From: Madars Virza [redacted]
Sent: Monday, October 1, 2018 8:43 PM
To: jeffrey E.
Subject: Stablecoins

It is a very interesting topic.

Basically there are two types:
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- hard-pegged IOU-based ones (like Tether or Gemini Dollar) =here you deposit $1 in the bank and get 1 stablecoin;

=div>- soft-pegged algorithmic ones (essentially loans against a cryptocurr=ncy with interesting incentive structures https://medium.com/@james_3093/=he-dai-stablecoin-is-a-game-changer-for-ethereum-and-the-entire-cryptocurr=ncy-ecosystem-13fb412d1e75 <https://medium.c=m/@james_3093/the-dai-stablecoin-is-a-game-changer-for-ethereum-and-the-en=ire-cryptocurrency-ecosystem-13fb412d1e75>)

The algorithmic =nes will probably be wiped out if there is a flash crash or other black sw=n event. But so far the peg has been relatively close to 1.

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The most popular IOU-based one (Tether) is widely assumed to be =reated for evading banking blockade for KYC/AML non-compliant exchanges. O= the other hand, Gemini is doing everything by the book (they were the fir=t NYDFS-compliant Zcash exchange, for example) so not competing for random=customers. There are USD, Tether, and Gemini Dollar trading pairs and the =eg is very close to 1 in practice.

Madars