

Matteo Aquilina
Matteo.Aquilina@bis.org

Jon Frost
Jon.Frost@bis.org

Andreas Schrimpf
Andreas.Schrimpf@bis.org

Addressing the risks in crypto: online appendix

A number of initiatives to tackle risks from crypto are under way, both internationally and in individual jurisdictions. The recent turmoil has reinvigorated the debate on the appropriate approach to crypto, with views hardening towards the sector in a number of jurisdictions.

Table 1 gives a selective overview of recent initiatives, classifying them according to the three lines of action discussed in the bulletin's main text. Irrespective of the specific preferences of jurisdictions, such initiatives would benefit from a clear and internationally shared approach, given the borderless and border-fluid nature of cryptoasset markets.

Indian authorities have highlighted that one of the priorities of the country's G20 presidency is to build a consensus on a policy approach to cryptoassets. Initiatives are already ongoing at the Financial Stability Board (FSB), the BIS Committee on Payments and Market Infrastructures (CPMI), the Basel Committee on Banking Supervision (BCBS) and the International Organization of Securities Commissions (IOSCO) to set principles and standards regarding cryptoassets.

In addition, authorities in the European Union, the United Kingdom and the United States have expressed a will to regulate the sector. The Chinese authorities banned several crypto-related activities in late 2021.

Selected ongoing initiatives in crypto regulation at the time of writing

Table 1

Authority	Intervention	Description	Line of action
Indian G20 presidency	<u>Framework for global regulation of crypto</u> (December 2022)	Build consensus for the development of appropriate oversight mechanisms and collaborations to develop standards, monitoring and enforcement for cryptoasset markets.	All options considered, including a potential ban.
FSB	<u>Regulation, Supervision and Oversight of Crypto-Asset Activities and Markets: Consultative report</u> (October 2022)	Recommendations to promote a consistent regulatory framework of crypto assets.	Regulate
	<u>Review of the FSB High-Level Recommendations of the Regulation, Supervision and Oversight of "Global Stablecoin" Arrangements</u> (October 2022)	Recommendations to promote the coordinated and effective regulation, supervision and oversight of global stablecoins to address the financial stability risks posed by them.	Regulate/contain
CPMI/IOSCO	<u>Application of the Principles for Financial Market Infrastructures to stablecoin arrangements</u> (July 2022)	Guidance on the application of the CPMI/IOSCO Principles for Financial Market Infrastructures (PFMI) to systemically important stablecoin arrangements, including the entities integral to the arrangements.	Regulate
BCBS	<u>Prudential treatment of cryptoasset exposures</u> (December 2022)	Standards on banks' prudential treatment of cryptoasset exposures.	Contain
Chinese authorities	<u>Notice on Further Preventing and Resolving the Risks of Virtual Currency Trading and Speculation</u> (September 2021)	Clarifying that virtual currency-related activities are illegal financial activities in China.	Ban
EU authorities	<u>Markets in cryptoassets regulation</u> (October 2022)	Regulation covers issuers of cryptoassets, stablecoins, as well as the trading venues and the wallets where cryptoassets are held.	Regulate
UK authorities	<u>Financial Services and Markets Bill</u> (December 2022)	UK authorities are finalising reforms to regulate crypto markets, including limits on foreign companies selling into their market, provisions for how to deal with the collapse of crypto companies and restrictions on advertising.	Regulate
US authorities	<u>Executive order on ensuring responsible development of digital assets</u> (March 2022)	National policy for digital assets across six key priorities: consumer and investor protection; financial stability; illicit finance; US leadership in the global financial system and economic competitiveness; financial inclusion; and responsible innovation.	Regulate

Source: BIS analysis.