Press Release

On the Appropriate Regulation of Stablecoins

PAULINA ENCK | NOVEMBER 2, 2021

The President's Working Group on Financial Markets has issued a report calling on Congress to develop legislation promoting a consistent and comprehensive federal approach to the regulation of stablecoins, a class of cryptocurrencies. In a new insight, Director of Financial Service Policy Thomas Wade discusses the report's findings and recommendations.

Key points:

- The report calls on Congress to require that stablecoin issuers be regulated as banks, including the requirement for federally backed insurance and a full suite of prudential capital requirements.
- To this the federal financial regulatory agencies couple a request that their existing powers and authorities be expanded to allow for the better oversight of all actors in the stablecoin sector.
- While the report articulates clearly and concisely the challenges facing the federal agencies in regulating unique hybridized commercial actors in a new industry, relying on Congress to meet the enormous demands of providing direction in this space remains wildly optimistic at best.

Read the analysis