

EUROPEAN FINANCIAL PLANNING ASSOCIATION (EFPA) RESPONSE TO THE PUBLIC CONSULTATION ON THE ESMA GUIDELINES FOR THE CRITERIA ON THE ASSESSMENT OF KNOWLEDGE AND COMPETENCE UNDER THE MARKETS IN CRYPTO ASSETS REGULATION (MiCA)

EFPA Welcomes the Guidelines

EFPA commends ESMA for its initiative in adopting these guidelines, using MiFID II as a reference. This action, taken independently, complements the mandate set forth in Article 81.15 of MiCA. Unlike the explicit directive in Article 25.9 of MiFID II requiring ESMA to issue guidelines, MiCA does not contain a similar provision. Nevertheless, EFPA fully supports ESMA's initiative, recognizing that crypto-assets constitute a novel financial product, not always categorized among the financial instruments regulated under MiFID II.

We appreciate the opportunity to participate in this consultation and welcome the approach ESMA has adopted. The proposed guidelines aim to establish a common minimum standard of professional qualification in an industry marked by rapid technological evolution, increasing retail participation, and a regulatory framework undergoing consolidation. The accessibility and growing interest among retail investors—particularly younger demographics—underscore the importance of this initiative. Crypto-assets can be accessed via smartphones, often with no minimum trading amount, and in some cases, even on credit.

Ensuring Client Protection Through Expertise

The principle of acting in the **client's best interests**, underpinned by both MiCA and MiFID II, demands that those advising on or providing information about crypto-assets not only possess up-to-date knowledge of the product or service but also demonstrate sufficient technical competence. This includes understanding the implications of technological systems that facilitate their operation, such as distributed ledger technology (DLT), algorithmic decision-making automation, centralized or decentralized finance (DeFi) structures, and predictive models based on artificial intelligence.

Establishing a Clear Framework of Qualification Requirements

EFPA strongly advocates for a well-defined framework of qualification requirements. The knowledge and competence requirements of MiFID II and MiCA should be based on a unified framework that clearly defines key concepts such as 'knowledge,' 'competence,' 'qualification,' 'training,' and 'learning outcomes.' It is critical to clarify that meeting these requirements entails attaining a recognized qualification, rather than merely participating in a training program.

Reference to MiFID II

EFPA endorses ESMA's approach in developing the MiCA qualification guidelines, using MiFID II as a reference. Financial client protection necessitates that professionals possess the requisite knowledge and competence to provide accurate information and advice. Furthermore, we support the inclusion of **existing national requirements under MiFID II and IDD**, aligning with the following key reports:

- **European Commission** – *Commission Staff Working Document: Report on the Current Framework for Qualification of Financial Advisors in the EU and Assessment of Potential Ways Forward* (2022)
- **EIOPA** – *Report on the Application of the Insurance Distribution Directive (IDD)* (2022)
- **EFPA** – *Improving the Qualification of Financial Advisors in the EU: Policy Proposals* (2023)

Article 81(7) of MiCA establishes that any individual providing advice or information on behalf of a crypto-asset service provider must possess the necessary knowledge and competence to fulfill their responsibilities. This requirement aligns directly with provisions in MiCA mandating that Crypto-Asset Service Providers (CASPs) act 'professionally in the best interests of the client' (Article 66.1) and employ 'personnel with the knowledge, competence, and experience necessary to carry out their assigned responsibilities' (Article 68.5). Thus, knowledge and competence standards constitute a **fundamental aspect** of the client protection framework under MiCA, much as they do under MiFID II. EFPA concurs with ESMA that financial services providers require a harmonized framework for staff qualification in advisory and informational roles.

Looking Ahead: A Modular System with European Certification Standards

Harmonization of qualification requirements should not be viewed solely as a technical necessity for investor protection but as part of a broader strategy to transform the EU's regulatory model. This transformation should be rooted in standardized curricula, mutual recognition of qualifications, and the creation of a unified financial and technological governance framework.

