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Yellen to Senate Banking Committee: Stablecoins Should Be Regulated



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Earlier this week, Department of the Treasury Secretary Janet Yellen [provided testimony](#) and responded to questions from the Senate Banking Committee regarding volatility in cryptocurrencies that are designated to be “stablecoins,” meaning that the value is supposed to remain fixed, on a one-to-one basis with the dollar, and emphasized that a federal framework for regulating digital assets is necessary to avoid “[risks to financial stability](#),” as reported by *The Wall Street Journal*.

In December 2021, the Financial Stability Oversight Council (“FSOC”) addressed the potential risks to financial markets that cryptocurrencies and digital assets present in its [2021 Annual Report](#), and in her [comments regarding that report](#), Yellen highlighted FSOC’s conclusion that “regulatory attention and coordination regarding stablecoins and other crypto assets” is of critical importance. These messages are all consistent with the Biden administration’s position, as articulated in the [Executive Order](#) issued on March 9, 2022, that strong steps must be taken “to reduce the risks that digital assets could pose to consumers, investors, and business protections [as well as] financial stability and financial system integrity.”
