

Are Stablecoins Suitable as a Means of Payment in Limited Networks?

MiCAR Stablecoin Regulation: What You Need to Know Now

Since summer 2024, stablecoins have fallen under specific regulation within the EU's Markets in Crypto Assets Regulation (MiCAR).

These digital assets now operate in two distinct categories - E-Money Tokens (EMTs) and Asset-Referenced Tokens (ARTs) - each with their own strict regulatory frameworks.

For issuers, service providers, and payment processors, these classifications carry significant licensing implications that could impact your entire business model.

Swipe to understand the critical differences and avoid costly compliance pitfalls...

E-Money Tokens (EMTs): The Regulatory Hybrid

EMTs exist in a unique dual-status position that demands special attention

Dual Classification

EMTs are simultaneously regulated as e-money under EMD2/ZAG **and** as crypto-assets under MiCAR Article 3(1)(7)

Value Stability Mechanism

Their value must be maintained by reference to an official currency (like EUR, USD)

Regulatory Grace Period

The EBA's "no-action letter" (June 10, 2025) temporarily suspends PSD2 requirements until March 2, 2026

EMTs: No Limited Network Exemptions (Yet)

Unlike traditional payment instruments, EMTs currently have no exemptions for limited use cases:

1 No Limited Network Exemption

MiCAR provides no exemptions for EMTs used within closed ecosystems or limited merchant networks

2 No Business Premises Exemption

EMTs used exclusively on enclosed business premises still require full CASP authorization

3 Potential Future Relief

After March 2, 2026, certain ZAG exemptions may apply to EMTs in limited networks regarding payment services - but this remains uncertain

4 This creates a more restrictive environment than exists for traditional e-money, forcing business to obtain full CASP licensing when providing custody or transfer services regardless of the EMT's limited scope of use

Asset-Referenced Tokens (ARTs): A Different Path

ARTs operate under a completely different regulatory framework than EMTs:

Not Monetary Amounts

Unlike EMTs, ARTs are not classified as monetary amounts under PSD2, placing them outside the ZAG regulatory regime

System-Level Concerns

Recital 62 of MiCAR acknowledges ARTs may threaten payment systems, monetary policy transmission, and monetary sovereignty

EBA Clarification

The EBA's June 10, 2025 "No-Action Letter" explicitly confirms ARTs should not be classified under PSD2

This distinction means ARTs face different compliance challenges than EMTs, but without the benefit of certain payment services exemptions that might otherwise apply.

The Bottom Line: Licensing Requirements for Stablecoin Service Providers

For businesses working with stablecoins in the EU, the current regulatory landscape creates strict compliance requirements:

- All EMT and ART service providers must obtain authorization as a Crypto Asset Service Provider (CASP) under MiCAR
- There are no exemptions for limited networks or specialized use cases under current MiCAR provisions
- The only available exemptions are those explicitly outlined in Article 2 of MiCAR - and these are extremely limited
- After March 2026, limited network exemptions *may* become available for EMTs (but not ARTs) at least with regards to the authorization requirement for payment services

The stringent regulatory framework requires immediate attention from fintech and crypto businesses operating in the EU space.

Share this post with your legal team or tag a colleague who needs to understand these critical stablecoin regulatory distinctions!

Contacts

Lutz Auffenberg LL.M. (London)

German Attorney at Law,
Partner at FIN LAW,
Specialist Attorney in
Banking and Capital
Markets Law



FIN LAW

Auffenberg und Ulink
Partnerschaftsgesellschaft
von Rechtsanwälten mbB

Senckenberganlage 19
60325 Frankfurt am Main

E. info@fin-law.de

I. <https://fin-law.de>

T. +49 69 87 000 1320