

W05 Stablecoin Workshop: Self-Check Quiz

Format. 10 multiple-choice questions covering the five learning objectives. Self-check; not graded. The answer is shown below each question. Read the question first, decide your answer, then check.

Coverage: LO1 (Q1, Q2, Q5), LO2 (Q3, Q4, Q9), LO3 (Q6, Q7), LO4 (Q8), LO5 (Q10).

Q1. Which of the following stablecoin pairs are BOTH fiat-backed?

- (a) USDT and USDC
- (b) DAI and UST
- (c) UST and FRAX
- (d) USDC and DAI

Answer: (a) USDT and USDC. Both are issued by a centralized firm holding fiat reserves (Tether and Circle respectively).

Q2. The cryptoeconomic family of UST (Terra) was:

- (a) Fiat-backed
- (b) Crypto-collateralized
- (c) Algorithmic
- (d) Yield-bearing

Answer: (c) Algorithmic. UST relied on a market mechanism (mint-and-burn against LUNA) rather than reserves. The peg broke in May 2022 and did not return.

Q3. The difference between an attestation and an audit is:

- (a) Attestations are written, audits are oral.
- (b) Attestations cover one date; audits cover a full year and include opinion on internal controls.
- (c) Attestations are stronger evidence than audits.
- (d) There is no difference; the terms are interchangeable.

Answer: (b). Attestations are point-in-time snapshots. Audits cover a year, opine on controls, and expose the auditor to legal liability for negligence.

Q4. A "depeg" of a dollar-pegged stablecoin commonly means:

- (a) The token's price moves more than 0.5% from 1.00 USD for more than a few minutes.
- (b) The token is delisted from all exchanges.
- (c) The issuer files for bankruptcy.
- (d) The token's market cap exceeds 100 billion USD.

Answer: (a). The 50-basis-point threshold over a few minutes is the standard working definition. Tighter thresholds exist for institutional risk monitoring.

Q5. Which family does MiCA Title III most directly constrain?

- (a) Algorithmic stablecoins
- (b) Fiat-backed stablecoins
- (c) Crypto-collateralized stablecoins
- (d) All families equally

Answer: (b). The redemption-rights and reserve-segregation requirements are easiest to map onto fiat-backed designs. MiCA effectively pushes the market toward fiat-backed issuers.

Q6. USDC's price low (trough) during the March 2023 SVB episode was approximately:

- (a) 0.99 USD
- (b) 0.95 USD
- (c) 0.87 USD
- (d) 0.50 USD

Answer: (c) 0.87 USD on Saturday 2023-03-11. The peg was restored to within 50 basis points of 1.00 USD by Monday-Tuesday after the FDIC guarantee.

Q7. The mechanism that drove USDC's recovery to peg was primarily:

- (a) Algorithmic seignorage
- (b) The FDIC guaranteeing SVB deposits, plus Circle's redemption queue
- (c) A bailout from the Federal Reserve
- (d) The market simply forgetting about it

Answer: (b). The FDIC announcement late on Sunday 2023-03-12, plus Circle's queue management on Monday morning, restored confidence and arbitrage flow.

Q8. The Tether STEELMAN (the strongest defense) includes which of the following claims?

- (a) Tether has the smallest market cap of any stablecoin.
- (b) Tether's reserve composition has shifted toward US Treasury bills since 2021, partly under regulatory pressure.
- (c) Tether's reserves are 100% audited annually by Big Four firms.
- (d) Tether is regulated by the US Federal Reserve.

Answer: (b). The T-bill shift is the strongest structural defense, observable in successive quarterly attestations. (a) is false. (c) and (d) are false; Tether is attested-not-audited and not Fed-regulated.

Q9. "Collateral" in the context of a CDP-style stablecoin (e.g., DAI) means:

- (a) Cash held in a bank account.
- (b) Crypto assets locked in a smart contract to back the stablecoin issuance.
- (c) Government bonds purchased by the issuer.

(d) A legal agreement between the issuer and the user.

Answer: (b). DAI is over-collateralized: roughly 1.50 USD of crypto is locked for every 1.00 DAI minted, with smart-contract liquidation if the value falls.

Q10. A regulator probe announced against a stablecoin issuer is most likely to MOVE THE PEG:

- (a) Up, due to short squeeze
- (b) Down, due to redemption pressure and reduced confidence
- (c) Not at all; regulator announcements are priced in
- (d) Up, due to expected bailout

Answer: (b). Down. The bank-deposit analogy is the lens: an examiner walking in is a depositor signal. Confidence-driven redemption pressure pushes the secondary-market price below 1.00 until the issuer or regulator clarifies. The W-B simulation round 2 reproduces this dynamic.

End of self-check quiz. Total: 10 questions, 5 LOs covered.