

MiCAR: GL on redemption plans – Public hearing

Wednesday, 22th May 2024



Part 1

Introduction



Public hearing structure and functioning

Public hearing structure

Introduction

GL on redemption plans

- Legal basis and objectives
- General principles
- Scope in relation to the requirement to hold a reserve of assets
- Content of the plan & Redemption process
- Triggers for the implementation of the plan
- Consultation questions

Next steps

Q&A sessions

Suggestions for an efficient session

Should you need assistance or would like to intervene:

- **write on Teams chat to any of the hosts or publicly;**
- **raise your hand on Teams.**

To avoid background noise, please stay muted unless you take the floor.

To increase audio quality please turn off video streaming.

Please identify yourself (if you don't use full name on Teams).

Introduction: MiCAR time frame

June 2023

- 9 June 2023: Publication of Regulation 2023/1114 (MiCAR) in the OJ
- 29 June 2023: **Entry into force**

30 June /
30 Dec.
2024

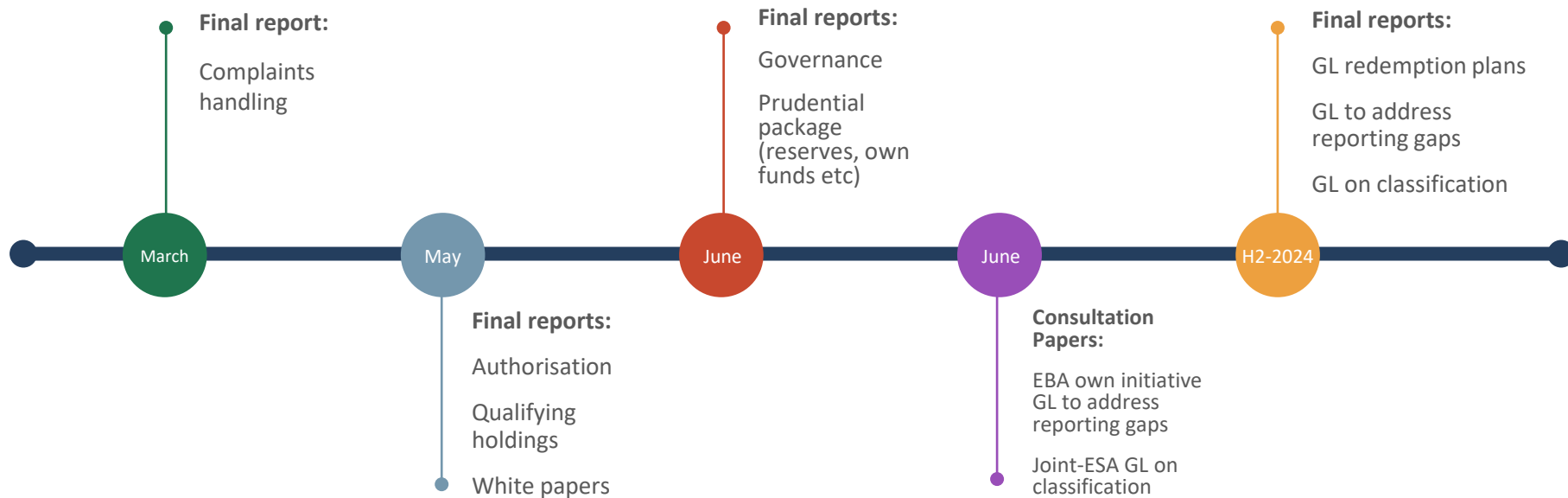
- **June - Date of application of Title III (ART) and Title IV (EMT)**, which includes recovery and redemption plans
- **December - Full application:** Title I (Subject, Scope and definitions), Title II (Other crypto-assets), Title V (CASP), Title VI (Market abuse) and Title VII (Competent authorities)

1 July 2026

- End of **transitional period for CASP** providing services in accordance with national law before 30 Dec. 2024 (optional)
- Authorisation needed under MiCAR, and prudential requirements to apply

