and, where relevant, any potential risks.

ICMA Response:

As a not-for-profit membership association promoting well-functioning cross-border capital markets, ICMA’s response to the MiCAR review focuses, in relation to stablecoins, on the use cases, potential benefits, challenges and constraints of electronic money tokens (“EMTs”). Unless directly mentioned, asset-referenced tokens (“ARTs”) are not addressed in our response.

That said, some ICMA members consider that the current definition of ARTs is too wide and gives rise to diverging interpretations, bringing into scope crypto-assets that should instead be classified as EMTs or as other types of crypto-assets.

When considering the role of stablecoins as a settlement asset, ICMA members note that settlement of DLT transactions in central bank money (wholesale CBDC), as a risk-free form of digital cash, remains the primary choice to foster the development of DLT-based capital markets and unlock the wider benefits of tokenisation. This is highlighted in [ICMA's response to the Eurosystem Appia consultation](#) (April 2026, the “ICMA Appia Response”). Wholesale CBDCs are, however, only accessible to a limited number of participants.

For market participants who do not have access to central bank money other forms of ‘cash on chain’, including EMTs, are equally important. The [Delivery versus Payment \(DvP\) settlement guide](#)

for [DLT-based debt securities](#) (pp. 76-89, the “Guardian DvP Guide”), which was produced by the [Guardian](#) Fixed Income workstream led by ICMA, and published by the Monetary Authority of Singapore in November 2025, provides a detailed assessment of regulated stablecoins (along with wholesale CBDC and tokenised deposits) as a settlement asset to be used for DLT-based debt securities.

To ensure that market participants are also able to take advantage of all benefits of a tokenised ecosystem, other settlement assets must be considered, especially with a view to enabling the development of secondary markets for DLT-based debt securities, including EMTs and tokenised deposits, as also highlighted in the ICMA Appia Response. We do note that there are diverging views among ICMA members on the suitability of EMTs as a settlement asset, with some firms expressing concern regarding large volume transactions for DLT-based securities.

There are diverging views among ICMA members regarding corporate treasury and cash management. Some members consider that EMTs may provide an alternative for this use case, especially for cross-border payments for corporate firms, playing either a supporting or alternative role to tokenised deposits. However, from a private sector issuer perspective, EMTs do not fulfil industry needs for value stability or regulatory simplicity, and could introduce new frictions, potentially creating new systemic risks.

To fully realise the benefits of a tokenised settlement ecosystem, the regulatory framework should also recognise EMTs as eligible settlement assets and collateral.

(...)

2.3. Liquidity and reserve requirements

Question 15. MiCA sets out liquidity and reserve requirements for issuers of EMTs to ensure immediate redemption of tokens, mitigation of credit and operational risk, and resilience under stress scenarios. Additional requirements apply to EMTs classified as “significant” (Article 56).

Should any of the following aspects of the MiCA regime for EMTs issued by e money institutions be adjusted?

Please rate each aspect on a scale from 1 to 5, where “1” indicates that requirements should be significantly relaxed (e.g. lower liquidity buffers or remove specific obligations), “3” indicates that the current framework is appropriate and should remain unchanged, and “5” indicates that requirements should be made substantially more stringent (e.g. higher reserves, tighter risk controls, or enhanced safeguards).

Requirement Element	Non-significant EMTs					Significant EMTs				
	1	2	3	4	5	1	2	3	4	5

Obligation to constitute and maintain a reserve of assets covering redemption and liquidity risks (Art 36(1))	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Legal and operational segregation of reserve assets from the issuer's own estate and from other token reserves (Art 36(2)–(3))	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Liquidity composition and maturity structure of the reserve (Art 36(4), RTS)	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Minimum amount of deposits held (30% and 60%) (Art 36(4), RTS)	☐	☒	☐	☐	☐	☒	☐	☐	☐	☐
Auditing requirements (Art 36(9))	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Custody requirements (Art 37)	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Enhanced liquidity management, stress testing, monitoring, and reporting obligations for significant EMTs (Art 45(3)–(4))	N/A	N/A	N/A	N/A	N/A	☐	☐	☐	☐	☐
Excessive exposure / concentration between bank and token (Article 36(4) MiCA) Do you consider the 1.5% binding limit adequate? (RTS)	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Please, explain your responses, including your reasoning and any suggestions for recalibration or alternative approaches.

