

Is there a need to regulate crypto?

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Rephrase!

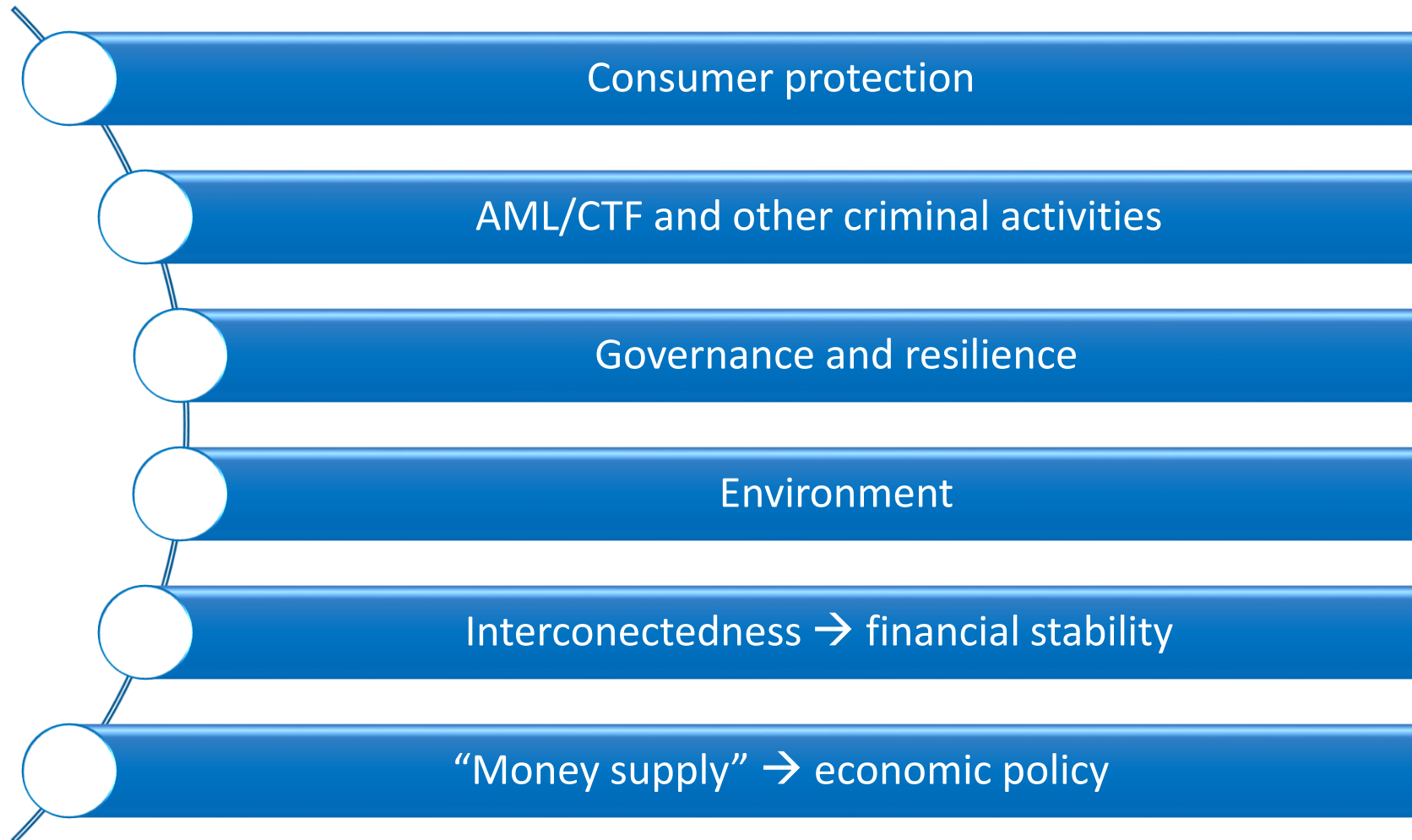
Is there a need to regulate and supervise financial markets?

Is there a need to regulate and supervise payments instruments and market infrastructures?

Should same risk, same activity lead to same regulation?

Do we need central banks that conduct monetary policy?

Why legislation, regulation and oversight?



Observations & key concerns



Unbacked cryptoasset

- Price volatility & governance → consumer protection
- Energy use



Stablecoins

- Very rapid growth!
- Important within crypto landscape
- Denominated in USD
- Mimics bank deposits, constructed as MMFs
- Liquidity – runs!



DeFi applications

- Mostly internal to crypto world
- Not fully decentralized
- Governance
- High leverage

Regulation

Initiatives

- EU: MiCA
- US: PWG, ...
- FSB, BCBS, CPMI, IOSCO, ...

Ambition

- Same risk/activity → same treatment
- Promote innovation & competition
- Avoid new unit of account

Problems

- Borderless, non-tangible activities
- Is there a legal entity?
- Which jurisdiction?
- How to enforce?

Possible routes

- Ensure that crypto remains small and separate
- Regulate stablecoin issuers as banks
- Focus on on/off ramps to crypto