

Press release

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Ref: 29/2022
11 October 2022

FSB proposes framework for the international regulation of crypto-asset activities

The Financial Stability Board (FSB) today published a proposed framework for the international regulation of crypto-asset activities. The core components of this framework are proposals for

- (i) recommendations that promote the consistency and comprehensiveness of regulatory, supervisory and oversight approaches to crypto-asset activities and markets and strengthen international cooperation, coordination and information sharing; and
- (ii) revised high-level recommendations for the regulation, supervision, and oversight of “global stablecoin” arrangements to address associated financial stability risks more effectively.

The proposed recommendations are issued for public consultation. They are grounded in the principle of “same activity, same risk, same regulation”: where crypto-assets and intermediaries perform an equivalent economic function to one performed by instruments and intermediaries of the traditional financial sector, they should be subject to equivalent regulation. Regulation should also take account of novel features and specific risks of crypto-assets and address potential financial stability risks that could arise from the growing interlinkages between the crypto-asset ecosystem and the traditional financial system.

High regulatory standards should apply to crypto-assets – such as stablecoins – that could be widely used as a means of payments and/or store of value, as they could pose significant risks to financial stability. The proposed revisions high-level recommendations for the regulation, supervision, and oversight of “global stablecoin” arrangements strengthen the requirements for users’ redemption rights and for a robust stabilisation mechanism.

The two sets of recommendations are closely interrelated, reflecting the interlinkages between stablecoins and the broader crypto-asset ecosystem. They have been developed as stand-alone documents but are intended to work together in light of these interlinkages and to be consistent where they cover the same issues and risks

The FSB is soliciting comments from the public on the proposed recommendations. The framework note includes a set of questions for this purpose. The FSB encourages all interested stakeholders to participate in the consultation. Responses should be sent to fsb@fsb.org by Thursday 15 December 2022.

Notes to editors

The reports published today stem from the FSB statement, in July 2022, which outlined the work being undertaken by the FSB and international standard-setting bodies to address the potential financial stability risks posed by crypto-assets, including so-called stablecoins.

The FSB published an updated assessment of risks to financial stability from crypto-assets in February 2022. The report warned that crypto-asset markets are fast evolving and could reach a point where they represent a threat to global financial stability due to their scale, structural vulnerabilities and increasing interconnectedness with the traditional financial system.

The FSB coordinates at the international level the work of national financial authorities and international standard-setting bodies and develops and promotes 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 approximately 70 other jurisdictions through its six Regional Consultative Groups.

The FSB is chaired by Klaas Knot, President of De Nederlandsche Bank. The FSB 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.