

ESMA Statement on MiCA Transitional Measures

The Markets in Crypto Assets Regulation (MiCA) includes a transitional regime for crypto asset service providers (CASPs) that offered their services prior to 30 December 2024. This regime grants them additional time to transition from compliance with the current regulatory framework to compliance with MiCA.

Article 143(3) of the Markets in Crypto Assets Regulation (MiCA) states that “*Crypto-asset service providers that provided their services in accordance with applicable law before 30 December 2024, may continue to do so until 1 July 2026 or until they are granted or refused an authorisation pursuant to Article 63, whichever is sooner.*” The article gives individual Member States complete discretion not to apply this transitional regime or to reduce its duration in view of fostering financial stability and investor protection. This inherently non-unified approach to transitional periods has resulted in Member States reducing the transitional period in their jurisdiction to different lengths. As a result, CASPs will face different transitional periods depending on the Member State or Member States in which they are active. ESMA has collected an overview of the length of transitional regimes per member state which can be found here: [List of grandfathering periods decided by Member States under MiCA](#).

The different transitional periods should be taken into account by CASPs providing services in more than one Member State when they transition to MiCA. For example, a CASP seeking a MiCA authorisation in Member State A, with a 12-month transitional period, while also serving clients in Member State B, with a 6-month transitional period, should take action to ensure compliance with the applicable law of Member State B. Particularly, a situation where the MiCA authorisation in Member State A (and passporting rights in the European Union) is obtained after the 6-month transitional period in Member State B ends would create an interim period (of up to 6 months) in which the CASP would not have the required authorisation to provide crypto-asset services to clients in Member State B. Given the potentially disruptive nature of such a situation, CASPs are expected to make all possible effort to be compliant and undertake all possible steps to avoid detriment to their clients, market participants, and the integrity of the market, while also adhering to applicable AML/CFT requirements.

The possible challenges raised by MiCA’s transitional regime were identified at an early stage and shared in a communication published in October 2023¹. ESMA called for market participants to apply for a MiCA authorisation as soon as possible, reminding them that without a MiCA authorisation they would not benefit from passporting rights within the EU during the transitional period². ESMA also called on CASPs to make adequate preparations that will reduce the risk of disruption, including to engage, at an early stage, with the national competent

¹ [ESMA74-449133380-441 Statement on MiCA Supervisory Convergence.pdf](#).

² Please see a Q&A on passporting during transitional periods here [ESMA QA 2086](#).

authorities (NCAs) of the jurisdictions in which they operate to inform them of their authorisation plans.

When processing authorisations of CASPs, NCAs should ensure they are fully aware of the activities of CASPs outside the Home Member State and possible implications on the cross-border provision of services in Host Member States. The Home NCA should engage in early and continuous dialogue with relevant Host Member States to mitigate disruptions – to the extent possible – in services that could cause harm to CASPs' clients.