

Global Blockchain Business Council

Monthly Fintech Updater

Norton Rose Fulbright LLP – 1 November



Global, EU, UK and US Regulatory Developments

EU	
<p>EU-US Financial Regulatory Forum</p>	<p>On 4 October, the European Commission published a joint statement following the September 2021 meeting involving the European and US regulators and governmental bodies. On the EU side, there was the European Commission, the European Banking Authority (EBA), the European Securities and Markets Authority (ESMA), the European Insurance and Occupational Pensions Authority (EIOPA), the European Central Bank (ECB), the Single Supervisory Mechanism (SSM), the Single Resolution Board (SRB) and the European Systemic Risk Board (ESRB). On the US side there was the U.S. Department of the Treasury and staff from independent regulatory agencies, including the Board of Governors of the Federal Reserve System (FRB), Commodity Futures Trading Commission (CFTC), Federal Deposit Insurance Corporation (FDIC), Securities and Exchange Commission (SEC), and Office of the Comptroller of the Currency (OCC).</p> <p>The Forum underscored EU and U.S. cooperation and focused on six themes: (1) market developments and current assessment of financial stability risks, (2) sustainable finance, (3) multilateral and bilateral engagement in banking and insurance, (4) regulatory and supervisory cooperation in capital markets, (5) financial innovation, and (6) anti-money laundering and countering the financing of terrorism (AML/CFT).</p> <p>Discussions between the parties involved central bank digital currencies and other recent developments including regulatory proposals involving new forms of digital payments, crypto-assets, and stablecoins.</p> <p>The parties noted the importance of international work on financial innovation, as well as the benefits of greater international supervisory cooperation with a view to promote responsible innovation globally.</p> <p>The parties also discussed the opportunities and challenges arising from financial innovation in AML/CFT and explored potential areas for enhanced cooperation to combat money laundering and terrorist financing bilaterally and in the framework of FATF.</p> <p>Published 4 October.</p>
<p>EBA publishes its work programme for 2022</p>	<p>On 5 October 2021, the European Banking Authority (EBA) published its annual work programme for 2022, describing its activities and tasks as well as key strategic areas of work for next year.</p> <p>For 2022, the EBA has set five vertical priorities:</p> <ul style="list-style-type: none"> • Monitoring and updating the prudential framework for supervision and resolution. • Revisiting and strengthening the EU-wide stress-testing framework. • Leveraging the European centralised infrastructure for supervisory data. • Deepening analysis and information-sharing in the areas of digital resilience, FinTech and innovation. • Fighting anti-money laundering / countering the financing of terrorism and contributing to a new EU infrastructure.

	<p>The EBA has also set two horizontal priorities:</p> <ul style="list-style-type: none"> • Providing tools to measure and manage environmental, social and corporate governance risks. • Monitoring and mitigating the impact of COVID-19. <p>The EBA sets out further granular information concerning its policy and convergence work on pages 14 to 24 of its annual work programme.</p> <p>On the innovation and FinTech point, the work programme states that the EBA will continue to monitor financial innovation and identify areas in need of a regulatory or supervisory response.</p> <p>The EBA also notes its FinTech Roadmap the Commission’s Digital Finance Strategy. These mean that the EBA will focus on (i) the regulatory perimeter; (ii) the business model impact, risks and opportunities of FinTech and platformisation for financial institutions; and (iii) regulatory obstacles to innovative technologies and business models.</p> <p>In furthering this work, the EBA will continue supporting i) the FinTech Knowledge Hub to facilitate information and experience-sharing, raise awareness and foster FinTech knowledge transfer; and ii) the Forum of European Innovation Facilitators (information-sharing among national innovation facilitators).</p> <p>Key outputs will include:</p> <ul style="list-style-type: none"> • Thematic reports on the monitoring of financial innovation and targeted reports on new developments, including AI, RegTech/SupTech and platformisation; • Thematic reports on business model changes, and risks and opportunities from FinTech, innovative products and emerging trends • Contributions to the FinTech Knowledge Hub (workshops, roundtables, seminars) • Support for the European Forum for Innovation Facilitators <p>On the AML theme, the EBA has made the provision of AML/CFT input into cross-EBA activities, such as FinTech, RegTech, consumer protection, payment services and prudential regulation a key output.</p> <p>Published 5 October.</p>
<p>UK</p>	
<p>BoE Financial Policy Committee discuss cryptoassets and their effect on financial stability.</p>	<p>On 8 October 2021, the Bank of England (BoE) published the <i>financial policy summary and record</i> (FPSR) of the meeting of its Financial Policy Committee (FPC) on 23 September 2021.</p> <p>The announcement stated that: <i>“The FPC considers that direct risks to the stability of the UK financial system from cryptoassets are currently limited. It will, however, continue to pay close attention to developments, including the relationship between cryptoassets and the UK financial system, and seek to ensure resilience to systemic risks that may arise from further developments. Financial institutions should take a cautious and prudent approach to any adoption of these assets”</i></p> <p>Published 8 October.</p>

