



GLOBAL DIGITAL FINANCE

*GDF Presentation to CFTC Technology Advisory Committee
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GDF: Our Mission & Mandate

GLOBAL DIGITAL FINANCE

GDF
Vision

Create an industry membership body that drives the acceleration and adoption of digital finance technologies to support the next era of digital commerce

GDF
Mission

To promote greater adoption of market standards for the use of global crypto and digital assets, through the development of best practices and conduct standards for industry adoption, in a shared engagement forum with market participants, policymakers and regulators

GDF
Mandate



GDF Code Of Conduct

GDF has delivered a Code of Conduct to establish crypto and digital asset best practice and governance standards, to promote higher professional standards in the crypto and digital asset industry, to better enable its successful growth and future innovation



Global Regulator & Policy Maker Outreach

GDF supports the industry through advocacy, outreach and the development of educational materials and work streams

GDF
Activities



- Industry expert, community-led working groups who author Code of Conduct modules
- Oversee a Registration scheme for cryptoassets firms to attest their adherence to The Code
- Industry expert thought leadership and promotion of The Code through events, blogs and intra-industry working groups
- Open Memorandum of Understanding engagement with other industry-supporting associations and member bodies



- Bilateral previews with policy makers of GDF work streams - e.g. new draft code modules, registration, certification framework preview
- Quarterly policy maker update calls and monthly regulator-only webinar sessions to educate on industry trends and other policy developments
- Support ad hoc requests from policy makers for GDF research, education programs or expert sessions



GDF engages with a global ecosystem of influencers

GDF convenes the entire digital asset ecosystem to set and deliver its proposition



Context for GDF launch

February 2018 Letter to G20 from Finance Ministers and Central Bank Governors of France and Germany:

The need for a common understanding on the nature of tokens

Monitoring the implications of the increasing exposure of market participants to tokens in terms of financial stability and market integrity

Offering better protection to potentially vulnerable investors

Adopting a common approach in Anti Money Laundering and Counter Terrorism Financing.

GDF Priorities

GDF continues to deliver Codes of Conduct whilst delivering advocacy and community value

Priority 1

Deliver GDF Code of Conduct

- Continue to expand The Code developing a principle-based framework for the global crypto and digital asset sector through member-led working groups and public consultations
- Oversee a Code Attestment Programme for crypto and digital assets firms to certify their adherence to The Code
- Build out the Code Attestment Programme to include 3rd party certification and evaluate on-chain / other regtech solutions
- Engage the global community through quarterly summits, roundtables and meetings

Priority 2

Deliver Advocacy & Outreach

- Deliver global regulator & policy maker advocacy through regulator only observer channel engagement and responding to industry and public consultations
- Communicate industry thought leadership and promotion of The Code through speaking at and conducting events with the community, including webinars, blogs and media placement
- Build out and support the network of global members associations, NGOs and standards bodies to promote the harmonisation of global policy and the use of global standards and codes

Priority 3

Deliver Community Value

- Ensure membership priorities are reflected in the Annual Programme and delivered at pace through membership and community survey, feedback, and engagement with the Patron Board and Advisory Council members
- Build a core team of professionals and a network of partners with strong relationships in crypto and digital assets, the financial services sector and possessing the highest levels of credibility within the global community
- Run a lean and efficient membership Executive which collaborates closely with the member led and run Advisory Council and Patron Board to oversee the development and management of The Code and Code Modules

GDF Membership & Partners

Patron Board



Advisory Council



Working Members



Partners



Extended GDF Community

200+

Industry Community
Participants
(community sample)



35+

Global Regulators &
Policy Makers
Ongoing Outreach



Driving Community Led Standards

How we work

- Road map for Code Principles are identified by GDF Community
- Working groups are led and driven by GDF Community
- Prior to ratification, Code Principles are:
 - Peer reviewed in open, global plenary sessions
 - Shared with regulators for bi-lateral review and comment
 - Posted for open public consultation
 - Ratified or returned to working group for further edits
- Member-led governance model
- Member-led oversight of Code Registration compliance
- Member-led collaborative responses to regulator consultations
- Stocktake may be performed prior to code development.

Result

- Code of Conduct is written by its own industry participants
- Consensus attained through working group model and review process
- Community able and willing to comply with Code due to vested interest and ability to influence
- Holistic community input through plenary sessions and open consultations
- Code and Registration are self-governed by community
- Network effect of sea change in business operating standards-establishing best practices
- We communicate with one clear and consistent industry voice, engendering credibility with National and International policy makers

GDF Code of Conduct Pipeline



Ratified

- Part I: Overarching Principles for Crypto Participants
- Part II: Principles for Token Sales and Token Sale Service Providers
- Part III: Principles for Token Trading Platforms
- Part IV: Principles for Crypto-asset Funds and Fund Managers
- Part V: Principles for Token Comparison and Rating Websites
- Part VI: Principles for Stablecoins and Stablecoin Issuers
- Part VII: Principles for Security Token Offerings & Secondary Market Trading Platforms
- Part VIII: Principles for Know-Your-Customer (KYC) & Anti-Money Laundering (AML)



In Development

- Part IX: Principles for Custody and Custodians
- Part X: Principles for Market Integrity
- Part XI: Principles for Tax
- FATF R16 Steering Committee
- AML/KYC/CTF Best Practice Guide
- Digital Asset Market Practices (Survey) for Financial Institutions



In Pipeline

- Part XII: Accounting & Audit Standards
- Part XIII: Valuation

Call for Input

- Identity
- AI / ML and Digital Assets
- Sustainable Finance and Digital Assets

How do GDF Codes relate to law and regulation?



