

**FOR
INFORMATION**

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To: Members of the Executive Board

From: The Secretary

Subject: **Elements of Effective Policies for Crypto Assets—Revised Draft Press Release**

Board Action:	Executive Directors' information
Additional Information:	Revised to reflect the Executive Board discussion on February 8, 2023.
Publication:	Proposed, after Wednesday, February 15, 2023.
Questions:	Mr. Ismail, MCM (ext. 35331)



Press Release – IMF Executive Board Discusses Elements of Effective Policies for Crypto Assets

FOR IMMEDIATE RELEASE

Washington, DC – February x, 2023: On February 8, 2023 the Executive Board of the International Monetary Fund (IMF) discussed a board paper on Elements of Effective Policies for Crypto Assets [insert hyperlink] that provides guidance to IMF member countries on key elements of an appropriate policy response to crypto assets. The paper's objectives are in line with the IMF's mandate to support economic and financial stability across its membership. The paper addresses questions raised by IMF member countries on benefits and risks of crypto assets and on how to structure appropriate policy responses. It operationalizes the principles outlined in the Bali Fintech Agenda (IMF and World Bank 2018) and includes macrofinancial considerations such as implications for monetary and fiscal policies. The proposed principles are fully aligned with the relevant standards of the Financial Stability Board and other standard setting bodies.

Efforts to put in place effective policies for crypto assets have become a key policy priority for authorities, amid the failure of various exchanges and other actors within the crypto ecosystem, as well as the collapse of certain crypto assets. Doing nothing is untenable as crypto assets may continue to evolve despite the current downturn.

The paper sets forth a framework of **nine elements** that can help members develop a comprehensive, consistent, and coordinated policy response. The nine elements—or policy actions—are:

1. Safeguard monetary sovereignty and stability by strengthening monetary policy frameworks and do not grant crypto assets official currency or legal tender status.
2. Guard against excessive capital flow volatility and maintain effectiveness of capital flow management measures.
3. Analyze and disclose fiscal risks and adopt unambiguous tax treatment of crypto assets.
4. Establish legal certainty of crypto assets and address legal risks.
5. Develop and enforce prudential, conduct, and oversight requirements to all crypto market actors.
6. Establish a joint monitoring framework across different domestic agencies and authorities.
7. Establish international collaborative arrangements to enhance supervision and enforcement of crypto asset regulations.
8. Monitor the impact of crypto assets on the stability of the international monetary system.
9. Strengthen global cooperation to develop digital infrastructures and alternative solutions for cross-border payments and finance.

By adopting the framework, policy makers can better mitigate the risks posed by crypto assets while also harnessing the potential benefits of the technological innovation associated with it.

Executive Board Assessment¹

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¹ At the conclusion of the discussion, the Managing Director, as Chairman of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities. An explanation of any qualifiers used in summings up can be found here: <http://www.IMF.org/external/np/sec/misc/qualifiers.htm>.