Qualification requirements are necessary not only within MiFID II and MiCA but also in related directives such as the **Insurance Distribution Directive (IDD)**, **Mortgage Credit Directive (MCD)**, **Consumer Credit Directive (CCD)**, and regulations governing staff who use artificial intelligence systems in financial services under the **AI Act**.

Given the simplification framework outlined in the European Commission's *Better Regulation for Better Results* communication, regulatory requirements should be refined to their essential components to maintain efficacy. While ESMA's reliance on the MiFID II qualification model is a positive step, further efforts are needed to ensure consistency across the financial services landscape—especially regarding qualifications needed to provide services utilizing artificial intelligence. EFPA recommends that ESMA collaborate with other financial authorities, particularly the EBA and EIOPA, to establish **harmonized professional**

EFPA AISBL

Sq. de Meeus 35, Silversquare Belgium
B-1000 Brussels, Belgium
efpa-eu.org

qualification guidelines. The European Supervisory Authorities (ESAs) should take the initiative, leveraging existing mandates to develop unified qualification standards for advisory and informational roles across all financial products, including crypto-assets and AI-driven services.

Towards an Integrated Regulatory Framework

The qualification requirements for financial advisors cannot be considered in isolation from broader regulatory developments in the EU. The ongoing integration of MiCA, MiFID II, IDD, MCD, CCD, and AI Act into an **Open Finance framework** under the **Financial Data Access Regulation (FiDA)**—alongside the **Omnibus Package** adopted by the European Commission on **February 26, 2025**—reflects a fundamental shift in the regulatory paradigm. The emphasis is no longer solely on reinforcing protection and transparency but also on rationalizing regulatory frameworks, eliminating redundancies, simplifying procedures, and constructing a common set of obligations, principles, and professional competencies that span multiple sectors.

In this context, the qualification of financial advisors must evolve from a fragmented, disjointed process to a **harmonized system**. The MiCA qualification requirements proposed by ESMA should be recognized not only as a technical measure but as an opportunity to establish a **new harmonized model** for professional qualification across financial sectors. The proposed guidelines should serve as the foundation for a **shared curricular framework**, enabling integrated qualification pathways across MiCA, MiFID II, IDD, MCD, and CCD.

Proposal: A European Infrastructure for Financial Competence

EFPA advocates for the establishment of a **European framework of minimum common competencies**, whereby advisor qualifications are structured in modular blocks—comprising a core module and complementary itineraries tailored to specific financial sectors. This model ensures **cross-validation** and recognizes the substantive overlap between MiCA and MiFID II, as well as related directives like IDD, MCD, and CCD.

We propose the creation of a **central block of common technical subjects**, applicable to both MiCA and MiFID II and expandable under joint ESA actions to encompass insurance (IDD) and credit (MCD, CCD). This qualification block should also address **AI-related competencies**, including artificial intelligence, cybersecurity, algorithmic governance, model traceability, data protection, technological risk management, and automated regulatory compliance (RegTech/SupTech).

The introduction of a **shared qualification core** would facilitate **mutual recognition of certifications** across jurisdictions, reducing compliance costs, enhancing professional mobility within the **Savings and Investment Union (SIU)**, and strengthening coherence across regulatory frameworks—aligning with the European Commission’s **simplification objectives**.

EFPA AISBL

Sq. de Meeus 35, Silversquare Belgium
B-1000 Brussels, Belgium
efpa-eu.org

Principles of Proportionality and Technological Neutrality

EFPA emphasizes that the guidelines must adhere to both the **principle of proportionality**, considering the complexity of crypto-assets, and the **principle of technological neutrality**, ensuring that crypto-assets are not subject to disproportionate qualification burdens merely due to their reliance on distributed ledger technology (DLT).

Professional qualification requirements are essential to safeguarding retail investors in an environment marked by increasing technological sophistication, digitalized distribution channels, and the disintermediation of traditional financial structures—particularly within the crypto-asset market. These requirements serve as a **standard of assurance**, rather than a **barrier to entry**, helping to facilitate orderly, transparent, and secure market operations. In today’s regulatory landscape—where financial, technological, and ethical considerations converge—providing information on high-risk products without adequate training, verifiable expertise, and continuous professional development is no longer viable.

