



KURTIN PLLC
Attorneys at Law

November 2, 2021

Stablecoin Regulatory Oversight Urged by U.S. Report

On November 1, 2021, the U.S. President's Working Group on Financial Markets issued a **Report on Stablecoins**, a form of cryptocurrency ostensibly pegged to the value of an underlying asset like the U.S. dollar, unlike other cryptocurrencies, and urging new regulatory oversight authority to police the rapidly expanding Stablecoin market and prevent systemic financial system risk. Several leading issuers of Stablecoins welcomed the report and agreed with the need for enhanced regulatory oversight. A copy of the Working Group Report can be found [Here](#).

In the Report, presented by U.S. Treasury Secretary Janet Yellen, the Working Group acknowledged that Stablecoins have a potentially beneficial role in facilitating payment options, but warned of systemic risks accompanying them. Stablecoins, like other cryptocurrencies, are issued by private companies with little regulatory oversight such as govern the issuers of other cash substitutes. The Stablecoin market has grown to over \$130 billion from under \$30 billion in 2020, even as the overall cryptocurrency industry has grown to over \$2.6 trillion. Among the Report's recommendations are:

- legislation to require Stablecoin issuers to be federally insured depository institutions like state and federally chartered banks and savings and loan associations, which would increase anti-fraud and other market abuse protections;
- legislation and regulatory requirements for Stablecoin issuers to provide custodial digital wallet services and meet risk management standards to ensure payment system integrity; and

- address concerns about systemic risk to financial markets and market concentration power.

The Report concludes that while the Treasury Department, Securities and Exchange Commission ("SEC") and Commodity Futures Trading Commission ("CFTC") have piecemeal enforcement authority to police Stablecoin abuses, new authority that would have to be provided by an act of Congress is needed to provide full needed regulatory oversight of the rapidly growing Stablecoin industry. The resulting need for investor protection and to ensure market integrity at the Stablecoin - cryptocurrency intersection of banking and commerce is likely to be at the head of Treasury, SEC and CFTC concerns as 2022 begins, and market participants and intermediaries will need to stay closely attuned to legislative and regulatory developments to ensure that the Stablecoin - cryptocurrency markets and their place in it continues to thrive.

For additional information, please contact us at info@kurtinlaw.com.

Kurtin PLLC, a New York City-based law firm, focuses on corporate, commercial and regulatory representation in the [Biotechnology & Life Sciences](#), [Communications & Media](#), [Information Technologies & Internet](#), [Satellites & Space](#) and [Venture Capital & Private Equity](#) sectors. Since our founding in 2008, we have represented clients in over forty countries on six continents and across the United States on transactional and dispute resolution matters. Among our key values, none rank higher than creative and individualized solutions to business issues, absolute client discretion and unsurpassed responsiveness.

**Kurtin PLLC
Website**

For further information, please contact us at info@kurtinlaw.com.

The materials contained in this message and website pages, whitepapers, advisories and other items directly linked to it have been prepared for general informational purposes only and should not be construed or relied upon as legal advice or a legal opinion on any specific facts and circumstances. The publication and dissemination, including on-line, of these materials and receipt, review, response to or other use of them does not create or constitute an attorney-client relationship.

To ensure compliance with requirements imposed by the Internal Revenue Service, we inform you that any tax advice contained in this communication (including any attachments) was not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any tax-related matter(s) addressed herein.

These materials may contain attorney advertising. Prior results do not guarantee a similar outcome.

