

Crypto regs won't be globally consistent, say FIA panellists

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Mark Lamb, the co-founder of cryptocurrency exchange Coinfloor, and Mark Wetjen, head of global public policy at the Depository Trust & Clearing Corporation, agreed on the contentious topic at the FIA's International Derivatives Expo on Wednesday.

"Why would any of us think that complete and perfect convergence would happen here when it's happened no place else," said Wetjen, prompting a laugh from the audience. "A lot of us have been involved in derivatives markets for years and we haven't seen that happen in the last 10 years."

Wetjen was agreeing with an earlier point made by Lamb, who said that there "probably won't be regulatory consistency". "The regulators in different countries have already diverged paths sufficiently such that it is probably not going to converge," said Lamb.

Achieving some semblance of global regulatory consistency on cryptocurrency markets has been a goal of many regulators as investors of all stripes have expressed an interest in the space. So far, the G20 has agreed to monitor cryptocurrencies and hasn't made any collective recommendations.

The question of how to define a cryptocurrency in the first place has given some regulators grief, with the US Commodity Futures Trading Commission labeling certain cryptocurrencies "commodities", while the US Securities and Exchange Commission has labeled others securities.

Regulators around the world generally seem to be able to agree on clear-cut cases, but in many cases, the line between security, commodity and currency has become blurry.

The introduction of initial coin offerings, a way of raising capital by issuing a new cryptocurrency, has been a particularly challenging area for some regulators. Some coins can provide access to a new platform or guarantee a revenue stream of some sort, provoking debate on whether or not they count as securities.

During the panel on cryptocurrencies, the audience at IDX was polled as to how they would define a cryptocurrency. Roughly 54% of the audience classified it as an asset class entirely separate from commodities and FX.

Earlier in the debate, Andy Lowenthal, co-head of markets at Chicago Board Options Exchange, favorably compared the success of CBOE's recently launched bitcoin futures to one of the exchange's most famous contracts, Vix futures.

Mentioning that average daily volume for CBOE's bitcoin futures was about 6,000 contracts, he said that "in terms of new product launches, that is about as successful as a new product has been in years".

He added: "I've just been around London the last few days and I've been in major banks up and down Canary Wharf and in the City talking to firms about crypto. So we will see more and more major FCMs and major banks move into this space."