Introduction: MiCAR time frame

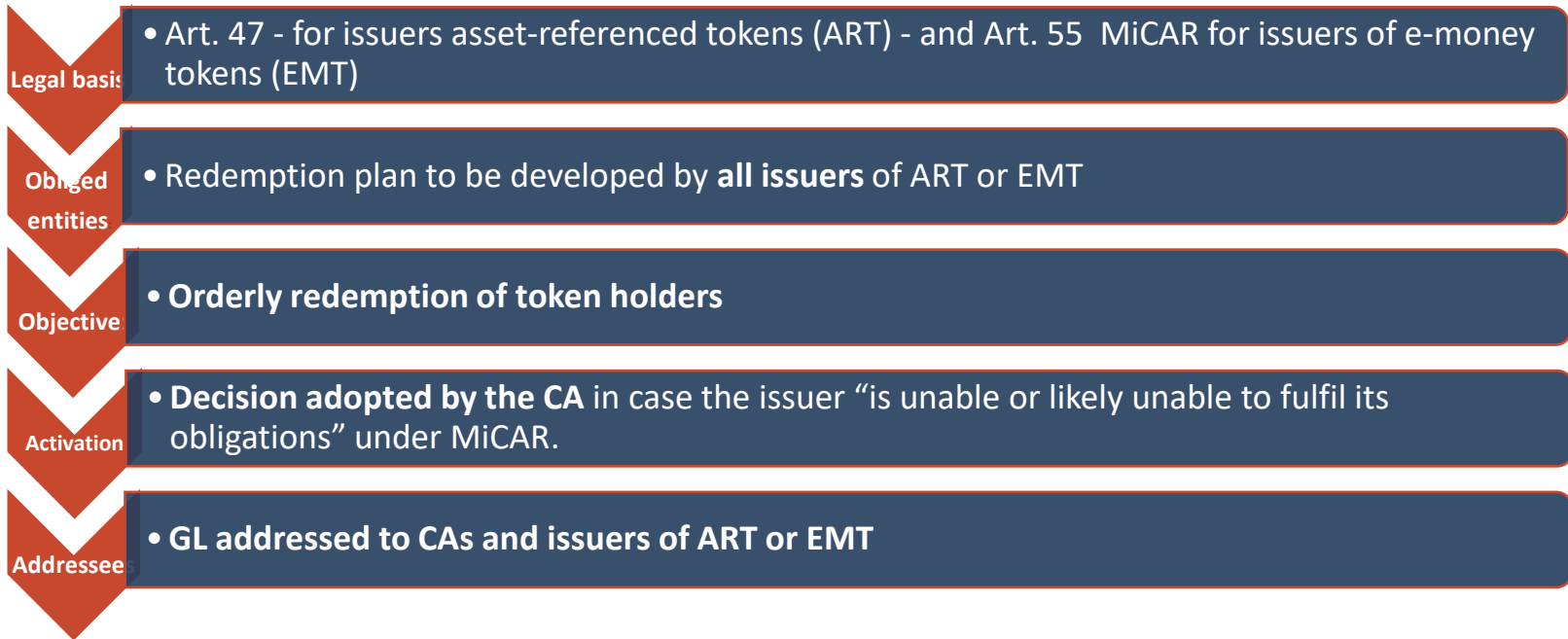
2024: Finalisation of MiCAR L2/3 (ARTs/EMTs)



Part 2

Consultation Paper on GL on redemption plans

Legal basis and objective of the redemption plans



General principles governing the development and implementation of the redemption plan

Proportionality for redemption plans

- level of detail and frequency of review/update of the plan

No undue economic harm to token holders

- maximisation of the proceeds of the liquidation of the reserve of assets (where applicable) to meet redemption claims

Equitable treatment of token holders

- *pari passu* ranking and suspension of individual redemption claims upon activation of the redemption plan

Timely manner

- immediate implementation of actions by the issuers (e.g. communication notice, liquidation of reserve of assets, redemption process, etc.) and preparedness,

Scope of the GL in relation to the application of the requirement to hold the reserve of assets

