Czech Republic – Ministry of Finance of the Czech Republic
Letenská 15
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Attn: Ing. Mgr. Tomáš Nýdrle, Deputy Director of the Department and Head of the Payments Services and Market Infrastructure Unit, Financial Markets II Department

Prague, 10 January 2026

Position of the Czech Crypto Association on the Market Integration Package

Dear Sir,

We are addressing you on behalf of the Czech Crypto Association (ČKMA, z. s.), an association bringing together supporters of crypto-assets and entrepreneurs in the crypto sector, in response to the call of the Ministry of Finance of the Czech Republic dated 10 December 2025 to submit ČKMA's position on the published proposal of the European Commission for a reform of financial market regulation referred to as the Market Integration Package.

First of all, we would like to express our gratitude for the invitation to submit comments on the proposal. We greatly appreciate this opportunity and hereby present ČKMA's position. The proposed comprehensive reform of financial market regulation at the level of the European Union is very extensive and affects a wide range of areas within the financial services market. ČKMA has therefore decided to focus its position, with regard to the sectoral interests of its members, primarily on the proposed amendments to Regulation (EU) No. 2023/1114 on Markets in Crypto-assets (MiCA Regulation) within the proposed so-called Master Regulation.

Negative position of ČKMA on the proposed amendments to the MiCA Regulation

The Market Integration Package sets ambitious objectives aimed at strengthening the EU economy by reinforcing financial markets through deeper integration of the internal market

for financial services. It promises to reduce inefficiencies arising from fragmented regulatory rules and differences in their application, and to foster innovation. These are undoubtedly laudable objectives, which ČKMA supports. However, in the crypto-asset sector, the Commission has chosen inappropriate instruments which, in ČKMA's view, will deliver limited benefits while leading to an increase in regulatory burden and imposing additional regulatory and administrative costs on the crypto-asset sector. At the same time, these measures will have an uneven impact on businesses both across the broader EU single financial market and within the financial services market of the Czech Republic. ČKMA is also concerned about the disproportionate impact on sector participants from among small and medium-sized enterprises, particularly those operating locally on the Czech market. The planned amendments to the MiCA Regulation also raise doubts as to their proportionality in relation to the competences of Member States and significantly restrict the powers of the Czech Republic to manage its own economy.

In light of the above, ČKMA is of the opinion that the Czech Republic should adopt a negative position with regard to the planned amendments to the MiCA Regulation. There is a concern that the proposed amendments will have fundamentally negative effects on the Czech market for crypto-asset services and on Czech entrepreneurs in this sector, particularly in the segment of small and medium-sized enterprises. At the same time, the proposed amendments significantly shift decision-making powers relating to the market for crypto-asset services to the EU level, thereby constituting an unprecedented interference with the ability of the Czech Republic to manage its own economy.

The proposed regulation lacks proportionality

The core of the proposed amendment to the MiCA Regulation is the transfer of all authorisation, supervisory and enforcement powers in the area of crypto-asset-related services, including the imposition of sanctions, from the supervisory authorities of the Member States to the EU level. This is accompanied by further proposed changes, both in the structure and powers of ESMA itself and by technical consequential amendments to the MiCA Regulation establishing ESMA's investigative, supervisory and sanctioning powers vis-à-vis providers of crypto-asset-related services.

A fundamental difference compared to other proposed changes in financial market regulation under the Market Integration Package is that, in the market for crypto-asset-related services, the change in supervision is proposed for all providers of crypto-asset-related services without distinction. Such a fundamental change is not proposed for any other segment of financial services. In all other segments of the financial market where an extension of ESMA's supervisory powers is proposed, ESMA supervision is envisaged only for significant entities. While in other market segments a tiered allocation of supervisory powers between ESMA and national authorities is applied on the basis of defined quantitative and qualitative criteria, in the crypto-asset services segment supervision is unified at the EU level without regard to the nature, size or geographical

scope of the supervised entities. The proposal relating to amendments to the MiCA Regulation thus lacks the element of proportionality, particularly given that this principle is respected in other market segments. This also results in unequal treatment of entities across different segments of the financial market.

