



Valdis Dombrovskis
Vice-President European Commission
Financial Stability, Financial Services and Capital Markets Union
200, Rue de la Loi
B-1049 Brussels
Belgium

20 August 2019

Subject: Joint EBA ESMA response to the letter of 19 July 2019 on crypto-assets

Dear Vice-President Dombrovskis,

Thank you for your letter of 19 July on the subject of crypto-assets, including so-called 'stablecoins'.

The EBA and ESMA welcome the European Commission work in response to the issues identified in our January 2019 reports on crypto-assets and ICOs.¹

The analysis and advice set out in those reports represents a comprehensive assessment of the applicability and suitability of current EU law to crypto-assets, including stablecoins, and raises important issues relating to consumer and investor protection, market integrity, and the competitiveness of the EU single market. For these reasons we agree that it is vital that further work progresses with urgency in order to inform potential actions by the new Commission.

As for our own work in this area, in addition to the continuous monitoring of market developments, we have underway a number of work streams.

At the international level, EBA and ESMA staff are engaging with the FSB, BCBS, FATF and CPMI-IOSCO. This engagement is intended to help inform a common approach at international level, for example on matters such as the prudential treatment of banks' exposures to crypto-assets and the regulatory treatment of crypto-asset exchanges and trading platforms.

At the EU level, EBA and ESMA will launch shortly a new stocktaking exercise of national regimes applicable to crypto-assets. This stocktaking exercise will include a specific block of questions relating to the regulatory treatment of stablecoins in light of their increasing prominence and is being prepared in coordination with Commission staff.

¹ <https://eba.europa.eu/-/eba-reports-on-crypto-assets> and <https://www.esma.europa.eu/press-news/esma-news/crypto-assets-need-common-eu-wide-approach-ensure-investor-protection>.

The topic of stablecoins will also be discussed at the upcoming EFIF event in September along with a range of other financial technologies subject to consideration/testing in innovation facilitators. The discussions at EFIF level are intended to enhance competent authorities' capacity to understand the underlying technologies and their application in the financial sector and promote a common regulatory and supervisory approach.

In progressing all this work EBA, ESMA and Commission staff are already working closely together and we agree with you that our staff should continue to have regular dialogue going forward to ensure fully coordinated and consistent positions on issues such as stablecoins and other types of crypto-assets. We would see such ongoing dialogue as complementary to existing structures, like EFIF and ESA standing committees. In addition, we will continue our discourse with the ECB on relevant issues (e.g. the functioning of the payment system) to ensure a fully coordinated approach.

We stand ready to support the European Commission in any further work on this important topic.

Yours sincerely,

The image shows two handwritten signatures in blue ink. The signature on the left is more complex and stylized, while the one on the right is simpler and more direct.

José Manuel Campa
Chair, EBA

Steven Maijoor
Chair, ESMA