

## Statement by Secretary of the Treasury Janet L. Yellen on Recent Crypto Market Developments

November 16, 2022

Secretary of the Treasury Janet L. Yellen released the following statement on the recent crypto market developments:

"The recent failure of a major cryptocurrency exchange and the unfortunate impact that has resulted for holders and investors of crypto assets demonstrate the need for more effective oversight of cryptocurrency markets.

Over the past year, through the President's Working Group on Financial Markets and in response to the President's Executive Order on Digital Assets, the Treasury Department worked with its regulatory partners to identify risks in crypto markets. Some of the risks we identified in these reports, including comingling of customer assets, lack of transparency, and conflicts of interest, were at the center of the crypto market stresses observed over the past week.

We have very strong investor and consumer protection laws for most of our financial products and markets that are designed to address these risks. Where existing regulations apply, they must be enforced rigorously so that the same protections and principles apply to crypto assets and services. The federal government, including Congress, also needs to move quickly to fill the regulatory gaps the Biden Administration has identified. In terms of financial stability, spillovers from the events in crypto markets have been limited, but a recent report by the Financial Stability Oversight Council, which Treasury chairs, warned that further interconnections of the traditional financial system and crypto markets could raise broader financial stability concerns. Going forward, it's vital we do what is necessary to address these concerning risks and act to protect consumers and promote financial stability."

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