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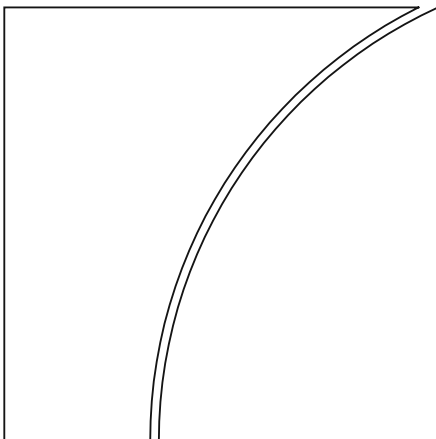
Stablecoins: regulatory responses to their promise of stability

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Stablecoins: regulatory responses to their promise of stability¹

Executive summary

In contrast to other cryptoassets, stablecoins come with a promise of stability. Their issuers promise that they can maintain parity relative to a referenced asset and be redeemed upon request. Among various types, stablecoins that are pegged to a single currency, such as the US dollar, and backed by traditional financial assets have the potential to be widely used as a means of payment. Due to this potential, they are increasingly entering mainstream finance, and a number of jurisdictions have developed regulatory approaches for issuers of stablecoins pegged to a single fiat currency.

While stablecoins might bring a range of benefits, they also introduce significant risks. Proponents argue that they have the potential to increase financial inclusion, reduce costs and enhance the efficiency of cross-border payments. Yet many benefits remain theoretical. Instances of stablecoins de-pegging and, in some cases, collapsing have occurred, undermining their promised stability. Moreover, their role in illicit activities and potential to threaten financial stability, especially if their ties to traditional finance deepen, raise concerns.

Many regulatory approaches have similar key requirements for stablecoin issuers. Most follow two types of authorisation regimes that allow stablecoins to be issued by: (i) banks and certain non-bank financial institutions; and/or (ii) a new type of financial entity holding a crypto-specific licence. Issuers are widely required to maintain reserves in segregated accounts equal to the value of their stablecoins in circulation. Regulations generally emphasise prudential, governance, risk management, anti-money laundering and countering the financing of terrorism (AML/CFT) and disclosure requirements, and providing clear information to stablecoin holders.

However, there are relevant differences in regulatory regimes that could lead to a lack of consistency and coordination in the oversight of stablecoins across jurisdictions. The terminology used to define in-scope stablecoins varies significantly across regulations. There are also notable differences in the specifics of the regulatory treatment of reserves, and in relation to segregation and custody. Despite common expectations about redemption policies, the nature of stablecoin holders' claims varies across regimes, as well as the treatment of redemption fees.

As the adoption of stablecoins increases, preventing regulatory fragmentation and achieving a harmonious coexistence of different types of digital assets will become more important. Authorities face the challenge of establishing a regulatory framework that encourages innovation while mitigating risks. Therefore, as stablecoin markets develop, international cooperation will be critical to shape an effective and consistent regulatory environment for stablecoins. In addition, the interoperability of stablecoins with other digital assets, such as central bank digital currencies (CBDCs) and tokenised deposits, will help to facilitate an integrated global financial system.

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Section 1 – Introduction

1. **Stablecoins are an innovation that could improve the usability and functionality of money.** Since their creation a decade ago, they have captivated the imagination of proponents of a better payment system. But the risks they pose have also attracted the attention of the regulatory community, and of central banks tasked with ensuring that “our financial system builds on the existing governance of money, serves the public interest and works cooperatively with the private sector” (Carstens (2022)).
2. **Stablecoins are increasingly entering mainstream finance.** Traditional financial institutions have started using them as a wholesale or retail digital settlement asset (eg JPMorgan and Société Générale, respectively), and leading payment service providers are exploring integrating them into their networks (eg Visa) or launching new ones (eg PayPal).² They now also receive ratings by S&P Global based on its stablecoin stability assessment.³
3. **Stablecoin proponents argue that they bring a range of benefits.** These include increased financial inclusion, lower costs, more transparency and more efficient cross-border payments. They also argue that stablecoins facilitate a wide range of transactions in the cryptoasset ecosystem and that their purported stability could enhance interconnectivity between cryptoasset markets, traditional financial institutions and retail market participants.
4. **While stablecoins offer elements of genuine innovation, many purported benefits have not yet materialised, and they introduce potential risks to holders and the financial system.** Stablecoins have not lived up to their promised stability over the past several years. For example, Moody’s has identified over 600 instances of large fiat-backed stablecoins de-pegging in 2023.⁴ In addition, stablecoins tend to be used for illicit activities. According to Chainalysis, stablecoins now account for the majority of illicit crypto transactions in terms of volume, and they have become the instrument of choice for scamming and transactions associated with sanctioned entities.⁵
5. **Authorities are assessing how best to regulate stablecoins.** This complex task depends on how the issuance is structured, the type of rights conferred to stablecoin holders and the functions and activities that a stablecoin performs in a network.⁶ Due to this, stablecoins may fall under different financial regulatory frameworks (eg banking, securities, commodities or payment system regulations).
6. **This paper focuses on assessing regulatory responses to issuers of single fiat-pegged stablecoins.** These have a face value denominated in a single monetary unit of account (eg the US dollar) and are backed by traditional financial assets, features that make it possible to use them as a means of payment.⁷ It compares regulatory frameworks issued by 11 authorities in seven geographically diverse

² JPM Coin, a permissioned system, acts as a payment rail and deposit ledger, enabling JPMorgan clients to seamlessly transfer their US dollar deposits in real time (JPMorgan (2023)). In August 2023, PayPal announced PayPal USD, a stablecoin denominated in US dollars (PayPal (2023)). In September, Visa expanded its stablecoin use for settlements with merchant acquirers (Visa (2023)). In December, Société Générale unveiled EUR CoinVertible for broad trading availability (Asgari (2023)).