Issuers subject to reserve of asset requirement (earmarked for redemption rights)	Issuers not subject to reserve of asset requirements
<ul style="list-style-type: none"> • ART issuers (including credit institutions) • E-money institutions (EMIs) issuing significant EMT • EMIs issuing non-significant EMT required by the CA to hold reserve of asset (Art. 58(2) MiCAR) 	<ul style="list-style-type: none"> • Credit institutions issuing EMTs • EMI issuing non-significant EMT not required by their CA to hold a reserve of asset (Art. 58(2) MiCAR)
<p><i>GL scope of application</i></p>	
<ul style="list-style-type: none"> ➤ GL on redemption plan apply to these issuers ➤ Specific sub-sections on reserve of assets apply to these issuers 	<ul style="list-style-type: none"> ➤ GL on redemption plan apply to these issuers ➤ Specific sub-sections dealing with reserve of assets do not apply

Content of the redemption plan

Governance arrangements

- **Minimum requirements:** a clear and detailed description of gov. arrangements when the plan is implemented;
- **Temporary administrator:** if foreseen by the applicable regime.

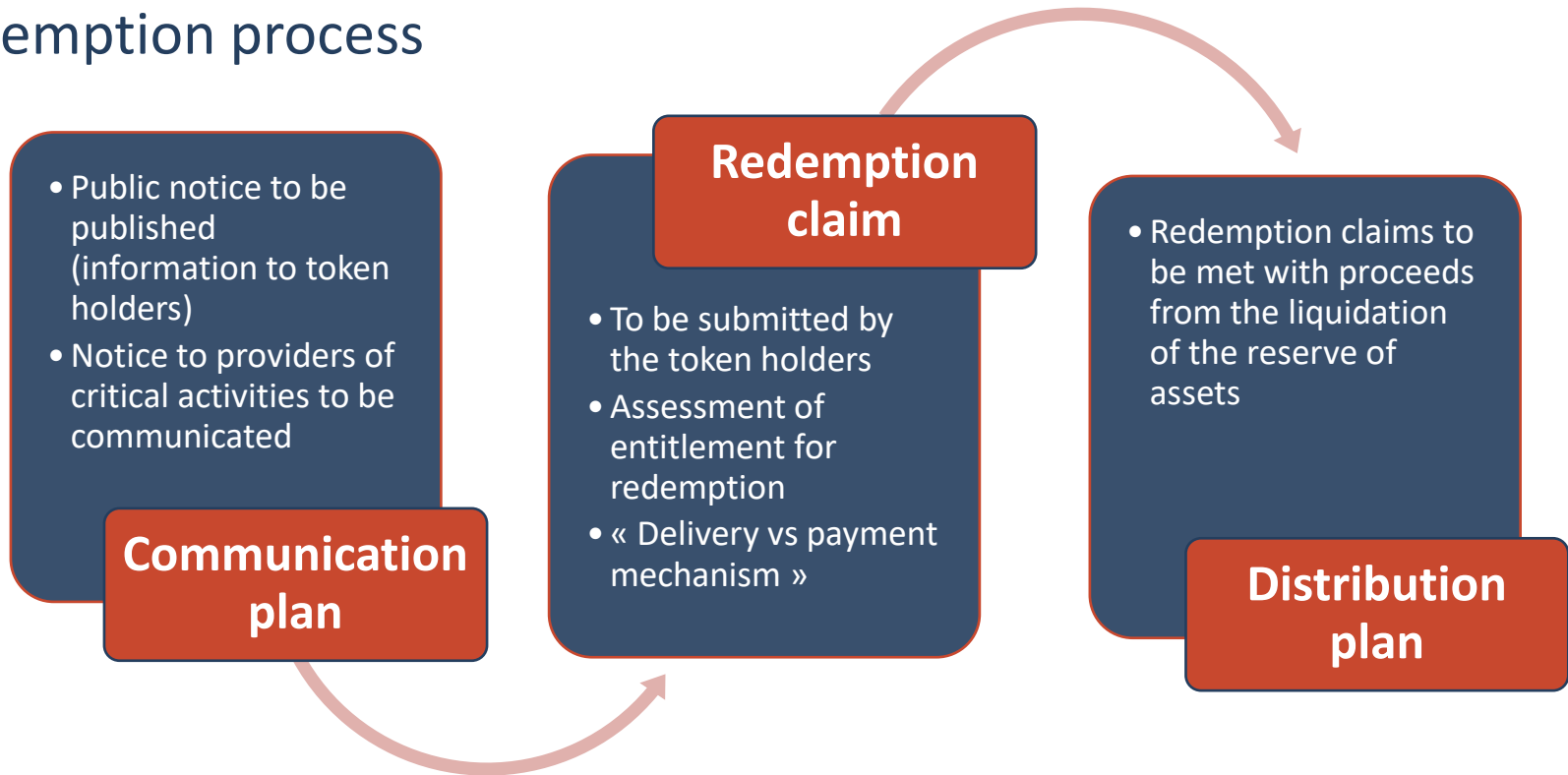
Critical activities and contractual arrangements

