

STATEMENT

President's Working Group Report on Stablecoins

Chair Gary Gensler

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Today, the President's Working Group on Financial Markets (PWG), along with the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency, published a thoughtful report on stable value coins, or so-called stablecoins.

Stablecoins are crypto tokens pegged or linked to the value of fiat currencies. The existing stablecoin market is worth nearly \$130 billion,^[1] having grown 20-fold in the last 20 months.

These stablecoins are embedded in crypto trading and lending platforms. Though they represent only about 5 percent of all crypto assets,^[2] in October, more than 75 percent of trading on all crypto trading platforms occurred between a stablecoin and some other token.^[3]

As the report notes, "stablecoins, or certain parts of stablecoin arrangements, may be securities, commodities and/or derivatives."

Thus, the use of stablecoins presents a number of public policy challenges with respect to protecting investors.

Further, stablecoins may facilitate those seeking to sidestep a host of public policy goals connected to our traditional banking and financial system: anti-money laundering, tax compliance, sanctions, and other safeguards against illicit activity.

As the report also acknowledges, some stablecoin issuers may seek for these tokens to be used for payments in the future. This, along with the intertwined

nature of stablecoins with crypto trading and lending platforms, raises emerging financial stability concerns.

The PWG report highlights a number of recommendations to address these public-policy challenges. While Congress and the public evaluate this report, we at the SEC and our sibling agency, the Commodity Futures Trading Commission, will deploy the full protections of the federal securities laws and the Commodity Exchange Act to these products and arrangements, where applicable.

[1] Numbers as of Oct. 31. See The Block, "Total Stablecoin Supply," *available at* <https://www.theblockcrypto.com/data/decentralized-finance/stablecoins>.

[2] Total crypto market capitalization of \$2.65 trillion as of Nov. 1, per <https://coinmarketcap.com/>.

[3] See The Block, "Share of Trade Volume by Pair Denomination," *available at* <https://www.theblockcrypto.com/data/crypto-markets/spot>.

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