

## Custody of stablecoins

Do you have to be an insured depository institution?

OCC: confirms that banks may hold such stablecoin reserves, so long as the stablecoin is:

- associated with hosted wallets
- backed by a single fiat currency; and
- redeemable by the holder of the stablecoin on a 1:1 basis for the underlying fiat
- currency upon submission of a redemption request to the issuer.

# CBDC vs. Stablecoins

## CBDC

- A digital token that represents a virtual form of fiat currency
- Issued by the central bank

## Stablecoins

- A cryptocurrency whose value tracks another asset such as the USD, gold, etc
- Privately issued & privatizes
- Asset-backed some are 1:1 (fully backed) vs. backed in part by commercial paper and other typically liquid instruments that can become illiquid under strained circumstances.

# US Regulatory Landscape

## The regulatory perimeter

- SEC
- OCC
- CFTC
- IRS
- State MTL licenses

# Decentralized Exchanges (DEX and DeFi)

## DEX

- Act as a routing layer for users' trade orders (P2P trading)
- Trading based on open source algorithms
- No centralized platform and no custody of customer funds
- Some provide cross-chain atomic swaps
- Very limited regulatory visibility
- Who's responsible for KYC
- Potential for dark pools

# Centralized vs. Decentralized Exchanges (DEX and DeFi)

## Cryptocurrency exchanges

- Centralized
- Custody of customer funds
- Order books
- Order routing

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