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International Organization of Securities Commissions

IOSCO Reviews Implementation of Recommendations for Crypto and Digital Asset Markets

- The IOSCO conducted a thematic review to assess the implementation of **ten key policy recommendations for crypto and digital asset (CDA)** markets among 20 selected jurisdictions. These recommendations focus on **market integrity and investor protection** and stem from IOSCO's broader 2023 CDA framework, developed under the principle of "same activity, same risk, same regulatory outcome."
- The review concludes that significant **progress has been made**, particularly in adopting legal and regulatory frameworks aligned with IOSCO's recommendations. Many jurisdictions are either adapting existing financial regulations or creating new crypto-specific rules, although challenges persist - especially concerning the scope and depth of implementation.
- **Key findings** indicate varied implementation levels across jurisdictions. While most have advanced in areas like organizational governance (Rec 2), trading conflict disclosure (Rec 3), and fraud prevention (Rec 8), others show delays, particularly in custody arrangements (Recs 12–16) and retail client protections (Rec 18). Cross-border regulatory cooperation (Rec 11) is underway but hindered by legal and practical limitations.
- The report highlights **risks** from vertically integrated crypto-asset service providers (CASPs), emerging business models (staking, lending), and insufficient controls around proprietary trading. It notes increasing financial crime, including the use of stablecoins in illicit activities, and operational vulnerabilities due to the 24/7 nature of crypto markets.
- While IOSCO did not assess the effectiveness of current frameworks, it underscores **the urgency of completing implementation efforts** to prevent regulatory arbitrage and ensure investor protection. The review encourages enhanced international cooperation, capacity building, and ongoing monitoring of the evolving crypto landscape.

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