



Enhancing Trust and the Integrity of Crypto-Asset Markets

VCA Virtual Commodity Association

Overview of Remarks

**The Need for a Thoughtful
Regulatory Framework**

Background of Founding Members

The Origins and Mission of the VCA

**The Benefits of Self-Regulatory
Organizations and Global Case Studies**

**The Road to SRO Designation in
Crypto-Asset Markets**

Thoughtful Regulation in Cryptocurrency is a Win-Win for the Market and Regulators

When regulation is done right it can pave the way to **healthy** and **sustainable markets**.

Regulation is the pathway to building **trust and broader market adoption**.

Industry has an important role to play in helping to build **safe, fair, and efficient markets**.

Background of Founding Members



Gemini is a regulated, **New York Trust licensed**, cryptocurrency exchange and custodian.

First crypto exchange **and** custodian to obtain a **SOC 2 Type 2 report** providing the highest level of **transparency** into security, confidentiality and availability.

First crypto exchange **and** custodian to obtain meaningful amount of **insurance** and launch a **captive insurance** company.



bitFlyer is a globally regulated cryptocurrency exchange with operations in **Japan, USA, and EU**.

One of the first recipients of the **New York Bitlicense**.

Founding member of the world's first officially designated crypto SRO, the **Japan Virtual Currency Exchange Association (JVCEA)**.

The VCA

Established to become a designated **self-regulatory organization (SRO)**.

Multi-phased journey that begins with basic organizational capacity-building.

Responsive to concerns from regulators and government officials.

Important to promote market integrity, **build trust, and enhance investor protection.**

*Learn from experience of well-respected SROs such as **FINRA** and **NFA**.*

The Organization - Members and Advisors



Convening subject matter experts to drive organizational capacity-building, including through six committees:

BSA/AML

Custody and
Security

Insurance

Tax

Market Integrity

Examination/
Enforcement

Global Case Studies

一般社団法人
日本仮想通貨交換業協会
JVCEA - Japan Virtual Currency Exchange Association



 金融庁
Financial Services Agency

A Virtual Commodity SRO in the United States

Government  Industry

“ I want the United States to lead because whoever leads in this technology is going to end up writing the rules of the game. ”

—Chairman and Chief Executive, CFTC, Heath P. Tarbert

Industry Capacity Building

The IOSCO SRO Consultative Committee^[1] identified the following elements that might be considered in a model template for an effective SRO:

Internal rulemaking procedures

Authorization and access to a marketplace, including fitness/qualification standards for market intermediaries

Establishment and enforcement of financial, operational and sales practice standards

Surveillance of market activity

Investigation, prosecution and adjudication of rule violations

Administration of a dispute resolution forum

Development and implementation of education programs for market participants and public investors

Sharing information and cooperating with other SROs and statutory regulators

[1] IOSCO SRO Consultative Committee Report on "Model for Effective Regulation" published May 2000, available at <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD110.pdf>

NFA Case Study

Enhancing Derivatives Markets



“ The creation of NFA was a historic event—one that gave the futures industry the regulatory framework on which its markets could continue to grow and succeed . . . ”

—NFA History, <https://www.nfa.futures.org/about/nfa-history.html>

Industry Bridge Building - Thought Leaders and Associations



VCA Committee - Examination/Enforcement



Collaborate with other crypto industry associations



Leverage and localize best practices and standards to inform rule-making



Adoption period of rules for VCA exchange members



Examinations of VCA exchange members

VCA Committee - Market Integrity

Information sharing agreement between member crypto exchanges



Multi-purposed **data file format** for input into a cross-market surveillance platform and consolidated audit trail



Implementation of a centralized **cross-market surveillance platform**



Centralized cross-market **alerts and investigations**

Role of Government

Catalyze industry action

Explore avenues to designate an SRO in the virtual commodity space

Designate an SRO with oversight and enforcement authority

Thank You

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