³ The stablecoin stability assessment aims to evaluate a stablecoin’s ability to maintain a stable value relative to a fiat currency. To date, S&P Global has assigned ratings to eight stablecoins. See S&P Global (2023).

⁴ See BIS (2023a), IMF (2023), IMF-FSB (2023) and Moody’s Analytics (2023).

⁵ Other forms of illicit activity, such as darknet market sales and ransomware extortion, still take place predominantly in Bitcoin. See Chainalysis (2024).

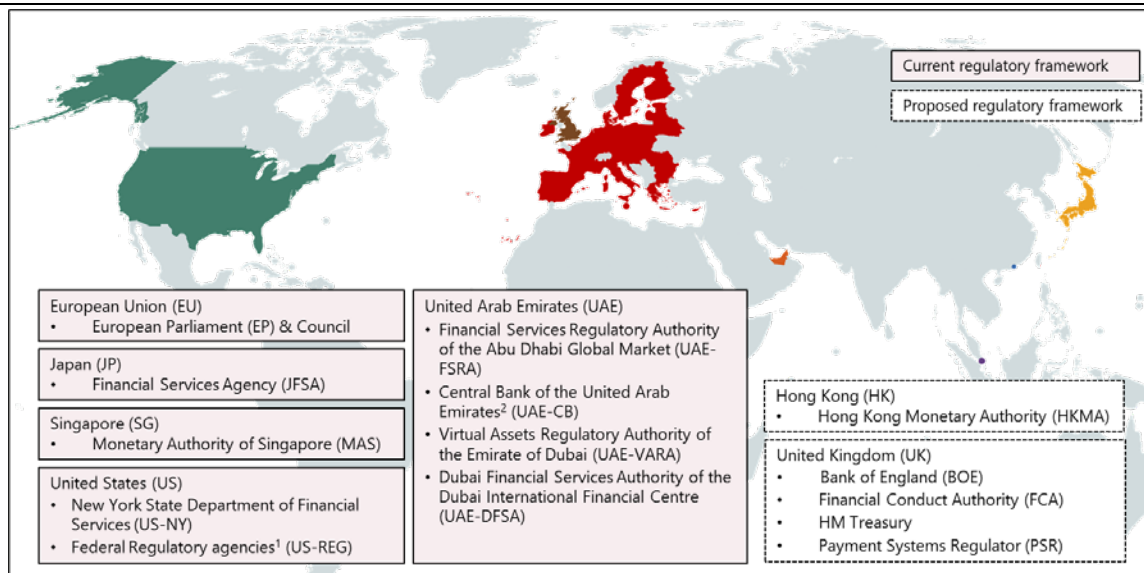
⁶ For example, a stablecoin can be used as a means of payment or as an investment instrument depending on a number of features, such as the asset(s) to which a stablecoin is pegged; whether users have a claim at par value or at market value; and the party who bears the risks associated with fluctuations in the value of the reserve assets. If the issuer assumes the risks, the stablecoin is more akin to a means of payment. However, if they are borne by the holder, the stablecoin is more likely to be regarded as an investment instrument. See Garcia Ocampo et al (2023).

⁷ Policy options to address risks of stablecoins include prohibiting, containing and regulating stablecoin activities. See Aquilina et al (2023).

jurisdictions to identify emerging trends and commonalities in their respective frameworks (Graph 1). While some of these regulatory frameworks are finalised, others are still in the proposal stage and may undergo further modifications as they are refined. Section 2 describes stablecoins in more detail. Section 3 compares regulatory frameworks, and Section 4 concludes.

Scope: current and proposed regulatory frameworks

Graph 1



¹ US regulatory agencies include the Federal Reserve System, the Federal Deposit Insurance Corporation (FDIC) and the Office of the Comptroller of the Currency (OCC). ² The analysis of the regulatory framework by the UAE-CB is based on the Retail Payment Services and Card Schemes Regulation referred to in Annex 1. The authors acknowledge that a new regulation on payment token services is coming out soon, which may supersede some of the requirements outlined in this paper.

See Annexes 1–3 for details.

Source: FSI staff.

Section 2 – The promise of stability

7. **Stablecoins have emerged in response to demand for a more stable type of cryptoasset.** Volatility in early cryptoassets like Bitcoin gave rise to demand for a new type of instrument that enables investors to store value and have a means of exchange within the crypto ecosystem.⁸ In response, stablecoins emerged as a new type of cryptoasset that has attempted to establish itself as the medium of exchange within the crypto ecosystem and as a gateway into it, and they play a key role in the decentralised finance (DeFi) ecosystem (BIS (2023a)). Their market capitalisation reflected this key role, which increased consistently from their creation up to \$180 billion in Q2 2022, before it fell back to around \$140 billion (8% of the total crypto market) in February 2024.⁹

8. **In contrast to other cryptoassets, stablecoins come with the promise of stability.** The promise is that they will maintain a stable value relative to a specific asset or pool of assets known as a

⁸ Stablecoins allow investors to stay on-chain by shifting between Bitcoin and stablecoins, rather than between Bitcoin and off-chain fiat currencies. See Aldasoro et al (2023).

