



31 January 2024

Submitted Electronically

Basel Committee on Banking Supervision
Bank for International Settlements
CH-4002 - Basel, Switzerland

Re: Disclosure of Cryptoasset Exposures

Dear Sir or Madam:

World Council of Credit Unions (World Council) appreciates the opportunity to comment on the Basel Committee's Consultative Document on the Disclosure of Cryptoasset Exposures.¹ Credit unions are cooperative depository institutions and World Council is the leading trade association and development organization for the international credit union movement. Worldwide, there are over 82,000 credit unions in over 98 countries with USD 3.6 trillion in total assets serving over 400 million physical person members.²

World Council supports the disclosure of a financial institution's exposure to cryptoasset risks. Safety and soundness are a top priority for the credit union industry, to ensure continued access to reliable financial services for local communities. World Council recognizes a reasonable disclosure framework is needed to provide an overview of a financial service organization's activities and the significant risks related to cryptoasset exposures. However, as the Basel Framework continues to be refined and implemented there are many instances where exemptions and adaptations were necessary to properly tailor a regulation for smaller institutions and those institutions specifically designed to meet local community needs. Similar to other areas of the Basel Framework, World Council requests that proportionality or a more streamlined ability to disclose also be included in the requirements and standard templates.

Credit unions are still determining what, if any, services members will need related to cryptoassets and whether cryptoassets are beneficial to its mission of financial inclusion. To ensure that smaller institutions are not excluded from the process of exploring possible benefits, proportional reporting is needed. The amount of compliance resource needed for disclosure should be relative to the level of risk and size of the holding as well as the impact it poses to the overall market. Given the regulatory requirements credit unions already comply with and the supervisory systems in place for the industry, World Council requests that qualitative information, such as the policies and risk evaluations, reported through their supervisory systems form a substantial base of the reporting for credit unions.

While many in the credit union industry do not currently have cryptoasset exposure it is possible that could change in the future. Given the potential for change it would be beneficial if

¹ See, Consultative Document Disclosure of Cryptoasset Exposures; at:
<https://www.bis.org/bcbs/publ/d556.pdf>

² World Council of Credit Unions, *2022 Statistical Report (2023)*, available at:
https://www.woccu.org/documents/2022_Statistical_Report_EN

the standard reporting forms accounted for a slow progression and exploration phase. For example, adjustments to Template CAE1 as well as a narrower definition of materiality. “Cryptoassets under custody” in column “g” of the template requires further explanation or a narrower definition for smaller institutions so as not to require reporting if custody of assets is solely for safekeeping and not ownership.

World Council encourages the Basel Committee to continue to refine its requirements as the cryptoasset landscape changes. Credit unions are concerned with the overall financial well-being of their members. There are a wide range of cryptoasset activities facilitated by unregulated entities that impact a credit union member’s financial health and how they interact with the broader financial markets. Many involved with cryptoassets are not required to follow regulatory and supervisory requirements. World Council requests that additional consideration be given to find ways to expand reporting and disclosure to less regulated entities that pose a higher risk.

The disclosure requirements should be relative to the overall risk and impact the type of financial institution poses to the financial stability of the global markets. Credit unions are member-owned, not-for-profit institutions structured to promote financial inclusion. While disclosure is important, World Council requests that the level of information required, specifically by credit unions, does not impose undue hardship. It is critical that credit union resources continue to be focused on reaching the local community and providing reliable low-cost financial services. If you have any questions about our comments, please feel free to contact me at erinohern@woccu.org.

Sincerely,



Erin O'Hern
International Advocacy and Regulatory Counsel
World Council of Credit Unions