Blurred Distinctions Between Advice and Information

In practical terms, the rapid emergence of digital platforms, the proliferation of new crypto-assets, and the increasing sophistication of trading interfaces have **eroded the distinction between advice and information**. Many investment decisions made by retail users today rely on information that—while not formally presented as advice—functions in a comparable manner. Examples include **automated messages, algorithmic interfaces, comparative analyses, and rankings**, all of which influence investor behavior. ESMA has explicitly recognized this dynamic, which is also reflected in the **Artificial Intelligence Act**, identifying AI systems used for assessing financial solvency and user profiles as **high-risk applications**—particularly when automated decisions contribute to financial exclusion.

Maintaining Technological Neutrality in Qualification Standards

Given the inherent complexity and volatility of crypto-asset markets, imposing qualification requirements on crypto-assets that exceed those mandated under MiFID II would contradict the principle of technological neutrality. While **MiCA introduces innovation that necessitates additional expertise**—such as understanding DLT, evaluating white papers, assessing token economies, analyzing technological risks, and navigating AI-driven advisory systems—these requirements should be limited to **foundational knowledge** rather than **excessive technical specializations**.

It is crucial to recognize that MiFID II-regulated financial instruments also rely on underlying technologies. For instance, **book-entry securities** and **dual-tier registration systems** are fundamental to traditional financial markets, yet staff advising on these instruments are not required to possess deep technical expertise in these areas. Similarly, professionals providing information or advice on crypto-assets should **not** be obligated to attain in-depth proficiency in DLT. This approach aligns with ESMA’s methodology in extending MiFID II qualification models to crypto-assets.

Overburdening advisors with excessively high technical standards risks **disproportionately escalating compliance costs** for qualification requirements. The financial impact of these measures should be carefully examined in the **cost-benefit analysis** included in ESMA's final report.

Additional Comments on the Guidelines Beyond the Questionnaire Scope

The questionnaire accompanying the proposal focuses specifically on **continuing professional development (CPD)**. However, before addressing those questions, EFPA offers commentary on broader aspects of the proposal, starting with the **general provisions outlined in Guideline 1 (paragraphs 13–17)**.

General Aspects – Guideline 1 (Paragraphs 13–17)

EFPA fully supports the emphasis on **business ethics** as a core requirement for advisor qualification.

Additionally, for reasons of **proportionality**, the proposal rightly differentiates between **advisors** and mere **informants**, reflecting the fiduciary nature of advisory relationships. This distinction, established in **MiFID II guidelines** and extended to **MiCA guidelines**, is highly appropriate.

Advancing Harmonization in Professional Qualification Standards

The regulatory convergence spearheaded by the European Commission necessitates a **coherent response in professional qualification frameworks**. Previous contributions—such as the report commissioned by EFPA, *Improving Qualification for Financial Advisors in the EU: Policy Proposals* (Zunzunegui et al., 2023)—highlight the persistent lack of harmonization in this domain, which **impedes supervisory convergence and increases compliance costs**.

EFPA strongly advocates for the development of a **European model of harmonized technical training**, structured around **modular subject blocks** that distinguish between **common core content** and **sector-specific content**. This approach would enable **partial validation mechanisms** across different regulatory frameworks, especially MiFID II, MiCA, IDD, MCD, and CDD.

Beyond its pedagogical and organizational merits, this model is **fully justified in legal, economic, and institutional terms**. The **simplification package** prioritizes **reducing compliance costs, eliminating redundant regulations, and streamlining sectoral procedures**—particularly within **finance, technology, and sustainability**. A harmonized qualification framework would prevent scenarios in which professionals must undergo full re-accreditation in a second regulatory framework despite having already demonstrated

EFPA AISBL

Sq. de Meeus 35, Silversquare Belgium
B-1000 Brussels, Belgium
efpa-eu.org

competence under the first—except in cases where specific competencies require independent validation.

