

**Written Statement of Jeremy Allaire, Co-Founder, Chairman and CEO of Circle Before the  
House Financial Services Committee On December 8, 2021  
Hearing on Digital Assets and the Future of Finance: Understanding the Challenges and  
Benefits of Financial Innovation in the United States**

Chairwoman Waters, Ranking Member McHenry and Members of the House Financial Services Committee, thank you for the opportunity to share my testimony with you today on the important matter of how to advance U.S. policy, regulations and leadership in the emerging digital assets and crypto-economy.

My name is Jeremy Allaire and I am the Co-Founder, Chairman and CEO of Circle Internet Financial, a now 8-year-old company that has operated at the cutting edge of the digital assets market. Today, estimates are that there are more than 20 million people in the U.S. and 200 million around the world participate in this market. We have proudly built our business inside the United States, where we employ a wonderful, diverse and growing group of colleagues in more than 35 states. We also now employ people in 11 different countries. From this platform of strength, we aim to continue expanding around the world.

Today, we are at a pivotal moment in the development of the next major infrastructure layer of the internet, extending from an internet of data, content and communications, to an internet of value exchange and economic coordination. The impact of this development on the future of U.S. economic competitiveness cannot be overstated. Indeed, just as the internet of the past two decades imported liberal western ideals of openness, free market competition and decentralization, this new economic infrastructure layer of the internet should similarly enshrine our principles.

In a world where money becomes a core feature of the internet, the U.S. should aggressively promote the use of the dollar as the primary currency of the internet, and leverage that as a source of national economic competitiveness, security and a major upgrade needed for more efficient and inclusive financial services.

Indeed, Circle's mission of raising global economic prosperity through the frictionless exchange of financial value, is animated by a business model where financial inclusion, responsible financial services innovation and protecting the integrity of the global financial system are not conflicting objectives.

As with my presence in today's hearing, for which I am honored to join alongside my peers, we have also aspired to walk through the front door on emerging policy and regulatory priorities, always with a focus on how to appropriately spur competitiveness, user protection and regulatory clarity in the emerging digital assets economy. Today, I would like to address some of the key policy issues facing the U.S. around the rapid growth and use of dollar digital currencies, also known as stablecoins.

Circle is the sole issuer of USD Coin, or USDC - an innovation that brings the benefits of digital currency - fast, inexpensive, highly secure, global and interoperable value exchange over the internet - without the downside of extreme volatility that has plagued most cryptocurrencies. USDC is helping to pave the way for digital dollars to be the leading currency of the internet.

While stablecoins gained their footing by providing an efficient digital dollar settlement layer for digital asset trading markets, their use is now expanding into a wide-variety of applications. Just in the past several weeks, we signed on institutional customers who are using these services for small business payments, international remittances, and efficient payments for remote workers. We are working with startups and established firms on using this technology to bring down the costs and increase the speed of remittances across Africa, Latin America and parts of Asia. Soon, we believe that dollars on the internet will be as efficient and widely available as text messages and email.

As the recent President's Working Group report on stablecoins highlighted, not all of these payment instruments are created equal - but, by the same token, not all of them are part of an unregulated Wild West as has been often portrayed. Rather, in our case, we have prioritized building, designing and guarding the prudential standards for USDC, which now stands at over \$40 billion in circulation and has powered more than \$1 trillion in on-chain transactions, inside of and conforming with prevailing U.S. regulatory standards that apply to leading fintech and payments firms such as PayPal, Square, Venmo, Stripe and others.

The dollar-denominated reserves backing USDC are held conservatively in the care, custody and control of the U.S. regulated banking system. These are strictly held in cash and short-duration U.S. treasuries and we have consistently reported on the status of these reserves and their sufficiency to meet demands for USDC outstanding with third party attestations from a leading global accounting firm.

With the continued rapid growth in reserves backing USDC, we aim to deploy cash deposits across the country where we will allocate a share of USDC reserves, hopefully accruing to billions of dollars over time, to minority depository institutions (MDIs) and community banks as a way of improving their balance sheets, but also ensuring that the future of payments and banking is more inclusive than the past. This is a part of a company-wide initiative called Circle Impact, which is aimed at reaching the people and communities who are all too often left behind by the traditional financial system. This work also includes:

- Enhancing digital financial literacy in partnership with historically black colleges and universities (HBCUs) and other partners.
- Driving diversity and inclusion for women and minority entrepreneurs via SeedInvest, our startup fundraising platform that has funded over 250 startups, which have raised over \$400 million from a diverse set of more than 600,000 investors.

- And spurring faster, inexpensive and corruption-resistant disaster relief and humanitarian aid using USDC and blockchain-based payments.

The Administration and leadership of the top Federal financial regulators have put forward to Congress a set of recommendations for establishing national regulatory supervision of stablecoin issuers such as Circle. They have also asked Congress to work to put appropriate statutes in place ensuring this innovation can both flourish while the fundamental risks can be well managed. In a word, stablecoins and internet-native capital markets are not too big to fail, but they are now too big to ignore. We wholeheartedly support this effort, and believe that there can be very strong non-partisan support for national licensing and Federal supervision of this highly strategic financial market infrastructure.

Similarly, well prior to the President's Working Group on financial markets recommendations on stablecoins, we announced our intention to pursue a full national banking charter from the Office of the Comptroller of the Currency (OCC), and we continue prioritizing bilateral and inter-agency engagement with all of the relevant Federal and state financial regulatory stakeholders.

There is much work to do in defining the reserve, liquidity, and capital requirements, and the risk management and operational resilience requirements for global-scale stablecoin issuers. At the same time, the technology of blockchains and open protocols for value exchange are not standing still, and whatever the ultimate policy and regulatory outcomes, it is crucial that policy embraces and enables the U.S. to be global leaders in the development of the internet of value, similar to the policy frameworks established in the mid to late 1990s that helped ensure the U.S. was the global leader in internet technology and communications. Policy frameworks need to support an open and competitive playing field, and allow new technologies to flourish.

As the Committee works in earnest to build policy for digital assets more broadly, and stablecoins specifically, we welcome active engagement, and believe this to be one of the most important areas for economic infrastructure and growth in the coming decade.

Thank you again Chairwoman Waters and Ranking Member McHenry for the opportunity to present to you today, I look forward to the Committee's questions.