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المنظمة الدولية لهيئات الأوراق المالية

IOSCO Crypto-Asset Roadmap for 2022-2023

7 July 2022

Executive Summary

The IOSCO Board agreed to the establishment of a Board-level Fintech Task Force (FTF) at its meeting on 9 March 2022. The FTF currently has 27 members from Board member jurisdictions,¹ and is chaired by the Singapore Monetary Authority (MAS).

In accordance with its terms of reference approved by the IOSCO Board on 24 May 2022, the FTF is tasked with developing, overseeing, delivering, and implementing IOSCO's regulatory agenda with respect to Fintech and crypto-assets. It is also charged with coordinating IOSCO's engagement with the FSB and other standard setting bodies on Fintech and crypto-related matters.

The FTF has since agreed on its workplan for 2022-2023 which, in its first 12 to 24 months of operation, will prioritize policy-focused work on crypto-asset markets and activities. The FTF will nonetheless continue to monitor and review activities and market developments related to broader Fintech-related trends and innovations. Work on any identified topics of interest would, unless circumstances dictate otherwise, develop to a longer timeframe once the FTF has completed its initial phase of crypto-focused work.

This work will be initially divided into two workstreams, the first, covering Crypto and Digital Assets (CDA), while the second covers Decentralised Finance (DeFi). Both workstreams will primarily focus on analysing and responding to market integrity and investor protection concerns within the crypto-asset space. The need to address these concerns is evident from many events affecting the crypto asset space, such as the recent Terra/Luna episode and ensuing market turmoil involving crypto-asset trading, lending and borrowing platforms and other market participants, resulting in significant losses and risks to investors due to inadequate protections and safeguards. In addition, systemic risk concerns will be actively considered, mapping aggregate data to these, where available and appropriate. Our work will be channelled into the FSB's financial stability agenda through close and continuous engagement with relevant workstreams. The key elements and deliverables² for each of these workstreams are summarised in the overarching workplan below.

While the crypto-asset work agenda is being split between these two internal workstreams, the FTF will nonetheless ensure that they are connected and adopt a coherent and coordinated cross-sectoral approach in developing policy in response to crystallized and emerging risks across the sector.

¹ AMF France, ASIC Australia, BaFin Germany, SC Bahamas, CVM Brazil, CSRC China, CNBV Mexico, CONSOB Italy, FRA Egypt, ESMA, FSMA Belgium, FSS Korea, SFC Hong Kong, FSA Japan, SC Malaysia, AMMC Morocco, OSC Ontario, AMF Quebec, CMA Saudi Arabia MAS Singapore, CNMV Spain, FI Sweden, FINMA Switzerland, CMB Turkey, FCA United Kingdom, CFTC United States, SEC United States.

² The deliverables could tap on collected data and survey results to better understand the interaction between crypto-asset and traditional markets.

Moreover, IOSCO's responsiveness to market developments and identification of future market trends, as well as the work of the FSB, international standard setting bodies and other international organizations in this area (such as BCBS, FATF and the OECD) is also of critical importance. The FTF will therefore ensure that it engages proactively with each of these constituencies.

As the workstreams progress along in their substantive work leading into 2023, the FTF would also explore suitable junctures in 2023 where interim reports could be published to keep markets apprised of the ongoing work of the FTF. The FTF will also seek to actively engage with relevant stakeholders and experts during the policy development phase to help inform our recommendations.

This workplan will be reviewed and updated annually and as needed.

Overarching FTF Workplan & Deliverables

INITIAL PROJECTS

A. Crypto and Digital Assets (CDA)

Resourcing:

The workstream will be led by the UK Financial Conduct Authority (FCA). The CDA working group (CDAWG) will seek input from the FTF and other IOSCO Committees as appropriate.

To avoid unnecessary overlap and ensure appropriate coordination on common issues, the CDAWG will also engage with related external working groups.

➤ Description of the work

The CDAWG will primarily focus on issues relating to market integrity and investor protection. This will entail looking closely at (i) fair, orderly trading, transparent markets, suitability and market manipulation (Part 1), and (ii) safekeeping, custody and soundness (Part 2). These issues might have implications for financial stability and therefore the intention is to feed the outputs into the FSB Crypto-Asset Working Group (CAG). The CDAWG will also coordinate closely with the FTF DeFi WG and other relevant global standard setting bodies. In developing its work, the CDAWG may also consider potential areas in which regulation could play a role in supporting innovation. The work will start with consideration of potential taxonomies of various activities to assist the Task Force as it pursues its work. This will involve an assessment of the emerging risks that may be unique in the crypto-asset markets space and the different legal/regulatory considerations in each jurisdiction. The working group will aim to deliver a public report with proposed policy recommendations in 2023 (Part 3).

➤ Indicative Timelines and Deliverables

Date	Milestones
Q2-Q4 2022	Part 1
Q4 2022 – Q1 2023	Part 2
Q1-Q3 2023	Report drafting
Q4 2023	CDA report publication with policy recommendations.

B. Decentralised Finance (DeFi)

Resourcing:

The workstream will be led by the US Securities and Exchange Commission (SEC). The DeFi working group (DeFi WG) will seek input from the FTF and other IOSCO Committees as appropriate.

To avoid unnecessary overlaps and ensure appropriate coordination on common issues, the DeFi working group will also engage with related external working groups.

➤ Description of the work:

The DeFi WG's work will build on its previous work, which culminated in the [IOSCO DeFi Report](#), to further explore the market integrity, investor protection and financial stability risks of DeFi. This work will complement other crypto-asset workstreams, including those relating to DeFi, within Global Standard Setting Bodies ("SSBs") and the FSB, and the working group will closely coordinate with the CDAWG.

Given the opacity, complexity, and shape-shifting nature of DeFi structures, the DeFi WG's objective is to develop a shared understanding among IOSCO members of emerging DeFi trends and risks while providing guidance to IOSCO members on how to manage these risks within their regulatory frameworks. The DeFi WG will also examine how IOSCO principles and standards could apply to common activities, products, and services in DeFi (Part 1). In developing its work, the DeFi WG may also consider potential areas in which regulation could play a role in supporting innovation. The DeFi WG will continue to explore and highlight the links between DeFi, stablecoins, and crypto-asset trading, lending and borrowing platforms, as well as the interactions of DeFi with broader financial markets (Part 2). The working group will aim to deliver a public report in 2023 (Part 3).

➤ Indicative Timelines and Deliverables

Date	Milestones
Q2-Q4 2022	Parts 1 and 2
Q4 2022 – Q1 2023	Part 3
Q2-Q3 2023	Report drafting
Q4 2023	DeFi report publication with policy recommendations.