Strengthening Consistency in Regulatory Compliance Requirements

Guideline 1 maintains the **regulatory compliance principles** outlined in MiFID II guidelines while introducing new provisions, such as requiring **annual compliance reports to the management body** and mandating that **appropriate corrective measures** be undertaken to address deficiencies. For consistency, these requirements should also be explicitly incorporated into future **revisions of MiFID II guidelines**.

Additionally, **paragraph 17** expands the **scope of qualification requirements** to include personnel involved in **defining advisory and informational parameters**, even if they do not directly interact with clients. This extension—absent from MiFID II guidelines—is justified by the growing prevalence of **automated advisory systems**.

In this regard, the provisions of **Article 29 of the AI Act** are highly relevant, imposing obligations on individuals responsible for deploying **high-risk AI systems** to ensure **technical and ethical competency** among involved personnel. These requirements become particularly pertinent for **CASPs utilizing algorithmic systems** in critical financial processes, including:

- Evaluation of issuance projects
- Identity verification
- Portfolio management
- Automated order execution

The integration of AI-driven systems in financial services underscores the necessity of expanding qualification frameworks to include **both traditional advisory competencies and new AI-related expertise**.

Minimum Knowledge and Competence

Guideline 2, Paragraph 18 | Guideline 3, Paragraphs 22 and 23

The proposal establishes the professional qualification requirements for **reporting** (paragraph 18) and **advisory services** (paragraphs 22 and 23). Using an improved structuring technique compared to the MiFID II guidelines, the requirements for reporting are outlined first, followed by the additional requirements for advisory roles—effectively eliminating redundancy.

Alignment with MiFID II Standards

MiCA training requirements should be **aligned** with the content of the MiFID II access framework, ensuring consistency in qualification levels and continuing education hours, including specializations. EFPA supports this alignment, advocating for a **harmonized core**

curriculum and a **streamlined specialization structure**, given the evolving nature of crypto-assets and their underlying technologies.

A Modular, Harmonized Qualification Framework

EFPA proposes a **harmonized common curriculum**, structured around **two categories of subjects**:

1. Common Core Subjects

Mandatory for all professionals regulated under MiFID II, MiCA, IDD, MCD, and CCD, with automatic validation across regulatory frameworks. These subjects include:

- **Risks and volatility of financial products**
- **Tax and cost implications**
- **Issuance and distribution of financial products (prospectuses and white papers)**
- **Trading systems and digital platforms**
- **Impact of social media on financial decision-making**
- **Product governance and rules of conduct**
- **Anti-money laundering (AML) and counter-terrorism financing (CTF)**
- **Cybersecurity and digital resilience**
- **Technical foundations of artificial intelligence in financial services (*Article 29, AI Regulation*)**
- **Algorithmic traceability and model validation (*Article 3.4, AI Regulation*)**
- **Technology life cycle governance and institutional accountability**
- **Personal and non-personal data protection under GDPR and FiDA regulations**
- **Algorithmic ethics, non-discrimination, and fundamental rights (*Articles 5 & 10, AI Regulation*)**
- **RegTech and automated compliance systems**
- **Meaningful human oversight in AI-driven financial processes**
- **ESG, due diligence, and sustainability reporting**
- **Digital due diligence and supervisory mechanisms within the FiDA framework**

Additionally, **ethics and good governance**, from an ESG perspective, should be **incorporated as a core subject** in all training programs.

