



The following provides a collection of relevant publications regarding digitalization and financial innovation at both the global and jurisdictional level.

This is the first iteration of the **GFMA Digital Finance Monthly Update**. This newsletter highlights key publications regarding digitalization and financial innovation at both the global and regional levels. This initial version captures updates from Q4 2021 to June 2022.

JUNE 2022

GFMA, AFME, ASIFMA, and SIFMA

[AFME Publishes Viewpoint on Ensuring Crypto-Assets Regulation is Fit for the Digital Age \(May 29, 2022\)](#)

As part of their “Views from AFME” series, **AFME** published a viewpoint on ensuring that crypto-assets regulation is fit for the digital age.

[ASIFMA Submits Response to HKMA e-HKD Discussion Paper \(May 27, 2022\)](#)

ASIFMA submitted a response to the questions set out in the Hong Kong Monetary Authority’s (HKMA) Discussion Paper on e-HKD.

[SIFMA Responds to Federal Reserve Paper on CBDCs \(May 20, 2022\)](#)

In a [letter](#), responding to the recent [discussion paper](#) published by the Board of Governors of the Federal Reserve System entitled “The U.S. Dollar in the Age of Digital Transformation,” which discusses issues related to the potential introduction of a U.S. central bank digital currency (CBDC), **SIFMA** shares its view that policymakers need to be clear on why a CBDC is needed and what problems it would address before undertaking what the Federal Reserve calls “a highly significant innovation in American money.” In the response, **SIFMA** also makes recommendations across a set of key topics of consideration.

[ASIFMA Publishes Response to HKMA Discussion Paper on Crypto-Assets and Stablecoins \(March 31, 2022\)](#)

ASIFMA submitted a response to the Hong Kong Monetary Authority’s (HKMA) [Discussion Paper on Crypto-assets and Stablecoins](#). The response was developed with the support of ASIFMA law firm member Latham & Watkins LLP and is based on input from ASIFMA’s Fintech Working Group and Crypto Sub-Working Group.

[AFME Publishes Response to ESMA Call for Evidence on DLT \(March 4, 2022\)](#)

AFME published a response to the European Securities and Markets Authority [call for evidence](#) on distributed ledger technology (DLT).

GFMA, BCG, and Clifford Chance Publish Paper Outlining Benefits and Challenges of Wholesale Central Bank Digital Currencies (February 22, 2022)

GFMA, BCG, and Clifford Chance published "[Central Bank Digital Currencies: A Global Capital Markets Perspective](#)." The paper encourages collaboration between public and private institutions and outlines opportunities, challenges, and questions concerning the design, issuance, legal status, and use cases of wholesale CBDCs (wCBDCs).

GLOBAL

BIS Publishes Paper on DeFi Lending (June 14, 2022)

As part of its BIS Bulletin series, the Bank for International Settlements (BIS) published a paper on "DeFi Lending: Intermediation Without Information?" The paper finds that due to the anonymity of borrowers, overcollateralization is pervasive in DeFi lending, which generates procyclicality. The paper recommends that for DeFi lending to make inroads into the real economy, it needs to tokenize real assets and rely less on collateral by developing the ability to gather more information about borrowers.

FSB MENA RCG Discusses Financial Stability Outlook and Risks from Crypto-Assets (June 14, 2022)

The Financial Stability Board (FSB) Regional Consultative Group (RCG) for the Middle East and North Africa (MENA) held a meeting where they discussed the financial stability outlook and risks from crypto-assets. The members also received an update on the FSB's work to examine the regulatory issues raised by stablecoins and by unbacked crypto-assets.

Cecilia Skingsley Announced as Next Head of BIS IH (June 7, 2022)

Cecilia Skingsley, First Deputy Governor of Sveriges Riksbank, has been appointed as Head of the BIS Innovation Hub (BIS IH). Cecilia will officially join on 14 September for a five-year term.

BIS Publishes Paper on Blockchain Scalability and the Fragmentation of Crypto (June 7, 2022)

As part of its BIS Bulletin series, the Bank for International Settlements (BIS) published a paper on "Blockchain Scalability and the Fragmentation of Crypto." The report includes four key takeaways and it highlights issues relating to the interoperability and scalability of blockchains.