**HM Treasury publishes
response to call for evidence for
its Payment Landscapes Review**

On 11 October, HM Treasury (**HMT**) published its response to the call for evidence for the Payments Landscape Review (the **Response**). In the Response, HMT note that the review builds on previous and live policy initiatives including the Cryptoassets Taskforce and the HM Government's consultation on the regulatory approach to cryptoassets and stablecoins,

The Response notes the various benefits stablecoins could bring to the payments landscape, including being used for faster and cheaper payments, and making it easier for people to pay for things or store their money. The response also notes that the UK's regulatory framework must be equipped to harness the benefits of new forms of digital money as well as mitigating the risks to consumers and stability.

The Response also notes the discussion paper published by the Bank of England on New Forms of Digital Money, which includes consideration of different possible regulatory models for systemic stablecoins. HMT noted in the Response that it will seek to 'ensure consistency, in the spirit of 'same risk, same regulatory outcome', between regulation applied to stablecoins and comparable payments activities'.

To see the Response or any more detail about the Payments Landscape Review, go to the [Payments Landscape Review webpage](#).

Published 11 October.

BoE speech – Is ‘crypto’ a financial stability risk?

On 13 October, Sir John Cunliffe, Deputy Governor for Financial Stability at the Bank of England, gave a [speech](#) discussing the financial stability risk posed by crypto.

Crypto is the underlying technology - the application of cryptographic innovation to the recording and to the transfer of the ownership of assets, often on public networks open to all. Unbacked crypto-assets (i.e. Bitcoin) make up 95% of crypto assets and are used primarily as speculative investments; the price volatility of these assets makes them unsuitable for use as a settlement asset for payment. Whereas, backed crypto-assets (stablecoins) are intended for use as a means of payment within crypto markets, though they are beginning to be used by wholesale financial players and large corporates.

These assets have begun to connect the financial system and Sir John talks about how regulators should be responding to their rapid growth.

The speech includes the following comments:

- Crypto assets have grown by roughly 200% in 2021, from just under \$800 billion to \$2.3 trillion today.
- Crypto technologies offer the prospect of radical improvements in financial services. However, their current applications are a financial stability concern because:
 - They currently operate in an unregulated space.
 - The bulk of crypto assets are highly volatile as they have no intrinsic value and are vulnerable to major price corrections, due to the fact they have no assets or commodities behind them, their value is determined solely by the price the buyer is willing to pay at any given moment.
- Well-designed standards and regulation should enable financial risks to be managed in the same way they are managed in traditional finance. Bringing the crypto world within the regulatory perimeter will allow their benefits to flourish in a sustainable way.

Sir John also touched briefly on decentralised finance which demonstrates the increasing complexity and potentially growing risk in the crypto ecosystem. It is decentralised and algorithm-based, relying on smart contracts and is delivered without intermediaries. Most commonly used as a provision of credit. The decentralised global structure and difficulty to trace end users poses a unique set of challenges for regulators.