2. Specific MiCA-Related Subjects

Complementary knowledge areas required for professionals already certified under the core framework, including:

- **Functional analysis of white papers and tokenized projects (*Articles 6 et seq., MiCA*)**
- **Token economics, governance structures, and tokenomics**
- **Governance of tokenized financial products and decentralized finance (DeFi) architectures**

EFPA AISBL

Sq. de Meeus 35, Silversquare Belgium
B-1000 Brussels, Belgium
efpa-eu.org

- **Operational and liquidity risk assessment in decentralized exchanges**
- **Sustainability metrics of crypto-assets and ESG disclosure requirements**
(Article 6.13, MiCA)
- **Impact of algorithmic design on crypto-asset investor protection**

Optimizing Qualification Pathways Through Modular Learning

This modular framework would allow a **MiFID II-certified advisor** to transition seamlessly into MiCA-regulated services by completing only the **crypto-asset-specific modules**, thereby avoiding unnecessary duplication of previously accredited subjects. Similarly, **technology professionals accredited under the AI Act** could receive partial recognition of their competencies when entering MiFID II or MiCA-regulated environments, provided they complete supplementary training in core and sector-specific financial disciplines.

This approach not only streamlines qualification pathways but also **aligns with international best practices**. The **U.S. Senate Armed Services Committee Report (July 2024)** introduced an “Artificial Intelligence Literacy for Members” module, aimed at ensuring institutional operators in sensitive sectors possess a **standardized baseline of technical and ethical competence**. This precedent underscores that harmonizing competences within AI-regulated environments is **no longer a European policy option—it is a global necessity**.

Certification and Oversight: Ensuring Training Standards

A fundamental principle across **all regulations governing financial service qualifications** is **the requirement for proof of competency**. As stipulated in the IDD, this principle is best enforced through **certification of qualifications**. While training can be provided **internally** by financial entities or **externally** via independent institutions, the certification process must be conducted by **third-party accrediting bodies** that ensure compliance with regulatory standards. These certifying organizations serve as **quality assurance mechanisms**, guaranteeing the adequacy and effectiveness of professional qualification programs.

Questionnaire Response

Q1: Do you agree with the minimum requirements relating to the qualification, experience, and continuous professional development of staff who provide information on crypto-assets and crypto-asset services to clients (Draft Guideline 2, Paragraphs 19–21)?

EFPA fully supports the inclusion of **minimum qualification, experience, and continuous professional development** requirements for staff providing **information on crypto-assets or crypto-asset services**, as outlined in paragraphs 19 to 21 of Draft Guideline 2. These requirements strike a **necessary balance** between **operational flexibility** and **supervisory convergence**, ensuring that professionals possess adequate expertise without imposing excessive regulatory burdens.

EFPA AISBL

Sq. de Meeus 35, Silversquare Belgium
B-1000 Brussels, Belgium
efpa-eu.org

Accreditation of Competence

Paragraph 19 provides two pathways for competence accreditation:

- **Successful completion of an examination following an 80-hour professional qualification program and six months of supervisory experience**
- **Completion of one year of supervisory experience**

The examination may be conducted **internally by the provider or externally by a third party**. However, in alignment with the **Retail Investments Strategy (RIS)** and the **Insurance Distribution Directive (IDD)**, EFPA **strongly recommends** that exams and their results be **certified by an independent certification body**, ensuring separation between **training and evaluation**—a key principle of any professional qualification system.

Recognition of Prior Experience

Paragraph 20 introduces a **transitional mechanism** that respects the **principle of legitimate expectations** for existing staff. The proposal incorporates a **grandfather clause**, enabling firms to assess and document compliance with knowledge and competence requirements for individuals who have **provided relevant services for at least one year prior to the ESMA Guidelines' entry into force**.

EFPA proposes that this recognition be accompanied by a **certified bridging examination**, ensuring that staff possess **the necessary competence** to fulfill their obligations under MiCA. To facilitate this transition effectively, the guidelines should allow for a **one-year period** during which individuals actively engaged in providing **information or advisory services** may continue their roles before being required to demonstrate full compliance.

Continuous Professional Development (CPD) Requirements

EFPA endorses **standardized continuous training hours** as proposed:

- **10 hours per year for professionals providing information**
- **20 hours per year for professionals providing advice**

While MiFID II does not specify minimum training hours, the **RIS proposal**—for both **MiFID II and IDD**—requires a **minimum of 15 hours of CPD for advisors**. EFPA advocates for **harmonization**, recommending that **MiCA and MiFID II align by adopting the 10-hour and 20-hour standards**. Furthermore, **EIOPA** could extend this framework to **PRIIPs (Packaged Retail and Insurance-Based Investment Products)**, ensuring consistency across financial sectors.

