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## Authority maintains watching brief on potential crypto regulation

Published on: 03 November 2022

The Isle of Man Financial Services Authority is continuing to monitor global developments to help shape its approach to fintech innovation, particularly in relation to crypto-assets.

A 'Request for Input' was issued earlier this year to invite comments on 'Innovation and the Regulatory Perimeter'.

The Authority sought to capture the views of industry and other stakeholders to strengthen its understanding of emerging risks and opportunities arising from innovation, such as crypto-assets, initial coin offerings, and other convertible virtual currencies (CVCs) – a digital method of financial exchange.

The feedback, which has been published in a [consultation response document](#), will inform ongoing discussions on whether certain activities should be brought within the Island's regulatory perimeter in the future.

Most firms conducting business in connection with crypto-assets are not currently regulated by the Authority. The majority are registered as [designated businesses](#) and supervised only for compliance with anti-money laundering and countering the financing of terrorism legislation.

As such, consumers are reminded that crypto-assets and related products are not covered by the same protections provided under the regulatory framework. Potential purchasers or 'investors' are encouraged to read [published guidance](#) or seek independent advice before making any financial commitments.

The Request for Input supports the research being conducted by the Authority as part of its long-term goal of embracing fintech innovation within an appropriately-regulated financial services sector. This includes consideration of how best to position the Island to take advantage of the opportunities provided by crypto-asset service providers.

The feedback highlights general support for expanding the Island's regulatory perimeter in the future to include certain activities relating to crypto-assets. It is acknowledged that while fintech innovation can stimulate economic growth and enhance consumer choice, there is also a significant cost to implementing a new regulatory regime, as well as more robust requirements for businesses.

Dan Johnson, Senior Manager, Policy and Authorisations, said: 'There are a number of substantially different regulatory regimes under development around the world and all are facing practical hurdles for which there are not yet clear solutions. This means that the time is not right for the Authority to make firm decisions on the introduction of crypto-related regulation in the Island.'

He added: 'The Authority is open to innovative new ways of conducting business, but as a risk-based regulator we always seek to strike the right balance. We will continue to maintain a watching brief on how this sector, and the international landscape, develops and matures. Any proposed updates to the Island's regulatory perimeter will be subject to full consultation.'