

**Written Statement of Dante Alighieri Disparte**  
**Before the United States House Committee On Financial Services,**  
**Subcommittee on Digital Assets, Financial Technology and Inclusion**  
***“Understanding Stablecoins’ Role in Payments and the Need for Legislation.”***  
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Chairman Hill, Ranking Member Lynch, Members of the Subcommittee on Digital Assets, Financial Technology and Inclusion, it is my honor to submit my testimony to you today.

My name is Dante Disparte and I am the Chief Strategy Officer and Head of Global Policy for Circle, a leading global financial technology firm and the issuer of [USD Coin, or USDC](#). USDC is a dollar digital currency supporting the extensibility of the U.S. Dollar in a competitive, always-on internet-based global economy. Indeed, as fears grow of de-dollarization or the rise of alternative payment systems that are non-conversant with U.S. values or broader norms in the rules-based financial system, Circle, USDC and dollar-denominated payment stablecoins can help to ensure the U.S. dollar remains the global currency of reference, including natively on the internet.

Over the course of our 10 years of activity in the U.S. and around the world, we have always aspired to a regulation-first approach based on trust, transparency, accountability and financial integrity. It has been 5 years since the first USDC was issued, which for the purposes of this hearing and proposed legislation, can be considered a dollar-denominated payment stablecoin. Today, USDC has supported more than [\\$10 trillion in cumulative transactions on the public internet](#). USDC-enabled wallets support a global payment network in more than [190 countries](#), which is akin to a mobile money network like M-Pesa, but at world scale. More than [75% of all USDC in circulation](#) are held in digital wallets and smart contracts rather than on digital asset exchanges, suggesting a strong correlation as a dollar-denominated store of value. Indeed, there is a Cambrian explosion of use cases and responsible innovation courtesy of the programmable, composable, trusted and open nature of USDC, with Circle’s services built on and using [open blockchain technology](#).

Rather than disrupting traditional financial systems or markets, we are seeing growing acceptance of USDC as a dollar settlement option among major financial services firms from Visa, to MoneyGram, WorldPay, among many others. A broader ecosystem of developers, businesses and people who rely on USDC and Circle’s services for next generation payments and dollar settlement on the internet has promoted a wide range of use cases and developments. By every measure, courtesy of this early adoption of dollars as the currency of reference in digital asset markets, more than \$132 billion of stablecoins in circulation reference the dollar, albeit to varying degrees of prudential regulatory standards. While some of these dollar-referenced stablecoins are starting to embrace sunlight and transparency, USDC was born in it. From the first issuance through to today, we have adopted [macroprudential risk standards](#) and transparency that is a hallmark of trust, even when compared to traditional financial services firms. As a result, a proliferation of enterprise use cases and adoption has followed.

Enterprise use cases for USDC run the gamut from treasury management to easing the exacting costs and slow speeds of cross border payments, which remain stubbornly high, inconveniently slow, with little meaningful competition. Indeed, one of the partnerships of which we are proudest shows the art of the possible with USDC and the advantages of open, interoperable payment systems. Last year, Circle, together with the Stellar Development Foundation and MoneyGram, partnered with the United Nations High Commissioner for Refugees (UNHCR) to enable USDC as a form of [digital dollar cash assistance](#) supporting war-displaced Ukrainian refugees.

This partnership enables UNHCR to dispatch a form of universally portable digital dollars directly to the mobile-based wallets of refugees. In turn, they can send, spend and save these digital dollars on their phones, notwithstanding the fact that much of their country and physical banking infrastructure has been destroyed in Russia's war of aggression. This form of near real time digital cash assistance also helps protect the personal safety of vulnerable communities, as such a basic activity of retrieving money from a bank in a war zone can imperil people's lives. Critically, this partnership also permits Ukrainian refugees to present their USDC at any MoneyGram location enabling them to freely convert from a payment stablecoin at the dollar exchange rate to the local currency, or to use USDC as a store of value or medium of exchange in its digitally native form.