Regulatory Simplification and Supervisory Convergence

EFPA believes that **minimum CPD requirements** should be **universally applied**, irrespective of the financial product involved in **information or advisory services**. In line

with **regulatory simplification principles**, ESMA—in collaboration with EIOPA and EBA—could **formalize** this standard of **continuous professional training hours**, fostering a cohesive supervisory approach across financial services regulation.

Questionnaire Response

Q2: Do you agree with the minimum requirements relating to the qualification, experience, and continuous professional development (CPD) of staff advising clients on crypto-assets and crypto-asset services (Draft Guideline 3, Paragraphs 24–26)?

EFPA considers it both **appropriate and essential** to maintain and enforce **minimum requirements** for the qualification, experience, and CPD of staff advising clients on crypto-assets or crypto-asset services, as outlined in paragraphs **24 to 26** of Draft Guideline 3.

Maintaining these minimum standards is **critical** for ensuring **adequate customer protection**, particularly within a **rapidly evolving financial and technological landscape**. Regulatory effectiveness will be **significantly enhanced** if these requirements are incorporated into a **harmonized, technology-driven certification framework**, aligned with the **European strategy for regulatory simplification, convergence, and financial sector digital transformation**.

This approach will:

- **Ensure institutional consistency** across EU Member States
- **Reduce administrative burdens** for firms and supervisory authorities
- **Promote professionalism within the crypto-asset ecosystem**
- **Preserve the principles of proportionality, quality, and investor protection** integral to EU financial legislation

Q3: Do you agree with the draft guidelines proposed? Please justify your answer.

EFPA strongly supports the **guidelines proposed by ESMA**, both in their **structural alignment** with the MiFID II guidelines and in their **function as a tool for regulatory convergence and simplification**.

The guidelines should not be viewed solely as a technical framework, but rather as a **strategic safeguard** in an environment increasingly influenced by **automation, digital transformation, and diminishing direct human intermediation**. As the **boundaries between financial sectors** become less distinct, ensuring a **coherent and standardized qualification framework** is more important than ever.

Guidelines as an Operational Bridge Between Regulation and Practice

The proposed guidelines serve as a **critical link** between **regulatory frameworks and real-world applications**, particularly in a **crypto-asset sector** characterized by

heterogeneity and relative immaturity. Unlike investment services regulated under MiFID II, **Crypto-Asset Service Providers (CASPs)** vary significantly in terms of:

- Business models
- Internal governance structures
- Compliance and risk management cultures

These differences underscore the need for a **common minimum regulatory framework**, without which **homogeneous supervision** and a **uniform professional standard** across Member States would be **nearly impossible** to achieve.

Preventive Value: Strengthening Investor Protection

Beyond serving as a training framework, these guidelines have a **significant preventive function**:

- Minimum qualification, experience, and CPD criteria—modeled after MiFID II—help prevent aggressive marketing tactics and algorithmic biases in retail investment solicitation
- Institutional traceability mechanisms enable supervisory authorities to map competencies and internal responsibilities, which is crucial in decentralized and automated environments

Professionalizing the Crypto Ecosystem

These guidelines represent **the first step toward formal institutional professionalization** of the crypto sector, much like MiFID introduced fundamental conduct rules for traditional financial services.

Currently, the crypto-asset industry is populated by:

- Institutional players and highly technical professionals
- Operators lacking formal governance structures or specialized financial training

By establishing a **regulatory baseline**, the guidelines compel CASPs to implement **more robust, transparent, and auditable human resources policies**. Over time, this will:

- Improve service quality
- Enhance the sector's reputation
- Increase market confidence and investor trust

These guidelines not only **protect clients**, but also **benefit CASPs** by reducing legal uncertainty regarding **minimum competence standards** expected of their staff. Without European-wide guidelines, **Member States could adopt divergent criteria, introducing regulatory arbitrage risks and fragmenting the Single Market**—justifying ESMA's decision to formalize these guidelines as **an interim yet highly effective solution**.

