

MEDIA RELEASE



International Organization of Securities Commissions
Organisation internationale des commissions de valeurs
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المنظمة الدولية لهيئات الأوراق المالية

IOSCO/MR/05/2020

Madrid, 23 March 2020

IOSCO report examines how existing regulatory principles could apply to stablecoins

The Board of the International Organization of Securities Commissions today published a report identifying the possible implications of global stablecoin initiatives for securities markets regulators.

The report entitled [*Global Stablecoin Initiatives*](#) (hereinafter “the Report”) examines the regulatory issues arising from the use of global stablecoins and explores how existing IOSCO Principles and Standards could apply to these arrangements. IOSCO’s Fintech Network prepared the Report as part of an effort to evaluate global stablecoin proposals from a securities market regulator’s perspective.

The Report finds that, depending on its structure, a global stablecoin may fall within securities market regulatory frameworks. Whether IOSCO Principles and Standards are relevant to stablecoins depends on the specific design of each initiative and its legal and regulatory characteristics and features.

IOSCO’s Report describes a Hypothetical Case Study that is based on a hypothetical stablecoin used for domestic and cross-border payments. The hypothetical coin uses a reserve fund and intermediaries to try to achieve a stable price vis-a-vis a basket of low volatility currencies. The Report analyses how different IOSCO Principles and Recommendations, such as the *IOSCO Policy Recommendations for Money Market Funds*, the *IOSCO Principles for ETFs*, the *Final Report on Crypto-Asset Trading Platforms* and IOSCO work on Market-Fragmentation, Cyber Resilience, and Client Assets could apply to the case study or similarly structured stablecoins, depending on their proposed design or function.

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In parallel, together with the CPMI, IOSCO has carried out a separate preliminary analysis on the application of the *CPMI-IOSCO Principles for Financial Market Infrastructures (PFMI)* which is attached at Annex 1 of the Report. That preliminary analysis concludes that the PFMI apply to global stablecoin arrangements where such arrangements perform systemically important payment system functions or other FMI functions that are systemically important; and could therefore apply to the Hypothetical Case Study.

Given the potential cross-border and cross-agency reach of existing and new stablecoin structures, IOSCO is working with other international bodies and standard setters, including the Financial Stability Board (FSB), to better understand stablecoin proposals and risks. The FSB is currently examining the regulatory issues raised by global stablecoin arrangements as mandated by the G20 in June 2019 and will publish a consultative report in April 2020.

IOSCO, along with other standard setting bodies, has contributed extensively to the FSB report. In the meantime, the Fintech Network will continue to assess key issues arising from the analysis in this Report and will analyse any new, emerging stablecoin proposals.

NOTES TO THE EDITORS

About IOSCO

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 more than 115 jurisdictions and it continues to expand.
2. The IOSCO Board is the governing and standard-setting body of the International Organization of Securities Commissions. Mr. Ashley Alder, the Chief Executive Officer of the Securities and Futures Commission of Hong Kong, is the Chair of the IOSCO Board. The members of the IOSCO Board are the securities regulatory authorities of Australia, Belgium, Brazil, China, Egypt, France, Germany, Hong Kong, India, Indonesia, Ireland, Italy, Japan, Korea, Malaysia, Mexico, Ontario, Pakistan, Portugal, Quebec, Saudi Arabia,

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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 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 close to 80 per cent of the IOSCO membership, including 11 of the G20 members. Dr. Obaid Al Zaabi, Chief Executive Officer, Securities and Commodities Authority, United Arab Emirates, is the 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, among 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 adherence to internationally recognized and consistent standards of regulation, oversight and enforcement in order 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 in order to assist the development of markets, strengthen market infrastructure and implement appropriate regulation.

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Carlta Vitzthum

Outside office hours

Email:

Website:

Twitter:

+ 34 91 787 0419

+ 34 697 449 639

carlta@iosco.org

www.iosco.org

@IOSCOPress