Pills

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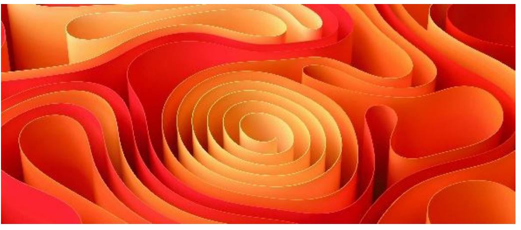

TOPICS:

Banking System, Technology

SOURCE

Financial Stability Board

FSB Finds Significant Gaps and Inconsistencies in Implementation of Crypto and Stablecoin Recommendations

- The FSB conducted **a thematic peer review** assessing the progress of its member and select non-member jurisdictions in implementing the 2023 global **regulatory framework for crypto-asset activities**. The review evaluates adoption of high-level recommendations for crypto-asset service providers (CASPs) and global stablecoin (GSC) arrangements, focusing on regulatory frameworks, data and disclosure requirements, and cross-border cooperation.
- For **CASPs, significant gaps** persist in regulating high-risk activities like lending, borrowing, and margin trading. Many jurisdictions lack reporting frameworks robust enough to monitor financial stability risks. Furthermore, supervisory and enforcement practices often lag behind legislative developments.
- **Stablecoin regulation is** similarly **fragmented**. Few jurisdictions have adopted frameworks that fully align with the FSB's GSC recommendations, notably in areas such as liquidity risk management, capital requirements, and redemption mechanisms. Inconsistent disclosure and custody standards across jurisdictions pose additional supervisory challenges, especially for cross-border stablecoin operations.
- **Cross-border regulatory cooperation remains underdeveloped**. Existing mechanisms are often limited to enforcement and licensing, with insufficient coordination on broader supervisory goals or systemic risk monitoring. Divergent legal definitions, fragmented responsibilities, and barriers such as data privacy laws further inhibit effective cross-border collaboration.
- The report concludes with **eight key recommendations**, urging jurisdictions to close implementation gaps, enhance data capabilities, and improve cross-border coordination. The FSB also calls for increased engagement beyond its membership to promote consistent, global application of its framework.