EFPA AISBL

Sq. de Meeus 35, Silversquare Belgium
B-1000 Brussels, Belgium
efpa-eu.org

Toward a Harmonized Professional Licensing Regime

The guidelines serve as a **stepping stone** toward the eventual implementation of a **pan-European professional licensing regime** (*EU label*), as proposed in the EFPA-commissioned report *Improving Qualification for Financial Advisors in the EU: Policy Proposals* (Zunzunegui, Corbal et al., 2023).

A unified qualification framework would:

- Enhance professional mobility within the European financial sector
- Strengthen market confidence and investor protection by reducing advisory discrepancies

Guidelines Must Account for Automated Advisory Systems

Unlike traditional regulatory models, these guidelines **explicitly account for the rise of automated and semi-automated financial services**—a critical advancement.

In many CASPs:

- Client-facing information or advisory content is pre-loaded into automated systems
- Personnel with no direct client interaction still shape the user experience and investment recommendations

Guideline 1 clarifies that these **back-end professionals** are also **subject to qualification requirements**, marking a **significant regulatory milestone**. This recognition **addresses the increasing prevalence of AI-driven investment decision-making**—where pre-configured recommendations **can profoundly influence client behavior**, often **without human oversight**.

Elevating the Reputation of the Crypto-Asset Industry

At an institutional level, the guidelines also help **improve the reputation of the crypto-asset sector**, which has often been **criticized for lacking professionalism** compared to traditional financial services.

Introducing **transparent, reviewable training standards** will:

- Counter perceptions of opacity or amateurism that have hindered sector-wide credibility
- Enable CASPs to establish professional qualification infrastructures comparable to traditional financial institutions

Supervisory Benefits: Enhancing Efficiency Through SupTech

The adoption of **homogeneous qualification standards** will **facilitate regulatory oversight**, including:

- Inspections and audits
- Ex-post verification procedures

With **consistent competency assessment criteria**, supervisory authorities can **streamline enforcement efforts** and **reduce the administrative burden** of regulatory compliance. This **supervisory convergence** will also help **CASPs navigate multi-jurisdictional compliance processes**, ultimately **minimizing discrepancies in implementation** across EU Member States.

In conclusion

These guidelines should not be viewed as **a mere regulatory requirement**, but rather as **a strategic instrument** for organizing, stabilizing, and professionalizing **crypto-asset services across Europe**. Their **adoption and coordinated implementation** will:

- Reduce regulatory inconsistencies
- Improve the quality of financial advice
- Ensure investment decisions are made on an informed, ethical, and technically sound basis

EFPA **strongly supports the proposed guidelines** and **recommends their adoption without substantial modification**. Additionally, EFPA suggests complementing these guidelines with **a European technical implementation plan**, ensuring long-term **harmonization of training and supervision**, in cooperation with:

- EIOPA
- EBA
- The European Artificial Intelligence Office
- National authorities designated under the AI Act

Q4: Additional Comments or Information

In addition to EFPA's general support for the proposed guidelines, it is important to highlight a **regulatory paradox** that has emerged since the **development of MiCA** and its interaction with **MiFID II**. This issue **challenges the principle of technological neutrality** and requires careful reconsideration.

Regulatory Disparity Between MiCA and MiFID II

The MiCA framework—designed to regulate a **more volatile, decentralized, and technology-intensive** financial market—imposes **training and organizational requirements** that, in certain aspects, **exceed the intensity, detail, and ex-ante control** established under **MiFID II** for traditional financial markets.

EFPA AISBL

Sq. de Meeus 35, Silversquare Belgium
B-1000 Brussels, Belgium
efpa-eu.org

This situation creates a **reverse asymmetry**, which is **difficult to justify legally** under **technological neutrality principles**. **Higher qualification, CPD, documentation, and traceability standards** are imposed on **crypto-asset advisors** than on those handling traditional financial instruments, even though both may involve **equivalent risk levels**.

