

On December 30th, 2024, Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets, and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937 (Regulation 2023/1114, Markets in crypto-assets Law) became fully applicable. In actual fact, part of the provisions of that Regulation have become applicable as early as June 29th, 2023, whereas those concerning asset-referenced tokens and e-money tokens, since June 30th, 2024.

Notwithstanding that, on account of the complexity of the rules and the significance of the regulatory regimes introduced, Regulation 2023/1114 provides some additional transitional rules. Thus, for example, in a public offering of ordinary crypto-asset tokens, the requirements of the Regulation do not apply if the public offering has been completed by December 30th, 2024. In cases where the public offering has commenced prior to that date, but has not yet been completed by it, for communications pertaining to it the requirements of article 7 and article 9 of the Regulation, concerning the content of such communications and the publication of a white paper about the tokens being offered, will not apply.

The most important exemption, however, has been provided for crypto-asset service providers: if they have commenced their activity prior to December 30th, 2024, they will be allowed to continue performing it until July 1st, 2026, without a license. Such entities are given a transitional period during which they can bring their activity in line with the requirements of the Regulation and then apply for a license. The condition is for said license to be granted prior to July 1st, 2026, following which date the transitional rule will no longer apply. The Regulation provides a possibility for the member states to restrict the application of that transitional rule, i.e., to demand that providers obtain a license for the provision of crypto-asset related services. The condition here is for the member state to have in place a national legal framework for regulating such services. With regard to cryptocurrencies in Bulgaria to date there are no such requirements, nor has any specific regulation been put in place, although on August 20th, 2024, a Bill on crypto-asset markets drafted by the Ministry of Finance was proposed for public discussion. Therefore, no notification had been filed by the deadline prescribed in the Regulation, June 30th, 2024, to the effect that Bulgaria would not apply that exemption from the requirements. As a result, service providers that have

How activities related to cryptocurrencies in Bulgaria are regulated

commenced operation prior to December 30th, 2024, will be able to avail themselves of that grace period to bring their activity in line with the requirements.

Even if these exemptions are applied in full, the business of providing services in the area of cryptocurrencies in Bulgaria presupposes taking a number of steps and seeking compliance with regulatory requirements, such as opening designated bank accounts, having in place policies to counter money laundering, and mitigation of the risks related to transactions in crypto-assets. In that context, Dobrev and Lyutskanov Law Firm has established a partnership with Ask Regulations, a reliable partner that can provide consultation for ensuring compliance with the applicable regulatory framework and the introduction of tools using artificial intelligence to minimize the risks in working with crypto-assets. More about Ask Regulations can be found at the following addresses: <https://www.askregulations.com/> and <https://www.linkedin.com/feed/update/urn:li:activity:7221428174822211585>