In his conclusion Sir John said:

“Indeed, bringing the crypto world effectively within the regulatory perimeter will help ensure that the potentially very large benefits of the application of this technology to finance can flourish in a sustainable way. As the chairman of the SEC has observed, “financial innovations throughout history do not flourish outside public policy frameworks”.

Developing the standards and regulation that effect those public policy frameworks is, and should be, a painstaking, careful process. But one cannot help observing that in the two years it has taken to develop the draft CPML-IOSCO guidance, stablecoins have grown sixteen-fold, although admittedly only to a relatively small amount.”

Published 13 October.

<p>FCA survey finds that young investors are driven by competition and hype</p>	<p>On 20 October, an FCA press release outlined the findings of a recent survey. This survey suggested that “76% of those aged under 40 who have invested in high-risk products such as cryptocurrency and forex say they are driven by competition with friends, family and acquaintances and their own past investments” and that “58% say hype on social media and in the news lies behinds their investment decision”.</p> <p>This coincides with the launch of the FCA’s InvestSmart campaign which intends to help new investors understand the risks. The FCA is concerned that new investors are increasingly accessing higher-risk investments such as crypto and forex, which may not reflect their risk tolerance.</p> <p>The FCA’s InvestSmart campaign recommends ‘5 important questions to ask yourself before you invest’:</p> <ol style="list-style-type: none">1. Am I comfortable with the level of risk?2. Do I understand the investment being offered to me?3. Are my investments regulated?4. Am I protected if the investment provider or my adviser goes out of business?5. Should I get financial advice? <p>For more information, see the FCA press release and the InvestSmart Website.</p> <p>Published 20 October.</p>
<p>HMT Autumn Budget and Spending Review 2021 mentions FinTech skills and its contribution to growth</p>	<p>On 27 October, the Chancellor unveiled the Autumn Budget and Spending Review 2021 (the Spending Review). In the Spending Review, HMT emphasised the importance of immigration to the UK’s fast-growing FinTech sector, noting in particular that ‘49% of the UK’s fastest-growing businesses have at least one foreign-born co-founder and approximately 40% of staff in UK fintechs are from overseas’. In response, the government will launch the Scaleup, High Potential Individual, and Global Business Mobility visas to attract highly skilled people and support inward investment in Spring 2022.</p> <p>The Spending Review also noted that it would ensure HMT would be provided funding for ‘a new Centre for Finance, Innovation and Technology, to tackle barriers to growth and accelerate the UK fintech sector’.</p> <p>For more information, you can find the Spending Review here.</p> <p>Published 27 October.</p>