BCBS Announces Plans to Issue Second Consult on the Prudential Treatment of Cryptoasset Exposures (May 31, 2022)

The Basel Committee on Banking Supervision (BCBS) announced in a press release that the Committee has progressed its work towards issuing a second consultation paper on the prudential treatment of banks' cryptoasset exposures. The consult is expected to be published over the coming month with a view to finalize the prudential treatment around the end of this year.

FSB Europe Group Discusses Regulatory and Supervisory Issues Related to Crypto-Assets (May 24, 2022)

A press release regarding the FSB Europe Group's latest meeting noted that the group discussed regulatory and supervisory issues related to crypto-assets, as well as the associated challenges for policymakers. The group was briefed on the FSB's recently established workstream to examine supervisory and regulatory issues raised by "unbacked" crypto-assets and the group provided feedback on areas that could benefit most from international cooperation.

BIS and CPMI Publish Working Paper on DLT-Based Enhancement of Cross-Border Payment Efficiency (May 20, 2022)

The Bank for International Settlements (BIS) and Committee on Payments and Market Infrastructures (CPMI) published a joint working paper on "DLT-based enhancement of cross-border payment efficiency – a legal and regulatory perspective." The report explores the legal basis for new regulatory structures for DLT to be employed to address cross border payments.

OECD Publishes Report on Institutionalisation of crypto-assets and DeFi–TradFi interconnectedness (May 19, 2022)

The Organisation for Economic Co-operation and Development (OECD) published a business and finance policy paper on the institutionalisation of crypto-assets and the interconnectedness of decentralized finance (DeFi) and traditional finance (TradFi). The report examines institutional participation in markets for digital assets and considers and tests potential drivers of growing supply and demand for such assets by institutional investors. The report then outlines the potential risks of these growing markets while also examining the potential benefits.

BIS Publishes Working Paper on the Institutional Adoption of Cryptocurrencies (May 18, 2022)

The Bank for International Settlements (BIS) published a working paper on the institutional adoption of cryptocurrencies. The paper recommends "a more level field with regard to financial services provided by established financial institutions and intermediaries in the emerging crypto shadow financial system by introducing more stringent regulatory and supervisory oversight for the latter."

BCBS Chair Delivers Speech on the Committee's Work Relating to Cryptoassets (May 12, 2022)

Pablo Hernández de Cos, Chair of the Basel Committee on Banking Supervision (BCBS) delivered a keynote speech at the Annual General Meeting of ISDA on the work of the Basel Committee on cryptoassets. The speech notes the progress by the Committee to date on the topic, as well as the work and collaboration needed moving forward.

IMF Managing Director Delivers Speech on Modernizing the International Payments System for the Digital Age (May 10, 2022)

IMF Managing Director Kristalina Georgieva delivered a speech on "Confronting Fragmentation: How to Modernize the International Payment System." The speech recommended that countries work together to build public digital platforms and infrastructure to connect payment systems.

BIS Publishes Results of 2021 Survey on CBDCs (May 6, 2022)

The Bank for International Settlements (BIS) published the results of its 2021 survey on central bank digital currencies (CBDCs). The survey included responses from 81 central banks, and it demonstrates that the COVID-19 pandemic and the emergence of cryptocurrencies have accelerated work on CBDCs. It finds that more than two thirds of central banks are likely to issue a retail CBDC in the short or medium term and that many are exploring a CBDC ecosystem that involves private sector collaboration with interoperability with existing payment systems.

BIS Publishes Working Paper on the Impacts of Big Techs on Payments and Financial Inclusion (May 4, 2022)

The Bank for International Settlements (BIS) published a working paper on “Big techs, QR code payments and financial inclusion.” The findings of the report suggest that access to innovative payment methods helps micro firms build up credit history, and that big techs can ease access to bank credit.

BCBS Chair Delivers Remarks on Cryptoassets (April 26, 2022)

Pablo Hernández de Cos, Chair of the Basel Committee on Banking Supervision (BCBS) and Governor of the Bank of Spain delivered remarks at City Week's 12th Annual International Financial Services Forum in London. As part of his speech, he provided background and an update on the Basel Committee's efforts relating to the topic of cryptoassets.