1. Fills gaps - there are many evolving areas



2. This is a global market



3. Can serve as models for law and regulation



4. These do not supersede applicable law.

GDF Code Registration



GDF Code Self-Attestation Registration – launched in 2019

What is it?

GDF manages a Code of Conduct Self-Attestation Registration framework for crypto and digital asset firms and companies providing products and services within the industry to attest their adherence to the GDF Code of Conduct. Through Registration, our members demonstrate their commitment to governance best practices to foster transparency, establish credibility, and promote professional standards to enable responsible growth and innovation.

Why is Self-Attestation Registration Important?

Code adherence signals to market participants, and global authorities that the registered organization is committed and operates within the highest standards of compliance, professionalism, and accountability.

GDF Registry

The Registration framework is a publicly available resource of companies who have self-attested their compliance with the GDF Code of Conduct. GDF members who register their self-attestation adherence to the Code are entitled to use the GDF logo on their website and in marketing materials.

Over 50% of GDF's entity members have completed the self attestation since its launch in 2019.



Extracts from the GDF Code

Overarching Principles

1. Compliance with Existing Laws
2. Legal and Organisational Requirements
3. Ethics, Conflicts Management and Market Integrity
4. Treatment of Customers and Customer Assets
5. Compliance with the Code

Principles for Token Sales and Token Sale Service Providers

1. Compliance with Existing Laws
2. Content of Whitepapers
3. Token Sale Service Providers involved in the drafting of Whitepapers and in the Token Distribution process

Principles for Token Trading Platforms

1. Compliance with Existing Laws
2. Legal and Organisational Requirements
3. Token Due Diligence
4. Market, Liquidity and Credit Risk Management
5. Operational Risk Management
6. Settlement
7. Safekeeping
8. Market Access
9. Timeliness
10. Transparency

Extracts from the GDF Code

Principles for Cryptoasset Funds and Fund Managers

1. Compliance with Standing Laws
2. Ethics and Conflict of Interest
3. Relationship with External Service Providers and Counter-parties and Customer Asset Safekeeping
4. Accounting, valuation and NAV calculation
5. CDD, KYC and AML
6. Insider Trading & Market abuse

Principles for Token Comparison and Rating Websites

1. Compliance with Existing Laws
2. Independence and Impartibility
3. Consumer Experience and Engagement

4. Transparency

5. Accuracy and Data Integrity

Principles for Stablecoin Issuers

1. Compliance with Existing Laws
2. Pricing and Valuation
3. Issuance and Redemption
4. Market Integrity & Liquidity Risk
5. Disclosures; Terms and Conditions
6. Customers
7. Governance

Extracts from the GDF Code

Principles for Security Token Offerings & Secondary Market Trading Platforms

1. Token Development and Issuance
2. Exemptions
3. Regulatory Permissions
4. Token Arranging, Marketing, Offering & Selling
5. Secondary Markets & Trading Platforms
6. Market Integrity, Preventing Abuse and Insider Dealing
7. Financial Crime Preventions and Know-Your-Customer
8. Investor Disclosure
9. Conflicts of Interest
10. Issuer Governance
11. Funds , 12. Secondary Market Considerations

Principles for KYC / AML

1. Definitions and Scope
2. Compliance with Existing Laws
2. Governance
4. Training
5. Risk-based Approach
6. Due Diligence
7. Ongoing Monitoring
8. Suspicious Activity Reporting
9. New Technologies
10. Reliance on Outsourcing
11. Record Keeping

- Today is GDF's 2 year anniversary.
- GDF is holding its 8th Summit
- Approximately 200 people are in attendance at 10 global locations.
- The agenda includes the presentation of the final draft of the Custody code before consultation, community calls for input on the next working groups we convene, and a GDF Advisory Council update.



Regulatory Outreach & Advocacy

Regulators such as CFTC are engaging with GDF as “Observers” and participate in bilateral previews of GDF work streams.



Influence Sentiment & Inform Trends

- Quarterly policy maker update calls to educate on industry trends and other developments
- Transfer knowledge of industry trends and sentiment
- Bilateral previews with policy makers of GDF work streams and code drafts
- Cross pollinate content across policy maker jurisdictions
- Open invitations to GDF Summits
- Constructive responses to consultations

Increase Engagement outside the G20

- Leverage existing engagement with OECD and IMF to expand GDF reach further into more non-G20 emerging economies /regions
- Become a ‘centre of excellence’ resource for emerging markets
- Support ad hoc requests from policy makers for GDF research, education programs or expert sessions

Progress and Challenges Ahead

Challenges and priority areas highlighted by the community – 2019 Year-End Global Community Survey:

Biggest Regulatory Challenges

Inconsistent/unaligned cross-border regulatory guidance

Lack of clarity on regulatory perimeter

Not all market actors are regulated, creating commercial challenges to partner/collaborate

Priority Areas for Codes

Blockchain platform interoperability

Digital identification

Custodial insurance

Audit standards

Potential evolution to third-party certification framework

Biggest Challenges to the Industry

Lack of regulatory clarity/government restrictions

Financial institution infrastructure/readiness

Access to banking facilities (priority for non members)

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