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

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