

## Cabinet News and Views

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### International Securities Watchdog IOSCO Proffers Global Crypto Standards



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Stepping into a breach that finds the United States without a comprehensive cryptocurrency framework while the EU is about to implement its own cryptocurrency framework this July (called Markets in Crypto Assets or MiCA, [reported on in \*Cabinet News and Views\* in October 2022](#)), the International Organization of Securities Commissions (IOSCO) proffered a [Consultation Report](#) on “Policy Recommendations for Crypto and Digital Assets Markets” on May 23.

The draft report, which IOSCO will finalize in Q4 2023, includes 18 policy recommendations that “cover the range of activities in crypto-asset markets that involve [crypto-asset service providers or CASPs] from offering, admission to trading, ongoing trading, settlement, market surveillance and custody as well as marketing and distribution (covering advised and non-advised sales) to retail investors” and does not address decentralized finance or “DeFi” activities or markets.

While there are 18 policy recommendations, one recommendation is overarching – specifically, the recommendation that regulatory frameworks should facilitate a level playing field in terms of investor protection and market integrity, with those required in “traditional financial markets,” with the goal of avoiding regulatory arbitrage. Inspired by the FTX collapse, several of the policy recommendations are focused on CASPs like FTX that house traditional exchange functions alongside functioning as a trading intermediary and encouraging the adoption of rules that would separate functions, institute clear conflicts of interest protocols and requiring them to “disclose substantive and procedural listing and delisting standards pertaining to crypto-assets.” Additional recommendations include requiring CASPs to meet safety and soundness standards, especially whenever they are engaged in the custodying of crypto-assets, and to “diligently assess and onboard retail investors who are aware of, and deemed suitable to take on, the

greater speculative risks inherent in this market, and use appropriate measures when promoting crypto-assets.”

IOSCO will welcome feedback on the Consultation Report from all stakeholders on or prior to July 31, 2023.

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