The complete transfer of authorisation, supervisory and sanctioning powers to the EU level also fails to respect the principle of subsidiarity in relation to the Member States. Under Article 5(3) of the Treaty on the Functioning of the European Union, the EU is entitled to act only if the objectives pursued cannot be sufficiently achieved at Member State level. In the case of a blanket transfer of supervision over the crypto-asset services segment, it is unclear why supervision at national level is insufficient, particularly with regard to smaller and local providers. In other financial market segments, centralisation of supervision is proposed exclusively for significant providers. It is evident that the importance of harmonising supervisory practice increases in proportion to the size of the supervised entity and its geographical significance. In the case of blanket supervision, however, these criteria are not taken into account, and the necessity of such a far-reaching intervention is therefore questionable. The preamble to the proposed Master Regulation refers to the inherently digital nature of crypto-asset-related services and their increased potential for cross-border provision. However, in the context of the rapid digitalisation of financial services across all segments of the financial market, including the ultra-conservative banking sector, this justification appears misplaced. Financial services are undergoing rapid digitalisation overall, yet radical centralisation is proposed exclusively for the crypto-asset segment.

The overall transfer of authorisation, supervisory and sanctioning powers to the EU level also significantly restricts the ability of the Czech state to manage the Czech economy. EU authorities would thereby acquire exclusive competence not merely to set framework conditions for doing business in the crypto-asset services segment, but to decide specifically which individual entities may operate on the market and which may not. ESMA would assume the power to grant authorisations, without which it will not be possible to provide the relevant services in the EU and thus in the Czech Republic. It will therefore no longer be possible to establish a new provider of crypto-asset-related services in the Czech Republic without the consent of an EU authority, and without any possibility of intervention by the Czech state. This represents a fundamental departure from the principle whereby Czech businesses are supervised by a Czech national supervisory authority (the Czech National Bank), which understands the Czech environment and is familiar with local specifics. In other financial market segments, it will remain possible under the proposal to establish a business in the Czech Republic on the basis of authorisations issued by Czech authorities and only subsequently, following natural business growth and upon reaching threshold indicators, to fall under EU-level supervision. In the crypto-asset segment, however, entry of a specific entity to the market will always be decided exclusively by an EU authority from the very outset. The Czech Republic will thus lose the competence to grant authorisations across an entire segment of the financial market. At the same time, Czech entrepreneurs will effectively lose any incentive to operate in this sector in the Czech Republic. Given the digital

nature of the business, it may be simpler to establish operations from the outset outside the Czech Republic, in a jurisdiction “closer” to the supervisory authority.

Harmonisation of rules in the financial market and their uniform application through supervision is an important objective, and Czech crypto-asset service providers support it. The Czech National Bank, as market regulator, is relatively among the more diligent regulators in the EU context. The motivation is therefore not to support unjustified differences in national application. On the other hand, national authorities can also assist entrepreneurs in dealing with national legal specifics (for example, cooperation between the CNB and the National Cyber and Information Security Agency in sharing notifications of ICT incidents and reducing administrative burden where obligations under DORA and NIS II / the Cybersecurity Act overlap). There is a concern that an EU authority unfamiliar with these national specifics may not be able to address them adequately. ČKMA therefore believes that such a fundamental step should be preceded by the use of less intrusive measures. These could include strengthening cooperation among national supervisory authorities, actively supporting the sharing of experience, establishing joint working groups to address cross-border application issues, introducing exchange programmes for supervisory staff, and other soft-power measures aimed at aligning supervisory practice. Proceeding directly to centralisation of all powers at EU level, without any relevant experience of supervising the crypto-asset services segment (as explained below), appears disproportionate and premature.

