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Eurosystem

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Deputy Emer Higgins
Dail Eireann
Leinster House
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20 May 2022

Dear Deputy Higgins,

Many thanks for your correspondence on 25 April 2022 noting your recent press release to highlight the risks around crypto assets and your call for an information campaign.

The market in crypto assets is developing at pace with the risks to investors and consumers rising, particularly as these products remain unregulated. Being alert to and mitigating the identified risks from, developments in the crypto sector is a key priority for the Central Bank and the Central Bank takes a strategic approach in this regard with several streams of focus.

Legislative work

Your press release importantly highlighted the unregulated nature of crypto assets and the lack of consumer protections in this regard. This is a key concern of the Central Bank, and we welcome the considerable work ongoing at European and international level to develop a proportionate and appropriate regulatory framework for crypto assets. The Central Bank is helping shape this regulatory framework as a member of the Eurosystem and relevant international bodies. The ***Markets in Crypto Asset regulation (MiCA)*** is the EU's proposed legislative framework for crypto assets. The Central Bank is supporting the Department of Finance in negotiations on the MiCA proposal and welcomes the harmonised approach towards developing an appropriate regulatory framework for the markets in crypto-assets. As such, MiCA is a high priority for the Central Bank as it seeks to address many of the risks and enhance the benefits associated with crypto assets including risks to consumer protection and market integrity, and specific risks to financial stability and monetary policy from stablecoins. Based on the current status of negotiations, MiCA should be fully in place by early 2025.

Warnings

You noted the Central Bank's latest warning on the potential risks of investing in crypto. The Central Bank has issued frequent warnings to consumers about the risks associated with



crypto assets, published consumer explainers, and taken a strong consistent position in our statements in the media on crypto assets. Our warnings have reflected similar warnings issued by the European Supervisory Authorities (ESAs). We reiterate these warnings, and continue to reflect on the continued need for additional warnings and/or explainers as the sector develops.

In addition, under the Fintech and Digital Finance theme of the Government's [Ireland for Finance Action Plan 2022](#) there is a priority action to develop educational resources to support consumers to engage with fintech. The Competition and Consumer Protection Commission (CCPC), informed by the Department of Finance, is leading on the development of these educational resources.

In March 2022, the Joint Oireachtas Committee on Finance, Public Expenditure and Reform, and Taoiseach requested a briefing from the Central Bank on developments in the crypto sector. We attach that briefing for your information. This outlines the Central Bank's continued work in this area in greater detail.

We look forward to continuing our work in this important area, and welcome any further comments or questions you may have.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Gerry Cross', written over a horizontal line.

Gerry Cross
Director
Financial Regulation – Policy & Risk