



WSBI-ESBG Response to the Financial Stability Board's consultative document on the proposed framework for International Regulation of Crypto-asset Activities

Position – Executive Summary

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On 13 December 2022, the Joint Office submitted the WSBI-ESBG position to the Financial Stability Board's (FSB) call for feedback on their consultative document on the [proposed framework for International Regulation of Crypto-asset Activities \(CA\)](#). Responses will be published on the FSB's website unless respondents expressly request otherwise.

The FSB reports that crypto-assets and markets must be subject to effective regulation and oversight commensurate with the risks they pose. Crypto-asset markets are fast evolving and could reach a point where they represent a threat to global financial stability due to their scale, structural vulnerabilities and increasing interconnectedness with the traditional financial system. Although the extent and nature of crypto-asset use vary somewhat across jurisdictions, financial stability risks could rapidly escalate, underscoring the need for both timely and pre-emptive evaluation of possible policy responses as well as regulatory action where existing requirements apply.

An effective regulatory framework must ensure that crypto-asset activities are subject to comprehensive regulation, commensurate with the risks they pose, while harnessing potential benefits of the technology behind them. Where crypto-assets and intermediaries perform an equivalent economic function to the one performed by instruments and intermediaries in the traditional financial system, they should be subject to regulations in line with the principle of “same activity, same risk, same regulation.”

Following FSB's call for feedback, WSBI-ESBG members welcome the initiatives of the FSB to encourage consistency and common understanding of the key elements of comprehensive regulatory, supervisory and oversight frameworks for crypto-asset activities and markets, as well as their coming support to authorities in implementing the pro-posed recommendations as crypto-asset activities and markets evolve.

WSBI-ESBG members strongly believe that the proposed regulation for International Regulation of Crypto-asset Activities (CA):

- 1) is key to protecting customers and to fostering sound innovation;
- 2) should necessarily be consistent at a global level to be fair and efficient;
- 3) should understand the “same regulation” principle in the sense of the “same regulatory outcome”; and
- 4) should include a more detailed categorization of crypto-assets (i.e.; stablecoins, global stablecoins, digital assets).

Moreover, WSBI-ESBG members advocate for a more measured regulatory approach that would not unduly restrict the ability of regulated financial institutions to engage in CA. WSBI-ESBG members have the opinion that the risks associated with CA should be subject to sound risk management, capital and liquidity regulation, and ongoing supervisory oversight.