- Mapping of the **critical activities** to be maintained **operational for implementation of the plan**
- Overview of the **contractual arrangements** with **third-party providers** including custodians
- **AML/CFT:** compliance to be ensured also via intermediaries that are obliged entities where issuer is not subject to AML/CFT requirements

Pooled issuance

- **Same token issued by multiple issuers with a single reserve of assets**
- Redemption plan: **common section** to all issuers + **tailored section** to the internal organisation of each issuer
- **Coordinator** issuer to be appointed by participating issuers
- **Coordination between CAs**

Redemption process



Triggers assessed by the (MiCAR) CA for the activation of the redemption plan

Explicit triggers

- Insolvency,
- Resolution (where applicable), or
- Withdrawal of authorisation (Article 47(1) MiCAR).

Additional MiCAR triggers

- Capital position of the issuer,
- Liquidity position of the issuer under MiCAR requirements and/or the reserve of assets, and
- Other requirements for continuing authorisation (only for authorised ART issuers).

Other elements to assess

- Significant adverse developments in the macro-economic environment,
- Significant deterioration of market perception of an issuer, and
- Significant deterioration of the market conditions.



Credit institutions and CCPs: coordination between MiCAR CAs and prudential and resolution CAs, in case of commencement of crisis prevention measures or crisis management measures

GL on redemption plans: consultation questions

Question n. 1: Do you consider that the scope of the GL on redemption plans is sufficiently clear and takes into account the differences regarding the obligation to hold a reserve of assets set out in Regulation (EU) 2023/1114 applicable to the different types of ART or EMT issuers?

Question n. 2: Do you consider that the GL on redemption plans are sufficiently clear and comprehensive and that they cover all aspects of the mandate?

Question n. 3: Do you consider that the redemption process as described herein provides adequate operational guidance to token holders about the actions and steps relating to the redemption claim?

Question n. 4: Do you consider that the information to be contained in the draft public notice is adequate and covers the necessary information to be conveyed to the token holders and for a sound redemption process?

GL on redemption plans: consultation questions

Question n. 5:

5.1 Do you consider that the aspects to be assessed by the competent authority for purposes of assessing whether the issuer is unable or likely to be unable to fulfil its obligations under Regulation (EU) 2023/1114 envisaged in the Guidelines appropriately complement those set out in Article 47(1) of Regulation (EU) 2023/1114?

5.2 Do you agree that in case of credit institutions and the other entities subject to Directive 2014/59/EU or of central counterparties subject to Regulation (EU) 2021/23, the competent authority should not trigger the redemption plan without prior consultation and coordination with the relevant prudential or resolution competent authorities under that Directive or Regulation, in case of commencement of crisis prevention measures or crisis management measures under such sectoral acts?

Part 3

Next steps



Provisional agenda

Public consultation end
date: **10 June 2024**

Pls send your
comments via our EBA
website – [link here](#)

Envisaged publication
date: **Q4 2024**



Thank you!



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