BIS IH and Bank Indonesia Announce 2022 G20 TechSprint Focusing on CBDCs (April 25, 2022)

The BIS Innovation Hub (BIS IH) and Bank Indonesia announced the details for the G20's TechSprint challenge for 2022. The challenge is a global hackathon competition and this year the G20 invites global innovators to take up challenges specifically relating to central bank digital currencies (CBDCs). The official site and registration for the challenge can be found [here](#).

IMF Speech on New Framework for the Digital Economy (April 20, 2022)

Tobias Adrian, Financial Counsellor and Director of the Monetary and Capital Markets Department at the International Monetary Fund (IMF) delivered a speech on a new framework for the digital economy. The speech highlights the changing nature of money and CBDCs, alternative forms of digital assets such as cryptoassets and stablecoins, and closing the regulatory gaps.

Agustín Carstens and H.M. Queen Máxima of the Netherlands Deliver Op-Ed on CBDCs and Financial Inclusion (April 18, 2022)

Agustín Carstens, General Manager of the Bank for International Settlements (BIS), and H.M. Queen Máxima of the Netherlands delivered an op-ed speech at the United Nations Secretary-General's Special Advocate for Inclusive Finance for Development. The speech highlighted how central bank digital currencies (CBDCs) offer an opportunity to promote financial inclusion.

BIS Publishes Paper on CBDCs in Emerging Market Economies (April 14, 2022)

The Bank for International Settlements (BIS) published a research paper on CBDCs in emerging market economies. The paper was prepared for a meeting of emerging market Deputy Governors organized by BIS in February 2022.

BIS Publishes Paper on CBDCs as a Tool for Financial Inclusion (April 12, 2022)

As part of their FSI Insights series, the Bank for International Settlements (BIS) published a paper on “Central Bank Digital Currencies: a New Tool in the Financial Inclusion Toolkit.”

BIS IH Hosts Conference on DeFi and CBDCs (April 4, 2022)

The BIS Innovation Hub (BIS IH) hosted a conference aiming to establish a common understanding on how DeFi-based markets might evolve from their current state, what role central banks might have, and the potential for interaction with central bank digital currencies (CBDCs).

IOSCO Publishes Decentralized Finance Report (March 24, 2022)

IOSCO published a report on how decentralized finance (DeFi) is quickly evolving to mirror conventional markets. The report highlights the potential risks and benefits of DeFi and provides a comprehensive review of the DeFi market, its new products, and principal participants. Following the report, IOSCO also announced the establishment of a new task force on this topic.

BIS IH Announces Project Dunbar Prototype Completion (March 22, 2022)

The BIS Innovation Hub (BIS IH) published a press release on the completion of two prototypes as part of [Project Dunbar](#). Project Dunbar is a partnership between BIS IH and the central banks of Australia, Malaysia, Singapore, and South Africa to develop experimental multi-CBDC platforms for international settlements.

OECD Publishes Consultation on Crypto-Asset Reporting Framework and Amendments to the Common Standard Reporting (March 22, 2022)

The Organization for Economic Co-operation and Development (OECD) published a public consultation document on the Crypto-Asset Reporting Framework and Amendments to the Common Reporting Standard. Responses to the consultation were requested by 29 April 2022.

FSB Publishes Assessment of Risks to Financial Stability from Crypto-Assets (February 16, 2022)

The Financial Stability Board (FSB) published an [assessment](#) of risks to financial stability from crypto-assets. The report warns that crypto-asset markets are fast evolving and could reach a point where they represent a threat to global financial stability due to their scale, structural vulnerabilities, and increasing interconnectedness with the traditional financial system.

BIS Publishes Paper on Virtual Banking (January 27, 2022)

The Bank for International Settlements (BIS) published a paper on “Virtual Banking and Beyond.” The paper calls for financial regulators to ensure that regulatory oversight delivers on the inclusion and intermediation-enhancing benefits of digital finance without compromising traditional regulatory goals.

[BIS Publishes Paper on the Interoperability Between Payment Systems Across Borders \(December 10, 2021\)](#)

As part of their BIS Bulletin series, the Bank for International Settlements (BIS) published a paper on “Interoperability Between Payment Systems Across Borders.” The paper notes that the BIS Innovation Hub (BIS IH) is managing several projects to foster interoperability and that the multi-year G20 programme to enhance cross-border payments is underway.

