

Dear  
Financial Stability Board

**Sella Group response to “Consultative document – Addressing the regulatory, supervisory and oversight challenges raised by “global stablecoin” arrangements”**

Sella Group welcomes and thanks for the opportunity to provide comments on the above mentioned Consultation.

Responses are reported below.

## **Feedback on the consultative document**

**Question 1: Do you agree with the analysis of the characteristics of stablecoins that distinguish them from other crypto-assets?**

Stabilisation mechanisms (asset-linked or algorithm-based) distinguish stablecoins from other crypto-assets. The existence of an arrangement comprised of interrelated functions and activities that can be provided by one or several entities (Table 1) is certainly inherent to stablecoins. However, many of these functions and activities can be found in other crypto-assets too (e.g. issuing, creating and destroying stablecoins, operating the infrastructure, validating transactions, storing the private keys providing access to stablecoins (wallet), exchanging, trading, reselling, and market making).

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**Question 2: Are there stabilisation mechanisms other than the ones described, including emerging ones, that may have implications on the analysis of risks and vulnerabilities? Please describe and provide further information about such mechanisms.**

Mechanisms described in par. 1.1 seem to be complete.

**Question 3: Does the FSB properly identify the functions and activities of a stablecoin arrangement? Does the approach taken appropriately deal with the various degrees of decentralisation of stablecoin arrangements?**

Yes, we believe that the functions identified by FSB are exhaustive. In addition, we would like to consider, with reference to the business models of the stablecoin issuer and in particular for reserve management activities, the payment of the interest rate on the deposit related to the anchored fiat currency or the risk on investing to profit on those deposit.

**Question 4: What criteria or characteristics differentiate GSC arrangements from other stablecoin arrangements?**

We agree with the definition on global stablecoin provided (“a potential reach and adoption across multiple jurisdictions and the potential to achieve substantial volume”) and with the elements presented in annex 5.

However, the distinction between GSCs and stablecoins seems to be theoretical.

Potentially every stable-coin could be a global stable coin, considering that their function is to enhance the efficiency of cross-border payments and that they could scale rapidly.

Moreover, stablecoins can operate with token on multiple blockchains, so it is easy to switch from different scalable architectures with different volumes.

**Question 5: Do you agree with the analysis of potential risks to financial stability arising from GSC arrangements? What other relevant risks should regulators consider?**

Yes, we agree with the analysis.

**Question 6: Do you agree with the analysis of the vulnerabilities arising from various stablecoin functions and activities (see Annex 2)? What, if any, amendments or alterations would you propose?**

Yes, we agree with the analysis.

It is important that the same regulatory standards apply to all actors involved in the payment industry, regardless of whether they are traditional or crypto. It is therefore important to maintain a level playing field across the EU by adding crypto-assets services to the requirements of the AML/CFT legal framework. A harmonized approach to EU regulation seems to be the most appropriate way to prevent regulatory arbitrage across Europe.

**Question 7 Do you have comments on the potential regulatory authorities and tools and international standards applicable to GSC activities presented in Annex 2?**

**Question 8: Do you agree with the characterisation of cross-border issues arising from GSC arrangements?**

Yes, we agree with the analysis.

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**Question 9: Are the proposed recommendations appropriate and proportionate with the risks? Do they promote financial stability, market integrity, and consumer protection without overly constraining beneficial financial and technological innovation?**

**9a. Are domestic regulatory, supervisory and oversight issues appropriately identified?**

**9b. Are cross-border regulatory, supervisory and oversight issues appropriately identified?**

**9c. Do the recommendations adequately anticipate and address potential developments and future innovation in this sector?**

We consider recommendations appropriate.

In order to guarantee a level playing field a maximum harmonization European framework should be provided. Cooperation between national competent authority is not sufficient. It is crucial to limit interpretative, applicative and supervisory disparities between States in order to avoid regulatory arbitrage.

It is essential to provide legal clarity in terms of applicable consumer protection rules for crypto-assets, including stablecoins. Regulation, supervision and oversight for stablecoins should be based on the principle 'same services, same risks, same rules'. This approach would ensure that the regulatory framework remains technology-neutral to encourage innovation and promote a level playing field. An approach based on these principles would help to mitigate risks and achieve regulatory objectives, while ensuring the necessary flexibility for a regulatory framework that takes account of future technological developments.

It is also important to avoid duplication in authorization processes.

**10. Do you think that the recommendations would be appropriate for stablecoins predominately used for wholesale purposes and other types of crypto-assets?**

Yes, we consider the recommendations appropriate.

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## **11. Are there additional recommendations that should be included or recommendations that should be removed?**

With the aim of ensuring a level playing field a maximum harmonization international framework should be provided. Cooperation between national competent authority is not sufficient. It is crucial to limit interpretative, applicative and supervisory disparities between States in order to avoid regulatory arbitrage. It is also important to avoid duplication in authorization processes.

## **12. Are there cost-benefit considerations that can and should be addressed at this stage?**

In developing economies, the greatest benefit could be financial inclusion, while in advanced economies the greatest benefit could be the efficiency of cross-border payments.

Kind Regards

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Chief Compliance Officer

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