

REGULATORY CONVERGENCE

Regulatory convergence involves harmonising enforcement and regulatory standards across jurisdictions to mitigate regulatory arbitrage and ensure a fair, competitive crypto market under MiCAR. It remains critical to implement strong, consistent enforcement across Europe. Bitpanda strongly supports regulatory convergence as vital for a unified, competitive European crypto ecosystem, enhancing market protection and cohesion.

Recommendation 1

STRENGTHENING ENFORCEMENT CONSISTENCY UNDER MICAR

- NCAs should uniformly apply MiCAR standards to prevent regulatory arbitrage caused by inconsistencies in enforcement strength.
- NCAs and the crypto community should actively highlight and address weaker enforcement practices in jurisdictions to reduce the risk of market distortions.
- Consistency across all EU member states is crucial for a genuinely unified crypto market, preventing potential fragmentation and protecting market integrity for businesses and investors alike.

Recommendation 2

GRADUAL AND BALANCED ENHANCEMENT OF ESMA'S SUPERVISORY ROLE

- Given MiCAR's foundational role in ensuring a level-playing-field, ESMA should progressively enhance oversight based on demonstrated enforcement gaps.
- This includes regular assessments of NCA enforcement and targeted support where weaknesses are identified.
- A hybrid model should guide this process, allowing gradual movement toward more EU-level supervision only if national convergence efforts fall short.

Recommendation 3

ROBUST AND CONSISTENT NCA AUTHORISATION PROCESSES

- It is important to strengthen NCA authorisation processes through increased internal rigour and consistency, ensuring comprehensive assessment of key risks during MiCAR authorisation procedures such as business growth, conflicts of interest, governance structures, ICT security, decentralised products, and related activities.
- Encourage internal NCA self-assessments and continuous improvement initiatives, aligning closely with ESMA's recommendations and informal guidance.
- Such an approach can promote trust and confidence in authorised crypto-asset service providers across Europe.

Adopting these targeted recommendations will ensure robust regulatory convergence, support MiCAR's long-term success, and enable Europe to maintain leadership in global crypto-asset innovation and regulation.