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**IOSCO establishes global approach to address risks in Decentralised Finance**

IOSCO, the global standard setter for the securities markets, has today issued for consultation nine policy recommendations to address market integrity and investor protection concerns arising from Decentralised Finance (DeFi).


Jean-Paul Servais, IOSCO Board Chair said: “By supporting greater consistency of regulatory frameworks and oversight across member jurisdictions, the DeFi recommendations complement the Crypto and Digital Assets Recommendations published in May 2023. Once finalised, the two sets of Recommendations will provide a first clear, interoperable, and globally consistent policy framework for crypto and digital assets, including DeFi. This report marks a significant step forward in achieving regulatory outcomes for investor protection and market integrity that are the same as, or consistent with, those required in traditional financial markets across IOSCO’s 130 member jurisdictions.”

Tuang Lee Lim, Chair of IOSCO’s Board-Level Fintech Task Force said: “There is a common misconception that DeFi is truly decentralised and governed by autonomous code or smart contracts. In reality, regardless of the operating model of the DeFi arrangement, “responsible persons” can be identified. Our recommendations are
therefore predicated on the need to identify these persons, whether legal or natural, who should bear responsibility for upholding investor protection and market integrity.”

IOSCO has opened a public consultation and aims to finalise its DeFi recommendations around the end of 2023, in accordance with its Crypto-Asset Roadmap of July 2022, and in conjunction with its CDA recommendations.

Comments on the consultation paper should be sent to DeFiconsultation@iosco.org on or before 19 October 2023.

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, Dubai, Egypt, France, Germany, Greece, Hong Kong, India, Ireland, Italy, Japan, Korea, Kuwait, Malaysia, Mauritius, Mexico, Morocco, the Netherlands, 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.

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