

KINSTELLAR

Navigating the Legal
Landscape

The Implementation Status of MiCA



As the cryptocurrency market continues to captivate investors worldwide, understanding the regulatory landscape becomes more crucial than ever. In this respect the Markets in Crypto Assets Regulation (**MiCA**) is a groundbreaking initiative by the European Union (EU) aimed at establishing a robust framework for digital asset markets.

With MiCA application having taken effect on 30 December 2024, EU member states are now in the process of aligning their national legislation with the new rules and addressing the practical challenges of implementation.

February 2025

Below we provide an overview of the current status of implementation across Kinstellar’s EU jurisdictions.

Jurisdiction **Regulatory status**

Austria	<p>Austria’s national legislation transposing MiCA, the MiCA Enforcement Act (<i>MiCA-VVG; MiCA-Verordnung-Vollzugsgesetz</i>), was passed by the National Council (<i>Nationalrat</i>) on 03 July 2024 and entered into force on 20 July 2024. It designates the Financial Market Authority (<i>FMA; Finanzmarktaufsicht</i>) as the competent supervisory authority in Austria. Together with MiCA it is the legal framework for the market in crypto-assets, which applies for both traditional institutions in the financial sector as well as new players in the crypto ecosystem. All of them are required to meet a range of specific requirements in order to benefit from a regulated status recognised at European level.</p>
Bulgaria	<p>On 31 December 2024, a draft bill on the Markets in Crypto Assets Act implementing MiCA at the national level was submitted to the Bulgarian Parliament. The draft bill designates the relevant competent authorities (the role is shared by the Financial Supervision Commission and Bulgarian National Bank), and sets forth requirements towards participants in the crypto-assets market and their operations, while also outlining administrative measures and sanctions. In addition, a transitional period is envisaged for providers registered under the Bulgarian Anti-Money Laundering Act prior to 30 December 2024, allowing them to operate until 31 December 2025, or until authorization under MiCA is either granted or denied, whichever occurs first. As of 31 January 2025, the draft bill has not yet been submitted for a parliamentary vote.</p>
Croatia	<p>The MiCA Implementation Act entered into force in Croatia on July 27, 2024. The Act paves the way for the implementation of the provisions of MiCA and grants the necessary powers for carrying out oversight based on MiCA to the Croatian National Bank (HNB) and the Croatian Financial Services Supervisory Agency (HANFA). The Act’s content may be roughly divided into the following sections: General, Competent Authorities, Licensing, Corporate Governance, Terms of Business, Supervision, Misdemeanour Provisions. The entities which were registered as providers of virtual asset services (related to crypto assets) must acquire a license under the Act by 1 July 2026 at the latest.</p>

Czech Republic

A bill set to become the Digital Finance Act, implementing MiCA in the Czech Republic, has been passed by both chambers of the Czech Parliament. It now only requires the signature of the President to become law, a process that typically takes just a few days, provided he raises no objections.

The Digital Finance Act facilitates the implementation of MiCA provisions into the Czech legal system and designates the Czech National Bank as the competent supervisory authority for crypto-assets. The bill also sets out criteria for the professional competences required of crypto-asset service providers (CASPs) and requires CASPs to verify the identities of their customers even for low-value transactions below CZK 25,000.

An amendment to the draft law has also introduced a so-called time test and value test for crypto-assets. Under the time test, the sale of crypto-assets held for more than three years will be exempt from income tax. The value test, meanwhile, exempts from income tax low-value crypto-asset transactions. If an individual's total income from crypto-asset transactions does not exceed CZK 100,000 per calendar year, these transactions do not need to be reported in tax returns and are tax exempt. From a tax perspective, this brings the treatment of crypto-assets in line with the treatment of investment securities.

Hungary

The Hungarian MiCA Implementation Act was adopted on 20 April 2024 and entered into force on 30 June 2024. The scope of the Act covers, among others: (i) the issuance, public offering or admission and trading of crypto-assets in Hungary, (ii) crypto-assets services in Hungary, and (iii) the supervisory activities of the Hungarian National Bank (HNB).

The Act provides for a six-month transitional period of protection, allowing entities providing crypto-asset services in accordance with the applicable national laws before 30 December 2024 to continue doing so until 1 July 2025. After 1 July 2025, only entities possessing the necessary authorization and having completed the passporting or notification process for Hungary will be permitted to offer crypto-asset services.