[IMF Blog Calls for Comprehensive, Consistent, and Coordinated Global Crypto Regulation \(December 9, 2021\)](#)

The International Monetary Fund (IMF) published a blog recommending that “Global Crypto Regulation Should be Comprehensive, Consistent, and Coordinated.” The blog warns that uncoordinated regulatory measures may facilitate potentially destabilizing capital flows and includes recommendations to make regulation work at the global level.

[BIS Quarterly Review Focuses on DeFi Risks and the Decentralisation Illusion \(December 6, 2021\)](#)

The BIS Quarterly Review for Q4 2021 focused on “DeFi Risks and the Decentralisation Illusion.” The review argues that “there is a ‘decentralisation illusion’ in DeFi due to the inescapable need for centralised governance and the tendency of blockchain consensus mechanisms to concentrate power.” The review also states that “DeFi’s vulnerabilities are severe because of high leverage, liquidity mismatches, built-in interconnectedness and the lack of shock-absorbing capacity.”

[FSB Publishes Progress Report on the Implementation of High-Level Recommendations on ‘Global Stablecoins’ \(October 2021\)](#)

The Financial Stability Board published a progress report on their high-level recommendations on ‘global stablecoins.’ The [FSB 2022 Work Programme](#) includes an expected progress report on the regulation, supervision, and oversight of global stablecoins to be published this October.

NORTH AMERICA

Canada

[BoC Announces Joint CBDC Collaboration with MIT \(March 16, 2022\)](#)

The Bank of Canada announced a partnership with the Massachusetts Institute of Technology (MIT) to collaborate on a twelve-month research project on Central Bank Digital Currency (CBDC).

US

[FRB Governor Waller Delivers Speech on the Risk of Crypto in Markets \(June 3, 2022\)](#)

Governor Christopher J Waller of the Federal Reserve Board (FRB) delivered a speech at a Swiss National Bank (SNB) Conference on Cryptoassets and Financial Innovation. The remarks focused on risk in the crypto markets.

[HFSC Hearing on the Benefits and Risks of a US CBDC \(May 26, 2022\)](#)

The House Financial Services Committee (HFSC) held a hearing on “Digital Assets and the Future of Finance: Examining the Benefits of and Risks of a U.S. Central Bank Digital Currency.” A [SIFMA summary of the hearing](#) is available highlighting expert testimony and the Q&A discussion.

[**The Department of Commerce Publishes RFC on Developing a Framework on Competitiveness of Digital Asset Technologies \(May 19, 2022\)**](#)

The US Department of Commerce published a request for comment (RFC) on “Developing a Framework on Competitiveness of Digital Asset Technologies.”

[**SEC Chair Delivers Remarks on Investor Protection in a Digital Age \(May 17, 2022\)**](#)

Gary Gensler, Chair of the Securities and Exchange Commission (SEC) delivered remarks before the 2022 North American Securities Administrators Association (NASAA) Spring Meeting and Public Policy Symposium on “Investor Protection in a Digital Age.” The remarks focused on digital engagement practices, best interest, and crypto markets.

[**HFSC Hearing on the FSOC Annual Report includes Q&A on Stablecoins \(May 12, 2022\)**](#)

The House Financial Services Committee held a hearing on the Annual Report of the Financial Stability Oversight Council (FSOC). As part of the hearing, there were several questions and answers (Q&A) regarding stablecoins. A [SIFMA summary of the hearing](#) highlights the Q&A on this topic.

[**SEC Chair Delivers Remarks on Crypto as Securities Contracts \(May 11, 2022\)**](#)

Gary Gensler, Chair of the Securities and Exchange Commission (SEC) delivered remarks on crypto as part of a speech at the ISDA Annual Meeting. As part of his remarks, he noted that “most crypto tokens are investment contracts” and that “if a swap is based upon a crypto asset that is a security, then that is a security-based swap.”

[**SEC Nearly Doubles Size of Enforcement Unit on Crypto Assets and Cyber \(May 3, 2022\)**](#)

The Securities and Exchange Commission (SEC) announced the addition of 20 positions in the unit responsible for protecting investors in crypto markets and from cyber-related threats. This unit was created in 2017 and has brought more than 80 enforcement actions resulting in relief totaling more than \$2 billion.