From a comparative regulatory standpoint, this dissonance **disrupts proportionality and horizontal coherence** within EU financial legislation. **To maintain balance, the implementation of MiCA guidelines should logically lead to an update of MiFID II guidelines**, ensuring **harmonized standards in training content and CPD hours**.

Regulatory Modernization and Convergence

It is **inconsistent** to require a **crypto-asset advisor** to have expertise in **DLT technologies or algorithmic traceability** (*Guidelines 3 and 4*), while allowing a **MiFID II advisor** to operate under standards **that do not yet account for modern technological realities** in today's financial markets.

The fact that MiFID II predates MiCA **should not justify less stringent rules** than those already established under MiCA. Instead, **European regulatory modernization requires continuous updates**, ensuring that frameworks like **MiCA, AI Act, and Open Finance (FiDA)** serve as **catalysts for comprehensive regulatory alignment**, rather than **isolated legislative developments that reinforce inconsistencies**.

This reform should be **guided by principles rather than rigid rule-making**, enabling **regulatory simplification and efficiency**.

Proposal: Harmonized Qualification Standards Across EU Financial Legislation

EFPA **does not advocate lowering MiCA requirements**. Instead, it proposes **harmonizing qualification and training** across **MiFID II, IDD, MCD, and CCD** under the **advanced technical standard established by MiCA and the AI Act**.

This harmonization would:

- Elevate professional standards across all financial ecosystems
- Strengthen investor protection
- Position the EU financial market as a technologically advanced yet highly regulated environment

ESMA's Transformative Role in Regulatory Evolution

ESMA should **assume a leadership role in modernizing the European financial market**, aligning with the principles outlined in the **Draghi Report**—which advocates for a **more competitive, simplified regulatory landscape**.

Beyond regulating financial advisors under MiCA, the **ESMA Guidelines** should serve as a **foundation for comprehensive qualification reform** across **MiFID II, IDD, MCD, and CCD**—advancing **regulatory convergence, standardized curricula, and interoperable certification**, in alignment with the **EU’s simplification strategy**.

Recommendations

EFPA **strongly supports** ESMA’s initiative to establish **MiCA qualification guidelines**, using **MiFID II as a structural reference**. To ensure **consistency and regulatory coherence**, EFPA offers the following recommendations:

✓ **Knowledge requirements should differentiate between core and specialized subjects**

- *Core subjects*: Financial risk, tax implications, product issuance/distribution, trading systems, social media impact, product governance, business conduct, AML/CTF compliance, cybersecurity
- *MiCA-specific module*: Addressed under **Guideline 2, Letter K**

✓ **Ethics and good governance**—from an ESG perspective—should be included as a core subject

✓ **MiCA qualification guidelines should be used to modernize MiFID II guidelines**, ensuring **principle-based regulatory alignment**

✓ **Competency in AI-driven financial systems** should be incorporated into MiCA and MiFID II qualification standards

✓ **Distinct qualification requirements for information vs. advisory roles should be maintained**

- *Advisory staff should additionally be trained in suitability testing and AI-powered suitability assessments*

✓ **CPD requirements should be standardized across MiCA and MiFID II**

- *10 hours per year for information roles*
- *20 hours per year for advisory roles*

✓ **Training and certification processes should be separated**—qualifications **must be certified by independent third-party organizations**

Future Expansion Toward a Pan-European Framework

The **ESMA Guidelines** could serve as the **foundation for broader regulatory coordination** across the **European Supervisory Authorities (ESAs)**. At ESMA's request, the ESAs could formulate **joint qualification guidelines** covering:

- Investment services
- Crypto-assets
- Consumer credit
- Insurance-based financial products
- Open Finance systems integrating AI-driven advisory mechanisms

EFPA remains **fully committed** to supporting ESMA in the **development, application, and harmonization** of these guidelines, ensuring **long-term coherence in European financial qualification standards**.