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Digital Assets
and Blockchain

Digital Asset Regulation in the EU, UK and the US

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	EU	UK	US
Status of regulatory framework	<p>The EU's Markets in Cryptoasset Regulation (MiCA) is a bespoke regime covering the cryptoasset markets. MiCA became fully applicable on 30 December 2024 (with the stablecoin provisions becoming applicable six months earlier on 30 June 2024).</p> <p>MiCA prescribes a single set of rules across the EU. Prior to MiCA, existing national implementations of the 5th Anti-Money Laundering Directive (5MLD) covered—and continues to cover—certain virtual asset service providers (VASPs) (primarily, exchanges and custodians). Individual EU member states are currently implementing the new regime, with all national transition periods for those VASPs operating under existing rules coming to an end by July 2026.</p>	<p>Currently, cryptoasset exchanges and custodians are regulated for anti-money laundering / counter-terrorist financing (AML/CTF) purposes.</p> <p>On 29 April 2025, the UK government unveiled draft legislation which expands the scope of the existing financial services regulatory perimeter to cover new cryptoasset activities (including the issuance of stablecoins) for which firms will not be able to perform without becoming authorized. Shortly after, on 2 May 2025, the Financial Conduct Authority (FCA) published a discussion paper (DP25/1) setting out more detailed proposals in relation to some of the activities covered in the draft legislation. Additionally, on 28 May 2025, the FCA published a Consultation Paper (CP25/14) on draft rules for issuing stablecoins and cryptoasset custody, and another (CP25/15) on a prudential regime for cryptoasset firms. The FCA plans to consult on further rules over the course of 2025-2026, with the expectation that the overall regime will be finalized in 2026, followed by implementation of the rules and opening of the authorization gateway.</p> <p>Separately, the financial promotions regime currently applies to a broader range of cryptoasset activities and can capture communications made by overseas entities.</p>	<p>The U.S. currently lacks a comprehensive federal regulatory framework for digital assets. Instead, regulation is fragmented across existing financial laws enforced by multiple federal agencies, including the SEC, CFTC, and FinCEN, alongside diverse state-level requirements such as the NYDFS BitLicense.</p> <p>In response to this regulatory patchwork, Congress has begun advancing major legislative proposals to bring clarity and consistency to digital asset oversight. On June 17, 2025, the U.S. Senate passed the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act, which proposes a federal framework for payment stablecoins. As the first major digital asset legislation to pass the Senate, the bill mandates full backing by liquid assets, timely attestations or audits confirming reserve sufficiency, and a dual state-federal supervisory model. Additionally, the Digital Asset Market Clarity (CLARITY) Act, introduced by the U.S. House Financial Services Committee in May 2025, seeks to clarify digital asset regulation by delineating oversight responsibilities between the CFTC and the SEC. In January 2025, the Trump Administration's Executive Order 14178 directed the President's Working Group on Digital Asset Markets to deliver a coordinated digital asset regulatory framework. This framework, due in late July 2025, is expected to propose clearer jurisdictional boundaries and address gaps in the current classification of digital assets, including stablecoins.</p>
Policy backdrop	<p>MiCA is one element of the EU's broader Digital Finance Package to embrace the digital transformation of finance. That said, the development of MiCA was heavily influenced by Facebook's proposal to issue its own global stablecoin, "Diem". In contrast to the US, the approach of the EU appears to prioritise risk mitigation and control, providing a pathway for new services and market players without disrupting incumbent activities.</p>	<p>The UK government is undertaking reforms and is purporting to help the UK become more competitive and to promote growth. Regulators such as the FCA has been given a secondary objective to encourage growth and international competitiveness, although their primary objectives continues to be ensuring consumer protection and market integrity. Such factors will shape the development of the future regime.</p>	<p>Historically cautious with an enforcement-driven approach, U.S. policy recently shifted towards supporting innovation. Unlike the EU's proactive approach with MiCA, U.S. policymaking has been largely reactive, shaped by market volatility and high-profile events like the collapse of FTX. While the U.S. emphasizes innovation and market competitiveness, its regulatory approach remains more fragmented and enforcement-driven, prioritizing investor protection and systemic risk containment without yet offering a unified path for new entrants.</p>

