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**EUROPEAN BANKING AUTHORITY
GUIDELINES ON ASSET-REFERENCE TOKENS
ISSUERS GOVERNANCE ADOPTED BY CYSEC**

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Introduction

On the 20th of November 2024, the Cyprus Securities and Exchange Commission (CySEC) issued Circular C666, announcing the adoption of the European Banking Authority's (EBA) Guidelines on the minimum content of governance arrangements for issuers of asset-referenced tokens (ARTs). These guidelines, **effective from the 20th of December 2024**, are established under Article 16 of Regulation (EU) No 1093/2010 and pertain to the Markets in Crypto-Assets (MiCA) Regulation (EU) 2023/1114.

European Banking Authority (EBA)

The EBA Guidelines aim to ensure the sound management of risks associated with ART activities and to provide appropriate consumer and investor protection. They outline requirements concerning the tasks, responsibilities, and functioning of the management body, as well as the organisational structure of ART issuers. Key aspects include:

- **Management Body Responsibilities:** Clear delineation of roles and duties to ensure effective oversight and decision-making
- **Organisational Structure:** Establishment of a robust framework that supports the issuer's operations and risk management processes
- **Risk Management and Compliance:** Emphasis on the roles of the second line of defense (independent risk management and compliance functions) and the third line of defense (internal audit function) in managing and mitigating risks
- **Business Continuity:** Development of a business continuity policy to maintain core ART-related activities during system or procedural disruptions



Issuers are expected to allocate resources proportionate to the scale of their activities to comply with these guidelines. It is imperative to review and, if necessary, adjust current governance arrangements to align with the EBA's standards by the 20th of December 2024, implementation date.

For detailed information, please refer to CySEC's Circular C666 and the EBA Guidelines. Ensuring compliance will not only fulfill regulatory obligations but also enhance the integrity and resilience of your operations.

If you have any questions or require further clarification, please do not hesitate to contact our Technology Department, at info@pelagiaslaw.com.