⁹ For a chronology of the stablecoin market, see Kosse et al (2023).

“peg”. That peg, in turn, can be a single fiat currency, cryptoasset or commodity, or a basket of multiple assets. Despite these options, stablecoins are often pegged 1:1 to a single fiat currency.

9. **The pledge by stablecoin issuers to stablecoin holders to maintain parity is a key factor behind the promise of stability.** To avoid breaking this pledge, a stablecoin issuer may use one of two stabilisation mechanisms (Kosse et al (2023)). One such mechanism is to back the outstanding stablecoins with a pool of reserve assets. Depending on the type of collateral, we can differentiate between crypto-backed stablecoins, commodity-backed stablecoins, and asset-backed stablecoins which are collateralised by traditional financial assets.¹⁰ Another mechanism is to use algorithms or protocols for matching an unbacked stablecoin’s demand and supply. Also, we can differentiate between centralised and decentralised stablecoins based on how the actors managing them are organised.¹¹

10. **Certain types of stablecoins have higher potential for use as a means of payment than others.** Of all stablecoin types, this paper focuses on centrally issued stablecoins that are: (i) pegged to a single currency (ie stablecoins with a face value denominated in a monetary unit of account, such as the US dollar); and (ii) backed by traditional financial assets (eg deposits with banks and other financial assets such as short-term debt obligations), since these probably have the greatest potential to be used as a means of payment. As of end-2023, the two largest stablecoins by market capitalisation – Tether (USDT) and USD Coin (USDC) – were both pegged to the US dollar and backed by traditional financial assets, and both come with a promise to their holders that they can exchange one stablecoin for one US dollar.¹²

11. **Despite their promise of stability, stablecoins can pose risks to their holders.** One of the most significant is the risk that the holders may be unable to redeem their stablecoins at par value. As Kosse et al (2023) show, no stablecoin has been able to maintain parity with its peg at all times in the secondary market where many users buy and sell them. Additionally, reserve assets are subject to credit, market and liquidity risks that could reduce their value. By how much, though, will depend on how issuers manage the assets that back up stablecoins in circulation. Through poor reserve management, issuers may not have sufficiently liquid assets to ensure holders’ redemption in full and on demand. They are therefore susceptible to run risk, particularly when holders lose confidence in an issuer’s ability to provide timely redemption. Other factors, such as operational incidents or weak governance arrangements, could also cause a stablecoin to break its peg (IMF-FSB (2023)).

12. **Authorities also worry about other stablecoin-related risks.** These include risks to consumers, market integrity and financial stability, particularly if linkages to traditional finance were to grow further.¹³ Also, widespread adoption of stablecoins as payment instruments, for example through the market entry of large tech companies that can leverage their massive customer base, could undermine the effectiveness of monetary policy, circumvent capital flow management measures, exacerbate fiscal risks, divert resources available for financing the real economy and threaten global financial stability (IMF-FSB (2023)).

13. **Conscious of these challenges, policymakers are acting to effectively respond to stablecoins’ increasing adoption within mainstream finance.** Standard-setting bodies and international organisations, including the International Monetary Fund (IMF), the Financial Stability Board (FSB) and the Financial Action Task Force (FATF), are working to achieve a consistent policy response. At the national level, some jurisdictions are adapting their regulatory frameworks, including by bringing the

¹⁰ Stablecoins backed by more volatile collateral such as cryptoassets often operate with a margin of safety, ie the value of the collateral held exceeds the stablecoins in circulation to take account of potential fluctuations in value.

¹¹ Issuers of centralised stablecoins maintain the peg by guaranteeing redemption at face value for holders who request it. In contrast, issuers of decentralised stablecoins rely on algorithms to automatically adjust supply and demand to maintain the peg.

¹² See BIS (2023b) and CoinGecko (2024).

¹³ Due to their features, decentralised stablecoins generally exhibit accentuated risks in comparison with centrally issued stablecoins.

issuance of stablecoins¹⁴ pegged to a single currency under their regulatory perimeter and hence coming up with a specific regulatory treatment.

Section 3 – Emerging regulatory approaches to stablecoins

14. **At the international level, the FSB and standard-setting bodies have steadily advanced their policies on stablecoins.** For instance, in July 2023 the FSB issued its global regulatory framework for cryptoasset activities, including high-level recommendations for the regulation, supervision and oversight of cryptoasset activities and markets as well as for global stablecoin arrangements.¹⁵ The latter build upon the Committee on Payments and Market Infrastructures and International Organization of Securities Commissions (CPMI-IOSCO) guidance on how their Principles for Financial Market Infrastructures apply to systemically important stablecoin arrangements issued in July 2022. Moreover, in 2023 IOSCO published policy recommendations to address market integrity and investor protection risks in cryptoasset markets. As regards banks' exposures to cryptoassets, including stablecoins, the Basel Committee on Banking Supervision (BCBS) issued prudential standards in December 2022.¹⁶

15. **Against this background, the jurisdictions reviewed for this paper have taken a leading role in regulating stablecoins, in particular issuers of stablecoins pegged to a single fiat currency.** Their regulations are often shaped by a desire to achieve a common set of objectives across jurisdictions, such as ensuring market integrity, consumer protection and financial stability while enabling innovation in payment systems. These regulations are discussed below.

