

Crypto & TradFi

Special Feature: End of the MiCA Grandfathering Period on 1 July 2026: The Moment of Truth for CASPs

Unravelling the regulations for investors

The end of the MiCA grandfathering clause: the moment of truth for the European crypto market

Previous editions of the Regulatory Brief have outlined the European regulatory framework in successive layers: the AI Act and its Omnibus (SeqLense Regulatory Brief 7), its relationship with the GDPR (SeqLense Regulatory Brief 8), the transition to post-quantum cryptography (SeqLense Regulatory Brief 9), the crystallisation of European technological sovereignty (SeqLense Regulatory Brief 10), the convergence of AI and cybersecurity in finance (SeqLense Regulatory Brief 11), and the dual oversight of market abuse and AML/CFT, particularly in the crypto sector (SeqLense Regulatory Brief 12). On the eve of the expiry of the grandfathering clause provided for in the MiCA Regulation, it seemed obvious that this thirteenth edition should focus on an event which, for the crypto-asset sector, constitutes the most significant institutional milestone since the MiCA Regulation came into force: the end of the transitional period on 1 July 2026.

This long-anticipated deadline will bring an end to the previous national regimes that allowed many crypto-asset service providers (CASPs) to serve European clients under pre-MiCA regimes. From 1 July, only CASPs that have obtained MiCA authorisation will be able to continue offering crypto-asset services within the European Union. Others, including significant providers currently serving European clients under national regimes, will have to cease their activities as part of an orderly wind-down.

Two publications by ESMA and the AMF, within the space of a week, mark this turning point. On 17 June 2026, Marie-Anne Barbat-Layani, Chair of the AMF, delivered an opening address at Panthéon-Assas University on European market abuse litigation, a speech published on the AMF's website on 23 June 2026, which devotes a specific section to the AMF's new MiCA powers regarding market abuse involving crypto-assets and to the 'MIDAS' (Market Integrity Data Analytics System) project being developed by ESMA. On 23 June 2026, ESMA published a public

statement (reference ESMA75-113276571-1710) setting out its expectations regarding unauthorised CSDs as at 1 July 2026 and urging them to organise an orderly *wind-down*. The AMF republished this statement on its website on the same day.

For regulated entities, retail and institutional investors exposed to crypto-assets, and European market participants more broadly, these two publications mark a clear turning point: a European crypto market now fully integrated into the European financial supervisory framework, with its obligations, enforcement procedures, supervisory tools, and sanctions.

The main signal

The end of the grandfathering period under the MiCA Regulation marks the European cryptocurrency market's entry into a phase of coordinated supervisory enforcement, under the auspices of ESMA, in collaboration with the EBA, the AMLA and the relevant national authorities.

The most significant aspect of the ESMA press release of 23 June 2026 is not the list of obligations imposed on unauthorised CSDs, which has been known since the publication of ESMA statement 75-113276571-1679 of 17 April 2026 on the end of the transitional periods. Rather, it is the explicit articulation of a framework for cooperation between the various authorities. As announced in recent publications and press releases, ESMA and the national authorities are engaging directly with the entities concerned and will coordinate their efforts to monitor whether unauthorised cross-border CASP entities are being wound up promptly. ESMA also states that this collaboration will extend to the EBA and the AMLA, thereby constituting a tangible preview of the consolidated European supervisory architecture, as outlined in Issues #10 and #12 of the SeqLense Regulatory Brief.

This approach is also reflected on the French side. Marie-Anne Barbat-Layani states that the AMF retains the power to receive reports of suspicious transactions, such as STORs relating to market abuse under MiCA, to supervise CASP, and to investigate or sanction market abuse involving crypto-assets. The new MiCA remit builds on the AMF's existing framework for combating market abuse, including the common pan-European supervisory tool, the MIDAS project, which aggregates data from sources such as trading platforms. The crypto-asset market is no longer treated as a separate category but as a segment of the European financial market, subject to the same principles of supervision and enforcement.

Focus 1 - The ESMA press release of 23 June 2026: wind-down obligations

On 23 June 2026, ESMA published a public statement (reference ESMA75-113276571-1710) setting out its expectations regarding crypto-asset service providers that are unauthorised as of 1 July 2026. The document follows on from the ESMA statement of 17 April 2026 (ESMA75-113276571-1679) on the end of the transitional periods under MiCA.

ESMA notes that, as of 1 July 2026, some crypto-asset service providers (CASPs) will have obtained authorisation, but that other entities, including significant service providers currently serving European clients under national regimes, may not be authorised by that date. For the latter, the European authority sets out three immediate operational obligations: to cease onboarding new European clients immediately; to refrain from opening new client relationships or accounts; and to halt marketing and solicitation activities; to limit the provision of services to actions necessary to sell or transfer crypto-assets, reallocate assets or close out positions; communicate clearly, promptly and repeatedly with clients (both retail and institutional) regarding the measures taken to protect their assets and the wind-down timetable.

