

Recommendations for the regulation, supervision and oversight of global stablecoin arrangements – executive summary

Stablecoins, like other cryptoassets, have the potential to enhance the efficiency of how financial services are provided, but they may also generate risks to financial stability. A widely adopted stablecoin with a potential reach and use across multiple jurisdictions, referred to as a “global stablecoin” (GSC), could become systemically important in and across one or many jurisdictions. The activities associated with GSC arrangements and the risks they may pose can span across regulatory regimes for banking, payments and securities/investment both within jurisdictions and across borders. While such financial stability risks are currently limited by the relatively small scale of these arrangements, this could change in the future.

In response, in 2019, the Group of Twenty (G20) mandated the Financial Stability Board (FSB) to examine regulatory issues raised by GSC arrangements and to advise on multilateral responses as appropriate. Subsequently, in October 2020, the FSB published *High-level Recommendations for the Regulation, Supervision and Oversight of Global Stablecoin Arrangements*. After a review, the FSB published a final version in July 2023 as part of its global regulatory framework for cryptoasset activities.

Global stablecoins

The term “stablecoin” has no universally agreed legal or regulatory definition, and it is not intended to imply that its value is stable. The FSB uses the term because market participants and authorities commonly use it. The 2023 FSB final report provides the following definitions:

- **Stablecoin:** a cryptoasset that aims to maintain a stable value relative to a specified asset, or a pool or basket of assets
- **Stablecoin arrangement:** an arrangement that combines a range of functions (and related activities) that aims to maintain a stable value relative to a specified asset, or a pool or basket of assets
- **Global stablecoin (GSC):** a stablecoin with an existing or potential reach and use across multiple jurisdictions and that could become systemically important in and across one or many jurisdictions, including as a means of making payments and/or as a store of value

Key features in the determination of whether a stablecoin qualifies as a GSC are (i) whether financial or operational disruptions in its arrangement, or its failure, could have a material impact on cryptoasset markets, the global financial system and the wider economy and (ii) its potential uses in multiple jurisdictions.

Relevant additional features can be developed on the basis of criteria that are often considered in determining the need for, or degree of, regulation, supervision and oversight of financial market infrastructures and global systemically important banks. In this context, it matters whether a stablecoin has the potential to expand reach and adoption across multiple jurisdictions and to achieve substantial volume.

The high-level recommendations for GSC arrangements

The high-level GSC recommendations aim to address financial stability risks posed by GSCs, both at the domestic and international level, while supporting responsible innovation and providing sufficient flexibility for jurisdictions to implement domestic approaches. They seek to promote consistent and

effective regulation, supervision and oversight of GSCs and stablecoins with the potential to become GSCs across jurisdictions. In addition, these recommendations emphasise a technology-neutral approach that prioritises underlying activities and risks.

Recommendation	Definition
1. Authorities' readiness to regulate and supervise global stablecoin arrangements	Authorities should have and utilise the appropriate powers and tools, and adequate resources, to comprehensively regulate, supervise and oversee a GSC arrangement and its associated functions and activities, and enforce relevant laws and regulations effectively.
2. Comprehensive oversight of GSC activities and functions	Authorities should apply comprehensive and effective regulatory, supervisory and oversight requirements consistent with international standards to GSC arrangements on a functional basis and proportionate to their risks insofar as such requirements are consistent with their respective mandates.
3. Cross-border cooperation, coordination and information sharing	Authorities should cooperate and coordinate with each other, both domestically and internationally, to foster efficient and effective communication, information sharing and consultation in order to support each other in fulfilling their respective mandates and to ensure comprehensive regulation, supervision and oversight of a GSC arrangement across borders and sectors, and to encourage consistency of regulatory and supervisory outcomes.
4. Governance structures and decentralised operations	Authorities should require that GSC arrangements have in place and disclose a comprehensive governance framework with clear and direct lines of responsibility and accountability for all functions and activities within the GSC arrangement.
5. Risk management	Authorities should require that GSC arrangements have effective risk management frameworks in place that comprehensively address all material risks associated with their functions and activities, especially with regard to operational resilience, cyber security safeguards and anti-money laundering/countering the financing of terrorism (AML/CFT) measures, as well as "fit and proper" requirements, if applicable, and consistent with jurisdictions' laws and regulations.
6. Data storage and access to data	Authorities should require that GSC arrangements have in place robust frameworks, including systems and processes for the collecting, storing, safeguarding and timely and accurate reporting of data. Authorities should have access to the data as necessary and appropriate to fulfil their regulatory, supervisory and oversight mandates.
7. Recovery and resolution of the GSC	Authorities should require that GSC arrangements have appropriate recovery and resolution plans.
8. Disclosures	Authorities should require that GSC issuers and, where applicable, other participants in the GSC arrangements provide all users and relevant stakeholders with comprehensive and transparent information to understand the functioning of the GSC arrangement, including with respect to the governance framework, any conflicts of interest and their management, redemption rights, stabilisation mechanism, operations, risk management framework and financial condition.
9. Redemption rights, stabilisation and prudential requirements	Authorities should require that GSC arrangements provide a robust legal claim to all users against the issuer and/or underlying reserve assets and guarantee timely redemption. For GSCs referenced to a single fiat currency, redemption should be at par into fiat. To maintain a stable value at all times and mitigate the risks of runs, authorities should require GSC arrangements to have an effective stabilisation mechanism, clear redemption rights and meet prudential requirements.
10. Conformance with regulatory, supervisory and oversight requirements before commencing operations	Authorities should require that GSC arrangements meet all applicable regulatory, supervisory and oversight requirements of a particular jurisdiction before commencing any operations in that jurisdiction and adapt to new regulatory requirements as necessary and as appropriate.

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