

Crypto rules get final approval to make Europe a global leader on regulation

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An advertisement for Bitcoin cryptocurrency is displayed on a street in Hong Kong, on Feb. 17, 2022. The European Union's sweeping set of beefed-up cryptocurrency rules got final approval from member states on Tuesday, giving the bloc a global lead in regulating the freewheeling sector. The European Council adopted the package of rules, known as Markets in Crypto Assets, or MiCA, in the final step in the 27-nation bloc's legislative process. Credit: AP Photo/Kin Cheung, File

The European Union's sweeping set of beefed-up cryptocurrency rules got final approval from member states Tuesday, giving the 27-nation bloc a global lead in regulating the freewheeling sector.

The European Council adopted the package of rules—known as Markets in Crypto Assets, or MiCA—in the final step of the bloc's legislative process. European Parliament lawmakers endorsed the rules in April, and they're expected to start taking effect in phases starting in July 2024.

The tighter European scrutiny follows a spate of high profile [crypto](#) scandals including the collapse of trading firm FTX and the [implosion of the TerraUSD stablecoin](#).

The rules are aimed at improving transparency and combating [money laundering](#) and will cover stablecoins—which are usually tied to a hard currency or a commodity like gold that make them less volatile than normal cryptocurrencies.

Other digital tokens as well as bitcoin-related services such as trading platforms and digital wallets are also subject to the rules, but not bitcoin itself.

"Recent events have confirmed the urgent need for imposing rules which will better protect Europeans who have invested in these assets, and prevent the misuse of crypto industry for the purposes of money laundering and financing of terrorism," said Swedish Finance Minister Elisabeth Svantesson, whose country holds the rotating presidency of the European Council.

Under MiCA, which has been in the works since 2020, crypto companies will need approval to operate in the EU and be held liable if they lose investors' assets. Authorities will compile a public list of "noncompliant" companies.

The rules, aimed at maintaining [financial stability](#), include provisions to combat market manipulation and insider dealing. Companies issuing or trading crypto assets will have to disclose information on the risks, costs and charges that consumers face.

Major crypto companies will have to reveal how much energy they use. The massive amount of energy used in bitcoin mining to create new coins has stoked concern about crypto's carbon footprint.

The U.S. has made little progress in stepping up oversight of cryptocurrencies and digital assets, while the U.K. is considering feedback on proposed crypto regulations that it outlined last year.

Some European countries, like Germany, already have basic crypto regulations.

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