

Press release

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FSB report sets out framework to monitor crypto-asset markets

The Financial Stability Board (FSB) today published a [report](#) delivered to the G20 Finance Ministers and Central Bank Governors on the work of the FSB and standard-setting bodies on crypto-assets.

For its part, the FSB has developed a framework, in collaboration with Committee on Payments and Market Infrastructures (CPMI), to monitor the financial stability implications of developments in crypto-asset markets. The report published today sets out the metrics that the FSB will use to monitor crypto-asset markets as part of its ongoing assessment of vulnerabilities in the financial system.

While the FSB believes that crypto-assets do not pose a material risk to global financial stability at this time, it recognises the need for vigilant monitoring in light of the speed of market developments. The monitoring framework focuses on the transmission channels from crypto-asset markets that may give rise to financial stability risks. Monitoring the size and growth of crypto-asset markets is critical to understanding the potential size of wealth effects, should valuations fall. The use of leverage, and financial institution exposures to crypto-asset markets are important metrics of transmission of crypto-asset risks to the broader financial system. The framework also includes metrics on trading volumes, pricing, clearing and margining for crypto-asset derivatives. Metrics on exposures will become part of the framework to the extent that they become available.

FSB Chair Mark Carney in his [letter to G20 Finance Ministers and Central Bank Governors](#) in March noted that crypto-assets raise a host of issues around consumer and investor protection, as well as their use to shield illicit activity and for money laundering and terrorist financing. At the same time, the technologies underlying them have the potential to improve the efficiency and inclusiveness of both the financial system and the economy.

Against this backdrop, the report published today also describes the substantial work standard-setting bodies are undertaking in the areas of their respective mandates:

- CPMI has conducted significant work on applications of distributed ledger technology, and is conducting outreach, monitoring, and analysis of payment innovations.
- The International Organization of Securities Commissions (IOSCO) has established an initial coin offering (ICO) Consultation Network to discuss experiences and concerns regarding ICOs, and is developing a Support Framework to assist members in considering how to address domestic and cross-border issues stemming from ICOs that could impact investor protection. IOSCO is also discussing other issues around

crypto-assets, including, for example, regulatory issues around crypto-assets platforms.

- The Basel Committee on Banking Supervision (BCBS) is assessing the materiality of banks' direct and indirect exposures to crypto-assets, clarifying the prudential treatment of such exposures, and monitoring developments related to crypto-assets for banks and supervisors.

The Financial Action Task Force (FATF) will report separately to the G20 on its work concerning the money laundering and terrorist financing risks relating to crypto-assets.

Notes to editors

The report published today is being delivered to the G20 Finance Ministers and Central Bank Governors for their meeting in Buenos Aires on 21-22 July.

The FSB has been established to coordinate at the international level the work of national financial authorities and international standard-setting bodies and to develop and promote the implementation of effective regulatory, supervisory and other financial sector policies in the interest of financial stability. It brings together national authorities responsible for financial stability in 24 countries and jurisdictions, international financial institutions, sector-specific international groupings of regulators and supervisors, and committees of central bank experts. The FSB also conducts outreach with 65 other jurisdictions through its six Regional Consultative Groups.

The FSB is chaired by Mark Carney, Governor of the Bank of England. Its Secretariat is located in Basel, Switzerland, and hosted by the Bank for International Settlements.

For further information on the FSB, visit the FSB website, www.fsb.org.