

Facebook Inc

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Facebook's Libra creates "challenges" for finance sector, regulator warns

The Financial Stability Board (FSB), the world's most powerful financial regulator, has warned that 'stablecoin' cryptocurrencies such as Facebook Inc's (NASDAQ:FB) Libra could present "a host of challenges" for the global financial system.

In a **letter** to finance ministers and central bank governors of the G20 group of countries, FSB chairman Randal Quarles said stablecoins had the potential to become "substantially important" to the world's financial stability but would also produce issues around compliance, tax evasion, cybersecurity and antitrust law among others.

READ: Tales from the crypto: 'Game of Thrones' at Facebook's Libra
 "Stablecoin projects of potentially global reach and magnitude must meet the highest regulatory standards and be subject to prudential supervision and oversight", Quarles said, adding that any gaps in regulation needed to be addressed "as a matter of priority".

Unlike cryptocurrencies such as Bitcoin, which have a price that fluctuates based on market speculation, stablecoins have a set value pegged to other assets, normally a national currency such as the dollar.

In the case of Libra, its value is to be derived from a basket of different assets including national currencies, bonds and other securities.

Barrage of criticism

However, the currency has attracted considerable criticism from global financial institutions since it was unveiled by Facebook earlier this year, with Federal Reserve chair Jerome Powell having said previously that the central bank had "serious concerns" about the project, mostly relating to privacy, consumer protection and general financial stability.

The barrage of controversy is already causing a headache for Facebook, with original backers Mastercard Inc (NYSE:MA), Visa Inc (NYSE:V), eBay Inc (NASDAQ:EBAY), PayPal Holdings Inc (NASDAQ:PYPL), online payments processor Stripe and Latin American mobile payment firm Mercado Pago having all pulled out of the project over the last few weeks.

However, the Libra project, which is due to launch officially next year, still retains some substantial backers besides Facebook, notably ride-hailing giant Uber Technologies Inc (NYSE:UBER) and music streaming group Spotify Technology SA (NYSE:SPOT).

Price: 196.75

Market Cap: \$561.08 billion

1 Year Share Price Graph



Share Information

Code: FB

Listing: NASDAQ

52 week High Low
 208.65 123.02

Sector: Online business & e-commerce

Website: www.facebook.com

Company Synopsis:

When it comes to social networking, it's wise to put your best face forward. Facebook, the social networking juggernaut, lets users share information, post photos and videos, play games, and otherwise connect with one another through online profiles.

action@proactiveinvestors.com

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Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

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