ICMA Response:

Under the current MiCAR framework, issuers of EMTs must hold at least 30% of their reserves in deposits with EU credit institutions, rising to 60% for "significant" EMTs, with the aim of safeguarding the funds of token holders. However, such requirements risk undermining the competitiveness of EU EMT issuers in global markets.

ICMA members recognise that a fine balance must be achieved between financial stability, market integrity and international competitiveness. As such, we recommend lowering the deposit requirements for both 'non-significant' and 'significant' EMTs, allowing for a greater share of reserves to be held in high-quality, low risk short-term instruments, to increase the EU's international competitiveness. In this regard, a more extensive relaxation of deposit requirements should be considered for 'significant' EMTs.

More broadly, ICMA members observe that the current reserve requirements do not differentiate between EMTs used primarily as retail payment instruments and those deployed as settlement

assets within regulated financial markets. In a settlement context, the consequences of an issuer's failure to meet redemption obligations at the moment of settlement finality are materially different from those arising in a retail payment scenario. Accounting for this, an approach in which EMTs contractually designated for use exclusively as the cash leg in regulated settlement systems have tailored reserve requirements could also be considered.

Additionally, we observe that the current MiCAR framework may concentrate counterparty exposures among a small set of institutions. One potential mitigating measure would be to introduce reasonable counterparty exposure limits for the amount of reserves that non-bank EMT issuers may hold with any single EU credit institution.

Question 16. Under MiCA, credit institutions issuing EMTs are not subject to the reserve asset segregation requirements or the requirement to maintain a reserve of assets applicable to non-bank EMT issuers (Article 58 MiCA). This is consistent with the approach to the regulation of traditional e-money. Should MiCA be adjusted to introduce a requirement to maintain a reserve of assets and segregation requirements for reserve assets of EMTs issued by credit institutions?

Please select one option.

- ☐ Yes – require reserve maintenance and segregation of EMT reserve assets within the credit institution's balance sheet
- ☐ Yes – require issuance through a legally separate entity of the credit institution with full segregation of EMT reserve assets
- ☐ No – keep the current MiCA approach unchanged

X Others / alternative approach Please explain your response, including your reasoning and any suggestions for other/alternative approaches.

Please explain your response, including your reasoning and any suggestions for other/alternative approaches.

ICMA Response:

Under MiCAR, EMTs can be issued by electronic money institutions ("EMIs") or directly by credit institutions ("CIs"). For EMIs, the regulatory framework requires the segregation of reserve assets from the issuer's own funds. By contrast, for CIs, the reserve assets are not ring-fenced from the bank's balance sheet.

Some ICMA members also note that CIs are already subject to comprehensive prudential and regulatory requirements under EU sectoral legislation designed to ensure the maintenance of adequate liquidity and the ability to meet their obligations to clients in periods of market stress. Confidence in this solid regulatory setup is further evidenced by the current provisions under MiCAR, which are consistent with the approach applied to 'traditional' e-money. Imposing additional

segregation requirements for EMTs could ring-fence liquidity and constrain broader balance sheet management.

Based on the above, some ICMA members consider that the obligation to maintain a reserve of assets that currently applies to non-bank EMT issuers is necessary to ensure that they are able to fulfil their obligations in a capacity similar to CIs. As such, they recommend that the current MiCAR approach remain unchanged, as it achieves the intended goals of the regulation for CIs issuing EMTs without creating duplicative and cumbersome additional requirements.

Other ICMA members are concerned that this asymmetry could (i) lead to different risk profiles between EMTs issued by EMIs and by CIs, and (ii) create inconsistencies in market confidence and user protection across similar instruments performing equivalent economic functions. To mitigate these risks, they propose that CIs should also be required to maintain and segregate EMT reserve assets within their balance sheets.