Terminology and scope of regulatory frameworks

16. **The terminology adopted by the regulatory frameworks covered in this paper to define in-scope stablecoins varies significantly (Graph 2).** In some jurisdictions, this terminology refers to whether in-scope stablecoins are pegged to a single fiat currency and/or whether they are primarily intended to facilitate payments. In others, the definition refers to whether stablecoins are backed in whole or in part by fiat currencies. Therefore, depending on the regulatory scope adopted, stablecoins with algorithmic stabilisation mechanisms may be included in the scope of the regulatory framework for fiat-referenced stablecoins (eg HK¹⁷), or excluded because they are subject to a different regulatory framework (eg UK¹⁸,

¹⁴ Other activities related to stablecoin besides issuance include: (i) establishing rules governing the stablecoin arrangement; (ii) managing reserve assets; (iv) providing custody/trust services for reserve assets; (v) operating the infrastructure; (vi) validating transactions; (vii) storing the private keys which provide access to stablecoins (eg using a wallet); and (viii) exchanging, trading, reselling and market-making of stablecoins. See FSB (2023).

¹⁵ A stablecoin arrangement is one that combines a range of functions (and related activities) and aims to maintain a stable value relative to a specified asset, or a pool or basket of assets. When discussing a stablecoin arrangement, reference is made to activities and functions, among various elements. See FSB (2023).

¹⁶ See BCBS (2022), CPMI-IOSCO (2022), IOSCO (2023) and IMF-FSB (2023).

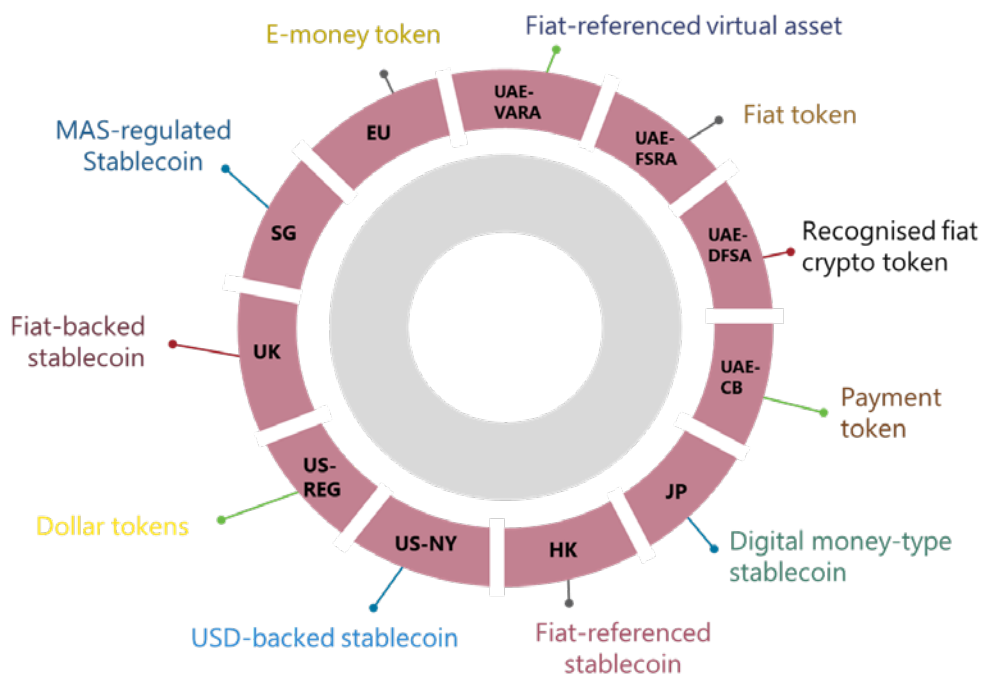
¹⁷ Even though issuers of stablecoins with algorithmic stabilisation mechanisms are within the scope of the proposed regulatory regime, the HKMA has indicated that they are unlikely to be licensed due to the lack of underlying assets with intrinsic value. See HKMA (2023a), (2023b) and (2023c).

¹⁸ See FCA (2023a), (2023b), (2023c) and UK Treasury (2022), (2023a) and (2023b).

SG¹⁹ and JP²⁰); or their issuance may be prohibited altogether (eg UAE-FSRA²¹, UAE-VARA and UAE-DFSA). Despite the variation in terminology and scope, a common approach is to formulate specific requirements for issuers of stablecoins pegged to a single fiat currency that can be used for payment purposes, by introducing them in existing regulations, issuing bespoke frameworks or both.

Stablecoin terminology used across regulatory frameworks

Graph 2



For further details, see Annex 2.

Source: FSI staff.

Regulatory requirements for stablecoin issuers

Licensing and authorisation

17. **Most regulations follow two types of licensing regimes.** The first one allows certain types of regulated financial institutions, such as banks and non-bank financial institutions (NBFIs), to issue stablecoins. The second type creates a new category of regulated entities which can issue stablecoins after obtaining a crypto-specific licence (Graph 3).

