

From: J <jeevacation@gmail.com>
To: Madars Virza <[REDACTED]>
Subject: Re: Stablecoins
Date: Mon, 01 Oct 2018 20:53:46 +0000

i dont understand the model. how does the exchange make money. ? what happens if the value of stable coin goes up as it is anonymous. so maybe some added value. they only have my one dollar? now it trades at 1 dollar 10?

On Mon, Oct 1, 2018 at 4:52 PM Madars Virza <[REDACTED]> wrote:
Oh, and Tether's bank is also under heavy pressure these days --

<https://modernconsensus.com/cryptocurrencies/tether/noble-funding-cash-tether/> (unnamed sources, unfortunately)

<https://www.reuters.com/article/us-noble-group-debt-focus/back-from-the-brink-how-noble-group-was-saved-from-an-iceberg-collision-idUSKCN1LK0GI> (related event)

Risky, risky.

Madars

On Mon, Oct 1, 2018 at 4:43 PM Madars Virza <[REDACTED]> wrote:
It is a very interesting topic.

Basically there are two types:

- hard-pegged IOU-based ones (like Tether or Gemini Dollar) where you deposit \$1 in the bank and get 1 stablecoin;
- soft-pegged algorithmic ones (essentially loans against a cryptocurrency with interesting incentive structures https://medium.com/@james_3093/the-dai-stablecoin-is-a-game-changer-for-ethereum-and-the-entire-cryptocurrency-ecosystem-13fb412d1e75)

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

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

Madars

--

please note

The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for

the use of the addressee. It is the property of
JEE

Unauthorized use, disclosure or copying of this
communication or any part thereof is strictly prohibited
and may be unlawful. If you have received this
communication in error, please notify us immediately by
return e-mail or by e-mail to jeevacation@gmail.com, and
destroy this communication and all copies thereof,
including all attachments. copyright -all rights reserved