ČKMA also views negatively the general trend toward centralisation of supervision at EU level and warns against the unconsidered transfer of fundamental powers beyond national reach, particularly where there is reasonable doubt as to the necessity and appropriateness of such a step. ČKMA shares principles of decentralisation and personal freedom. The ideal to strive for is therefore rather the minimisation of state intervention in the economy and the strengthening of market self-regulation. More generally, ČKMA would therefore tend to favour achieving the declared objectives of the proposal—strengthening financial markets and EU competitiveness globally—by reducing regulation, administrative burden and related costs. Harmonisation of rules and their interpretation is important, but simplification and reduction would likely also lead to more uniform application without the need to centralise supervision at EU level. It is questionable whether the alleged fragmentation of regulatory application is the result of arbitrariness on the part of national supervisory authorities, or rather of the complexity of the regulatory framework itself. From ČKMA’s perspective, the proposal therefore addresses symptoms (fragmentation) rather than the underlying cause (complexity).

General ESMA supervision over crypto-asset service providers is unjustified

From the preamble to the proposed Master Regulation it can be inferred that the reason for centralising supervision at EU level is primarily concern over fragmented application

practices, with reference to the fact that the crypto-asset sector is a newly regulated field in which the aim is to prevent the emergence of national differences in supervision.

First and foremost, it must be noted that at present there is no relevant experience with the current state of supervision over the crypto-asset services segment. The MiCA Regulation only became applicable on 30 December 2024. We therefore have only one year of experience with the regulation, which in the Czech Republic has been characterised by the finalisation of preparations for licence applications and subsequent alignment of applicants' compliance with the regulatory expectations of the Czech National Bank in the authorisation process. As of the date of preparation of this position, no authorisation for the provision of crypto-asset-related services has yet been granted in the Czech Republic according to the ESMA register. Across the EU as a whole, 142 authorisations have been granted as of that date. We are therefore at the very beginning of the application of the MiCA Regulation. The European Commission, however, must have begun preparing the proposed amendments to the MiCA Regulation even earlier. It therefore could not have had access to any relevant inputs enabling it to conclude that national supervision of crypto-asset services is ineffective. The proposal thus cannot be based on any assessment of the real impacts of this relatively new regulation. The proposed amendments to the MiCA Regulation therefore appear premature.

If the proposal aims to prevent the emergence of fragmented application practices, it may in fact be ineffective in this respect. Given the length of the EU legislative process and the proposed two-year period for transferring supervision to ESMA, national authorities will continue to supervise the crypto-asset services segment for several years to come. Any differences in application practice that may arise cannot therefore be prevented by the proposed amendments. On the contrary, there is a risk that such differences will be greater than if centralisation were not proposed. National authorities have already invested significant resources in building supervisory capacity and staffing for crypto-asset services. If it is decided that authorisation and supervision will be fully transferred to ESMA within a few years, it will no longer be rational for national authorities to continue investing in this infrastructure. Yet it is precisely now that essential alignment between providers and supervisory authorities is taking place and know-how is being intensively exchanged. These investments and activities are thus undermined by the proposal before their potential can be fully realised.

There is therefore a risk that, during the transitional period before ESMA assumes supervision, even greater differences in application practice may arise depending on how national authorities plan investments in competencies they know will not be used in the future. At the same time, there is a concern that during the transitional period competencies will continue to develop primarily at national level, while ESMA will not be able to develop them and will have to rebuild them after assuming supervisory powers. Providers will thus be exposed to another period of uncertainty regarding the content and application of regulatory requirements—moreover, for the second time in a short period, as the same alignment process is currently taking place at national level.

General ESMA supervision over crypto-asset service providers will result in substantial additional costs

The exercise of authorisation, supervisory and sanctioning powers over the entire crypto-asset services segment by ESMA will also entail substantial additional costs for Czech providers. Compliance costs are likely to increase, particularly in connection with more expensive advisory services, communication in a foreign language, and above all the payment of supervisory fees, which currently have no equivalent in the Czech Republic.