18. **Many jurisdictions that belong to the first regime allow banks to issue stablecoins after obtaining their authorities' implicit or explicit consent.** According to the US-REG regime, only banks are envisaged to issue stablecoins (in line with the US regulatory agencies' jurisdiction). Meanwhile, in certain jurisdictions (eg the EU), banks are only required to notify or inform relevant authorities when issuing stablecoins. Going beyond these approaches, in the UK, authorities expect banks to issue

¹⁹ See MAS (2023a), (2023b) and (2023c).

²⁰ In the UK, unbacked cryptoassets that seek to maintain a stable value through the use of algorithms will be subject to requirements for unbacked cryptoassets. In SG, they are subject to the digital payment token regime. In JP, they are categorised as cryptoassets.

²¹ See FSRA (2023).

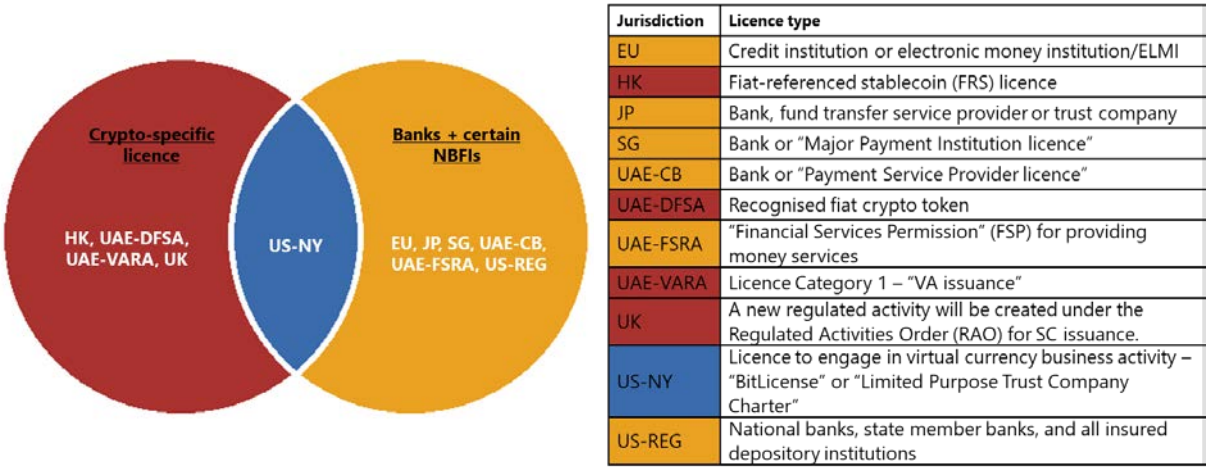
stablecoins only through a separate, insolvency-remote, non-deposit taking entity (BoE (2023a)). Also, as part of the first regime, certain authorised NBFIs are often permitted to issue stablecoins after notifying their regulator (eg e-money institutions in the EU). In a few regimes, prospective non-bank stablecoin issuers are required to obtain or hold an NBFi licence in a payments-related activity (eg major payment institution licence in SG).

19. **As part of the second regime, several jurisdictions require prospective stablecoin issuers to follow an ad hoc procedure and comply with various requirements to obtain a crypto-specific licence.** Under this regime, prospective issuers are generally required to be established and legally incorporated in the respective jurisdiction and provide information connected with their envisaged stablecoin activities (eg type of business model, range of product offerings).²² Also, in certain jurisdictions banks are mandated to formally apply for a stablecoin-related licence while taking into account some of the more stringent requirements that already apply to banks (eg HK²³).

20. **Some jurisdictions take complementary or alternative licensing approaches.** Complementing their licensing regimes and as a signal to the market that regulatory/supervisory requirements are met, some regimes provide for certain labels to be used by stablecoin issuers for their locally issued stablecoins (eg “regulated stablecoins” in UK and “MAS-regulated stablecoins” in SG). A few other jurisdictions have opted for a different approach whereby stablecoin issuers must seek “recognition” of their issuance from the relevant authority rather than obtaining an issuer license or authorisation (eg UAE-DFSA).

Licensing regimes

Graph 3



NBFI = non-bank financial institution. See Annex 3.

Source: FSI staff.

21. **The requirements for stablecoin issuers are discussed below, with the understanding that they are particularly relevant for those seeking a crypto-specific authorisation or licence.** These

²² Stablecoin issuers may face requirements in addition to the ones discussed in this paper. For example, some jurisdictions explicitly require stablecoin issuers to comply with financial market integrity rules (eg inside information, insider dealing, market manipulation). A number of jurisdictions are establishing reporting requirements for stablecoin issuers. These may include an obligation to immediately notify the authority upon the discovery of a legal violation related to their activities or the beginning of any criminal action or insolvency proceedings against them and/or key stakeholders or staff members.

²³ As such, in HK banks do not need to comply with licensing criteria on restrictions on business activities, physical presence in HK and financial resources.

would typically include requirements related to reserve assets and redemption rights; prudential obligations, governance and risk management, business restrictions, technology and cyber security, AML/CFT, and disclosure and marketing. In the case of banks and NBFIs, more stringent requirements related to their respective licences would normally take precedent (eg technology, cyber security, AML/CFT) combined with the expectation that they comply with stablecoin-specific requirements (eg reserve assets, redemption rights, marketing) when undertaking these activities.