In light of the above, there are diverging views among ICMA's membership. Any extension of the current MiCAR reserve asset requirements to also encompass CIs should therefore also account for potential knock-on effects, including possible changes to banks' liquidity arrangements. This would require a coherent approach across their wider activities, deposits held from non-bank EMT issuers, and EMTs issued by CIs themselves.

(...)

2.6. Redemption

Question 23. For each of the redemption rights and rules listed below, please indicate whether the existing MiCA rules should be amended or specified or kept as they are. Please consider, in particular, implications for financial stability, consumer protection, and cross-border usability.

	Weaken	Keep as is	Strengthen
Permanent right of redemption against the issuer, either at market value (ARTs) or at par (EMTs)	☐	☐	☐
Timing of redemption (timeframe for redemption by the issuer)	☐	☐	X
Prohibition of redemption fees	☐	☐	☐
Conditions, procedures, and transparency of redemption policies disclosed to holders	☐	☐	☐
Supervisory powers to intervene in or trigger redemption plans	☐	☐	☐

Please explain your assessment, including if a different approach is warranted for significant vs non-significant tokens, or in crisis scenarios and share any suggestions for adjustments you may have.

ICMA Response:

The ability to redeem an EMT at par within short and reasonable timeframes is a critical prerequisite for widespread adoption by issuers and investors, including during periods of elevated redemption activity. Establishing an obligation for all EMT issuers to fulfil redemption requests within 24 hours from receipt of the request, completion of compliance checks and receipt of EMTs in wallet would assist in providing clarity to end users, build trust and drive adoption.

It is worth observing that adjustments to redemption timeframes should also take into account frameworks adopted by other relevant third-country jurisdictions with a view to promoting cross-border alignment and international competitiveness.

(...)

Part 4: Policy areas beyond the current scope of MiCA

4.5. Tokenised deposits

Question 74. Tokenised deposits could be deployed in support of a range of use cases across payments, capital markets, and on-chain financial activities. Based on your experience and expectations, please assess the potential relevance and benefit of tokenised deposits for each of the following use cases in the EU.

Scale used:

1 = Not relevant / no meaningful benefit

2 = Low relevance / limited benefit

3 = Moderate relevance / moderate benefit

4 = High relevance / high benefit

5 = Very high relevance / transformative benefit

Potential use case or benefit	1	2	3	4	5
Person to person payments	☐	☐	☐	☐	☐
Retail POI payments (domestic, day-to-day point of interaction transactions)	☐	☐	☐	☐	☐
Intra-EU cross-border payments (non-POI)	☐	☐	☐	☐	☐
International payments and remittances (third countries)	☐	☐	☐	☐	☐

Settlement of tokenised securities and other financial instruments	☐	☐	☐	☒	☐
Delivery-versus-payment (DvP) and atomic settlement	☐	☐	☐	☒	☐
Programmable payments and smart-contract-based use cases	☐	☐	☐	☒	☐
On-chain collateral or margining in regulated markets	☐	☐	☐	☐	☐
Improved settlement speed and operational efficiency	☐	☐	☐	☒	☐
Reduction of counterparty and settlement risk	☐	☐	☐	☐	☐

Question 75. Please select one or two use cases and benefits above that you consider most promising in the EU and explain why.

ICMA Response:

See also ICMA's response to Question 10.

Within the fixed income markets, tokenised deposits can be deployed as a form of 'cash-on-chain' (ie, settlement assets) 24/7 while preserving the same risk profile as traditional bank deposits; they preserve all the defining features of commercial bank money (eg, convertibility at par, credit intermediation etc.) on-chain. However, there are also a number of limitations, including restricted access to a bank's clients only, as highlighted, among other factors in the DvP settlement guide of the Guardian Fixed Income Framework, published in November 2025: https://www.mas.gov.sg/-/media/mas-media-library/development/fintech/guardian/guardian-fixed-income-framework-v1_1.pdf.

