US officials are currently having closed-door discussions regarding launching a formal review into whether stablecoins threaten financial stability.

After weeks of consideration, the Treasury Department and other deferral agencies are nearing a decision, reported Bloomberg citing people familiar with the matter.

The department is examining "potential benefits and risks of stablecoins for users, markets, or the financial system," said Treasury spokesman John Rizzo in a statement. "As this work continues, the Treasury Department is meeting with a broad range of stakeholders, including consumer
advocates, members of Congress, and market participants," he added.

The total market cap of stablecoins is now ready to surpass $124 billion, up from just over $29 billion at the beginning of this year.

This, however, doesn’t come as a surprise given that the US Securities and Exchange Commission (SEC) Chair Gary Gensler has said many times that stablecoins are one of the two areas they are focused on. The other being crypto exchanges and lending platforms, where "stablecoins are embedded."

Over the past couple of months, Gensler has been noting that the majority of trading on all crypto trading platforms is occurring between a stablecoin and some other token.

“The use of stablecoins on these platforms 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 the like. This affects our national security, too,” said Gensler adding, these fiat-based coins may also be securities and investment companies.

Just last week, Coinbase disclosed that SEC is threatening to sue if it launches its Coinbase Lend product, allowing customers to earn a 4% yield on their USDC stablecoin.

Duke University finance professor Campbell Harvey, who is also the co-author of a book called "DeFi and the Future of Finance," told Bloomberg in an interview that the US regulators face a tough balancing act when it comes to addressing "yield farming" – allowing investors to lend their crypto in exchange for interest rates – without pushing the financial innovation offshore.

Additionally, the President’s Working Group on Financial Markets, led by Treasury Secretary Janet Yellen, has also
been [focused on stablecoins](#). In a private meeting held in July, US officials likened the situation to an unregulated money-market mutual fund that could be susceptible to chaotic investor runs.

Around the same time, a paper from the Federal reserve [proposed to](#) “tax private stablecoins out of existence” as one of the options to “Taming Wildcat Stablecoins.”

At the time, Yellen urged regulators to “act quickly” in drafting stablecoin rules. The group, composed of Yellen, Gensler, and Fed Chair Jerome Powell, expects to issue stablecoin recommendations by December.

The Financial Stability Oversight Council (FSOC) process includes a detailed study, an assessment of which agencies should respond and how, and then directing them to intervene in the market.

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AnTy

AnTy has been involved in the crypto space full-time for over two years now. Before her blockchain beginnings, she worked with the NGO, Doctor Without Borders as a fundraiser and since then exploring, reading, and creating for different industry segments.
Four Years After the Act, SEC Charges Issuers for An $18 Mln Unregistered ICO

AnTy September 9, 2021

This week, the US Securities and Exchange Commission (SEC) charged Steven K. Sprague, President of Rivetz Corp and CEO of Rivetz International SEZC, and both the companies with conducting an illegal, unregistered offering of securities through an initial coin offering (ICO).

It raised $18 million in Ether through this ICO that was not registered with the SEC and did not qualify for an exemption from registration from more than 7,200 investors.
According to the SEC’s complaint, the ICO was conducted during the last bull run, between July and September 2017, during which the defendants sold digital assets called “RvT tokens” to the general public, including US investors.

The complaint alleges that the CEO marketed the digital tokens as an investment opportunity by promoting the value of RvT to investors. The promotion included highlighting that RvT would be listed on cryptocurrency exchanges for trading, touting Sprague’s abilities and managerial skills, and claiming that the token would increase in value as a result of Rivetz’s efforts.

However, the RvT tokens could not be used to purchase any goods or services at the time they were sold, the complaint adds.

The SEC has now, after four years since the sales, charged the defendants with violating the securities registration provisions of Section 5 of the Securities Act of 1933. For this, the SEC praised the assistance of the Cayman Islands Monetary Authority.

The agency is seeking injunctive relief, the return of allegedly ill-gotten gains plus prejudgment interest, and a civil penalty.

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