

MiCA: THE END OF THE TRANSITIONAL PERIOD FOR CASPs:

What comes after 1 July 2026 ?



- ❖ From 1 July 2026, firms providing crypto-asset services to EU clients must be authorised under MiCA, the EU framework for crypto-assets, and can no longer rely on national regimes.
- ❖ MiCA is reshaping the EU market. As fewer firms transition successfully into the authorised framework, strong and well-prepared providers have an opportunity to build momentum, support client migration and secure market share.
- ❖ With 12 authorised CASPs, Cyprus is already a practical and credible EU base for regulated crypto-asset activity. The European Commission’s consultation on the review of MiCA, launched on 20 May 2026, confirms that the framework continues to evolve.

1. The end of the transitional phase

The grandfathering period for legacy registered VASPs under national AML frameworks ends across the EU on 1 July 2026. Firms that have not secured an appropriate MiCA route will need to stop providing regulated crypto-asset services and implement an orderly wind-down, including client notification and safe offboarding or migration arrangements.

2. The MiCA authorisation landscape:

Data from the ESMA interim MiCA register indicates that MiCA authorisations are concentrated in a relatively small number of Member States. As of June 2026, approximately 216 firms had obtained MiCA authorisation, compared with more than 1,200 crypto-asset service providers that had previously operated under national AML registration frameworks. This disparity illustrates the scale of the transition from fragmented national registration regimes to the harmonised MiCA framework.

The first wave of authorisations appears concentrated in jurisdictions with established supervisory expertise, experienced regulatory frameworks and well-developed professional services ecosystems. For firms selecting a home

Member State, the decision is increasingly about where they can build a durable EU operating platform rather than simply where the authorisation process is easiest.

Authorised CASPs under MiCA (Articles 60 and 63) by Jurisdiction (June 2026)

Member State	Authorised CASPs
Germany	55
Netherlands	26
France	19
Malta	15
Cyprus ✦	12
Ireland	12
Other jurisdictions (17)	~77
TOTAL (23 Member States with at least one authorised CASP)	~216

Source: ESMA Interim MiCA Register

The services for which CASPs have been authorised are also commercially significant. Custody and administration, transfer services and order execution are among the most commonly authorised activities, while trading platform permissions remain comparatively limited. This suggests that many firms are entering the MiCA framework through core services first, before expanding into broader or more complex offerings over time.

3. Cyprus as a strategic MiCA licensing hub

With 12 authorised CASPs, Cyprus is already visible in the MiCA authorisation landscape and is emerging as a practical option for firms seeking an EU base for regulated crypto-asset services. This is notable given the size of the local market and reflects Cyprus' broader role as an established hub for international financial services.

Cyprus is attractive for several practical reasons:

- ❑ A regulator with experience in supervising international financial services, investment and fintech groups, through the Cyprus Securities and Exchange Commission (CySEC).
- ❑ Access to EU passporting, allowing Cyprus-based CASPs to provide services across EU/EEA Member States from a single authorised entity.
- ❑ A well-developed professional services ecosystem, including legal, compliance, risk, tax and advisory expertise.

Cyprus already hosts a number of well-known international financial services groups operating under its regulatory framework, including eToro, Revolut, Trading 212, XTB, and Capital.com. This concentration of established firms reinforces Cyprus' position as a jurisdiction already used in practice for cross-border financial services activity.

4. The opportunity for existing licence holders

MiCA should not be viewed solely as a new licensing regime for crypto-native businesses. For firms already regulated under MiFID II, the Electronic Money Directive (EMD) or the Payment Services Directive (PSD), it may represent the next logical layer of regulated growth. Client demand is shifting towards faster, more integrated financial services.

Digital wallets, fiat-to-crypto conversion services, cross-border transfers, stablecoin-based payment flows and custody services are increasingly part of a single client journey.

In that environment, MiCA authorisation may allow existing MiFID investment firms, electronic money institutions and payment institutions to expand their offering, strengthen client retention and support a future-facing payments or digital asset strategy.

The commercial logic is clear: firms that already operate regulated payments or investment businesses may be able to extend into crypto-asset services without building an entirely separate regulatory infrastructure.

Entity Type	MiCA extension opportunity
Investment Firms (MiFID)	Potential to add selected crypto-asset services where aligned with existing MiFID permissions and the applicable MiCA route.
E-Money Institutions (EMI)	Potential to combine fiat/e-money services with regulated crypto-asset services, including wallet and payment models.
Payment Institutions (PI)	Potential to add crypto-related transfer, on/off-ramp or payment services to existing payment infrastructure.

There is still room in the market. While early authorisation activity is concentrated, the MiCA landscape is only beginning to take shape. Firms that move early may be better placed to build momentum, support client migration from providers unable to continue operating in the EU and secure a meaningful position before competition intensifies.

5. MiCA under review: The European Commission consultation

The European Commission launched a public consultation on the review of MiCA on 20 May 2026, with responses due by 31 August 2026.

While no new rules are proposed at this stage, the consultation highlights areas likely to shape the next phase of the EU crypto-asset framework, including supervisory convergence, cross-border operating models, CASP scope, stablecoins, DeFi, staking, lending and the MiCA/MiFID boundary.

This reinforces the view that MiCA should be seen as an evolving framework, and that firms should factor future regulatory developments into their authorisation strategies, operating models and product roadmaps.

6. How can KPMG in Cyprus support you?

We support crypto-native businesses, investment firms, electronic money institutions, payment institutions and financial services groups seeking to establish or expand regulated crypto-asset operations in Cyprus and across the EU.

Our services include regulatory scoping, MiCA authorisation strategy, Article 60 notification pathways,

operating model design, CySEC application support, EU passporting and post-authorisation implementation.

Our work also addresses the intersection of MiCA with broader compliance frameworks, including AML/CFT obligations and the EU Travel Rule requirements for crypto-asset transfers, helping firms design operational models that are aligned across regulatory regimes from the outset.

Our team supports clients throughout the process, from initial structuring and regulatory strategy through to authorisation, passporting and launch readiness.



Next step: assess the appropriate MiCA route early, whether CASP authorisation, Article 60 notification, a dual-licence structure for existing regulated firms expanding into crypto-asset services, a passporting strategy or, where needed, an orderly wind-down and client migration plan.

Contact us

Marios Lazarou

Board Member, Head of Advisory
T: +357 22 209 107
E: Marios.Lazarou@kpmg.com.cy

Marie-Hélène Angelides

Senior Associate, Regulatory
Compliance
T: +357 22 209 227
E: mangelides@kpmg.com

Eleni Poyiadji

Principal, Regulatory Compliance
T: +357 22 209 248
E: Eleni.Poyiadji@kpmg.com.cy

kpmg.com.cy



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