US	
<p>CFTC Orders Tether and Bitfinex to Pay Fines Totalling \$42.5 Million</p>	<p>On 15 October 2021, the Commodity Futures Trading Commission simultaneously filed and settled charges against Tether Holdings Limited, Tether Limited, Tether Operations Limited, and Tether International Limited (together Tether) for making untrue or misleading statements and omissions of material fact in connection with the U.S. dollar tether token (USDT) stablecoin.</p> <p>The order requires Tether to pay a civil monetary penalty of \$41 million and to cease and desist from any further violations of the Commodity Exchange Act (CEA) and CFTC regulations.</p> <p>The CFTC also simultaneously filed and settled charges against iFinex Inc., BFXNA Inc., and BFXWW Inc. (together Bitfinex). This was in connection with operation of the Bitfinex cryptocurrency trading platform. The order found that Bitfinex engaged in illegal, off-exchange retail commodity transactions in digital assets with U.S persons on the Bitfinex trading platform and operated as a futures commission merchant (FCM) without registering as required.</p> <p>The order requires Bitfinex to pay a \$1.5 million civil monetary penalty and prohibits Bitfinex from further violations of the CEA, and requires Bitfinex to implement and maintain additional systems reasonably designed to prevent unlawful retail commodity transactions.</p> <p><i>“This case highlights the expectation of honesty and transparency in the rapidly growing and developing digital assets marketplace,”</i> said Acting Chairman Rostin Behnam. <i>“The CFTC will continue to take decisive action to bring to light untrue or misleading statements that impact CFTC jurisdictional markets.”</i></p> <p>For more information and background to the cases, please see the CFTC press release.</p> <p>Published 15 October.</p>
<p>SEC gives approval to ProShares Bitcoin Strategy ETF (the first U.S. bitcoin futures-based exchange-traded fund)</p>	<p>On 19 October, the first US based bitcoin futures-based exchange-traded fund based began trading. The SEC approved the ETF, but has yet to approve spot bitcoin ETF.</p> <p>For more information, please see the following Reuters articles here and here.</p> <p>Published 19 and 27 October.</p>
<p>CFTC Charges El Paso Resident and His Firm in Ongoing \$3.9 Million Forex and Cryptocurrency Fraud and Misappropriation Scheme</p>	<p>On 20 October, the Commodity Futures Trading Commission announced that it filed a civil enforcement action against Abner Alejandro Tinoco, and his company, Kikit & Mess Investments LLC. They were charged with fraudulent solicitations and misappropriation of over \$3.9 million.</p> <p>The CFTC alleges that since September 2020 the defendants solicited \$3.9 million from clients for forex and crypto portfolio management. However, these funds were misappropriated for Tinoco’s personal benefit.</p> <p>Published 20 October.</p>

SEC Chair Gary Gensler Speaks on FinTech - Remarks At DC FinTech Week 2021

On October 21, the SEC Chair Gary Gensler delivered a speech on FinTech as a part of DC Fintech Week.

In the speech, he notes that FinTech is not just the domain of disrupting traditional business models of finance- it is also being utilised by financial incumbents and big tech firms.

He notes that when disruptive technologies change the face of finance, it is important to understand how regulators can continue to achieve our core policy goals. On this point, he focused his speech on AI, Machine Learning and Crypto.

He explains that, while the use of AI/ Machine learning predictive data analytical models can help companies manage risk and facilitate increased financial inclusion, it is also the case that they also raise public policy considerations.

On the point of conflict of interest, Gensler questions whether the platforms providing these data analytics services are solely optimising returns of the client investors, or whether there are other factors being optimised (perhaps the platform's revenues).

Gensler also noted that models potentially reinforce the social inequities which are embedded in the data they analyse/ use to train.

Then there is the question of understanding. Modern algorithms are going far beyond traditional statistical models; they now involve increasingly complex, non-linear, and hyper-dimensional correlations. Gensler questions how we can explain these models.

Gensler suggests that regulators ought to consider our policies to guard against bias and facilitate 'explainability', drawing on the past US experience under the Equal Credit Opportunity Act and Fair Credit Reporting Act. Regulators must also consider how to guard against herding, interconnectedness, and concentration into certain datasets, providers, or investments

On Crypto, Gensler notes the innovation this technology has brought in money and ledgers, as well as the challenge this brings to incumbent business models of actors in the market. He also notes the challenge to traditional roles in financial markets- namely that of the stockbroker which has been replaced (for certain platforms/ consumers) by direct access via open application programming interfaces (APIs) for crypto trading and lending platforms.

Gensler also notes the innovations that could come from decentralized finance (DeFi) and stablecoins.

Gensler ended by noting the following: *"I am technology-neutral, but I am anything but public policy-neutral. As new technologies come along and change business models in finance, we need to continue to work toward our public-policy goals."*

He goes on to explain that these are: *"How do we continue to protect investors? How do we maintain fair, orderly, and efficient markets, and facilitate capital formation? How do we guard against illicit activity? How do we ensure for financial inclusion and access, and guard against bias? How do we promote financial stability and robustness?"*

For more information, you can read a transcript of the speech [here](#).

