

Statement by

Acting Comptroller of the Currency Michael J. Hsu

on the Report on Stablecoins

November 1, 2021

I want to thank Secretary Yellen for the opportunity to work with the PWG and FDIC on the critically important issue of stablecoins. The rapid growth of stablecoins as an innovative and unregulated means to engage in speculative digital asset trading, lending and borrowing is in equal measures awe-inspiring and unsettling. While the salient risks may be mostly trading-related today, tomorrow the risks will be much broader than that and it behooves us as regulators to be strategic in how we approach this and think ahead. I fully support the recommendations in today's paper. Stablecoins need federal prudential supervision to grow and evolve safely.

The interagency paper identifies the risk of stablecoin runs as the top concern. For the OCC, this hits close to home. The agency was created 158 years ago in response to the instability of the financial system, which was prone to frequent bank runs. There are some interesting similarities between the bank notes of that time and the stablecoins of today. Just as the creation of the OCC helped address the risk of bank runs then, we stand ready to work with our interagency partners to ensure the safe and sound integration of stablecoins into the financial system and mitigate the risk of stablecoin runs today and into the future.