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IOSCO Finalizes its Policy Recommendations for Crypto and Digital Asset Markets

IOSCO, the global standard setter for securities market regulators, has today published its [Final Report with Policy Recommendations for Crypto and Digital Asset \(CDA\) Markets](#).

These recommendations are central to the delivery of a coordinated global regulatory response to the significant investor protection and market integrity risks posed by centralized crypto-asset intermediaries called crypto asset service providers (CASPs).

IOSCO's detailed and targeted recommendations elaborate the regulatory expectations, either through application of existing rules or development of new rules, depending on the jurisdiction, to address the key areas of harm observed in these markets.

The CDA Recommendations set a clear and robust international regulatory baseline to ensure that CASPs meet the standards of business conduct that apply in traditional financial markets.

The Recommendations cover six key areas, consistent with the IOSCO Objectives and Principles for Securities Regulation and relevant supporting IOSCO standards, recommendations, and good practices:

1. Conflicts of interest arising from vertical integration of activities and functions,
2. Market manipulation, insider trading and fraud,
3. Custody and client asset protection,
4. Cross-border risks and regulatory cooperation,
5. Operational and technological risk, and
6. Retail distribution.

Jean-Paul Servais, IOSCO Chair said:

As IOSCO chair, I am pleased with the publication of the IOSCO Report on Crypto and Digital Asset Markets which is the first and important step to ensure investors are protected and crypto-asset markets operate fairly, efficiently and transparently. This report is a key component of the international framework for these markets envisaged by the G20 and FSB.

Next, our attention turns to ensuring the adoption and implementation of the recommendations to support optimal consistency in the way crypto-asset markets and activities are regulated across IOSCO member jurisdictions.

Tuang Lee Lim, Chair of the IOSCO Board-Level Fintech Task Force, set up to develop the policy measures, said:

The activities of CASPs and their associated risks frequently mirror those observed in traditional financial markets. The regulatory approach taken is therefore consistent with IOSCO's Principles and associated standards for securities markets regulation.

These 18 recommendations for crypto and digital asset markets are outcomes-focused and based on the principle of “same activity, same risk, same regulatory outcome”.

NOTES TO THE EDITORS

1. IOSCO is the leading international policy forum for securities regulators and is recognized as the global standard setter for securities regulation. The organization's membership regulates more than 95% of the world's securities markets in some 130 jurisdictions, and it continues to expand.

2. The IOSCO Board is the governing and standard-setting body of IOSCO and is made up of 35 securities regulators. Mr. Jean-Paul Servais, the Chair of Belgium's Financial Services and Markets Authority (FSMA) is the Chair of the IOSCO Board. The members of the IOSCO Board are the securities regulatory authorities of Australia, Bahamas, Bangladesh, Belgium, Brazil, China, Egypt, France, Germany, Greece, Hong Kong, India, Ireland, Italy, Japan, Korea, Kuwait, Malaysia, Mauritius, Mexico, Morocco, the Netherlands, Oman, Ontario, Peru, Quebec, Saudi Arabia, Singapore, Spain, Sweden, Switzerland, Türkiye, the United Kingdom and the United States of America (both the U.S. Commodity Futures Trading Commission and U.S. Securities and Exchange Commission). The Chair of the European Securities and Markets Authority and the Chair of IOSCO's Affiliate Members Consultative Committee are also observers.

3. The Growth and Emerging Markets (GEM) Committee is the largest committee within IOSCO, representing more than 75% per cent of the IOSCO membership, including 10 of the G20 members. Dr Mohamed Farid Saleh, Executive Chairman of the Financial Regulatory Authority, Egypt is Chair of the GEM Committee. The committee brings members from growth and emerging markets together and communicates members' views and facilitates their contribution across IOSCO and at other global regulatory discussions. The GEM Committee's strategic priorities are focused, amongst others, on risks and vulnerabilities assessments, policy and development work affecting emerging markets, and regulatory capacity building.

4. IOSCO aims through its permanent structures:

- to cooperate in developing, implementing and promoting internationally recognized and consistent standards of regulation, oversight and enforcement to protect investors, maintain fair, efficient and transparent markets, and seek to address systemic risks;
- to enhance investor protection and promote investor confidence in the integrity of securities markets, through strengthened information exchange and cooperation in enforcement against misconduct and in supervision of markets and market intermediaries; and
- to exchange information at both global and regional levels on their respective experiences to assist the development of markets, strengthen market infrastructure and implement appropriate regulation