[**FRBNY Fintech Advisory Group is Terminated \(April 2022\)**](#)

The Federal Reserve Bank of New York (FRBNY) Fintech Advisory Group was terminated in April 2022. The Advisory Group included experts in financial technology (fintech) which met twice a year with the president of the FRBNY to present views and perspectives on the emerging issues relating to fintech and the application and market impact of these technologies. The participants of the group, as well as the meeting agendas, minutes, and related presentations can be found on the group’s [webpage](#).

[**SEC Publishes Staff Accounting Bulletin No. 121 \(March 31, 2022\)**](#)

This staff accounting bulletin expresses the views of staff regarding the accounting for obligations to safeguard crypto-assets an entity holds for platform users.

[President Biden Issues Executive Order on Ensuring Responsible Development of Digital Assets \(March 9, 2022\)](#)

President Biden issued an Executive Order (EO) on Ensuring Responsible Development of Digital Assets. The EO was accompanied by a [Fact Sheet](#) and [Accompanying Statement](#) by NEC Director Brian Deese and National Security Advisor Jake Sullivan. Notably, as part of the EO, there are measures called for exploring a US Central Bank Digital Currency (CBDC).

[CFTC Chair Provides Testimony on Digital Assets to US Senate Committee on Agriculture, Nutrition, and Forestry \(February 9, 2022\)](#)

Commodity Futures Trading Commission (CFTC) Chairman Rostin Behnam delivered testimony to the US Senate Committee on Agriculture, Nutrition, and Forestry on “Examining Digital Assets: Risks, Regulation, and Innovation.” The testimony included remarks on the CFTC’s role as a market regulator, the digital asset market, the CFTC’s role in the digital asset commodity market, and expected next steps.

[FRB, FDIC, and OCC Issue Joint Statement on Crypto-Asset Policy Sprint Initiative and Next Steps \(November 23, 2021\)](#)

The Federal Reserve Board (FRB), Federal Deposit Insurance Corporation (FDIC), and Office of the Comptroller of the Currency (OCC) published a joint statement on their policy sprints focused on crypto-assets and provided details relating to the sprints. The statement also notes next steps for the agencies in 2022 relating to crypto-assets.

[The President’s Working Group on Financial Markets, FDIC, and OCC Publish Report on Stablecoins \(November 2021\)](#)

The President’s Working Group on Financial Markets, Federal Deposit Insurance Corporation (FDIC), and Office of the Comptroller of the Currency (OCC) published a joint report on stablecoins. The report includes background on the risks and regulatory gaps relating to stablecoins, as well as recommendations including legislation and interim measures.

EUROPE

EU

[Fabio Panetta Delivers Speech on the Monetary Policy and Financial Stability Implications of CBDCs \(April 22, 2022\)](#)

Fabio Panetta, Member of the Executive Board of the European Central Bank (ECB), delivered a speech on exploring the monetary policy and financial stability implications of central bank digital currencies (CBDCs). The speech took place at the IESE Business School Banking Initiative Conference on Technology and Finance.

[European Commission Publishes Targeted Consultation on a Digital Euro \(April 5, 2022\)](#)

The European Commission published a public consultation on the development of a digital euro. Responses to the consultation were requested by 14 June 2022.

France

Denis Beau Delivers Speech on the Role Banks Play in the Twin Digital and Climate Revolution (April 15, 2022)

Denis Beau, First Deputy Governor of the Banque de France, delivered a speech on the role that banks should play in the twin digital and climate revolution. Accompanying slides are available [here](#).

Germany

Joachim Wuermeling Delivers Remarks on Innovation and Regulation (June 2, 2022)

Joachim Wuermeling, Member of the Executive Board of the Deutsche Bundesbank delivered a speech at the Bitkom Digital Finance Conference on regulating innovation and what it takes to make digital finance a success.

Burkhard Balz Delivers Keynote Speech on the Acceptance and Adoption Challenge of CBDCs (May 4, 2022)

Burkhard Balz, Member of the Executive Board of the Deutsche Bundesbank, delivered a keynote speech at the virtual European Payments Conference on “Central Bank Digital Currencies – the acceptance and adoption challenge.” His remarks covered central bank digital currency (CBDC) initiatives worldwide, challenges and opportunities associated with CBDCs, and the digital euro project.