The wind-down process must be carried out in compliance with all European and national conduct of business obligations, as well as AML/CFT obligations (customer due diligence, transaction monitoring, screening against sanctions lists, reporting of suspicious activity, data retention, and traceability of fund and crypto-asset transfers). Where clients are transferred to a MiCA-authorised CASP, the receiving institution must carry out the full onboarding procedures, including customer due diligence and the applicable AML/CFT checks. ESMA also reiterates that CASP's established outside the EU may not provide MiCA services to European clients or solicit them, including in a B2B context, except within the narrow framework of the reverse solicitation regime, as set out in the ESMA Guidelines of February 2025.

Key points to monitor

- The **official lists of authorised and unauthorised CASP** published by ESMA and the national authorities (notably ESMA's MiCA register and the NCAs' white lists).
- The **coordination of actions by the NCAs** against significant cross-border CASP that fail to comply with *wind-down* obligations. ESMA has announced that it will monitor these situations directly.
- Any **sanction decisions** taken by NCAs in the event of unauthorised continued operation after 1 July 2026.

Focus 2 - MIDAS and the AMF's remit: speech by Marie-Anne Barbat-Layani on 17 June 2026

On 17 June 2026, at a symposium organised at Panthéon-Assas University on European market abuse litigation, Marie-Anne Barbat-Layani, Chair of the AMF, delivered an opening address published on the AMF's website on 23 June 2026. The speech marks the tenth anniversary of the European Market Abuse Regulation (MAR) and the French Act of 21 June 2016, which established the referral procedure between the AMF and the National Financial Prosecutor's Office (Parquet National Financier or PNF). It devotes a specific section to the new MiCA remit.

In her speech, the AMF Chair explains that, within the new framework for crypto-assets, national authorities and ESMA have opted to establish a common supervisory tool developed directly at ESMA level, fed by a set of data sourced in particular from crypto-asset trading platforms: the MIDAS (Market Integrity Data Analytics System) project. This European tool pools the data needed to detect market abuse involving crypto-assets and reflects the decision to adopt integrated supervision at a pan-European level. The AMF retains the power to receive reports of suspicious transactions, supervise CASPs and, where necessary, investigate and sanction market abuse involving crypto-assets. Within this new framework, the AMF will also be required to cooperate with the PNF under the same referral mechanism that has underpinned the enforcement of traditional market abuse cases since 2016.

A few figures illustrate the scale of the challenge facing the AMF. In 2025, of the 42 entities sanctioned by its Sanctions Committee, 26 were sanctioned for breaches of the market abuse regulations. According to ESMA's second consolidated report on sanctions, France is the Member State that has imposed the highest aggregate fines: approximately €29 million in total, of which around €20 million relate to market abuse. The AMF also ranks, in 2023 and 2024, according to IOSCO data, amongst the top three authorities having sent the highest number of requests to their international counterparts. The extension of this supervisory remit to crypto-assets represents a significant step up in scale, both for the AMF and for the Paris financial centre.

Key points to monitor

- The **operational ramp-up of the MIDAS system** at ESMA and the first detections of crypto market abuse that will result from it.
- The coordination between the **AMF's new MiCA remit and the PNF**, building on the existing referral procedure relating to traditional market abuse.
- The extension of the scope of international cooperation (**IOSCO, ESMA, European authorities**) to market abuse cases involving cross-border crypto-assets.

Focus 3 - New French criminal case law and the AMF's enhanced powers

Marie-Anne Barbat-Layani also presented an unprecedented review of the joint action taken by the AMF and the PNF against international insider trading networks. These networks, which she has made a priority of her term of office, illegally obtain inside information through hacking or corruption, and are now joining forces with criminal organisations to secure the financial resources needed for money-laundering operations. The AMF Chair welcomed the decision of the Paris Criminal Court on 13 April 2026, which sentenced three individuals for insider dealing and aiding and abetting insider dealing to prison terms of up to three years and fines of up to 30 million euros. In the same case, the Paris Criminal Court had, in November 2025 and January 2026, approved suspended prison sentences and fines of up to 10 million euros for four other defendants, following their appearance under a plea agreement (CRPC).

This case law reflects the increasing criminalisation of market abuse cases. The AMF submitted 35 reports or responses to requests from the judicial authorities or TRACFIN in 2025 (compared with 26 in 2024). The Chair is calling for a strengthening of the AMF's enforcement tools, as set out in the draft bill tabled in September 2025 by MP Daniel Labaronne to combat financial fraud, which would, in particular, allow AMF investigators to use assumed identities and web scraping. She also highlights the urgency of the issue for society: 16 per cent of French people report having been victims of online financial scams, rising to 32 per cent among those under 35. A new provision adopted in the law aimed at combating social security and tax fraud will enable the National Financial Prosecutor's Office (PNF) and investigating judges to call upon AMF investigators, alongside a judicial investigation service, to deal with the most serious cases of market abuse.

