

IOSCO STATEMENT



International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
Organização Internacional das Comissões de Valores
Organización Internacional de Comisiones de Valores
المنظمة الدولية لهيئات الأوراق المالية

THE BOARD OF THE INTERNATIONAL ORGANIZATION OF SECURITIES COMMISSIONS

Statement on IOSCO study of emerging global stablecoin proposals

4 November 2019

At its meeting on 30th October in Madrid, the Board of the International Organization of Securities Commissions (IOSCO) met, amongst other things, to consider the risks and benefits arising from ‘stablecoin’ initiatives with a potential global reach (‘global stablecoins’), and how securities market regulation may apply to such initiatives.

This year, IOSCO has examined a number of these initiatives. The IOSCO Board acknowledges that stablecoins can potentially offer benefits to market participants, consumers and investors. However, it is also aware of potential risks in a number of areas, including consumer protection, market integrity, transparency, conflicts of interest and financial crime, as well as potential systemic risks.

To support its discussions, the IOSCO FinTech Network¹ produced an assessment for the Board of how IOSCO Principles and Standards could apply to global stablecoin initiatives. The detailed assessment concluded that a case-by-case approach is needed to establish which IOSCO Principles and Standards, and national regulatory regimes, would apply. A detailed understanding of how the particular proposed stablecoin is expected to operate is therefore needed, including the rights and obligations it confers on participants and the continuing obligations of the sponsor.

Ashley Alder, Chair of the IOSCO Board, said:

“Our analysis has shown that so-called ‘stablecoins’ can include features that are typical of regulated securities. This means IOSCO Principles and Standards may apply to stablecoins depending on how they are structured, including those related to disclosure, registration, reporting and liability for sponsors and distributors.

Global Stablecoin initiatives are rightly subject to significant international and public scrutiny. We agree with the recent [G20 press release](#) that global stablecoins with potential systemic

¹ In May 2018, IOSCO established the FinTech network to facilitate exchanges among members on their experiences regarding Fintech developments. The Network is Chaired by the UK FCA and has over 95 member organisations.

footprints give rise to a set of serious public policy and regulatory risks. We therefore encourage international collaboration, so the risks relating to stablecoins can be identified and mitigated, and the potential benefits realised. The recent G7 [Report](#) outlined a number of concerns and IOSCO will participate fully in the Financial Stability Board's follow-up work, working closely with other standard setting bodies to ensure a coordinated response.

It is important that those seeking to launch stablecoins, particularly proposals with potential global scale, engage openly and constructively with all relevant regulatory bodies where they may be seeking to operate.

In addition to supporting the work of the FSB, the IOSCO FinTech Network will continue its assessment and consideration of global stablecoin initiatives. The Network will also facilitate information sharing between securities market regulators on such proposals.”

NOTE:

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 more than 115 jurisdictions and it continues to expand.

The IOSCO Board is the governing and standard-setting body of the International Organization of Securities Commissions (IOSCO), and is made up of 34 securities regulators. Mr. Ashley Alder, the Chief Executive Officer of the Securities and Futures Commission (SFC) of Hong Kong, is the Chair of the IOSCO Board. The members of the IOSCO Board are the securities regulatory authorities of Argentina, Australia, Belgium, Brazil, China, Egypt, France, Germany, Hong Kong, India, Indonesia, Ireland, Italy, Japan, Kenya, Korea, Malaysia, Mexico, Ontario, Pakistan, Panama, Portugal, Quebec, Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, Turkey, the United Arab Emirates, 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 (ESMA) and the Chair of IOSCO's Affiliate Members Consultative Committee are also observers.