



TOPICS:  
STABLECOIN

SOURCE:  
 Financial Stability Board

## FSB: Regulation, Supervision and Oversight of “Global Stablecoin” Arrangements: Progress Report on the Implementation of the FSB High-Level Recommendations

### Progress Report Main Findings

- This report provides a status **update on progress made on the implementation of the FSB high-level recommendations** for Regulation, Supervision and Oversight of “**Global Stablecoin**” (**GSC**) Arrangements. It discusses key market and regulatory developments since the publication of the FSB high-level recommendations in October 2020; takes stock of the implementation of the FSB high-level recommendations across jurisdictions; describes the status of the review of the existing standard-setting body (SSB) frameworks, standards, guidelines and principles in light of the FSB high-level recommendations; and identifies areas for consideration of potential further international work.
- The report notes that, overall, **the implementation of the FSB high-level recommendations across jurisdictions is still at an early stage**. Jurisdictions have taken, or are considering, different approaches towards implementing the high-level recommendations, which could give rise to the risk of regulatory arbitrage and harmful market fragmentation.
- The report also notes that **standard-setting bodies**, including BCBS, CPMI, and IOSCO **are assessing whether and how existing international standards and principles may apply to stablecoin arrangements** and, where appropriate, adjusting them in light of the FSB high-level recommendations. The report stresses that a number of issues may not be fully covered by existing standards and principles and that gaps should be addressed in a holistic manner that is coordinated across sectors.
- Authorities have identified **several issues relating to the implementation of the recommendations that may warrant further consideration** and where further work at international level could be useful. These include: conditions for qualifying a stablecoin as a “global stablecoin”; prudential, investor protection, and other requirements for issuers, custodians, and providers of other global stablecoin functions (e.g. wallet providers); redemption rights; cross-border and cross-sectoral cooperation and coordination; and mutual recognition and deference.

### FSB High-Level Recommendations

1. **Authorities** should have and utilise the necessary powers and tools, and adequate resources, **to comprehensively regulate, supervise and oversee a GSC arrangement** and its associated functions and activities, and enforce relevant laws and regulations effectively.
2. **Authorities** should apply **comprehensive regulatory, supervisory and oversight** requirements and relevant international standards to GSC arrangements **on a functional basis and proportionately to their risks**.
3. **Authorities** should **cooperate and coordinate with each other**, both domestically and internationally, to foster efficient and effective communication and consultation to support each other in fulfilling their respective mandates and to ensure comprehensive regulation, supervision, and oversight of a GSC arrangement across borders and sectors.
4. Authorities should ensure that **GSC arrangements have in place a comprehensive governance framework** with a clear allocation of accountability for the functions and activities within the GSC arrangement.
5. Authorities should ensure that **GSC arrangements have effective risk management frameworks in place** especially with regard to reserve management, operational resilience, cyber security safeguards and AML/CFT measures, as well as ‘fit and proper’ requirements.
6. Authorities should ensure that **GSC arrangements have in place robust systems for collecting, storing and safeguarding data**.
7. Authorities should ensure that **GSC arrangements have appropriate recovery and resolution plans**.
8. Authorities should ensure that **GSC arrangements provide users and relevant stakeholders with comprehensive and transparent information** necessary to understand the functioning of the GSC arrangement, including with respect to its stabilisation mechanism.
9. Authorities should ensure that **GSC arrangements provide legal clarity to users** on the nature and enforceability of any redemption rights and the process for redemption, where applicable.
10. Authorities should ensure that **GSC arrangements meet all applicable regulatory, supervisory and oversight requirements of a particular jurisdiction before commencing any operations** in that jurisdiction, and adapt to new regulatory requirements as necessary

FOLLOW US!