That said, tokenised deposits constitute a viable settlement asset alongside other forms of digital money and are a valuable complement to a wholesale CBDC. They could deliver particular benefits for (i) the **settlement of tokenised securities and other financial instruments**, and (ii) **delivery-versus-payment (DvP) and atomic settlement**, especially for market participants without direct access to central bank money (wholesale CBDC).

Question 76. What factors, if any, constrain the development and uptake of tokenised deposits in the EU?

ICMA Response:

To fully unlock the potential of tokenised deposits and other forms of digital money as settlement assets and collateral, ICMA members consider it important that the regulation recognises them as eligible settlement assets and collateral. In particular, from a market infrastructure perspective, the introduction of regulatory guidance to explicitly clarify that DLT-based collateral, including tokenised deposits and tokenised financial instruments, is an eligible form of collateral when the applicable

liquidity, credit risk and market risk requirements are met, would be beneficial. Similarly, introducing a provision to recognise tokenised deposits as an eligible form of cash settlement, enabling on-chain DvP settlement on equal regulatory footing with traditional settlement mechanisms, would likewise be beneficial.

Interoperability of tokenised deposits is critical to enable the scaling of the EU's tokenised financial ecosystem. From both issuer and investor perspectives, ICMA members would welcome broader support for the promotion of 'multibank' tokenised deposit solutions. This is essential to permit their use at a greater scale.

The current international prudential treatment of tokenised deposits hampers their development and uptake in the EU. Under the crypto-asset chapter of the Basel framework (SCO60), tokenised deposits that share equal legal and economic characteristics as traditional deposits cannot be treated as stable retail deposits for the purposes of calculating Liquidity Coverage Ratio and Net Stable Funding Ratio. Additionally, they remain subject to a discretionary 'infrastructure risk add-on'. Both features penalise liabilities that are essentially identical to their traditional counterparts solely due to the underlying technology used.

While the EU framework is more favourable than SCO60, we consider it important that such standards be harmonised at supranational level. As such, ICMA members welcome the EU's approach and would support further international engagement on a targeted review of SCO60, with a view to achieving globally consistent and technology-neutral prudential treatment. We also observe that such efforts would align with broader industry and regulatory calls for a review of SCO60, such as those made under the recommendations of the [US-UK Transatlantic Taskforce for the Markets of the Future](#).

Under the current MiCAR framework, tokenised deposit solutions by CIs could, in some cases, be classified as EMTs. ICMA members observe that, for further development and uptake of tokenised deposits in the EU, it would be helpful to set out criteria to distinguish between tokenised deposits and EMTs without creating a separate regulatory framework. Where tokenised deposits retain the same legal and economic characteristics as traditional deposits, they should continue to be recognised and treated as such.

Criteria for differentiating tokenised deposits from EMTs may include: (i) issuance by a CI under the deposit framework, supported by clarification in the underlying documentation; (ii) transferability limited to the issuing CIs' own networks; (iii) fungibility with traditional commercial bank money; (iv) continuous contractual relationship with the client by the issuing entity; (v) holding of nominal value in the official currency, as opposed to a peg; and (vi) lack of transferability on secondary markets as a bearer instrument.

Question 77. If you identify any regulatory issue(s) in your answer to the previous question, please indicate what regulatory action is appropriate to address the issue(s) identified.

ICMA Response:

To support the adoption of tokenised deposits, ICMA members would welcome regulatory guidance, such as supervisory guidelines or FAQs. Aspects that would benefit from greater clarity include: (i) clarifying the differences and relationship between e-money ‘on-chain’ and ‘off-chain’; (ii) risk of requalification with different forms of e-money; (iii) risk of requalification with EMTs; and (iv) how the transfer of tokenised deposits between credit institutions can be rendered irrevocable and enforceable.

ICMA members highlight that any regulatory guidance or FAQs on the topic of settlement finality, especially as it relates to transfers of tokenised deposits between credit institutions, must be consistent with the requirements set by the future Settlement Finality Regulation currently under discussion as part of the [European Commission legislative package on market integration and supervision](#).