

FSB Consultation:

Addressing the regulatory, supervisory and oversight challenges raised by “global stablecoin” arrangements

The FSB is inviting comments on this consultative document and the questions set out below.

1. Do you agree with the analysis of the characteristics of stablecoins that distinguish them from other crypto-assets?
 - The definition of SC per se is clear. It should be defined with more detail in which regulatory category it could fall depending on its different specific criteria. The examples mentioned on page 15 do not seem detailed enough (e.g. e-money, collective investment scheme, etc.).
 - Potential elements are outlined in Annex 5 for the definition of GSC, but they are not specified (e.g. What minimum volume can be considered as “global”? How many jurisdictions the least should be affected to consider a SC as “global”? How can those jurisdictions be identified in practice, as the GSC is not limited in geographic scope?).

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.

No comment. Remark: The hybrid mechanism should be explained by using examples. The algorithm-based should be explained as well by using examples.

3. Does the FSB properly identify the functions and activities of a stablecoin arrangement? –
The distinction on page 10 between the functions “Transfer of coins” and “Interaction with Users” may lead to confusion as e.g. trading / exchanging / reselling can all be understood as “transfer of coins”.

Does the approach taken appropriately deal with the various degrees of decentralisation of stablecoin arrangements?

No comment.

4. What criteria or characteristics differentiate GSC arrangements from other stablecoin arrangements?

Elements are outlined in Annex 5, but they are not specified (see comment on Nr. 1). More precise figures should be outlined for the definition of a GSC (e.g. minimum volume, minimum number of jurisdictions, etc.).

5. Do you agree with the analysis of potential risks to financial stability arising from GSC arrangements?

Yes.

What other relevant risks should regulators consider? -

6. Do you agree with the analysis of the vulnerabilities arising from various stablecoin functions and activities (see Annex 2)?

Yes.

What, if any, amendments or alterations would you propose? -

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

No further comment.

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

Yes.

9. Are the proposed recommendations appropriate and proportionate with the risks?

The AML/CTF risks are addressed in general. The paper refers in this regard to the FATF. Regarding other recommendations and risks - no comment.

Do they promote financial stability, market integrity, and consumer protection without overly constraining beneficial financial and technological innovation?

- a. Are domestic regulatory, supervisory and oversight issues appropriately identified?
 - b. Are cross-border regulatory, supervisory and oversight issues appropriately identified?
 - c. Do the recommendations adequately anticipate and address potential developments and future innovation in this sector?
10. Do you think that the recommendations would be appropriate for stablecoins predominately used for wholesale purposes and other types of crypto-assets?

The same approach should be used. Regarding the AML/CTF risks we would refer to the recommendations of FATF and Directive (EU) 2018/843 (5th EU AML Directive), with the approach "same risk, same rule".

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

No comment.

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

No comment.