Reserve asset requirements

Composition, denomination, valuation and attestation

22. **An issuer's promise of redemption at par is not always matched by appropriate reserve management.** As Martino (2023) points out, stablecoin issuers may be incentivised to invest in relatively illiquid and risky projects to maximise returns. This is a form of maturity transformation (typical of banks) which, if not properly managed and regulated, can create asset-liability mismatches and incentives for runs.

23. **Against this background, all reviewed jurisdictions require issuers to maintain reserves equal to the value of the stablecoins they issue.** These reserves typically must be held in the form of cash, cash equivalents or low-risk assets that carry minimal market, credit and concentration risk. Most jurisdictions do not require a specific asset composition, though a few (eg EU) require a minimum amount to be held in cash. In one jurisdiction (US-NY), the composition is approved by the authority on a case by case basis.

24. **Frameworks across jurisdictions set diverse requirements for various aspects of reserve assets.** Some jurisdictions impose restrictions on the maturity of reserve assets. Others (eg US-NY) impose specific requirements on the collateralisation of reverse repurchase agreements when they are allowed. Additionally, there are jurisdictions (eg SG) that require a minimum credit rating for issuers of debt securities that are held as reserve assets. Also, there is often a requirement for reserves to be denominated in the same currency as the stablecoin's peg.

25. **Many jurisdictions require reserve assets to be subject to independent audits and attestations.** As highlighted by Ahmed et al (2024), public information and perceptions regarding the quality and volatility of reserve assets is key to a stablecoin's ability to maintain par value. As a result, many jurisdictions require issuers to engage an independent third party to examine and attest to the value, composition and sufficiency of reserve assets (Table 1). The frequency of these attestations varies by jurisdiction, including monthly (HK, SG, UAE-VARA and US-NY), biannual (UAE-CB²⁴) and annual (UAE-DFSA). Some authorities require issuers to submit audit results no later than the end of the following month (eg UAE-VARA, MAS and US-NY).

26. **While reserve management requirements differ across jurisdictions, with some stricter than others, all aim to mitigate liquidity risk and prevent runs.** In the event of a run, the ability of a stablecoin issuer to maintain settlement at par depends not only on the value of reserve assets available but also, crucially, on their liquidity.

²⁴ See CBUAE (2021).

Requirements on composition, valuation and attestation of reserve assets

Table 1

I. Common types of reserve assets (examples)	Jurisdictions
a. Cash or cash equivalents (including, but not limited to, central bank reserve deposits and bank deposits)	EU, JP, SG, UAE-FSRA, UAE-VARA, UK, US-NY ¹
b. Assets with minimal market risk, credit risk and concentration risk, which are capable of being liquidated rapidly with minimal adverse price effect (“liquid” assets)	EU; HK; SG; UAE-CB, UAE-DFSA, UAE-VARA ²
II. Types of “liquid” assets (examples)	Jurisdictions
a. Debt securities issued by governments or central banks of the stablecoin reference currency	SG; UAE-VARA; US-NY; UK ³
b. Debt securities issued by government agencies (local or international)	SG, UAE-VARA ⁴
c. Repurchase agreements	UAE-VARA ⁵
d. Short-term government money market funds (MMFs)	UAE-VARA; US-NY ⁶
III. Valuation and attestation of reserve assets (examples)	Jurisdictions
a. Market value of the reserve should be at least equal to the nominal value of all outstanding units of the stablecoin	HK, SG, UAE-DFSA, US-NY
b. Issuers should engage an independent third party to examine and attest to the value, composition and sufficiency of reserve assets	Monthly (HK, SG, UAE-VARA, US-NY), biannual (UAE-CB), annual (UAE-DFSA)

¹ **EU**: min 30%. **US-NY**: composed by deposits at US state or federally chartered depository institutions, with specific limitations set by the New York Department of Financial Services (NYDFS).

² **EU**: max 70%.

³ **US-NY**: residual maturity of 90 days or less. **UK**: maturity one year or less; use of MMFs is not allowed when investing in treasury bills to back stablecoin.

⁴ **UAE-VARA**: maturity of 90 days or less. **SG**: debt securities should be issued by organisations that are of both a governmental and international character with a credit rating of at least AA-.

⁵ **UAE-VARA**: maturity of seven days or less which are backed by debt securities issued by governments or central banks of the stablecoin reference currency. **US-NY**: reverse repurchase agreements should be fully collateralised by US Treasury bills, US Treasury notes and/or US Treasury bonds on an overnight basis, subject to NYDFS-approved requirements concerning overcollateralisation.

⁶ **US-NY**: government MMFs, are subject to NYDFS-approved caps on the fraction of reserve assets to be held in such funds and NYDFS-approved restrictions on the funds.

Segregation and custody

27. **Regulations often place considerable emphasis on the safeguarding of reserve assets.** Issuers are typically required to segregate these assets by holding them in segregated accounts or, in the UK, a statutory trust.²⁵ They also need to ensure that they are not commingled with their own assets or those of the custodian. Certain jurisdictions require stablecoin issuers to work with selected custodians for the safekeeping of reserve assets and, in some cases, these must be agreed with the authority (eg agreed with UAE-VARA during the licensing process; pre-approved by US-NY in writing) (Table 2).

²⁵ The effectiveness of segregation arrangements hinges on local laws and contractual arrangements and may not have been tested before.