Key points to monitor

- Parliamentary adoption of the **Labaronne bill** and the new AMF investigative tools (borrowed identity, web scraping) that may result from it.
- The **operational implementation** of the mechanism enabling the PNF to call upon AMF investigators in criminal investigations into market abuse.
- The possible **introduction of a leniency programme** into French law to combat insider trading networks, as called for by the AMF Chair.

Focus 4 - MiCA, MAR, Listing Act: the harmonisation of market abuse surveillance tools

The end of the MiCA transitional period forms part of a broader trend towards the harmonisation of European market abuse surveillance tools. Marie-Anne Barbat-Layani explicitly outlined two major upcoming developments: the mechanism for sharing order books across the largest trading platforms (CMOBS, or Cross-Market Order Book Surveillance), introduced by the European Listing Act, which will facilitate the detection of market abuse by strengthening data exchange between regulators; and MIDAS, the pan-European tool for monitoring crypto market abuse, already described above in Focus 2.

Taken together, these two tools outline a European supervisory architecture based on three principles that are now converging: the centralisation of data at the ESMA level (with its own supervisory powers expanded under the Market Integration and Supervision Package; see Issue 10 of the Seqense Regulatory Brief); structured inter-authority cooperation (ESMA, NCAs, EBA, AMLA, national and European judicial authorities); and the harmonisation of the treatment of market abuse, whether it relates to traditional financial instruments (MAR) or crypto-assets (MiCA Title VI). This harmonisation is directly reflected in the French supervisory framework: the AMF now carries out all supervisory, investigative, sanctioning and international cooperation functions for both crypto-assets and financial instruments.

Key points to monitor

- The **implementation of the European Listing Act** and the roll-out of the CMOBS order-book sharing mechanism.
- The **publication of the first operational results from MIDAS** and any coordinated investigations it will facilitate between European NCAs.
- The **publication by ESMA and the NCAs** of the first consolidated statistics on crypto-asset market abuse from summer 2026 onwards.

Key points

Five fundamental changes are underway:

- The **end of the MiCA grandfathering regime** will take effect on 1 July 2026: only duly authorised CASP will be able to continue providing services to European clients; the others will have to wind down their operations in an orderly manner, in accordance with the obligations stipulated by ESMA (suspension of onboarding, services limited to exit transactions, communication with clients).
- The emergence of **supervisory collaboration between ESMA, the NCAs, the EBA and AMLA** regarding the monitoring of the winding-down of unauthorised cross-border CASP, thus foreshadowing the consolidated European framework.
- Implementation of the **MIDAS system at the ESMA level**, constituting the first pan-European surveillance mechanism for market abuse relating to crypto-assets, supported by data from trading platforms.
- There is a clear trend towards **greater criminalisation in the fight against market abuse**, as evidenced by the ruling of the Paris Criminal Court dated 13 April 2026, which provides for prison sentences of up to three years and fines of up to 30 million euros, as well as by the pre-conviction plea agreements (CRPC) approved in November 2025 and January 2026.
- **An anticipated strengthening of the AMF's enforcement tools** is envisaged, notably through the Labaronne Bill of September 2025, which addresses issues such as identity theft and web scraping. Furthermore, a new power for the National Financial Prosecutor's Office (PNF) to request action from the AMF is also envisaged, as well as a leniency scheme sought by the AMF's chair.

Conclusion

1 July 2026 marks an unprecedented institutional milestone for the cryptocurrency market in Europe: the conclusion of the acclimatisation phase and the transition into the standard legal framework of European financial supervision. For authorised CASP providers, this represents the culmination of a substantial regulatory investment cycle. For unauthorised operators, it is now time to carry out an orderly cessation of activities, in accordance with the obligations laid down by ESMA. For investors, whether retail or institutional, this presents an opportunity to ensure that their service providers are duly registered in ESMA's MiCA register. If this is not the case, it is imperative to take the necessary steps promptly to transfer their assets to an authorised CASP or a self-hosted wallet. For the authorities, this marks the start of a new phase: the coordinated enforcement and day-to-day supervision of a European cryptocurrency market that is now fully integrated into the European financial supervisory framework, including its obligations, instruments and case law.

Main sources

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- *Regulation (EU) No 596/2014 (MAR), in particular Article 16 on the prevention and detection of market abuse.*
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- *AMLA, 'AMLA takes major step towards harmonised EU supervision', press release of 18 December 2025 (common methodology for risk assessment and selection of the first 40 entities subject to direct supervision).*
- *AMLA, first annual conference held at the Alte Oper, Frankfurt, 9 June 2026; webinar on 10 June 2026 on the identification of obliged entities eligible for direct supervision (amla.europa.eu).*
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- *AMF, Action and Supervision Priorities for 2026 and Strategic Guidelines: Impact 2027.*

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