Global regulatory framework for crypto-assets

Peter Goodrich, Member of Secretariat, Financial Stability Board

*Digital Finance in Africa: Capacity Building Workshop*
Regional Centre of Excellence
Thursday 20 June 2024
2024: Implementing a comprehensive crypto policy approach

Financial stability

Micro-prudential

Market integrity, consumer protection

Monetary stability and macro-financial

FSB
International regulation and supervision: FSB work

A chronicle

**2018**

**Crypto-assets**
Report to the G20 on work by the FSB and standard-setting bodies
16 July 2018

FSB publishes report looking at financial stability implications of crypto-asset markets

**2020**

Regulation, Supervision and Oversight of “Global Stablecoin” Arrangements
Final report and high-level recommendations
13 October 2020

FSB issues set of 10 high-level recommendations for the regulation, supervision and oversight of “global stablecoin” arrangements

**2021**

Regulation, Supervision and Oversight of “Global Stablecoin” Arrangements
Progress Report
7 October 2021

FSB conducts review of high-level recommendations in light of market developments

**2022**

Review of the FSB High-level Recommendations of “Global Stablecoin” Arrangements
Consultative report
11 October 2022

FSB publishes updated assessment of risks of crypto-assets, issues statement on crypto-asset activities, and conducts a public consultation

**2023**

IMF-FSB Synthesis Paper: Policies for Crypto-Assets
7 September 2023

FSB publishes assessment of risks of DeFi, finalizes its global regulatory framework for crypto-asset activities, FSB and IMF publish joint “synthesis paper, and FSB publishes assessment of risks of multi-function crypto-asset intermediaries
## Responsibilities for authorities

<table>
<thead>
<tr>
<th>Area</th>
<th>Recommendation</th>
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<tbody>
<tr>
<td>Readiness to regulate</td>
<td>1</td>
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<tr>
<td>Comprehensive oversight</td>
<td>2</td>
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<tr>
<td>Cross-border cooperation</td>
<td>3</td>
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<td>Compliance before operation</td>
<td>10</td>
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</tbody>
</table>
Requirements for service providers

- **Governance**
  - (Recommendation 4)

- **Risk management**
  - (Recommendation 5)

- **Data management**
  - (Recommendation 6)

- **Recovery and resolution**
  - (Recommendation 7)

- **Disclosures**
  - (Recommendation 8)
Addressing unique risks of stablecoin arrangements

(Recommendation 9)

- Robust legal claim to all users
- Guarantee timely redemption at par into fiat

Redemption rights

- Effective method to maintain stable value at all times
- Reserve of high quality assets or subject to BCBS prudential requirements

Stabilisation mechanism

- Capital to absorb losses and liquidity to deal with outflows

Prudential requirements
Where are we now?

High-level timeline of FSB’s work on crypto-assets

- Policy framework finalised (2023)
- Promoting implementation (2024)
- Monitoring and evaluating implementation (2025)
Key implementation challenges

Challenges common to all jurisdictions may be amplified for EMDEs

- Cross-border regulatory and supervisory cooperation
- Closing data gaps
- Offshore service providers
- Foreign currency pegged stablecoins
Next steps: Monitoring and evaluating implementation

- **2024**
  - FSB Peer Review of France

- **2025**
  - Thematic review on implementation of crypto regulations
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