

Digital Asset Oversight Networking-WG: Updates on Digital Asset Supervision

ACMF Chairs Meeting
March 20, 2023

Regulatory Update from SEC Thailand



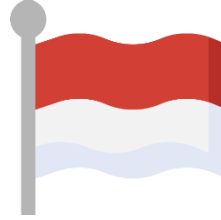
Regulatory Framework

- Subsequent to the breakdown of several crypto lending platform, the SEC held a public hearing to gather opinions on **the proposal to prohibit digital asset business operators** (e.g. exchanges, dealers, brokers, fund managers, advisors, and custodial wallet providers) **from offering or supporting deposit and lending services**, to protect investors and the public from business risks.
- The SEC is seeking public comments on **the draft regulations on ready-to-use utility token in both primary and secondary markets**. The draft divides utility tokens into **tokens for consumption (unregulated) and other utility token (still be regulated)**. The regulations aim to improve supervision and protect investors while allowing innovation in the digital asset industry.

Investor Education Initiative

- The SEC launched the free online "**SEC Crypto Academy**" e-learning course for the public and those interested in in-depth knowledge of digital assets.

Regulatory Update from OJK



Regulatory Framework

- On 12 January 2023, the Indonesia Bill on Development and Strengthening of the Financial Sector was enacted into **Law Number 4 Year 2023** concerning **Development and Strengthening of the Financial Sector** (“**The Law**”). The Law expands the authority of OJK to regulate and supervise **digital assets, including crypto asset**.
- The Law requires follow up as follows:
 - Government Regulation regarding the Transfer of Supervision of Existing Digital Asset Products from the current authority to OJK shall be issued no later than 6 months after the law is enacted
 - OJK to set the implementing regulations no later than **2 (two) years** after its enactment.
- To exercise this mandate, a number of activities are already on the OJK action plan:
 - Developing regulation which builds on a comprehensive study
 - Conducting cross-agencies coordination particularly on the transition periode

Investor Education Initiative

- Investor education initiative will continue to be further strengthened by using multiple channels and platforms, to include digital assets

38TH ASEAN CAPITAL MARKETS FORUM CHAIRS' MEETING

20 March 2023, Yogyakarta, Indonesia

Working Group on Digital Assets Oversight Network: Latest Regulatory Developments of Virtual Assets in Brunei Darussalam

Presented by:

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Brunei Darussalam Central Bank

20 March 2023



LEGAL AND REGULATORY FRAMEWORK

BDCB has implemented an appropriate legal and regulatory framework for the licensing and supervision of virtual assets and their related activities considering their rapid growth globally, risks posed as well as heightened interest from the public.

Legal and Regulatory Framework

Securities

- ☐ Securities Markets Order 2013[^]; and
- ☐ Guidelines on Offering and Trading of Security Tokens* [Guideline No CMA/G-3/2022/12]

Payment Instruments/Services

- ☐ Notice on Requirements for Payment Systems [Amendment No. 2] [Notice no PSO/N-1/202/1-Amendment No 2]*

Note:

[^]Current versions of legislations are available at www.agc.gov.bn

*Notices and Guidelines issued by BDCB can be found at <https://www.bdcg.gov.bn/Pages/Legislation-And-Regulations>



WAY FORWARD



Other Regulatory Measures

- To introduce regulatory measures to curb the risks stemming from virtual assets activities that may impact the general public. This may include the restriction of promotion and advertisement of virtual assets in public places.



Raise Awareness

- To raise awareness on virtual assets and associated risks amongst the general public and industry players via various platforms/channels. An example would be the publication of a press release on 1 November 2022[#] highlighting the risks related to cryptocurrencies, crypto-mining and scams.

#Link to PR: <https://bdcdb.gov.bn/Lists/News/Displayitem.aspx?ID=678>





Monetary Authority of Singapore













Updates on MAS' consultation papers

- Regulatory measures for DPTs
- Regulatory approach for stablecoins

**ACMF Chairs Meeting
20 March 2023**

Key proposals to reduce risks to consumers from cryptocurrency trading

Proposed regulatory measures aimed at reducing risks to consumers from cryptocurrency trading and fostering a responsible digital asset ecosystem

Consumer access measures ¹	Business conduct measures	Market integrity (best practices)
 Assessing retail customers understanding of the risks of DPT services	 Segregating and implementing risk management controls for customers' assets	 Effective systems, procedures and arrangements to promote fair, orderly and transparent trading
 Not offering incentives to retail customers	 Identifying and mitigating conflicts of interest	 Surveillance to detect and deter unfair trading practices
 Not accepting credit card payments or providing financing to retail customers	 Publishing DPT listing and governance policies	Technology and cyber requirements
	 Implementing adequate complaints handling processes	 Maintaining high availability and recoverability of critical systems

Limitations

However, regulatory measures cannot fully mitigate the inherent risks of DPTs and DPTSPs, i.e. they cannot prevent consumers from suffering investment losses and DPTSPs from failing



1 Inherent risks of DPTs

DPTs are highly volatile as they have no intrinsic value; retail investors may potentially lose their entire principal sum



2 Inherent risks of DPTSPs

DPTSPs may collapse due to fraud, unsustainable business models, etc.

¹ Applicable to DPTSPs' dealings with retail customers, i.e. customers in Singapore who are neither accredited investors ("AIs") nor institutional investors

MAS' proposed regulatory approach for stablecoins

1



Support development of value-adding payment use cases for stablecoins

- Requirements on **stablecoin issuers** to:
 - Uphold stability of value and promise of peg
 - Disclose details of MAS-regulated stablecoins via white paper
 - Maintain baseline financial standards (base capital and sufficient liquid asset holdings)
- Requirements on **stablecoin intermediaries** to:
 - Label MAS-regulated stablecoins to distinguish them from unregulated ones
 - Ensure timely transmission of MAS-regulated stablecoins

2



Adopt progressive regulatory approach

- Requirements will recognise the following as issuers of MAS-regulated stablecoins –
 - Issuers of stablecoins in circulation >\$5mil,
 - Stablecoins pegged to single currency* (SCS), and
 - Issued in SG
- Issuers of SCS \leq \$5mil in circulation will be licensed as standard payment institution to provide DPT services. Not recognised as MAS-regulated stablecoins
- MAS will implement more stringent regime for SCS arrangements that become systemic over time

3



Equivalent regulatory outcomes

- Banks can also issue stablecoins:
 - If issued as tokenised bank liabilities, no additional prudential and reserve backing requirements, given existing rigorous banking rules
 - If issued as segregated tokenised collateralised assets, all SCS issuance rules will apply except for prudential requirements

**only SGD and G10 currencies as a start*

Malaysia: Digital Assets Development

ACMF Chairs Meeting

20th March 2023



Suruhanjaya Sekuriti
Securities Commission
Malaysia

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Updates from SC Malaysia



Development on RMO – Digital Asset Exchange (DAX)

- ◆ Enhancement of regulatory framework
- ◆ New Digital Broker model
- ◆ Reopen registration of RMO-DAX



Development on Initial Exchange Offering (IEO)

- ◆ 2 registered IEO operators to be operationalize in 1H 2023