

April 30, 2023

VIA ELECTRONIC SUBMISSION ([cryptoasset.consultation@hmtreasury.gov.uk](mailto:cryptoasset.consultation@hmtreasury.gov.uk))  
Payments and Fintech  
HM Treasury  
1 Horse Guards Road  
SW1A 2HQ  
United Kingdom

**Re: The HM Treasury Consultation: Future financial services regulatory regime for cryptoassets**

The Global Association of Central Counterparties (“CCP12”) is the international association for CCPs, representing 42 members who operate over 60 individual central counterparties (CCPs) across the Americas, EMEA, and the Asia-Pacific region.

CCP12 appreciates the opportunity to respond to the HM Treasury (“HMT”) *Consultation on the Future financial services regulatory regime for cryptoassets*<sup>1</sup> (“the Consultation”) and commends the HMT for engaging in further work on this important topic. Last year’s crypto-winter, marked by substantial losses in the value of cryptocurrencies, was due, in part, to events that have been indicative of the opaqueness and under-regulation in the cryptoasset market. While CCPs are not at the core of this Consultation, as financial market infrastructures, the safety, integrity and transparency of financial markets is of the utmost importance to us. Therefore, as the global association of CCPs, we would like to raise several comments and concerns regarding the HMT’s proposal.

**CCP12’s comments on clearing**

CCP12 is generally supportive of the HMT’s efforts “to regulate financial services *activities*, rather than the assets themselves.”<sup>2</sup> We fully agree that the differentiation in the rules should result from different characteristics of activities and be independent of individual products offered by entities. Regarding clearing activity, the Consultation proposes to “future-proof regulations and bring them in line with those for conventional securities if cryptoasset exchanges were to undertake clearing activity in the future” and to “follow similar requirements to those that exist under European Market Infrastructure Regulation (EMIR).”<sup>3</sup> This suggests that entities providing clearing services for cryptoassets would not be subject to the exact same rules (such as EMIR) as traditional CCPs but would be subject to similar requirements. The Consultation only provides one example for an adequate safeguard – a default fund – which firms

---

<sup>1</sup> HM Treasury Consultation: Future financial services regulatory regime for cryptoassets (February 2023), available at [Link](#).

<sup>2</sup> *Ibid.*, point 4.13, at p. 29.

<sup>3</sup> *Ibid.*, point 12.15, at p. 71.

undertaking clearing activities for cryptoassets would need to implement. We believe that it would be unnecessary and potentially detrimental to the markets to introduce different sets of rules for entities performing the same type of activity (in this case clearing). Not only would this likely result in two disparate regulatory regimes, but it could inadvertently result in a cryptoasset regulatory regime that would be less safe and robust than the regime for traditional CCPs. Therefore, it seems not only efficient, but appropriate to extend the current regime to cryptoassets, which would also avoid creating an unlevel playing field. It is worth emphasising that in the world of clearing there already exists a well-established set of detailed rules which should be kept unified and applied universally, regardless of the asset class.

We would therefore strongly advocate for an application of the “same activity, same risk, same regulation” principle in the clearing rules where the only differentiating factor is the asset class, as also recommended by the Financial Stability Board in its proposed framework for International Regulation of Crypto-asset Activities.<sup>4</sup> Similarly, we would agree with Oliver Wyman in their statement that “[a]n approach of same activity, same risk, same regulation will help to underpin a coherent regulatory framework in the UK.”<sup>5</sup> We believe this is true for every jurisdiction and, as a global association of CCPs, we would encourage policy-makers worldwide to apply such an approach that achieves a level playing field, transparency and consistency – both at the level of requirements and the achieved degree of market safety and efficiency.

### **CCP12’s comments on disclosures**

As HMT rightfully notes, “[m]arket participants in traditional finance are required to regularly report market data.”<sup>6</sup> This obligation is crucial to all market stakeholders. The importance of market data is demonstrated by CCPs today, who provide in-depth transparency to their markets which is foundational to a well functioning, efficient and sound financial industry. Several historical events have demonstrated that a lack of proper visibility, such as the opaque nature of over-the-counter markets leading to the great financial crisis of 2008, can present risks to the financial industry and potentially undermine the ability of market participants to appropriately assess their risks. The Consultation does not currently require regular reporting in cryptoasset markets “given the size and structure of cryptoasset markets”.<sup>7</sup> However, we believe this is a missed opportunity to build a cryptoasset reporting infrastructure prior to the cryptoasset industry’s increased sophistication and continued growth. Disclosures are of particular importance given the propensity for cryptomarkets to be deployed to work around Anti-Money Laundering / Know Your Customer rules and related compliance. Therefore, we would strongly urge regulators, including HMT, to introduce high standards of mandatory reporting, consistent with the reporting provided by CCPs today, into the cryptoasset world as soon as practicable.

---

<sup>4</sup> FSB, International Regulation of Crypto-asset Activities, A proposed framework – questions for consultation (October 2022), available at [Link](#): “Where crypto-assets and intermediaries perform an equivalent economic function to one performed by instruments and intermediaries in the traditional financial system, they should be subject to regulations in line with the principle of “same activity, same risk, same regulation”.” (at p. 1)

<sup>5</sup> Oliver Wyman, Same activity, same risk, same regulation (January 2021), available at [Link](#), at p. 4.

<sup>6</sup> HM Treasury Consultation, *op.cit.*, point 4.12, at p. 29.

<sup>7</sup> *Ibid.*

**CCP12's comments on timing**

As noted in the introductory remarks and demonstrated by last year's events, further regulation of cryptoassets is needed. A regulatory framework surrounding cryptoassets has long been an agenda item for authorities and global standard-setting bodies, and it is encouraging to see the results of on-going discussions begin to manifest and we believe that the process should continue to move forward. The use of the cryptoasset class continues to grow in scope and participation, including by retail investors, thus, it is of the utmost important that concrete regulation and regulatory supervision be applied. Therefore, while CCP12 appreciates the HMT's work on this important regulation, we call for an accelerated progression of its finalisation and implementation.

Further, we find it concerning that the regulation regarding post-trade activities in cryptoassets is proposed to be addressed in the future phases. We believe that any delay in the implementation of appropriately robust regulation prolongs the period of uncertainty and unnecessary risk for the market.

## About CCP12

CCP12 is the global association for CCPs, representing 42 members who operate over 60 individual central counterparties (CCPs) 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).

## CCP12 Members