The tasks of the supervisory authority are carried out by the HNB. The Act ensures that the HNB, as the supervisory authority, has the power to take appropriate measures in the event of breaches of the law or an imminent threat of such breaches. These powers, individually or in combination, should be applicable and proportionate to the seriousness of the given infringement. The HNB may also impose heavy fines and initiate market surveillance proceedings in such cases. The Act also clarifies that the Hungarian State Treasury cannot be an issuer of electronic money tokens.

Romania

On 22 February 2024, a draft Government Decision was published by the Romanian Ministry of Finance. The Decision outlines the procedures for the authorization and/or registration of virtual currency exchange service providers and digital wallet providers and, among others, specifies that all Crypto-Asset Service Providers (**CASPs**) in Romania must meet the requirements laid out in MiCAR. At present, the Draft is still subject to public consultation.

In addition, an Emergency Ordinance entered into force on 30 December 2024 amending and supplementing Act no. 129/2019 on the prevention and control of money laundering and terrorist financing (the **Emergency Ordinance**) in order to harmonise domestic legislation with the provisions of Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purpose of money laundering or terrorist financing (the **Fifth AML Directive**), as amended by the MiCAR.

The Emergency Ordinance introduces legislative changes relating to crypto-assets and simplifies and standardises the terminology previously used. For example, the term "digital wallet provider" is replaced by the more concise term "crypto-asset service provider". Such new terminology aims to better reflect technological developments and the diversity of services related to crypto assets. Moreover, the Emergency Ordinance is intended to bring about significant changes for crypto-asset service providers, moving towards a concise and well-defined regulatory framework. This will require CASPs to meet more rigorous compliance requirements, for example, more intensive KYC, AML and CFT requirements, whereby crypto-asset service providers will be required to identify and measure the risk of money laundering and terrorist financing associated with the transfer of crypto-assets to or from an untrusted address by establishing clear internal risk management policies and procedures and implementing internal control mechanisms. Under the Emergency Ordinance, CASPs will be subject to much closer supervision by the National Bank of Romania (the **NBR**) and the Financial Supervision Authority (the **ASF**). These institutions will ensure that CASPs comply with the new compliance and transparency rules. Essentially, the previous freedom to operate is transformed under the Emergency Ordinance into strict compliance, similar to the traditional financial sector. The provisions of the Emergency Ordinance also impose additional KYC measures on CASPs, particularly in cross-border correspondent relationships involving entities outside of the EU. These measures are aimed at enhancing security and preventing risks related to money laundering and terrorist financing by applying more rigorous standards in assessing and monitoring relationships with external entities.

Slovakia

Slovakia has transposed MiCA into Act No. 248/2024 Coll. on Certain Obligations and Authorisations in the Field of Crypto-Assets.

Under this law, the entities which were authorised to provide crypto asset exchange services and virtual crypto asset wallets before 30 December 2024 based on a small trade license may continue to provide such services until 30 December 2025 at the latest.

Further to our EU jurisdictions, we provide below an overview of the currently applicable or intended regulation of crypto undertakings in our non-EU jurisdictions.

Jurisdiction Regulatory status

Kazakhstan

The provisions of MiCA are not currently being implemented in Kazakhstan. We are not aware of any plans by Kazakhstan to adopt any regulations inspired by MiCA, and there is no publicly available information indicating any such intentions. While updates to Kazakhstan's digital assets framework may occur, given the recent introduction of the relevant legislation, it remains uncertain whether these updates will incorporate elements of MiCA.

Instead, Kazakhstan has implemented the following primary legislation to govern crypto-business regulation:

1. Constitutional Law of the Republic of Kazakhstan "On the International Financial Centre 'Astana'" No. 438-V dated 7 December 2015, as amended;
2. Law of the Republic of Kazakhstan "On Digital Assets in the Republic of Kazakhstan" No. 193-VII dated 6 February 2023, as amended;
3. AIFC Rules on Digital Asset Activities (DAA) No. FR00062 of 2023 ("AIFC Rules on Digital Asset Activities").

This legislation mainly defines: (i) crypto assets, wallets and platforms; (ii) accreditation and license obtaining procedures to conduct digital mining activities; (iii) digital service providers, rules regarding transactions and the sale of crypto assets.

Kazakhstan (cont.)

Under Kazakhstan's legal framework, digital miners must obtain a license from the Ministry of Digital Development, Innovation, and Aerospace Industry. Digital mining pools must also meet the Ministry's accreditation requirements.

Digital mining licenses are categorized into two sub-types:

Sub-type I: Crypto-miners who own or rent data processing centres and mining equipment.