Requirements on segregation and custody of reserve assets

Table 2

Examples	Jurisdictions
I. Segregated from the proprietary assets of the issuing entity	EU ¹ , HK, JP, SG, UAE-CB, UAE-DFSA, UAE-FSRA, UAE-VARA, UK, US-NY
II. Segregated in separate accounts	EU ¹ , HK, SG, UAE-DFSA, UAE-FSRA, UK ² , US-NY
III. Held in custody by authorised banks and NBFIs authorised to hold client assets/provide custodial services	EU, HK, SG, UAE-CB, UAE-DFSA, UAE-FSRA, UAE-VARA, UK, US-GOV, US-NY
IV. May be held by overseas-based custodians, subject to certain restrictions	SG ³ , UAE-DFSA ⁴
V. Not pledged, encumbered or rehypothecated	UAE-CB, UAE-FSRA, UAE-VARA
VI. Kept segregated reserve of assets per each stablecoin issued	UAE-CB, UAE-VARA, UK

¹ Issuers should deposit at least 30% of the funds received in separate accounts in credit institutions.

² Segregation by statutory trust.

³ Overseas-based custodians, with minimum credit rating of A-, which have a branch in Singapore regulated by MAS.

⁴ Allowed, subject that custodians are located in jurisdictions with regulation that is equivalent to the Dubai Financial Service Authority's regime and AML regulation that is equivalent to the standards set out in the FATF Recommendations.

Redemption rights requirements

28. **In most jurisdictions covered, stablecoin issuers must have clear redemption policies, although the nature of the claim varies.** Generally, the claim is against the reserve assets; however, in the EU, JP²⁶ and the UK it is against the issuer. Achieving international consistency in the nature of claims can be a complex task given that it is influenced by the type of licensing regime (ie existing licence or crypto-specific licence) and the overall regulatory approach for cryptoassets, among other factors.

29. **Many authorities require that issuers guarantee holders the right to redeem their stablecoins for the referenced fiat currency at a 1:1 exchange rate on demand.** But requirements for redemption fees vary. Two jurisdictions prohibit such fees (UAE-VARA and EU) and another requires them to be "cost-reflective" (UK for non-systemic stablecoins). There is often an emphasis on clear disclosure of the redemption process (Table 3).

²⁶ See FSA (2022).

Requirements on redemption rights

Table 3

Examples	Jurisdictions
I. Issuers should ensure holders the right to redeem their stablecoins	EU, HK, JP, SG, UAE-CB, UAE-DFSA, UAE-FSRA, UAE-VARA, UK, US-NY
II. Timely redemption:	
a. General requirement	EU, HK, UAE-CB,
b. Specific number of business days (bd)	UK, UAE-FSRA, UAE-VARA, (1 bd) US-NY (2 bd) SG (5 bd)
III. Redemption must be ensured at par value	EU, HK, SG, JP, UAE-VARA, UK, US-NY
IV. Redemption shall not be subject to a fee	EU, UAE-VARA
V. Clear and detailed redemption policies and procedures shall be implemented and disclosed	EU, HK, JP, SG, UAE-CB, UAE-DFSA, UAE-VARA, UK, US-NY

Prudential requirements

30. **Stablecoin issuers are typically subject to minimum capital requirements.** These may vary depending on an issuer's digital asset activity or exposure (eg in the UAE-VARA it is AED 600,000 plus 2% of the outstanding stablecoin volume). In addition, authorities are often able to impose higher capital requirements on stablecoin issuers when warranted by their type or scope of activities (eg in the UK, when issued stablecoins are used in systemic payment systems), or by their risk profile (eg in the EU, authorities may require issuers involved in high-risk activities to hold 20–40% more capital).

31. **Some jurisdictions require stablecoin issuers to comply with liquidity requirements.** They seek to ensure that issuers are able to fulfil their ongoing business obligations. As such, issuers are often required to hold an amount of liquid assets generally established based on their operating expenses. For instance, in the UK the FCA has consulted on a minimum liquidity requirement, established as a proportion of a fixed overhead requirement and based on a list of core liquid assets,²⁷ that can be used by stablecoin issuers to deal with potential cash flow issues in meeting their relevant overheads. It has also enquired whether issuers may have additional liquidity needs to deal with potential shortfalls in the backing of assets due to large cash inflows and outflows inherent in their business model.

Governance and risk management

32. **Most regulatory frameworks require stablecoin issuers to put in place strong governance arrangements with clear organisational structures, risk management processes and internal controls.** Although these requirements are generally commensurate with the issuers' risk profile and business model, they are often envisaged to: (i) have the necessary expertise and reputation at the top management level and across key staff in the organisation; (ii) implement sound risk management practices and systems to effectively deal with stablecoin-related risks such as operational risks including cyber security, illicit finance (particularly AML/CFT) and consumer/investor protection risks; (iii) maintain robust risk management policies and procedures for reserve assets, covering aspects such as credit, liquidity and concentration risks; and (iv) ensure effective controls, segregation of duties and disclosure of information to mitigate potential conflicts of interest that may arise in stablecoin operations.

²⁷ This list includes coins and banknotes, short-term deposits at a UK bank, assets representing claims on or guaranteed by the UK government or the Bank of England (eg gilts and Treasury bonds), and units or shares in a short-term regulated money market fund or a comparable third country fund.

