

December 1, 2021

**VIA ELECTRONIC SUBMISSION**

**The Committee on Payments and Market Infrastructures (CPMI) Secretariat  
and**

**The International Organization of Securities Commissions (IOSCO) Secretariat**

**Re: Consultative Report Application of the Principles for Financial Market Infrastructures to  
stablecoin arrangements**

The Global Association of Central Counterparties (“CCP12”) very much appreciates the opportunity to comment on the CPMI and IOSCO Consultative Report on Application of the Principles for Financial Market Infrastructures to stablecoin arrangements<sup>1</sup> (“the Consultative Report”).

CCP12 is the global association for CCPs, representing 41 members who operate more than 60 individual central counterparties (“CCPs”) globally across the Americas, EMEA and the Asia-Pacific region.

First of all, we would like to emphasise that CCPs are not direct addressees of the Consultation Report but as one of the key elements of capital market infrastructures would like to contribute to the Consultation Report with the overall aim to ensure appropriate standards for and safety of international financial markets.

CCP12 generally agrees with and supports the assumptions of the Consultation Report, especially the approach consisting in subjecting stablecoin arrangements (“SAs”) to the *Principles for Financial Market Infrastructures* (“PFMIs”)<sup>2</sup>. In the light of rapid technological developments and new innovations occurring in financial markets today, it is of utmost importance to be vigilant about the ongoing changes and appropriately consider how they fit within current international standards. We agree that the SA transfer function is comparable to functions of other types of financial market infrastructures (“FMIs”) (notably payment systems) and therefore it is deemed suitable to require SAs to meet relevant PFMIs, particularly where they are systemically important. The PFMIs establish principles that are appropriate for SAs, as the PFMIs set out appropriate principles-based standards that account for the unique service offerings of various FMIs, while promoting practices that provide for the safety of FMIs and support financial stability.

**I. Responses to specific Questions in the Consultative Report**

**Applicability of the PFMI to SAs**

1. Is it clear when SAs are considered FMIs for the purposes of applying the PFMI?

In CCP12’s view, the explanation provided in the Consultative Report is appropriate for assessing if the functions fulfilled by an SA constitute that it is also an FMI. CCP12 agrees that the transfer function of an SA is an FMI function and thus, an SA is an FMI. At the same time, from the systemic risk management perspective and to provide for the stability of financial markets, the definition of FMI (and its interpretation) should be broad enough to generally capture all entities which economically fulfil similar roles to those

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<sup>1</sup> CPMI, IOSCO, Consultative Report, Application of the Principles for Financial Market Infrastructures to stablecoin arrangements (Oct. 2021), available at [Link](#)

<sup>2</sup> CPSS, IOSCO, Principles for Financial Market Infrastructures (Apr. 2012), available at [Link](#)

traditionally played by payment systems, CCPs, central securities depositories, securities settlement systems, and trade repositories.

Considerations for determining the systemic importance of an SA

2. Are the suggested considerations for determining the systemic importance of SAs clear, comprehensive and useful? Are there any risks or considerations missing?

No comments.

Governance

3. Is the guidance provided on governance clear and actionable to inform how SAs will need to ensure clear and direct lines of accountability and set up governance arrangements to observe the PFMI?

No comments.

4. What are the challenges that SAs may face due to the use of distributed and/or automated technology protocols and decentralisation, when seeking to observe Principle 2 on governance, in particular when ensuring the clear allocation of responsibility and accountability?

No comments.

Interdependencies

5. Is the guidance on Principle 3 clear and actionable to inform how SAs will need to comprehensively manage risks from other SA functions and entities and their interdependencies?

No comments.

Settlement finality

6. Is the guidance on Principle 8 on settlement finality clear and actionable to inform how SAs will need to manage risks arising from a misalignment between technical and legal finality?

No comments.

Money settlements

7. Is the guidance on Principle 9 on money settlements clear and actionable to inform how SAs will need to manage risks associated with the use of a stablecoin as a settlement asset? In particular, is the guidance clear on the considerations which an SA should take into account when choosing a stablecoin as a settlement asset with little or no credit or liquidity risk as an appropriate alternative to central bank money?

No comments.

General

8. Are there other issues or principles of the PFMI where additional guidance for SAs would be useful? If so, what is the issue identified and how is it notable for SAs?

Taking into account that it is increasingly difficult to harness all the kinds of activities that take place in this currently unregulated space, it is particularly important to ensure that the authorities and market stakeholders have access to necessary information and data regarding such activities. This is also relevant with regards to any authority's assessment if a local SA is systemically important. As such, CCP12 proposes that SAs, in addition to being subject to the relevant PFMIs, publish public disclosures consistent with the *Principle for Financial Market Infrastructures: Disclosure framework and Assessment methodology*<sup>3</sup> (e.g., disclosure of rules, key procedures, and market data), which would support the understanding of the nature and scope of their services and risks they introduce to the markets, among other things.

9. Are there any terms used in this report for which further clarification would be useful for SAs when seeking to observe the PFMI?

No comments.

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<sup>3</sup> CPSS, IOSCO, Disclosure Framework and Assessment Methodology (Dec. 2012), available at [Link](#)

## II. About CCP12

CCP12 is the global association for CCPs, representing 41 members who operate more than 60 individual central counterparties (CCPs) globally across the Americas, EMEA and the Asia-Pacific region.

CCP12 promotes effective, practical, and appropriate risk management and operational standards for CCPs to ensure the safety and efficiency of the financial markets it represents. CCP12 leads and assesses global regulatory and industry initiatives that concern CCPs to form consensus views, while also actively engaging with regulatory agencies and industry constituents through consultation responses, forum discussions and position papers.

For more information, please contact the office by e-mail at [office@ccp12.org](mailto:office@ccp12.org) or through our website by visiting [www.ccp12.org](http://www.ccp12.org).

## III. CCP12 Members