Burkhard Balz Speech on the Impact of Digitalisation on the Financial System (April 29, 2022)

Burkhard Balz, Member of the Executive Board of the Deutsche Bundesbank, delivered remarks on the impact of digitalisation on the financial system. His remarks focused on changes in user payment behaviours, new actors in the payments markets, updates to the payments systems, and central bank digital currencies (CBDCs).

UK

Andrew Hauser Delivers Speech on Adapting Central Bank Balance Sheets to CBDCs (June 1, 2022)

Andrew Hauser, Executive Director for Markets at the Bank of England (BOE) delivered a speech on the potential impacts of CBDCs on central bank balance sheets and how central banks can understand these impacts and adapt accordingly.

BoE Announces Joint CBDC Collaboration with MIT (March 25, 2022)

The Bank of England (BoE) announced a partnership with the Massachusetts Institute of Technology (MIT) to collaborate on a twelve-month research project on Central Bank Digital Currency (CBDC).

FPC Publishes Financial Stability in Focus Report on Cryptoassets and DeFi (March 24, 2022)

The UK Financial Policy Committee (FPC) published a report on “Financial Stability in Focus: Cryptoassets and Decentralised Finance.” The report highlights FPC efforts to monitor the potential financial stability impacts of cryptoassets and DeFi. The report also notes that as

cryptoassets and DeFi grow and develop, enhanced regulatory and law enforcement frameworks will be needed both domestically and at the global level.

BoE Publishes Responses to Discussion Paper on New Forms of Digital Money (March 24, 2022)

The Bank of England (BoE) published a summary of responses to its [Discussion Paper on New Forms of Digital Money](#). The paper includes background on the topic, an overview of the BoE's views, and details on the respondents and their responses.

PRA Sends Letter to CEOs on the Treatment of Cryptoassets Under the Current Frameworks (March 24, 2022)

Sam Woods, Deputy Governor of Prudential Regulation and CEO of the Prudential Regulation Authority (PRA) sent a letter to CEOs of banks and designated investment firms regarding the treatment of cryptoassets under the current framework. The letter notes that discussions are ongoing internationally on the prudential treatment of cryptoassets and that it is likely that the long-term treatment will differ from the current framework.

FCA Published Notice to all FCA Regulated Firms with Exposure to Cryptoassets (March 24, 2022)

The UK Financial Conduct Authority (FCA) published a notice reminding all regulated firms of their existing obligations when they are interacting with or are exposed to cryptoassets and related services. The notice calls for firms to be clear with customers, be aware of potential risks, and have appropriate systems and controls in place. The notice also highlights the FCA's continued cooperation for domestic and international partners on this topic,

ASIA

Japan

BoJ Executive Director Delivers Speech on Possible Design Choices of CBDC (April 13, 2022)

Uchida Shinichi, Executive Director of the Bank of Japan (BoJ) delivered a speech on possible design choices of central bank digital currency (CBDC). This speech was the opening remarks for the Third Meeting of the Liaison and Coordination Committee on Central Bank Digital Currency.

Philippines

Philippines Central Bank Governor Delivers Speech on Cyber Risks (May 18, 2022)

Benjamin E Diokno, Governor of Bangko Sentral ng Pilipinas (BSP, the central bank of the Philippines) delivered a speech at the I am Secure Forum for Metaverse. The speech highlights the efforts of the BSP to address cyber-related risks and promote cyber resiliency.

Singapore

MAS Managing Director Delivers Remarks on Public and Private Digital Money (April 18, 2022)

Ravi Menon, Managing Director of the Monetary Authority of Singapore (MAS) delivered remarks at the IMF Seminar on Money at a Crossroads. The remarks focused on public and private digital money including details on crypto asset and stablecoins, as well as on both wholesale and retail central bank digital currencies (CBDCs).

UAE

FSRA Publishes Discussion Paper on DeFi (April 13, 2022)

The Financial Services Regulatory Authority (FSRA) of Abu Dhabi Global Market (ADGM) published a discussion paper on "[Policy Considerations for Decentralised Finance](#)." Comments are requested by 30 June 2022.

*All information collected and provided for this report is publicly available.