	Published 22 October.
China	
MOU signed to boost fintech regulation in Greater Bay Area	<p>On 21 October, the People's Bank of China (PBOC) and the Hong Kong Monetary Authority (HKMA) jointly announced that they have signed the Memorandum of Understanding (MOU) on Fintech Innovation Supervisory Cooperation in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA).</p> <p>This aims at advancing cooperating on FinTech innovation to improve the quality and efficiency of financial services in the Greater Bay Area by linking the PBOC's Fintech Innovation Regulatory Facility with the HKMA's Fintech Supervisory Sandbox.</p> <p>For more information, see the Hong Kong Monetary Authority press release.</p> <p>Published 21 October.</p>
Nigeria	
Nigeria becomes first African nation to launch digital currency	<p>On 25 October, the Nigerian central bank launched the eNaira (the digital form of the fiat currency). This makes them the first African nation to launch a digital currency.</p> <p>For more information, see the press release (dated 23 October) and the Regulatory Guidelines (dated 25 October).</p> <p>Published 25 October.</p>
Australia	
Australian Senate Committee Calls for New Rules for Crypto	<p>On 19 October, The Australian Senate Select Committee on Australia as a Technology and Financial Centre published its third and final report. The report includes recommendations to address the lack of crypto and blockchain regulations in the country.</p> <p>The Final Report covers key issues affecting the competitiveness of Australia's technology, finance and digital asset industries: the regulation of cryptocurrencies and digital assets; issues relating to 'de-banking' of Australian FinTechs and other companies; the policy environment for neobanks in Australia; and options to replace the Offshore Banking Unit.</p> <p>For more information, see the Final Report.</p> <p>Published 19 October.</p>

Singapore	
<p>Speech by Prime Minister Lee Hsien Loong at the MAS50 Partners Appreciation Evening on 7 October 2021</p>	<p>On 7 October, Prime Minister Lee Hsien Loong gave a speech at the MAS50 Partners Appreciation Evening.</p> <p>In the speech, he celebrated the 50th anniversary of MAS. In doing so, he noted that MAS was an early promoter of FinTech with the FinTech Regulatory Sandbox being launched in 2016 helping forge a close relationship between industry and the regulator.</p> <p>Loong gave credit to MAS for helping to build Singapore into the leading FinTech hub it is today. Loong noted that Singapore is now home to more than 40 innovation labs belonging to global financial institutions and 1,400 FinTech firms.</p> <p>Loong looks ahead to the opportunities and challenges facing MAS going ahead, namely new business models arising from new technologies such as decentralised finance and the use of crypto assets; as well as climate change and the transition to a low-carbon economy.</p> <p>Published 7 October.</p>

