

December 15, 2022

**The Financial Stability Board (FSB)
VIA ELECTRONIC SUBMISSION (fsb@fsb.org)**

Re: The proposed FSB framework for the international regulation of crypto-asset activities

The Global Association of Central Counterparties (“CCP12”) is the international association for central counterparties (“CCPs”), representing 40 members who operate over 60 CCPs across the Americas, EMEA, and the Asia-Pacific region.

CCP12 appreciates the opportunity to comment on the FSB proposed framework for the international regulation of crypto-asset activities¹ (“the Proposed Framework”) comprising a consultative document on *Regulation, Supervision and Oversight of Crypto-Asset Activities and Markets*², a consultative document on the *Review of the FSB High-level Recommendations of the Regulation, Supervision and Oversight of “Global Stablecoin” Arrangements*³, and questions for consultation regarding *International Regulation of Crypto-asset Activities*⁴.

First, CCP12 would like to emphasise that CCPs are not direct addressees of the Proposed Framework but being one of the key elements of capital market infrastructures, CCPs would like to contribute to the consultation process with the overall aim to ensure appropriate standards for and safety of international financial markets.

Crypto-markets and their stakeholders have experienced extreme volatility throughout 2022 due to several highly publicized events. These events have made it evident that it is of the utmost importance to be vigilant in considering and addressing how crypto-asset activities fit within current international standards, as well as, ultimately, the appropriate regulation, supervision and transparency. We agree with the sentiment in the Proposed Framework that “[w]here crypto-assets and intermediaries perform an equivalent economic function to one performed by instruments and intermediaries in the traditional

¹ FSB proposed framework for the international regulation of crypto-asset activities (October 2022), available at [Link](#)

² FSB, Consultative document, *Regulation, Supervision and Oversight of Crypto-Asset Activities and Markets* (October 2022), available at [Link](#)

³ FSB, Consultative document, *Review of the FSB High-level Recommendations of the Regulation, Supervision and Oversight of “Global Stablecoin” Arrangements* (October 2022), available at [Link](#)

⁴ FSB, *A proposed framework – questions for consultation, International Regulation of Crypto-asset Activities* (October 2022), available at [Link](#)

financial system, they should be subject to regulations in line with the principle of ‘same activity, same risk, same regulation’.⁵ Also, as pointed out in the consultative document *Regulation, Supervision and Oversight of Crypto-Asset Activities and Markets*, “[c]urrently, there is no universally agreed taxonomy of crypto-asset functions or activities”⁶ and as noted in the Proposed Framework, “many currently remain non-compliant with or outside the scope of existing requirements”.⁷ This is particularly troubling where it is unclear to investors that their crypto-asset activities arising from engaging with crypto-assets and exchanges are not subject to the same safeguards as those in other highly regulated parts of the financial market. For example, crypto exchanges are often not highly regulated trading venues like those in the securities and derivatives markets, but rather different types of platforms which are not subject to equally stringent rules.

Taking the above into account, CCP12 welcomes the FSB’s Proposed Framework and its 9 recommendations relating to crypto-asset activities and markets on:

1. Regulatory powers and tools
2. General regulatory framework
3. Cross-border cooperation, coordination and information sharing
4. Governance
5. Risk management
6. Data collection, recording and reporting
7. Disclosures
8. Addressing financial stability risks arising from interconnections and interdependencies
9. Comprehensive regulation of crypto-asset service providers with multiple functions

We also similarly welcome the scope of the review of the FSB 2020 High-level Recommendations of the regulation, supervision and oversight of “Global Stablecoin” Arrangements. As we alluded to in our response⁸ to the CPMI and IOSCO Consultative Report on *Application of the Principles for Financial Market Infrastructures to stablecoin arrangements*⁹, we fully support the approach of subjecting stablecoin arrangements and, more broadly here, other crypto-asset activities to standards similar to those applicable to Financial Market Infrastructures (“FMIs”) when the services offered are of a comparable nature. Where providers of crypto-asset activities are engaged in the same activities as FMIs in traditional financial markets, the same risks should be subject to the same treatment: applicability of the standards set forth in the *Principles for Financial Market Infrastructures*¹⁰.

Taking into account that it is increasingly difficult to harness all the kinds of activities that take place in the currently unregulated space of crypto-asset activities, it is particularly important to ensure that the

⁵ *Ibid.*, at p. 1

⁶ FSB, Consultative document, *Regulation, Supervision and Oversight of Crypto-Asset Activities and Markets*, *op. cit.*, at p. 4

⁷ FSB, A proposed framework – questions for consultation, *International Regulation of Crypto-asset Activities*, *op. cit.*, at p. 1

⁸ CCP12, Response to the CPMI and IOSCO Consultative Report on Application of the Principles for Financial Market Infrastructures to stablecoin arrangements (December 2021), available at [Link](#)

⁹ CPMI, IOSCO, Consultative Report, *Application of the Principles for Financial Market Infrastructures to stablecoin arrangements* (October 2021), available at [Link](#)

¹⁰ CPSS, IOSCO, *Principles for Financial Market Infrastructures* (April 2012), available at [Link](#)

authorities and market stakeholders have access to necessary information and data regarding such activities. As such, CCP12 proposes that providers of such activities become subject to strict transparency rules and are required to publish public disclosures consistent with the *Principles for Financial Market Infrastructures: Disclosure framework and Assessment methodology*¹¹ (such as disclosure of rules, key procedures, and market data), which would support the understanding of the nature and scope of their services and risks they introduce to the markets, among other things. In this context, we welcome in particular the FSB recommendation no. 7 regarding disclosures for crypto-asset issuers and service providers and FSB amended recommendation no. 8 regarding disclosures for stablecoin arrangements. We would urge the authorities to require such entities to provide such information as broadly as possible. In particular, not only authorities, users and relevant stakeholders should be allowed access to such disclosures, but instead, such information should be publicly available. This would be in line with CCPs' practices of publicly sharing a significant amount of granular, qualitative and quantitative information¹².

¹¹ CPSS, IOSCO, Disclosure Framework and Assessment Methodology (December 2012), available at [Link](#)

¹² Committee on Payments and Market Infrastructures, Board of the International Organization of Securities Commissions, Public quantitative disclosure standards for central counterparties (February 2015), available at [Link](#); CCP12 Public Quantitative Disclosures ("PQDs"), available at [Link](#)

About CCP12

The Global Association of Central Counterparties (“CCP12”) is the international association for central counterparties (“CCPs”), representing 40 members who operate over 60 CCPs across the Americas, EMEA, and the Asia-Pacific region.

CCP12 promotes effective, practical, and appropriate risk management and operational standards for CCPs to ensure the safety and efficiency of the financial markets it represents. CCP12 leads and assesses global regulatory and industry initiatives that concern CCPs to form consensus views, while also actively engaging with regulatory agencies and industry constituents through consultation responses, forum discussions, and position papers.

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