

Press release

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FSB publishes progress report on the regulation, supervision and oversight of “global stablecoin” arrangements

The FSB today published a report on the progress made on the implementation of its high-level recommendations for Regulation, Supervision and Oversight of “Global Stablecoin” Arrangements.

The report incorporates the results of a comprehensive stocktake of the implementation of the FSB’s high-level recommendations in 48 jurisdictions in the FSB and its Regional Consultative Groups, covering 21 advanced economies and 27 emerging market and developing economies.

The report notes that the market capitalisation of existing so-called “stablecoins” has continued to grow over the course of 2020/21. Overall, however, the implementation of the FSB high-level recommendations across jurisdictions is still at an early stage. Jurisdictions have taken, or are considering, different approaches towards implementing the recommendations. To address the risk of regulatory arbitrage and harmful market fragmentation and the greater financial stability risks that could arise were stablecoins to enter the mainstream of the financial system, effective international regulatory cooperation and coordination are critical.

The report also notes that standard-setting bodies (SSBs), including BCBS, CPMI and IOSCO, are assessing whether and how existing international standards and principles may apply to stablecoin arrangements and, where appropriate, adjusting them in light of the FSB high-level recommendations. The report stresses that a number of issues may not be fully covered by ongoing work and that any gaps in existing standards and principles should be addressed in a holistic manner that is coordinated across sectors.

Authorities have identified several issues relating to the implementation of the recommendations that may warrant further consideration and where further work at international level could be useful. These include: conditions for qualifying a stablecoin as a “global stablecoin” (GSC); prudential, investor protection and other requirements for issuers, custodians and providers of other GSC functions (e.g. wallet providers); redemption rights; cross-border and cross-sectoral cooperation and coordination; and mutual recognition and deference.

The work on fostering the soundness of GSCs is an important part of the FSB’s Roadmap for enhancing cross-border payments endorsed by the G20 in October 2020. The FSB will undertake a review of its recommendations, in consultation with other relevant SSBs and

international organisations. The review, which will be completed in July 2023, will identify how any gaps could be addressed by existing frameworks and will lead to the update of the FSB's recommendations if needed.

The FSB is continuing to monitor closely FinTech developments and potential financial stability risks, including risks arising from the growth of crypto-assets and stablecoins in particular.

Notes to editors

The establishment of effective regulatory, supervisory and oversight approaches for GSC arrangements is a key building block (building block 18) of the FSB's roadmap to enhance cross-border payments.

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 Randal K. Quarles, Governor and Vice Chair for Supervision, US Federal Reserve; its Vice Chair is 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.