This project marks a breakthrough and a new humanitarian blueprint for moving funds in a near-instant, transparent, corruption-resistant and auditable manner, which is an exponential improvement over the cumbersome and risky process of moving aid and disaster relief money. As this project shows, rather than disrupt traditional banking and finance, the availability of trusted dollar-based payment stablecoins can help extend the perimeter of the formal economy and the utility value of internet native dollars even in extreme conflict zones. This is as much a function of how USDC is designed at a technological level, as it is to how Circle is regulated and operates at a company level.

As the sole issuer of USDC, Circle has always operated under the highest prevailing regulatory standards for electronic stored value and money transmission in the U.S. While other countries regulate payments or electronic money (e-money) activity at a national level, the U.S. framework empowers state banking and money transmission supervisors to foster, develop and regulate the payments industry at the state level. Although this "sum of the parts" approach may be subject to potential operating and regulatory gaps, it has nonetheless produced an economic development model that has enabled companies to start up and scale across the U.S. Our states are not only the laboratories of U.S. democracy, and crucibles of economic development, they are also the laboratories of payment services innovation.

Rather than framing financial innovation and regulation as competing forces, Circle's operating experience over the last decade has prioritized public-private regulatory partnership and personhood. In short, financial innovation, inclusion and protecting the integrity of the financial system are not competing objectives. Today, we are comprehensively licensed as a state

supervised money transmission and electronic stored value company in 48 states. We were the [first company to receive a Bitlicense](#) from the New York State Department of Financial Services (NYDFS) in 2015, and we have been and remain a registered Money Services Business (MSB) conforming with FinCEN's guidance on combating illicit financial activity. The net result is a company that went from a mere idea 10 years ago, to a business that has approximately 1,000 employees in 35 states and 12 countries, with both strong prospects and desires to become a U.S. listed company.

While there are blurred jurisdictional swimlanes among Federal prudential and markets regulators over whether digital assets fall into securities, commodities or payments and banking regimes, payment stablecoin legislation can build on already strong foundations that balance states' rights and risk-adjusted Federal oversight. For example, the dual banking system follows this model enabling state chartered banks to operate with a level playing field, while being held to certain aspects of Federal supervision. A comparable regime for bank and non-bank issuance of payment stablecoins can build on this federated approach, while creating a high bar for today's generation of payment stablecoin issuers and our future competitors. Indeed, the highest order objective in a competitive national and global payment system, is to pursue the widest degree of optionality and competition possible. There is no such thing as a one size fits all payments environment.

Establishing a similar approach with payment stablecoins and broader U.S. payments and financial market infrastructure innovations requires the provision of central bank services to regulated non-bank actors in the financial system. By this measure, the U.S. is an outlier among advanced economies in not having a national payment system, financial market infrastructure or equivalent electronic money frameworks offered at the Federal level. These developments can build on and complement the inherent value and competitiveness of state money transmission frameworks. Here too, Circle has played a part in helping strengthen and harmonize a model law with the Conference of State Bank Supervisors (CSBS), known as the [Money Transmission Modernization Act](#).

It is also unhelpful that wider digital asset regulation in the U.S., including critical issues having to do with market structure, digital asset classifications, disclosure and consumer protection regimes, among others, labor under often insidious jurisdictional battles. All too often, regulation by enforcement is the go-to approach, when better disclosure, clearer market conduct and a more competitive playing field would help eschew the bad activity that caused so much harm in 2022. Indeed, regulators' protecting consumers and markets after losses are incurred, is like a pilot putting on the seat belt sign after the plane has crashed. Federal legislation for payment stablecoins would answer the President's Working Group on Financial Markets' (PWG) call for Congressional action, as much as it would answer the call among responsible, regulated firms in the U.S. for greater regulatory and legal clarity. This is essential to promote safe and sound competition for how Americans send, spend, save and secure their money in an increasingly technology dependent market. It will also ensure the U.S. remains a bellwether of financial innovation around the world.

The rest of the world is not waiting for the U.S. to issue a comprehensive regulatory approach to payment stablecoins and the broader digital assets market. Many global jurisdictions and financial centers have created comprehensive regulatory frameworks for fintech companies and digital asset firms, including clear treatment of payment stablecoins as payments and banking innovations. Most notable among these is the comprehensive European framework known as the Markets in Crypto-Assets (MiCA), which will be to digital assets what GDPR was to privacy. On its own this is not a bad development, especially as it creates a common regulatory framework in the third largest economic bloc in the world. If however, a yawning trans-Atlantic regulatory policy gap emerges, the world's most important economic relationship may find itself at odds with market and geopolitical realities, at a time when harmonization is needed.

