

Markets

BIS Signals Cryptocurrencies Should Be Regulated Like Securities

By [Edward Robinson](#)

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- ▶ Comments show consensus may be forming around defining tokens
 - ▶ Big banks and startups both want more certainty around rules
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For months, global regulators have been scrambling to get a grip on cryptocurrencies. Yet, even as they debate potential action, a key question looms: What exactly are these things?

Now, a consensus appears to be forming around how to define these new instruments. In a speech today at the annual general meeting of the Bank for International Settlements in Basel, Switzerland, Hyun Song Shin, the BIS's economic adviser and head of research, said many of them should be considered the same as stocks and bonds.

"If people pay to hold the tokens for financial gain, then arguably they should be treated as a security and come under the same rigorous documentation requirements and regulation as other securities offered to investors for a return," he said.

Shin's remarks come three months after Mark Carney, the Bank of England Governor, also endorsed the U.S. Securities and Exchange Commission's view that holding crypto exchanges to the same standards as those that trade securities was wise. The British central bank is reviewing potential new rules as part of a task force with the U.K. Financial Conduct Authority and the Treasury.

More from the BIS Annual Economic Report:

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- ▶ [Central Banks Told Not to Be Afraid of Shaking Markets a Little](https://www.bloomberg.com/news/articles/2018-06-24/central-banks-told-not-to-be-afraid-of-shaking-markets-a-little)
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 - ▶ [Banks May Be Using Lehman-Style Trick to Disguise Their Debt](https://www.bloomberg.com/news/articles/2018-06-24/banks-may-be-using-lehman-style-trick-to-disguise-their-debt)
[<https://www.bloomberg.com/news/articles/2018-06-24/banks-may-be-using-lehman-style-trick-to-disguise-their-debt>](https://www.bloomberg.com/news/articles/2018-06-24/banks-may-be-using-lehman-style-trick-to-disguise-their-debt)
 - ▶ [Libor-OIS Surge Was Likely Spurred by T-Bills, Repatriation: BIS](#) 
 - ▶ [Bitcoin Could Break the Internet, Central Bank Overseer Says](https://www.bloomberg.com/news/articles/2018-06-17/bitcoin-could-break-the-internet-central-banks-overseer-says)
[<https://www.bloomberg.com/news/articles/2018-06-17/bitcoin-could-break-the-internet-central-banks-overseer-says>](https://www.bloomberg.com/news/articles/2018-06-17/bitcoin-could-break-the-internet-central-banks-overseer-says)
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There's been no shortage of definitions for Bitcoin's many imitators. The SEC deems the offerings of new digital tokens akin to stock sales. Japanese regulators consider the instruments forms of payment. Other authorities have labeled them commodities or crypto-assets. Bitcoin's mysterious creator, of course, designed the [technology](https://www.bloomberg.com/view/quicktake/bitcoins) [<https://www.bloomberg.com/view/quicktake/bitcoins>](https://www.bloomberg.com/view/quicktake/bitcoins) to be a digital currency free from the influence of central banks and governments.

Last week, the BIS, which carries out research on issues related to monetary and financial stability, made a [splash](https://www.bloomberg.com/news/articles/2018-06-17/bitcoin-could-break-the-internet-central-banks-overseer-says) [<https://www.bloomberg.com/news/articles/2018-06-17/bitcoin-could-break-the-internet-central-banks-overseer-says>](https://www.bloomberg.com/news/articles/2018-06-17/bitcoin-could-break-the-internet-central-banks-overseer-says) in the crypto world with a report concluding that Bitcoin is ill equipped to ever be a form of legal tender that could store value or handle the volume of transactions that are processed in the current financial system.

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Deciding how to classify Bitcoin and other digital tokens isn't just a matter of semantics. The outcome of this process will largely determine the rules of the road for the burgeoning crypto industry. With players ranging from Goldman Sachs Group Inc. to Coinbase Inc. [preparing](https://www.bloomberg.com/news/articles/2018-06-20/goldman-sachs-mulling-crypto-trades-beyond-futures-solomon-says) [<https://www.bloomberg.com/news/articles/2018-06-20/goldman-sachs-mulling-crypto-trades-beyond-futures-solomon-says>](https://www.bloomberg.com/news/articles/2018-06-20/goldman-sachs-mulling-crypto-trades-beyond-futures-solomon-says) for crypto to become a bona fide new asset class, getting clarity on how they'll be policed is vital, say market experts.

This year, the \$268 billion cryptocurrency market lost 56 percent of its total value amid mounting concerns about regulatory action.