

Cryptocurrencies

Donald Trump's crypto embrace overshadows new EU digital assets rules

US approach to digital currencies will draw business from Europe, industry executives say



Donald Trump promised to make the US 'the crypto capital of the planet' © Jon Cherry/Getty Images

Nikou Asgari in London DECEMBER 27 2024

Donald Trump's embrace of cryptocurrencies risks undermining Europe's incoming rules on digital assets as companies overlook the continent in favour of a friendlier US market, industry executives have warned.

Companies such as Binance, the world's largest [cryptocurrency](#) exchange, have indicated they will look to refocus their attention on the US after Trump promised to make the country "the crypto capital of the planet".

Top executives and analysts say a crypto-friendly White House will exert a strong pull that compares favourably to the EU's new landmark rules, which come into force from December 30.

The bloc's rules, known as the Markets in Crypto-Assets Regulation (MiCA), will set guardrails for the public following the collapse of companies such as exchange FTX and lenders including [Genesis](#) and [Celsius](#). The standards have in the past been praised by the industry as a potential benchmark for global crypto asset regulation.

“In the previous US administration . . . MiCA certainly seemed like it was a good way of trying to think about the crypto industry without completely killing off innovation,” said Eswar Prasad, senior fellow at the Brookings Institution.

But in the wake of Trump's win, “we're going to see a migration of crypto-related activities away from Europe in any form because things are going to be much easier in the US,” he added. “[MiCA] is going to be seen as very stringent.”

Trump's victory has helped propel bitcoin to a record high of \$108,000 this year, more than double its price a year ago. Retail and institutional investors have warmed to the incoming president's pledge that he will end the US's tough regulatory crackdown of recent years.

He has also [nominated](#) Paul Atkins, a crypto advocate, to head the Securities and Exchange Commission, and [appointed](#) David Sacks, a venture capitalist, to advise the president on crypto and artificial intelligence policy. “We're going to do something great with crypto,” Trump said last week.

The EU's MiCA rules will regulate the issuance of crypto coins including stablecoins, as well as digital asset services including custody and trading by demanding companies providing those services are authorised in the EU.

Yulia Makarova, special counsel at law firm Cooley, said complying with MiCA “increases the costs for start-up firms” in particular. “Ongoing compliance costs can be such that the business gets to the brink of viability,” she added, warning crypto start-ups may choose to launch in the US rather than the EU.

Some companies, such as US cryptocurrency exchange Coinbase and Circle, operator of the stablecoin USDC, have secured their EU licences. However others, such as Tether, the world's largest stablecoin, will not be compliant with the new rules and are being delisted by local regulated exchanges.

“The new administration might take a bit of shine and a bit of edge off MiCA,” said Denzel Walters, head of Luxembourg at market maker B2C2. “But I still think MiCA here presents a really great opportunity for the digital assets market.”

Executives are betting Trump, as well as a new cohort of pro-crypto politicians in Washington, will also make headway with new legislation for crypto assets, which will in turn pave the way for traditional financial institutions to plough money into crypto.

Already, crypto companies that dropped US services for fear of being hit by regulators, or were banned, are planning to return. “We are closer than ever to restoring US dollar services and our plan is to achieve this important milestone in early 2025,” said Norman Reed, interim chief executive of crypto exchange Binance US. “It is not a matter of if, but when.”

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