Sub-type II: Crypto-miners who own crypto-mining equipment located at the data processing centers of Sub-type I crypto-miners.

Digital mining pools to conduct crypto business trade, and to provide services to combine hardware and software resources for digital mining, as well as to distribute the resulting digital assets among participating miners, are all subject to Ministry accreditation requirements.

While national legislation regulates accreditation and licensing procedures, transactions between miners and crypto exchanges are governed by the rules of the Astana International Financial Centre.

Serbia

The Serbian Law on Digital Assets, which came into effect in June 2021, positioned Serbia among the early adopters of a regulatory framework for digital assets. This law covers several key aspects of digital assets, including licensing for companies providing digital asset services, the issuance and secondary trading of digital assets within Serbia, and pledge and fiduciary rights over digital assets. However, as Serbia is a candidate for EU membership, it can be expected that the Law on Digital Assets will undergo minor amendments to align with MiCA.

Turkey

The provisions of MiCA are not presently being implemented in Turkey. On 2 July 2024, Turkey introduced new provisions in its Capital Markets Law (Crypto Law). The Crypto Law mainly (i) defines crypto assets, wallets, platforms, service providers and the rules for transactions conducted with customers, (ii) outlines the obligations and principles for crypto asset service providers, (iv) establishes principles for the transfer and storage of crypto assets. According to updated Crypto Law, crypto asset service providers must now obtain permission from the Capital Markets Board to establish and operate in Turkey.

Turkey (cont.)

With the secondary regulations published by the Turkish Capital Markets Board, certain corporate requirements were introduced for the incorporation of crypto asset platforms, such as (i) being incorporated as a joint-stock company, (ii) having a minimum capital of TRY 50,000,000 (approx. EUR 1.35 million), and (iii) having a board of directors consisting of at least three members. In addition, the Turkish Capital Markets Board has published the names of companies (i) that have applied to become crypto asset service providers and (ii) notified the board that they will not continue to operate as crypto asset service providers on its website. Accordingly, 87 companies, including a number of banks and global crypto asset platforms, are currently included in the list of operating companies.

Ukraine

The provisions of MiCA are not yet being implemented in Ukraine.

In September 2021, before the adoption of MiCA, the Verkhovna Rada of Ukraine adopted the Law on Virtual Assets, which was signed by the President of Ukraine on March 15, 2022. However, the law has not yet entered into force there is no defined date when the law will become effective.

The above-described legislation defined the activities that require special approvals from the National Securities and Stock Market Commission. These include the storage and administration of virtual assets and the keys thereto, the exchange of virtual assets, the transfer of virtual assets, and the provision of intermediary services related to virtual assets.

To fully launch a virtual asset market, the government expects to introduce the relevant amendments to the Tax and Civil Codes of Ukraine. It is also expected that the Ukrainian regulation of virtual assets will be harmonised with MiCA.

Currently, work is underway on updating the Law on Virtual Assets. The Law will only enter into force on the day on which the Law of Ukraine "On Amendments to the Tax Code of Ukraine with Regard to the Peculiarities of Taxation of Virtual Asset Transactions" becomes effective.

The National Securities and Stock Market Commission and the National Bank of Ukraine are currently in the process of finalising legislative amendments to the Law of Ukraine "On Virtual Assets." These amendments are anticipated to be considered by the Ukrainian parliament during the first quarter of 2025, with a potential for final adoption in 2025.

Uzbekistan

The provisions of MiCA are not being implemented in Uzbekistan.

In 2019, Uzbekistan enacted legislation prohibiting the use of cryptocurrency for payments, but allowing certain activities in the cryptocurrency asset turnover sector, specifically (1) crypto mining and (2) the activities of service providers:

(1) Crypto-mining is carried out only by legal entities (both residents & non-residents of Uzbekistan) using electricity from solar power plants, with a permit issued by the authorised body.

(2) Service providers are limited to resident legal entities. After obtaining the relevant license, they may offer services such as buying, selling, exchanging, and managing crypto assets.

Transactions involving the turnover of crypto assets by unauthorized service providers are prohibited in Uzbekistan.

In 2023, Uzbekistan introduced a Regulatory Sandbox for local and foreign legal entities conducting pilot projects (including those related to the crypto sector) to test and implement innovative technologies without obtaining licenses. Legal entities are provided with special organizational and legal conditions, and with certain tax and customs exemptions.

As of 2024, administrative and criminal liabilities have been introduced for illegal cryptocurrency assets turnover and mining activities.



For more information, please contact our experts in the relevant Kinstellar jurisdictions listed here.

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