
Press release

AFME urges EU to keep tokenised securities outside crypto-asset rules

Association also backs global stablecoin arrangements and a pan-European legal regime for DLT-based assets

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Tokenised financial instruments should continue to be regulated under MiFID and must not be brought within the scope of the EU's crypto-asset regime simply because they use distributed ledger technology, the Association for Financial Markets in Europe (AFME) said today.

Responding to the European Commission's review of the Markets in Crypto-Assets Regulation (MiCA), AFME warned that changing the existing regulatory boundary between financial instruments and crypto-assets would create legal uncertainty and risk holding back the development of Europe's tokenised capital markets.

Coco Chen, Associate Director of Technology & Operations at AFME, said: *"Europe has the opportunity to become a global leader in tokenised capital markets, but this requires legal certainty and a technology-neutral regulatory framework. Financial instruments should continue to be regulated according to their economic characteristics, regardless of the technology used for their issuance, custody or transfer."*

"At the same time, the EU should ensure its framework supports innovation and global competitiveness, including through practical arrangements for global stablecoins and greater legal certainty for tokenised assets across Europe."

Supporting global and multi-issuance stablecoin arrangements

AFME also supports keeping MiCA open to global and multi-issuance stablecoin arrangements. Prohibiting these models could fragment liquidity, reduce cross-border interoperability and limit EU firms' access to global digital asset markets.

AFME believes MiCA's existing safeguards, reinforced by equivalence assessments, enforceable supervisory cooperation and effective cross-border arrangements, can address the associated risks while supporting innovation and competition.

The response also calls for more flexible stablecoin reserve requirements, the removal of the 1.5% concentration limit and rules that enable reserve assets to be held with highly rated, well-capitalised banks.

Creating legal certainty for tokenised markets

Beyond the MiCA review, AFME supports a pan-European "28th regime" for DLT-based assets. The directly applicable framework would establish common legal treatment for issues including ownership, transfers, collateral and cross-border enforceability, while complementing existing national regimes.

AFME also calls for confirmation that tokenised deposits remain deposits governed by the existing banking framework. Tokenisation should not change their legal nature or bring them within MiCA solely because DLT is used.

Key recommendations

- Keep tokenised financial instruments under MiFID and other relevant securities legislation, rather than MiCA.

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- Support global and multi-issuance stablecoin arrangements through equivalence and enhanced supervisory cooperation.
- Establish a pan-European '28th regime' and conflict-of-law framework for DLT-based assets.
- Confirm that tokenised deposits remain regulated as deposits under the existing banking framework.

– Ends –

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About the Association for Financial Markets in Europe

The Association for Financial Markets in Europe (AFME) is the voice of the leading banks in Europe's financial markets, providing expertise across a broad range of regulatory and capital markets issues. We represent over 150 leading global and European banks and other significant market players. Our members play a vital role in Europe's financial ecosystem, underwriting around 90% of European corporate and sovereign debt, and 85% of European listed equity capital issuances. Importantly, AFME members are market makers, providing liquidity, which is essential for ensuring financial markets can function efficiently. We also represent law firms and other associate members which advise market participants and support AFME's legal and regulatory initiatives. For more information please visit the AFME website: www.afme.eu

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