Legal and regulatory framework for blockchain

The European Commission recognises the importance of legal certainty and a clear regulatory regime in areas pertaining to blockchain-based applications.

The EU strongly supports a EU-wide rules for blockchain to avoid legal and regulatory fragmentation. The Commission adopted a comprehensive package of legislative proposals for the regulation of crypto-assets in order to increase investments and ensure consumer and investor protection.

This package updates certain financial market rules for crypto-assets, and creates a legal framework for regulatory sandboxes of financial supervisors in the EU for using blockchains in the trading and post-trading of securities.

A digital Euro

The European Central Bank (ECB) and the European Commission services are jointly reviewing at a broad range of policy, legal and technical questions relating to the possible introduction of a digital Euro. They are considering this in the context of their respective mandates and independence provided for in the Treaties.

A joint statement by the European Commission and the ECB outlined their cooperation on a digital Euro.
Proposal for a new EU law on crypto-assets

Crypto-assets qualifying as 'financial instruments' under the Markets in Financial Instruments Directive have previously been subject to EU securities markets legislation.

However, these rules predated the emergence of crypto-assets and DLT. This could hamper innovation. So, the Commission proposed a pilot regime for market infrastructures that wish to try to trade and settle transactions in financial instruments in crypto-asset form. The pilot regime allows for exemptions from existing rules and allows regulators and companies to test innovative solutions utilising blockchain.

For crypto-assets that do not qualify as 'financial instruments' such as utility tokens or payment tokens, the Commission proposed a specific new framework This framework would replace all other EU and national rules currently governing the issuance, trading and storing of such crypto assets.

The Markets in Crypto-Assets Regulation (MiCA) will support innovation while protecting consumers and the integrity of crypto-currency exchanges. This includes rules such as no insider trading or front running. The proposed Regulation covers entities issuing crypto-assets, firms providing services around these crypto-assets, firms operating digital wallets, and cryptocurrency exchanges.

Further information can be found on the Commission’s press release and accompanying press memorandum.

Pan-European blockchain regulatory sandbox

A sandbox is a facility that brings together regulators, companies, and tech experts to test innovative solutions and identify obstacles that arise in deploying them.

The European Blockchain Partnership is planning a pan-European regulatory sandbox in cooperation with the European Commission for use cases in the EBSI and outside of EBSI, including for data portability, business-to-business data spaces, smart contracts, and digital identity. This will cover sectors including health, environment, mobility, energy and more. The sandbox is expected to become operational in 2021/22.

Follow the latest progress and learn more about getting involved.
PRESS RELEASE | 27 October 2020
First six Artificial Intelligence and Blockchain Technology funds backed by InnovFin raise a total of EUR 700m

The European Investment Fund (EIF) and the European Commission are announcing the first 6 Venture Capital funds under the InnovFin Artificial
The European Innovation Council (EIC) Prize on Blockchains for Social Good has awarded €5 million to six winners selected in a call to identify scalable, deployable and high-impact blockchain solutions for societal challenges. The winning solutions propose blockchain applications for fair trade and circular economy, increasing transparency in production processes and quality information, improving accountability and contributing to financial inclusion and renewable energy.

On 18 February 2019, Hungary became the 29th country to sign the Declaration creating a European Blockchain Partnership. The declaration was signed by Mr László Győrgy, Minister of State for Economic Strategy and Regulation, Ministry for Innovation and Technology, in the presence of Claire Bury, Deputy Director-General for the European Commission’s Directorate-General Communications Networks, Content and Technology (CNECT).

On 1 February 2019, the Principality of Liechtenstein signed the Declaration joining the European Blockchain Partnership, thus becoming the 28th country in the Partnership. The declaration was signed by Sabine Monauni, Ambassador of Liechtenstein, in the presence of Gerard de Graaf, Director for Digital Single Market
The EU wants to be a leader in blockchain technology, becoming an innovator in blockchain and a home to significant platforms, applications and companies.
See Also

Blockchain funding and investment

The EU provides funding for blockchain research and innovation through grants and prizes and by supporting investment.

European Blockchain Services Infrastructure

The European public sector is building its own blockchain services infrastructure, which should soon be interoperable with private sector platforms.

Blockchain for climate action

The European Commission aims to use innovations in blockchain technologies to help fight climate change.

Blockchain standards

The European Commission takes an active role in the blockchain standards community, engaging and working closely with all relevant bodies around the world.

European Blockchain Partnership

The European Blockchain Partnership (EBP) is an initiative to develop an EU strategy on blockchain and build a blockchain infrastructure for public services.

EU Blockchain Observatory and Forum

The EU Blockchain Observatory and Forum facilitates dialogue between decision makers, thought leaders, and the blockchain community.

Source URL: https://digital-strategy.ec.europa.eu/policies/regulatory-framework-blockchain