If the U.S. does not lead at the national level - including by properly defining what is and what is not a payment stablecoin - then we can expect a future [stable-in-name-only coin like Terra-Luna](#) to emerge into the federal regulatory vacuum. Worst yet, offshore and potentially systemic activity continues to accrue to hyper-aggressive, large-scale and opaque actors with no demonstrable regulatory domicile or intention to compete on a level playing field. While crypto and digital asset markets may not be right for everyone, everyone's rights to participate in novel financial markets should be protected. This protection should include an end to perilous race to the bottom regulatory arbitrage and market conduct that violates the basic tenet of *same risk, same rules, technology neutral regulation*.

Against this backdrop there is a proverbial digital currency space race taking place with 114 central banks weighing the pros and cons of [digitizing their national thrift](#). While these developments are not a zero-sum proposition where the [U.S. will lose unless we fail to follow suit](#); the likeliest and most durable market outcomes, like the real space race, depend on the extent to which nations promote rules-based competition in and between their respective jurisdictions. Few things will do more for protecting, promoting and growing the role of the dollar in an always-on digital economy than payment stablecoin legislation. Legislation will also be a crucial linchpin in setting a foundation for rules-based competition, which in turn can help promote fungibility and wider exchange of comparably regulated and structured dollar-denominated payment stablecoins.

The reason blockchain-based digital currencies like USDC represent a breakthrough payments innovation is because they ride on open, interoperable and constantly upgradable technology infrastructure. As the largest payment stablecoin on the Ethereum blockchain, for example, USDC has become the payment stablecoin of reference supporting novel applications for programmable, composable digital dollars that do not take bank holidays. The use of constantly upgradable blockchains and open source technology in payments solves the insidious walled garden problem. This is a prevalent challenge even with modern payments companies that often charge exorbitant fees, suffer slow settlement times and are not interoperable with rival payment networks. It is the technological equivalent of a Gmail user not being able to send a message to a Hotmail account because technologies are not interoperable or incentives support anti-competitive market structures. Rather than relegating payments to competitive,

non-conversant siloes, blockchains combined with USDC support open economic activity and competitive innovation in dollar-denominated payments.

When compared to virtually all other payment innovations to date, which have been about marginal improvements in debit and credit instructions and settlement speeds, payment stablecoins like USDC transmit a dollar-denominated form of electronic cash. Internet scale, near-instant dollar settlement, which will over time approximate the transactions per second of the world's largest payment systems, is a critical innovation that advances both U.S. economic competitiveness and national security interests in lockstep. This holds the promise to be a breakthrough in how people send, spend, save and secure their money in digital form to any internet connected device. Over time, provided national regulatory frameworks fall into place, a form of digital dollars can emerge enjoying legal certainty, internet-scale transmissibility, fundamental protections - including redemption rights at par even in the issuers' bankruptcy, privacy - rule of law and other critical features. The only way to achieve this is for Congress to enact comprehensive payment stablecoin legislation.

Just as the real space race was won when political leaders provided a national destination that marshaled U.S. ingenuity and spurred novel industries, the U.S. can also prevail in the digital currency space race. The time for payment stablecoin legislation is now.

Thank you for the opportunity to submit my testimony, I look forward to responding to the Committee's questions.

## **Payment Stablecoin Policy Principles**

In the face of continued rapid growth as well as a broad crypto market correction, the time is now for U.S. policymakers to act. Delivering a bill to the White House that simultaneously addresses the clear risks that have emerged with stablecoins, while establishing clear rules of the road such that the U.S. dollar continues to be the leading digital currency of the internet can advance U.S. leadership and economic competitiveness.

In many ways, the broad crypto market correction vindicates policymakers and regulators who have been sounding alarm bells about excess risk and correlation with emerging crypto asset markets - even if fast growing algorithmic stablecoins were largely overlooked, despite warnings. Since 2019, much of this focus and concern has been placed on stablecoins, which is a catchall term denoting many variants of asset referenced cryptographic tokens purporting to afford economic stability, thus being usable as an efficient medium of exchange. At the same time, the crypto correction, amid broader economic turmoil and risk-off behavior in capital markets, also vindicates companies that have prioritized a regulation first approach, and worked to build deeper levels of trust, transparency and accountability when compared to other market actors.