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Types of regulated cryptoassets	MiCA only covers cryptoassets that do not already fall in scope of existing definitions of financial instruments (e.g. securities) or e-money—such instruments (even in tokenised form) will continue to be regulated under existing rules. Non-fungible tokens (NFTs) are not in scope of MiCA in principle, but regulators will take a substance over form approach.	The UK regime will cover a broad range of cryptoassets, with stablecoins being a subset. Cryptoassets which amount to securities (i.e. one of the forms of traditional investment) will be defined as “ specified investment cryptoassets ” and, under the new draft legislation, the regulated activity of safeguarding (i.e. custodying) cryptoassets will apply to such instruments rather than the “traditional” regulated activity of safeguarding and administering investments. NFTs are not in scope as currently drafted.	No unified definition exists, and regulation depends on asset classification under securities, commodities, or currency laws. Once signed into law, the GENIUS Act will be regulating payment stablecoins, digital assets used for payment or settlement, whose issuer is obligated to redeem them for a fixed amount of monetary value and maintains a stable value relative to that amount, excluding national currencies, deposits under the FDIA, and securities as defined by federal law. Tokens resembling investments typically fall under SEC securities regulations, determined by the Howey Test. Bitcoin and Ether are treated as commodities by the CFTC under the Commodity Exchange Act. In early 2025, the SEC Division of Corporation Finance issued statements clarifying its view on the security status stablecoins and meme coins . It stated that certain fiat-backed stablecoins, if fully collateralized, redeemable at par, and marketed purely as payment tools, may not qualify as securities. Meanwhile, meme coins are not inherently securities but may fall under SEC jurisdiction if promoted with profit expectations or tied to investment schemes.
Types of regulated activities / services	MiCA covers the following activities: <ul style="list-style-type: none"> • providing custody and administration of crypto-assets • operation of a trading platform for crypto-assets • exchange of crypto-assets for funds • exchange of crypto-assets for other crypto-assets; • execution of orders for crypto-assets • placing of crypto-assets • reception and transmission of orders for crypto-assets providing advice on crypto-assets • providing portfolio management on crypto-assets • providing transfer services for crypto-assets 	The activities introduced under the new regime include: <ul style="list-style-type: none"> • stablecoin issuance • safeguarding (custody) • staking • operating a trading platform • “dealing” in cryptoassets (as principal or as agent) – dealing as principle is intended to capture cryptoasset lending and borrowing services • “arranging deals” in cryptoassets – this is intended to cover the operation of a cryptoasset lending platform <p>The UK appears to have decided that advising and portfolio management in relation to cryptoassets will remain outside the regulatory perimeter.</p>	Under the existing fragmented regulatory framework, the following activities, among others, may trigger regulatory oversight, depending on asset classification and service structure <ul style="list-style-type: none"> • stablecoin issuance: subject to both state and federal laws and requirements under the GENIUS Act once signed into law; • digital assets custody: subject to state trust laws or federal guidance if provided by a registered entity (e.g., broker-dealers); • digital assets staking: potentially regulated as investment contracts by the SEC if offered with profit expectations; and • trading platforms: centralized exchanges must register as money services businesses and may also face SEC or CFTC scrutiny depending on listed assets.

MiCA is not intended to cover cryptoasset lending and staking.

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Unlike the UK, the U.S. has not excluded advisory or portfolio management services involving digital assets from regulation; these activities are typically subject to existing SEC or state

