

Appendix 1: Overview of FSOC recommendations

	Gap One: Limited direct federal oversight of the spot market for crypto-assets that are not securities	Gap Two: Opportunities for regulatory arbitrage	Gap Three: Whether vertically integrated market structures can or should be accommodated under existing laws and regulations	Miscellaneous
Legislative Action	<p>Recommendation Three: Congress should pass legislation that grants rulemaking authority to federal financial regulators over the spot market for crypto-assets that are not securities. This legislation should provide federal financial regulators with enforcement and examination authority to ensure compliance with rules and regulations. However, this rulemaking authority should not interfere with or weaken market regulators' current jurisdictional remits.</p>	<p>Recommendation Five: Congress should pass legislation that would create a comprehensive federal prudential framework for stablecoin issuers. This legislation should address the financial stability risks associated with stablecoins (e.g., risks related to market integrity, investor and consumer protection, run risks, payment system risks and risks of greater concentration of market power). Finally, this legislation should cover entities that perform services critical to the functioning of the stablecoin arrangement.</p> <p>Recommendation Six: Congress should pass legislation that would give regulators the authority to supervise the activities of all of the affiliates and subsidiaries of crypto-asset entities in cases where regulators do not already possess this authority. This legislation should include the authority for regulators to</p>	<p>✘</p>	<p>Recommendation Ten: Congress should appropriate necessary resources to enable member agencies to supervise and regulate crypto-asset activities.</p>

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		<p>address regulatory arbitrage in a coordinated manner. Finally, this legislation should provide regulators with examination and enforcement authority.</p> <p>Recommendation Seven: Congress should pass legislation that ensures that the FHFA, NCUA and other relevant agencies have adequate examination and enforcement authorities to oversee services provided to banks by crypto-asset service providers, other entities in the crypto-asset space and third-party service providers more generally.</p>		
<p>Regulatory Action</p>	<p>✗</p>	<p>Recommendation Four: Regulators should continue to coordinate with each other in the supervision of crypto-asset entities, such as stablecoin issuers or crypto-asset platforms, particularly in cases where different crypto-asset entities with similar activities may be subject to different regulatory regimes or when no one regulator has visibility across all affiliates, subsidiaries and service providers of a crypto-asset entity. Furthermore, regulators</p>	<p>Recommendation Eight: Member agencies should assess the impact of vertical integration (i.e., direct access to crypto-asset markets by retail customers) on conflicts of interest and market volatility. Furthermore, member agencies should assess whether existing laws and regulations</p>	<p>Recommendation One: Member agencies should consider certain general principles when thinking about the applicability of their current authorities. These general principles include: (1) same activity, same risk, same regulatory outcome, (2) technological neutrality, (3) leveraging existing authorities where appropriate, (4) technological transparency, (5) addressing financial stability risks before they impair the economy, (6)</p>

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		<p>should coordinate with law enforcement where appropriate.</p> <p>Recommendation Seven: The FDIC, FRB, OCC and state banking regulators should use their existing authorities to review services provided to banks by crypto-asset service providers and other entities in the crypto-asset space. Furthermore, the FDIC, FRB, OCC and state banking regulators should continue to evaluate whether their existing authorities are sufficient.</p>	<p>should accommodate vertically integrated market structures.</p>	<p>monitoring mechanisms through which crypto-assets could become more interconnected with the traditional financial system or increase in overall scale, (7) bringing transparency to opaque areas including through disclosures and documentation of key issues, (8) prioritizing timely and orderly transaction processing and legally binding settlement, (9) facilitating price discovery and fostering market integrity and (10) obtaining and sharing relevant market data from the crypto-asset market.</p> <p>Recommendation Two: Agencies should continue to enforce existing rules and regulations (e.g., banking laws, anti-fraud laws, securities laws, commodities laws, anti-money laundering laws, sanctions and consumer protection laws).</p> <p>Recommendation Nine: There should be a coordinated government-wide approach to data and to the analysis, monitoring, supervision, and regulation of crypto-asset activities.</p>

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				<p>Member agencies should consider using available data collection powers in order to facilitate assessments of the financial risks related to crypto-assets. FSOC will continue to work with its members to address data gaps related to crypto-assets.</p> <p>Recommendation Ten: Member agencies should continue to build their capacity to analyze and monitor crypto-asset activities and should allocate sufficient resources to do so. Furthermore, member agencies should continue to build out their enforcement capacity related to crypto-asset activities. Finally, member agencies should continue to add and train staff and engage with government, private sector, and academic partners to build their expertise in technological innovation in the crypto-asset space.</p>