International Developments

International Monetary Fund (IMF)	
<p>The IMF publish report on ‘The Crypto Ecosystem and Financial Stability Challenges’</p>	<p>On 1 October 2021, the IMF published its report on The Crypto Ecosystem and Financial Stability Challenges.</p> <p>The IMF have provided a call to action, saying that “<i>As crypto assets take hold, regulators need to step up.</i>”</p> <p>While also noting the potential opportunities that crypto provides (giving the examples of quick and easy payments, innovative financial services and inclusive access to previously “unbanked” parts of the world), the IMF outline the risks and challenges that come alongside the potential rewards.</p> <p>In particular, it notes the extensive consumer protection risks, the AML/ terrorist financing risks created by pseudo-anonymity, and the misleading nature of the term ‘stablecoin’.</p> <p>The IMF provide a list of policy action priorities for regulators and supervisors. In particular, it emphasises the need for collective global regulatory action which minimises the risk of regulatory arbitrage. It notes AML legislation is an important place to focus, but also that areas such as securities regulation, as well as payments, clearing and settlements may also be applicable and need attention.</p> <p>For more information, see the final report and the accompanying blog post.</p> <p>Published 1 October.</p>
FATF	
<p>FATF publish Revised Guidance for a Risk-Based Approach to Virtual Assets and VASPs</p>	<p>On 28 October 2021, FATF updated its Guidance for a Risk-Based Approach to Virtual Assets and Virtual Asset Service Providers (the Updated Guidance).</p> <p>The Updated Guidance provides a refresh of their 2019 Guidance on the same topic. FATF say that “[t]his guidance will help countries and VASPs understand their anti-money laundering and counter-terrorist financing obligations, and effectively implement the FATF’s requirements as they apply to this sector. The guidance provides relevant examples and potential solutions to implementation obstacles.” The Updated Guidance follows a public consultation in March-April 2021.</p> <p>The Updated Guidance focuses on the following six key areas:</p> <ol style="list-style-type: none">1. clarification of the definitions of virtual assets and VASPs,2. guidance on how the FATF Standards apply to stablecoins,3. additional guidance on the risks and the tools available to countries to address the money laundering and terrorist financing risks for peer-to-peer transactions,4. updated guidance on the licensing and registration of VASPs,5. additional guidance for the public and private sectors on the implementation of the “travel rule”, and6. principles of information-sharing and co-operation amongst VASP Supervisors <p>For more information on the report, please see the FATF website. You can also read the summary document of the report.</p> <p>Published 28 October 2021.</p>

Bank for International Settlements (BIS)	
<p>Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO) publish Consultative report: Application of the Principles for Financial Market Infrastructures to stablecoin arrangements</p>	<p>On 5 October 2021, the Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO) published a consultative report that proposes guidance on the application of the Principles for Financial Market Infrastructures (PFMIs) to systemically important stablecoin arrangements (SAs), including the entities integral to such arrangements.</p> <p>The proposed guidance focuses on a subset of the PFMIs for which the CPMI and IOSCO consider that guidance is warranted in light of notable features of SAs as compared to existing financial market infrastructures. The guidance is intended for systemically important SAs as they design, develop and operate their services and arrangements, including SAs that have the potential to become systemically important after launch; and by regulatory, supervisory and oversight authorities as they carry out their respective responsibilities for systemically important SAs.</p> <p>The consultative report does not cover issues specific to stablecoins denominated in or pegged to a basket of fiat currencies (multicurrency SAs), as they will be covered in future work to consider whether the guidance is sufficient to provide clarity to multicurrency SAs when seeking to observe the PFMI.</p> <p>The deadline for comments on the consultative report is 1 December 2021.</p> <p>For more information, see the report and the BIS press release</p> <p>Published 5 October.</p>
<p>Benoît Cœuré, Head of the BIS Innovation Hub, gives speech titled 'Finance disrupted' at the 23rd Geneva Conference on the World Economy</p>	<p>On 7 October 2021, Benoît Cœuré, Head of the BIS Innovation Hub, gave a speech titled 'Finance disrupted' at the 23rd Geneva Conference on the World Economy.</p> <p>The speech explores the topics of digitalisation disrupting payments and money, big data and algorithms disrupting banking supervision, and changes in market structures.</p> <p>On the topic of Central Bank Digital Currencies (CBDC), Cœuré explains that CBDCs “<i>could be a safe and neutral means of payment and settlement asset, serving as a common platform around which a new payments ecosystem can develop. It could enable an open finance architecture that welcomes competition and innovation; and preserve democratic control of the currency</i>”. He also explains the potential impact a retail CBDC could have on monetary and fiscal policy.</p> <p>For more information, you can read the entire speech here.</p> <p>Published 7 October.</p>
<p>Lessons on innovation Speech by Agustín Carstens, General Manager of the BIS, at the DC Fintech Week</p>	<p>On 18 October 2021, Agustín Carstens, General Manager of the BIS, gave a speech titled 'Lessons on innovation' at DC Fintech Week. The speech explored the role the BIS is playing on the international stage in promoting innovation with a particular focus on projects relating to CBDC and Multi-CBDC arrangements. Carstens also discussed five key lessons on innovation.</p> <p>The key lessons discussed were:</p> <ul style="list-style-type: none"> • Lesson one: be prepared to fail • Lesson two: innovation means evolution, not revolution • Lesson three: innovation is all about collaboration. • Lesson four: to successfully innovate, use innovation management methodologies • Lesson five: there are different ways of achieving the same end.