For the past two decades, electronic money, payments and broader fintech innovations have been regulated in the U.S. under money services business and money transmission statutes. This is an approach the U.S. Department of the Treasury has embraced for crypto assets nearly ten years ago with the introduction of FinCEN's guidance for firms acting as a bridge between the existing banking system and digital assets. With digital currencies now being adopted globally as an internet-native medium of exchange, competition for the currency of the internet has now been amplified as a geopolitical and geoeconomic issue. Some are framing this as a digital currency space race, while others are arguing that the U.S. has the opportunity to lead the way, leveling the playing field amid intense international competition. As the Biden Administration's Executive Order works its way through a whole-of-government review, there is no greater testament to national unity of purpose than for Congress to act in a pro-innovation, bipartisan way on the President's Working Group on Financial Markets' (PWG) call to action on stablecoin policy.

In this spirit, the following policy principles reflect Circle's real-world experience operating the world's leading regulated dollar digital currency, USD Coin (USDC). USDC has safely powered more than \$10 trillion in on-chain transactions and is available through a global network of thousands of digital wallets, exchanges and other products and services in more than 190 countries, lowering the fundamental cost of payments and financial services and establishing dollar payments utility as a native feature of the internet.

### **Circle's Payment Stablecoin Policy Principles**

- To the right of lawful and consistent with democratic values, the use of money should be free, irrespective of its form factor.

- A dollar digital currency (or payment stablecoin or digital cash) is a digital bearer instrument entitling the holder to redemption at par for one U.S. dollar, even in the event of the issuer's bankruptcy.
- The presumption and preservation of privacy should be enshrined as a design principle in the issuance and circulation of dollar digital currencies.
- Transparency, accountability and harmonized risk disclosures are essential preconditions of market trust and consumer protection.
- The preservation of bank and non-bank dollar digital currency issuance promotes competition, a level playing field, and rules-based upgrades in the financial system. Bank-like risks should be addressed with scale-appropriate bank grade levels, including asset liability management, operational and enterprise risk management considerations.
- Dollar digital currency innovations are about optionality in the payments and banking system and not substitution. As such, their harmonized regulation and promotion should expand new forms of financial access through composable and programmable digital currency innovations, while promoting safe integration with existing systems of electronic money and financial markets infrastructure.
- The promotion of interoperability, fungibility and universal exchange of comparably regulated and reserved dollar digital currencies among and between regulated intermediaries promotes competition, lowers barriers to entry and increases market choice. Stablecoin statutes should promote the development of supervisory, risk and operational frameworks for multiple issuers of the same stablecoin standard.
- The promotion of financial equity, inclusion and broader societal participation in lower cost payments, device-centric banking and trusted, always-on financial services can be a net benefit for historically marginalized communities. This must include a digital corollary to the Community Reinvestment Act (CRA), widening the net of participation to include community banks, minority depository institutions (MDIs) and credit unions in deposit taking, asset management and digital transformation efforts.
- The protection, application and collective defense of all applicable and appropriate financial integrity norms, including anti-money laundering (AML), countering the financing of terrorism (CFT), sanctions requirements and, know your customer (KYC) standards, should be universally applied. This should be done in ways that advance national and global security, while upholding democratic values and embracing new innovations in digital identity and credential verification that simultaneously preserve privacy while enhancing financial integrity.
- The application of safety, soundness and risk-adjusted prudential standards should be adopted, including in the strict adherence to cash and dollar-backed asset composition,

maturity, weighting, liquidity and custody, including where appropriate, the promotion of direct custody at the Federal Reserve.