Supervision by an EU authority based in another Member State, with which communication will generally take place in English, will generate additional operational costs. ESMA's procedures will be governed by different procedural rules, including potential legal remedies against unlawful ESMA decisions before the Court of Justice of the European Union. Czech providers may therefore need to obtain more complex advisory services, at higher cost. Additional costs associated with communication in a foreign language must also be expected. Although ESMA is obliged to accept submissions in any official EU language, communication in English is recommended. Exercising the right to communicate in Czech would require translation on ESMA's side into its internal working language, potentially leading to inaccuracies and misunderstandings, particularly in technically complex documentation. To avoid such issues, Czech providers will likely need to prepare relevant documentation in English, resulting in additional costs.

Existing Czech providers will also incur non-trivial costs in adapting to ESMA's supervisory regime. Providers will initially obtain licences from the Czech National Bank, which will continue supervision for several years. During this period, compliance practices will be aligned with CNB expectations. Subsequently, supervisory powers will be transferred to ESMA, which may have different compliance expectations, meaning that shortly after providers adapt to one regime, the rules may change again. This dual adaptation will generate further costs and additional uncertainty as to whether and to what extent ESMA's requirements will differ from existing local ones.

The most significant change, however, concerns the system of supervisory fees charged by ESMA. According to the proposal, regular supervisory fees will be introduced based on the principle of full cost recovery. These costs are to be distributed among supervised crypto-asset service providers. This represents a fundamental shift in regulatory costs for Czech providers, as in the Czech Republic providers currently bear only their own compliance costs and pay the Czech National Bank only administrative fees for selected actions. They do not pay regular supervisory fees. The impact assessment of the proposal estimates ESMA's annual costs for supervising the crypto-asset services segment at between EUR 12 and 30 million. These amounts would therefore need to be collected from supervised providers. Although the details of cost allocation will be set out in implementing acts, in other ESMA-supervised segments minimum supervisory fees in the tens of thousands of euros already exist. The increase in supervisory costs for Czech providers will

therefore be substantial, further raising already high barriers to entry and potentially restricting competition in this highly innovative sector.

Moreover, ESMA supervisory fees will apply to all crypto-asset service providers and certain entities providing crypto-asset-related services under other authorisations as a main activity. In other financial market segments, however, EU-level supervision and related fees will apply only to significant entities. This has the potential to create significant cost disparities across the EU financial market. In the Czech Republic, this disparity will be particularly pronounced. While other financial market participants supervised by the Czech National Bank will pay no supervisory fees, Czech crypto-asset service providers will have to bear high supervisory fees to cover ESMA's costs. An especially absurd consequence is that the banking sector is entirely excluded from this rule. A Czech bank will be able to provide crypto-asset-related services under its existing authorisation in any volume without being subject to ESMA supervision or paying any supervisory fees, while even the smallest Czech crypto-asset service provider will be subject to EU supervision and required to pay high fees. This creates a fundamental inequality between financial market participants and unjustifiably favours the banking sector.

The problem of increased costs and supervisory fees is particularly acute for small and medium-sized providers. These entities have already been heavily affected by the MiCA Regulation itself, which in essence does not allow for proportionality. Even the smallest providers must comply with complex requirements, further intensified by the implementation of DORA. Transferring supervision to ESMA shortly after MiCA's entry into force, without sufficient time for economic adaptation and with a sharp increase in costs, may be economically threatening or even fatal for small and medium-sized Czech providers. At the same time, centralised supervision offers no apparent benefit for local providers. Further cost increases and higher barriers to entry may significantly dampen innovation and business development in the Czech crypto-asset services market. Yet small and medium-sized enterprises are essential for innovation, healthy competition and the development of the Czech economy.

In light of the above, ČKMA believes that the Czech Republic should adopt a negative position on the proposed amendments to the MiCA Regulation, particularly the transfer of supervision over crypto-asset service providers to ESMA. There is a well-founded concern about a substantial increase in regulatory and administrative compliance costs for Czech providers, without adequate justification for such a fundamental step, especially given that similarly dramatic changes are not proposed in other market segments. The proposal fails to respect the principle of proportionality, places an excessive burden particularly on small and medium-sized enterprises, and risks creating significant inequalities among financial market participants.

Yours sincerely,

For ČKMA, z. s.

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