	<p>For more information, you can read the transcript of the speech here.</p> <p>Published 18 October.</p>
<p>5th Annual DC FinTech Week</p>	<p>On 18-21 October, the BIS and the Georgetown University Institute of International Economic Law (IIEL) jointly held DC Fintech Week which is a conference that hosts discussions on a range of FinTech topics including crowdfunding, online lending, cryptocurrencies, cybersecurity, AI, open banking.</p> <p>For more information, and to watch recordings of the many interesting discussions, see the DC FinTech Week website.</p>
<p>ISDA</p>	
<p>ISDA announce plans to develop standard documentation for Crypto Derivatives</p>	<p>On September 30, ISDA announced that it has established a new 'digital asset legal and documentation working group' to explore the standardisation of documentation for crypto derivatives.</p> <p>ISDA note that this is important for legal certainty, as well as ensuring robust processes are in place to deal with market disruptions or defaults. ISDA notes that it is uniquely placed to set standards in the nascent market.</p> <p>For more information, see ISDA's press release.</p> <p>Published 30 September.</p>
<p>Financial Stability Board</p>	
<p>FSB publishes progress report on the regulation, supervision and oversight of "global stablecoin" arrangements</p>	<p>On 7 October, the Financial Stability Board (FSB) published a progress report setting out the progress made on the implementation of its high-level recommendations for the regulation, supervision and oversight of global stablecoin arrangements. The progress report incorporates the results of a stocktake of the implementation of the FSB's high level recommendations in 21 advanced economies and 27 emerging market and developing economies.</p> <p>The high level recommendations are set out in an FSB report 'Regulation, supervision and oversight of global stablecoin arrangements: final report and high-level recommendations' which was published in October 2020.</p> <p>The recommendations are addressed to authorities and focus on privately issued global stablecoins predominately intended for retail use. Although the recommendations are aimed at global stablecoins, they could be used for other stablecoins, including those that may pose risks to financial stability only in some countries or regions, and, potentially, other crypto-assets that could pose risks similar to some of those posed by global stablecoins because of comparable international reach, scale and use.</p> <p>The recommendations call for regulation, supervision and oversight that is proportionate to the risks, and stress the value of flexible, efficient, inclusive, and multi-sectoral cross-border cooperation, coordination, and information sharing arrangements among authorities that take into account the evolving nature of global stablecoin arrangements and the risks they may pose over time.</p> <p>Key points in the progress report include:</p> <ul style="list-style-type: none"> • Whilst the current generation of so-called stablecoins are not being used for mainstream payments on a significant scale, vulnerabilities in this space have continued to grow over the course of 2020-21. • Jurisdictions have taken or are considering different approaches towards implementing the FSB's high-level recommendations.

- As jurisdictions are using the FSB high-level recommendations in developing their own domestic regulatory approaches, 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. Areas for further consideration that respondents identified as most useful 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.

The FSB will undertake a review of its recommendations. The review, which will be completed in July 2023, will identify how any gaps could be addressed by existing frameworks and will lead to the update of the FSB's recommendations if needed.

For more information, see [the report](#).

Published 7 October.

Norton Rose Fulbright DeFi academy.

To demystify DeFi and explore the various associated legal and regulatory issues, we are running a "DeFi Academy" comprising a series of discussions – including live Q&A sessions – as detailed below:

1. **An introduction to DeFi** - [Watch now](#)
2. **Global regulatory reactions to DeFi** | [Watch now](#)
3. **Managing Regulatory and Litigation Risks in DeFi** | December: TBC.
Contact [Julie Frizzarin](#) to register your interest.

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