BC4EU Response to Call for Evidence on “Savings and Investments Union to foster market integration and Efficient supervision.”

Blockchain for Europe (BC4EU) welcomes the European Commission’s initiative to assess the potential for more integrated supervision of crypto-asset service providers (CASPs) as part of the broader goal of strengthening the EU single market and further integrating EU capital markets. Effective, consistent supervision is essential to reduce fragmentation, improve market integrity, and support innovation. However, any move toward centralisation must be carefully assessed, designed, proportional, and based on a clear understanding of market dynamics, especially given the early stage of MiCA implementation.

CASPs vary greatly in terms of size, structure, business models, and cross-border activity. They include exchanges, custodians, brokers, and advisors, some of which are active in one Member State only, while others operate EU-wide. A one-size-fits-all supervisory model would not reflect this diversity and could create unintended burdens for smaller or domestically focused firms. Full centralisation could also result in high transition costs, legal uncertainty, duplication of processes, and the loss of valuable local expertise and market proximity.

We are particularly concerned about the practical challenges of such a transition, especially for firms currently engaging with national competent authorities (NCAs) for authorisation under MiCA. In many cases, NCAs are better equipped than EU bodies to provide timely and informed oversight, based on their knowledge of local markets and their existing supervisory infrastructure. A premature shift in supervisory responsibility could disrupt the authorisation process, increase compliance costs, and reduce efficiency.

That said, we acknowledge that EU-level supervision could be in the future justified for a limited number of significant CASPs - those with large user bases, complex cross-border structures, or systemic importance. For these entities, central oversight could help reduce duplicative requirements, support financial stability, and improve regulatory coherence across jurisdictions. In certain cases - such as firms participating in the DLT Pilot Regime - centralised supervision could also help concentrate technical expertise and enable a more coordinated regulatory approach to innovation.

Therefore, we advocate for a tiered, risk-based model. Under this framework, NCAs would retain supervisory responsibility for most CASPs, while a defined subset of significant CASPs would transition to EU-level supervision. Criteria for determining significance should be objective, transparent, and predictable - based on indicators such as size, cross-border activity, and organisational complexity. A model similar to that used under MiCA for significant

asset-referenced token issuers, where initial authorisation is granted by NCAs and supervision escalates when thresholds are met, could serve as a basis. The scope of entities supervised at EU level could then be revisited later on to assess whether it needs to be increased, in line for example with the SIU objectives.

Importantly, any transition to EU-level supervision must be carefully managed to avoid market disruption. This includes protecting legal certainty for firms already undergoing national authorisation, ensuring close coordination between ESAs and NCAs, and avoiding the duplication of supervisory efforts or inconsistent messaging.

In the shorter term, we support strengthening existing supervisory convergence mechanisms. These include enhanced coordination frameworks, more frequent joint supervisory teams under ESMA's lead, regular supervisory roundtables - including industry participants - and the increased use of binding technical guidance and opinions. These tools can already improve harmonisation and reduce regulatory divergence, while preserving the benefits of localised supervision.

In conclusion, we currently do not support full centralised supervision for all CASPs. However, we recognise that, in the future, EU-level oversight may be appropriate for a small number of large, complex, or systemically important firms. A phased, proportionate, and risk-sensitive approach - based on clear thresholds and strong cooperation - offers the most effective and practical path forward for CASP supervision in the EU.