MiCAR Review: Policy options for multi-issuer stablecoins

Rules for issuers of crypto-assets regarding both **a reserve of assets** and **invested funds** are among the key features of the current **MiCAR regime**. Under MiCAR, issuers of asset-referenced tokens (ARTs) have to maintain a reserve of assets "at all times" (Art. 36(1), first subpara. MiCAR). Issuers of electronic money tokens (EMTs), however, face a different obligation. They are required to always have a minimum of 30 per cent of the received funds "deposited in separate accounts in credit institutions" (Art. 54(a) MiCAR) while the remaining funds must be "invested in secure, low-risk assets that qualify as highly liquid financial instruments with minimal market risk, credit risk and concentration risk, [...] denominated in the same official currency as the one referenced by the e-money token" (Art. 54(b) MiCAR). If the EMTs, however, are both "significant" and issued by an electronic money institution, requirements for a reserve of assets are mandatory as well (Art. 58(1), first subpara., point (a) MiCAR).

These rules address a key challenge of any crypto-asset scheme: the **redemption** of the issued **crypto-assets**. To assess this challenge, the business model behind the issuance of crypto-assets must be understood: the issuer receives (liquid) assets and issues a crypto-asset in return. The issuer then invests the (liquid) assets. The relevant problem arises particularly in the event of a run on the crypto-asset, i.e. a situation in which a large number of holders simultaneously exercise their redemption rights ("crypto-asset run"), as under MiCAR issuers of EMTs and ARTs are obligated to redeem the crypto-asset at the holder's request. Thus, in case of a "crypto-asset run" the issuer must be able to transfer liquid assets in exchange for the crypto-assets within an exceedingly short time-span. MiCAR has therefore laid out rules on a reserve of assets (ARTs and significant EMTs) and the investment of funds (non-significant EMTs).

Multi-issuer stablecoins (MISs) have become a major topic in the political debate and among European institutions. Both the European Systemic Risk Board (ESRB)[1] and Christine Lagarde, President of the ECB[2], have publicly raised major concerns regarding MISs.

[1] ESRB, OJ C, C/2025/6342, 21.11.2025.
[2] Lagarde, Letter to MEP Fabio De Masi (26 September 2025), L/CL/25/319.

The MIS scheme has been thoroughly described by the ESRB:

"A third-country multi-issuer stablecoin scheme involves an EU entity partnering with a third-country entity to issue fungible stablecoins that are technically identical and also legally indistinguishable. The reserves backing these stablecoins are distributed between jurisdictions. In observed market cases, the EU entity is typically owned or controlled by the non-EU entity."[3]

While not problematic per se, an MIS scheme poses a greater risk in case of a "crypto-asset run" scenario as the stablecoins may be redeemed in the European Union and the reserve of assets may – at least in part – be located in a third-country jurisdiction, i.e. outside the jurisdiction of the European Union.

The review of MiCAR should therefore address this issue in a way that ensures that at least established reserve requirements for ARTs and significant EMTs can fulfil their function: ensuring that issuers of crypto-assets both cover their liability vis-à-vis the holders of the crypto-assets and promote financial stability[4] (see recitals 53 et seq. and 71 MiCAR).

Four policy options merit closer assessment:

The **"leave it as it is policy"** leaves determining application and extent of the existing MiCAR framework to particular MIS structures largely in the hands of competent authorities and, ultimately, judicial interpretation. Also, in case of a "crypto-asset run", this policy does not address the risks described above. First, reserves held outside the European jurisdiction might not be accessible and therefore fail to serve their purpose. Even though according to Art. 37(1)(c) MiCAR issuers of ARTs must have "prompt access to the reserve assets to meet any requests for redemption" (and this rule obligates issuers of significant EMTs as well, see Art. 58(1), first subpara., point (a) MiCAR) this may prove difficult if the reserves are held in a third-country jurisdiction. Second, as MiCAR gives a right of redemption, it seems more likely that should a "crypto-asset run" take place it will do so in the European Union.[5]

The **"extraterritorial access to reserves policy"** would ensure that any issuer of crypto-assets subject to reserve requirements does not only have the legal capacity to access its funds at any time (see again Art. 37(1)(c) MiCAR) if they are located in third-country jurisdictions. The issuer should also be obligated to enter into agreements that guarantee access by creating a safe haven for asset reserves. While this scenario seems appealing

[3] ESRB, Crypto-assets and decentralised finance, 2025, p. 4.
[4] See also ESRB, OJ C, C/2025/6342, 21.11.2025.
[5] ESRB, Crypto-assets and decentralised finance, 2025, p. 40.

at first glance it should not be neglected that a close form of cooperation between the different jurisdictions is mandatory here and would most likely include some form of equivalence regime.

Alternatively, legislation could insist that reserves and funds invested are held in the European Union completely. This may be called the **“home field policy”**. In this policy framework only those ARTs and significant EMTs would be allowed that hold their reserves in the European Union. Legislation could then also adopt a more nuanced approach distinguishing between ARTs and significant EMTs backed exclusively by EU-located reserves and those ARTs and significant EMTs whose reserves are (partly) located outside the European Union by introducing labels. Yet, labels may not prove as effective as a clear-cut rule since they have to be interpreted by market actors.

Finally, a **“MIS ban”** could be enacted. This approach is closely related to the “home field policy” discussed above. It would, however, make clear that MISs cannot be issued in the European Union and would by definition rule out any labelling approach. While this measure would significantly restrict market actors, it comes with major benefits on the macro level. It would ensure that ARTs and significant EMTs are always backed by reserve assets held in the European Union. And it would also make it very clear that the European Union will only accept ARTs and significant EMTs that comply with European standards. Given the geopolitical climate, this strategy may also improve the leverage of the European Union in other negotiations.

If any of these policies is adopted, it should be supported by accompanying measures. Here, the recommendations of the ESRB (OJ C, C/2025/6342, 21.11.2025) might prove an excellent starting point.

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Submission in the context of the European Commission’s targeted consultation on the review of the Markets in Crypto-Assets Regulation (MiCAR).