

The Distributed Ledger

Blockchain, Digital Assets and Smart Contracts

July 3, 2025

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MiCA Update – Six Months in Application

The Markets in Crypto-Assets Regulation (MiCA) has now been in full effect for six months. This landmark piece of legislation, which is designed to create a harmonized regulatory framework for cryptoassets across the EU, places the EU at the forefront of cryptoasset regulation while other jurisdictions are still in the process of defining their regimes. MiCA aims to provide legal certainty for cryptoasset issuers and service providers, enhance consumer and investor protection, and support innovation while mitigating risks to financial stability and market integrity.

- The regulation covers a broad range of cryptoassets not already governed by existing financial services legislation, including utility tokens, asset-referenced tokens and e-money tokens, as well as the activities of cryptoasset service providers (CASPs).
- If they have not done so already, cryptoasset issuers and service providers offering services in the EU will need to examine their strategies for governance, risk management, capital and consumer protection and track transition timelines.

Licenses Granted Since December 2024

Since 30 December 2025, national competent authorities across the EU have begun issuing MiCA licenses to cryptoasset service providers, with some authorities acting more quickly than others. Authorities in the Netherlands and Malta issued the first licenses right on 30 December 2024, and Germany followed closely with its first issuance mid-January 2025.

- Since then, more than 40 CASP licenses have been issued across the EU member states, and the majority of licenses have so far come out of the Netherlands and Germany.
- The status of the issuance of licenses can be reviewed in the public CASP register that the European Securities and Markets Authority maintains.

Grandfather Period and Its Conclusion in Some Jurisdictions

MiCA provides for a transitional or “grandfathering” period, allowing existing cryptoasset service providers to continue their operations under the national pre-MiCA regimes while seeking full compliance with the new regulatory requirements.

- The length and terms of this period vary by jurisdiction, with some EU member states opting for the maximum allowed transition until 1 July 2026 (18 months).
- Others have chosen shorter periods of only 12 months (e.g., Germany, Ireland, Greece, Spain and Liechtenstein) or even just six months in the case of Finland, Latvia, Lithuania, Hungary, the Netherlands, Poland and Slovenia (which means, for the latter group, the transition phase has already ended).

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In jurisdictions where the grandfather period has concluded, all cryptoasset service providers must now be fully MiCA-compliant and hold the requisite license to continue their activities. **Noncompliance may result in enforcement actions, including fines and cessation orders.**

What To Do Now

Given the evolving regulatory landscape, it is crucial for all cryptoasset issuers and service providers that have their registered seat in an EU member state or offer services in the EU to take proactive steps to ensure compliance with MiCA:

- **Assess your activities:** Review your current and planned cryptoasset offerings and services to determine whether they fall within the scope of MiCA.
- **Conduct gap analysis:** Perform a thorough gap analysis of your existing policies, procedures and controls against MiCA requirements, focusing on governance, risk management, capital and consumer protection.
- **Engage with regulators:** If you have not already done so, initiate contact with your national competent authority to clarify licensing timelines and requirements in your jurisdiction.
- **Prepare documentation:** Begin preparing the necessary documentation for your license application, including business plans, internal policies and compliance frameworks.

- **Monitor developments:** Stay informed about regulatory updates, guidance from ESMA and national competent authorities, and track the status of the grandfathering period in all jurisdictions in which you operate.
- **Seek specialist support:** Consider engaging legal, compliance and technical experts to support your transition to MiCA compliance and to ensure your business model remains viable under the new regime.

What To Expect Next

The European Commission (EC) plans to publish two significant reports soon. The first is an interim report on the application of MiCA (due by 30 June 2025). This report will provide an initial assessment of MiCA's implementation and its impact on the cryptoasset market within the EU.

The second is a separate report focusing on the latest developments in the field of cryptoassets and reviewing areas that are not currently addressed by MiCA (due since December 2024). This report aims to identify emerging trends, potential risks and regulatory gaps to inform future policy considerations and possible legislative initiatives.

Both reports are expected to contribute to the ongoing evaluation and adaptation of the EU's regulatory framework for cryptoassets in order to ensure that it remains effective and responsive to technological advancements and market developments.