- Dollar digital currencies should be intermediated and responsive to monetary policy and its transmission, which is a sovereign activity that is conveyed through the intermediated, well-regulated and rules-based financial system designed to preserve global trust in the U.S. dollar. This includes applicable financial stability objectives, which should preclude dollar digital currency issuers from formulating monetary policy or calibration frameworks that may be in conflict with central banking and prudential regulatory norms.
- Dollar digital currencies provide different functionality from and can co-exist with central bank digital currencies (CBDCs). Policymaking should ensure an even playing field, robust competition and scalability, with careful consideration of technological and operational risk, while preserving the two-tier banking and payment system.
- As a digital bearer instrument, dollar digital currencies should at all times remain backed 1:1 by equivalent dollar-backed high quality and liquid assets in the care, custody and control of well-regulated financial institutions and banks in a bankruptcy remote manner.
- Dollar digital currencies should promote responsible financial services innovation and trusted forms of always-on banking and payments through the use of open, internet-scale, constantly upgradable financial markets infrastructure. This combats technological obsolescence in financial infrastructure, improves cyber resilience and security and promotes domestic and global competitiveness through payment system optionality.
- Harmonizing national regulatory and policy frameworks for dollar digital currencies advances U.S. economic competitiveness, job creation and payment system optionality, while averting a harmful domestic “fintech constitutional crisis,” and global regulatory arbitrage. With the passage of Europe’s Markets in Crypto-Assets Framework (MiCA), which will be to crypto-assets what GDPR was to privacy, U.S. leadership is needed to avoid trans-Atlantic or global misalignment, while harmonizing standards for payment stablecoins.
- The promotion, development and standardization of digital identity and credential verification standards are critical companion solutions for more inclusive, privacy-preserving dollar digital currency innovations that advance in lockstep with financial integrity.
- Public private partnerships that employ dollar digital currencies, open financial markets infrastructure, digital wallets, decentralized identity standards and related services can advance policy through practice and the provision of digital public goods - while upgrading national, open technological infrastructure.



- The promotion of fair market practices and the adoption of a “stablecoin Glass-Steagall Act” can help to guard against manipulative market conduct and concentration that could erode trust, trigger systemic risks and imperil market participants and consumers to financial loss.
- Dollar digital currencies should be treated as cash or cash-equivalents under U.S. and globally accepted accounting principles to promote clarity for market participants and consistency across international standard setting bodies. Such standardization will give households, firms and financial institutions confidence in integrating and using dollar digital currencies in everyday transactions.

***Additional reference materials are offered to Committee members, including the following papers:***

- [A paper addressing common myths and misconceptions comparing today's generation of payment stablecoins to the era of wildcat banking in the U.S.](#)
- [A paper looking at comparative analysis between today's generation of payment stablecoins and a potential future central bank digital currency \(CBDC\).](#)

**Dante Disparte** is the Chief Strategy Officer and Head of Global Policy for Circle, a leading global financial technology firm and the issuer of USDC. USDC has supported more than \$10 trillion in cumulative transactions on the public internet and a global payment network in more than 190 countries. Prior to joining Circle, Dante served as a founding executive of the Diem Association (née Libra), leading public policy, communications, membership, and social impact.

Dante comes to Circle with two decades of experience as an entrepreneur, business leader and global risk expert, most recently as founder and Chairman of Risk Cooperative, a strategic risk advisory and insurance brokerage based in Washington, D.C. He is also a member of the World Economic Forum's Digital Currency Governance Consortium, helping drive global standards and regulatory harmonization for digital currencies. Dante served as an appointee on the Federal Emergency Management Agency's (FEMA) National Advisory Council, the United States' federal emergency response agency.

Dante is a frequent speaker and commentator on business and political issues shaping the world. His views on risk, economic competitiveness and security issues are regularly featured in leading media and publications, such as Harvard Business Review, BBC, Forbes, and Diplomatic Courier, where Dante serves on the editorial advisory board.

Dante is a graduate of Harvard Business School and holds an MSc. in Risk Management from the NYU Stern School of Business and a B.A. in International and Intercultural Studies from Goucher College. He is the co-author of "Global Risk Agility and Decision Making" (Macmillan, 2016) and was recognized as one of the 40 leaders under 40 by the Washington Business Journal and in the inaugural Powermeter 100 list. Dante is also a life member of the Council on Foreign Relations and a member of The Economic Club of Washington, D.C. For access to Dante's upcoming speaking engagements and his 300+ published works, please visit [www.dantedisparte.com](http://www.dantedisparte.com)