



## GDF GFIC Working Group & FCA Engagement on the newly released GDF Global Cryptoassets Standards

The GDF Global Financial Institutions Cryptoasset (GFIC) Working Group recently engaged the U.K. Financial Conduct Authority (the FCA) to discuss the applicability of the FCA Code Recognition Programme (the Programme), to the GDF Global Cryptoassets Standards (the Standards), to be released shortly.

It was mutually agreed that the Programme, which recognizes the FX Global Code, is “too rigid” a programme for the Standards as each future change to the Standards would require a new formal FCA recognition process applied to the change. Whilst the programme may be suitable for more “static” standards with a lower frequency of change, the dynamic nature of cryptoassets drives the requirements for “living standards” to keep up with the pace of the rapid developments of a very dynamic digital industry, and this deems the Programme unsuitable for the Standards.

The FCA offered several insights into the Standards, and suggestions for engaging with the GDF membership and wider community moving forward. Comments included:

1. The Standards are extremely helpful and will be used as one of the industry inputs to the drafting of the pending markets abuse regulation following the HMT Cryptoassets Consultation and the new Financial Services and Markets Bill
2. The Standards provide greater detail than the FCA would expect to see in eventual FCA rules and therefore would like the Standard to take the place of any Guidance the FCA would otherwise have to provide to supplement FCA rules
3. The Standards should be treated as a “live document” that is updated periodically to reflect industry best practice as the ecosystem evolves and matures
4. The Standards could be considered as a “functional equivalence” to the UK regime in jurisdictions that do not have cryptoasset regulations in force but seek to maintain a high standard in the jurisdiction for regulated institutions engaging in the (global) cryptoassets markets.

The FCA and the GFIC Working Group agreed to a series of calls to conduct a “deep dive” on the Standards and work through the detail of each of the 56 principles to identify areas which could be enhanced or built upon for future consideration of supplementing the principles in the Standards.

The GFIC Working Group will consider the most agile and effective governance model to implement a process of review and acceptance of amendments to the Standards suggested by the FCA (and other regulators that chose to engage with the process). All GDF codes and standards are the subject of a rigorous (global) peer development process, open public consultation period, and regulatory purview period (with over 60 global agencies) before public release.

GDF and the members of the GFIC Working Group are greatly encouraged by the FCA’s insights and willingness to engage in this collaborative process, one which we believe improves the process of openly and transparently identifying risks in the cryptoassets markets, and their mitigation strategies, at the “front end” of the process, before the appropriate regulations are fully developed, implemented and enforced.