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Stablecoins	<p>MiCA envisages two categories of stablecoins:</p> <ul style="list-style-type: none"> • ‘e-money tokens’ (EMTs) which purport to maintain a stable value by referencing the value of one official currency. EMTs are deemed to be “e-money” for the purpose of relevant payments legislation. • ‘asset-reference tokens’ (ARTs) which purports to maintain a stable value by referencing another value or right or a combination thereof. <p>MiCA sets out rules relating to authorisation, whitepaper and marketing communications relating to the issuance of a stablecoin, as well as backing / reserve assets.</p> <p>Additionally, MiCA sets out certain requirements on stablecoins that have reached a defined level of systemic importance (i.e. “significant” EMTs or ARTs).</p>	<p>The proposed legislation covers “issuance of qualifying stablecoin” as a regulated activity, and the FCA will consult on rules relating to issuance, backing assets, redemption rights, custody etc.</p> <p>The FCA’s proposed rules currently address stablecoins which reference a single fiat currency. The FCA does not currently see significant presence of multi-currency stablecoins in the UK, but it is welcoming views on the standards that should apply to multi-currency stablecoins.</p> <p>The proposed regime does not regulate stablecoins from a payments perspective—that said, this does not preclude a framework for stablecoins used for payments being introduced in the near future. Additionally, the Bank of England (BoE) continues to work on developing a regime for regulating systemic stablecoins used for payments.</p>	<p>On June 17, 2025, the U.S. Senate passed the GENIUS Act, which establish the first federal licensing regime for payment stablecoin issuance.</p> <p>Key federal safeguards for permitted payment stablecoins include 100% reserve backing in U.S. dollars, short-term Treasuries, or similarly liquid assets. The bill also requires monthly public reserve disclosures, and once an issuer’s market capitalization exceeds \$50 billion, annual audited financial statements.</p> <p>In establishing the state–federal coordination, the bill requires that the State regimes be “substantially similar” to the federal framework where a federal qualified payment stablecoin issuer is approved by the Office of the Comptroller of the Currency. Once an issuer exceeds a \$10 billion threshold, it must either come under dual oversight, obtain a federal waiver, or stop new issuances.</p> <p>Such legislative progress is aligned with the Trump’s administration Executive Order 14178 supports regulated, dollar-backed stablecoins issued by private parties, which proposes a prohibition on central bank digital currencies.</p>
Geographical scope	<p>The authorisation requirement for providing cryptoasset services within the EU includes those located outside the EU. MiCA also sets out physical presence requirements (e.g. registered office, having a director resident in the EU). This is the case even where the customers are institutional clients.</p> <p>Authorisation requirements for stablecoin issuers also apply to those based outside the EU.</p>	<p>Overseas firms without an authorised UK presence will largely be prevented from doing business directly with UK retail customers.</p> <p>In terms of stablecoin issuances, the regime is intended to apply to issuers who are established in the UK.</p>	<p>U.S. regulations apply broadly based on the activity’s impact on U.S. customers or markets, regardless of the entity’s physical location.</p> <p>Foreign entities engaging U.S. consumers are subject to relevant U.S. federal and state laws or enforcement action.</p>

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Financial promotions	<p>There is no overarching financial promotion restriction (in the way that there is for the UK) but where any person contacting customers in the EU to promote services to them may well be regarded as doing a regulated activity in that jurisdiction (for which authorisation would be required).</p> <p>Local laws have varying rules relating to financial promotions (e.g. Spain, France).</p>	<p>Financial promotions relating to cryptoassets can only be communicated to someone in the UK (regardless of whether the communication originates from inside or outside the UK) (i) the promotion is made by a UK-authorized person; (ii) the promotion has been formally signed off by a UK-authorized person; or (iii) the communication is covered by an exemption (e.g. communications to institutional investors).</p>	<p>Although there is currently no unified, crypto-specific financial promotions regime in the United States, the GENIUS Act's strict marketing standard prohibits any representation that payment stablecoins are backed by the full faith and credit of the U.S., guaranteed by the U.S. government, or covered by FDIC insurance.</p> <p>However, the marketing of digital assets is subject to existing advertising, securities, and consumer protection laws. If a digital asset qualifies as a security, disclosure rules apply rigorously, and promotional activities must comply with SEC regulations. Undisclosed paid endorsements, misleading claims, or other deceptive marketing practices can trigger enforcement actions from the SEC, FTC, and other regulatory bodies.</p>
Decentralized Finance (DeFi)	<p>"Fully" decentralised activities are out of scope of MiCA.</p> <p>EU Commission is mandated to issue an (interim) report which will include DeFi (among other things) in June 2025.</p> <p>The Danish FSA published a report in June 2024 outlining principals for determining degree of (de)centralisation.</p>	<p>"Truly" decentralised activities are out of scope—however, the FCA will on a case by case basis determine if there is an identifiable intermediary with sufficient control.</p> <p>The FCA is seeking feedback on how to determine the degree of (de)centralization.</p>	<p>There is currently no bespoke regulatory framework governing DeFi. Existing financial regulations may still apply to DeFi platforms when they engage in activities covered by securities, commodities, or money transmission laws.</p>

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The US



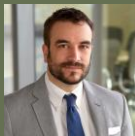
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