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Ensuring Stability: The GENIUS Act's Impact on Stablecoin Insolvency

SPEAKERS

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In this episode of *The Crypto Exchange*, Ethan Ostroff welcomes Deb Kovsky and Alex Rovira, partners in Troutman Pepper Locke's Bankruptcy and Restructuring practice, to explore the GENIUS Act's approach to stablecoin insolvency. The discussion highlights the complexities and gaps within the current regulatory framework.

The episode provides a historical perspective on crypto bankruptcies, examining the GENIUS Act's amendments to the bankruptcy code designed to safeguard stablecoin holders. It addresses the practical challenges of implementing these changes, particularly regarding the automatic stay and the exclusion of reserves from the debtor's estate.

Deb and Alex offer insights into potential regulatory solutions, stressing the importance of establishing clear frameworks to build confidence among stablecoin holders. They also consider the feasibility of self-funded insurance models and capital requirements as ways to bridge existing gaps in the system.

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