Business restrictions

33. **Regulatory frameworks are increasingly paying attention to potential risks related to the delivery of multiple or bundled financial services by one or more affiliated entities.** In traditional finance, these services are typically kept separate due to concerns about conflicts of interest and prudential or consumer protection considerations. Building on these considerations, several jurisdictions prohibit stablecoin issuers from conducting activities other than their principal business (as permitted under their respective licence or authorisation) while allowing the possibility that related business activities are conducted through separate entities within the same group, provided potential conflicts of interest are effectively managed. In addition, to emphasise the difference between stablecoins and deposits, many jurisdictions do not allow stablecoin issuers to pay income or interest to stablecoin holders (eg UK).

Technological and cyber security requirements

34. **Technological and cyber security requirements are common features across the regulations reviewed.** Many of them expect stablecoin issuers to implement sound IT risk governance and risk assessment frameworks. Some go further and establish specific control and security expectations related to technological features that form the backbone of the digital assets' business (eg wallet storage; private/cryptographic keys; fork management).

35. **Most regulatory frameworks extend financial institutions' cyber security requirements to stablecoin issuers.** As such, requirements for stablecoin issuers normally include vulnerability detection, cyber hygiene, software patching, cyber incident management and testing, with some adjustments tailored to the stablecoins' specific activities. In this regard, some authorities have established additional requirements connected with cyber exposures arising from the stablecoin business. For instance, MAS expects stablecoin issuers to implement a robust cyber resilience framework with respect to secure coding and cryptographic key management. Finally, a number of authorities are placing some emphasis on the operational resilience of the stablecoin business by requiring recovery and business continuity plans.

AML/CFT requirements

36. **All regulatory frameworks require stablecoin issuers to comply with AML/CFT standards similar to those applicable to banks and payment service providers.** These requirements typically include AML/CFTs risk assessments, customer due diligence, records of transactions, detection of unusual transactions and reporting of suspicious ones. Some authorities also expect stablecoin issuers to adopt sound practices to prevent the misuse of their operations for financial crimes, such as fraud or violations of sanctions. In this context, a few authorities prohibit the use of "privacy tokens" where the underlying technology allows transacting parties to hide their identity or the value of their transactions (eg UAE-DFSA, UAE-FSRA).

Disclosure and marketing

37. **Stablecoin issuers are frequently subject to disclosure obligations.** These are meant to ensure the provision of clear, accurate, transparent and fair information to clients, enabling them to make informed decisions. Advertising and marketing material often needs to meet requirements set out for financial promotions, which may be general or tailored to cryptoassets; and stablecoin promotions may need to include specific risk disclosure statements.

38. **The issuance of stablecoins often needs to be accompanied by the publication of a white paper.** When issuing a new stablecoin, its issuer is typically required to publish a white paper or similar information document, which is comparable to a simplified prospectus for securities but tailored to the specific attributes of stablecoins. Covered regulations prescribe, in more or less detail, the type of information this document needs to contain. For example, in SG the white paper needs to disclose information on the issuer, operations of the stablecoins (including the value-stabilising mechanism and

the technology adopted), risks arising from the use of stablecoins, and rights and obligations related to the stablecoins (eg redemption rights).

39. **Stablecoin issuers are also subject to ongoing disclosure requirements.** For example, issuers may need to disclose on their website: (i) the amount of their stablecoins in circulation and the value and composition of reserve assets backing them, which may have to be attested by an independent third party; and (ii) any event that may have a significant effect on the value of their stablecoins or reserve assets. In some cases, the ongoing disclosure needs to take place with a certain frequency. In UAE-CB, for example, stablecoin issuers need to disclose at least every month on their website the number of their stablecoins in circulation and the value and composition of their reserve assets, accompanied by an independent audit statement confirming full backing of outstanding stablecoins (Table 4).

Requirements on disclosure and marketing

Table 4

Examples	Jurisdictions
I. Publication of white paper or similar document	EU, HK, SG, UAE-CB, UAE-DFSA, UAE-VARA
II. Publication of risks statements arising from the use of stablecoins	EU, HK, SG, UAE-DFSA, UAE-FSRA, UAE-VARA, UAE-CB, UK, US-NY
III. Publication of audit statement on reserve assets	HK, SG, UAE-DFSA, UAE-VARA, UK
IV. Ongoing disclosures to users	Daily: HK, UK / monthly: SG, UAE-VARA Other: UAE-DFSA, UAE-CB, UAE-FSRA

40. **Different regulatory approaches to the composition and disclosure of reserve assets may have significant implications.** Assessing the underlying reasons for these differences is challenging, as the interplay between collateral quality, transparency and the risk of runs is currently under analysis in this nascent and dynamic market. For instance, some analysts argue that the actual risk exposure to stablecoin holders is often obscured due to insufficiently detailed and verifiable information about the reserves held by issuers (Bertsch (2023)). Recent research by Ahmed et al (2024) has shown that transparency can reduce run risk when confidence in the reserve quality is high or when transaction costs are significant. However, it can lead to a higher risk of runs if stablecoin holders perceive the quality of the reserves to be low or if the costs associated with converting stablecoins to fiat currency are minimal. Considering that there is often insufficient transparency about reserve assets, it is important to enhance disclosure, but jurisdictional authorities still need to analyse and determine the level of regulatory detail required to balance these considerations.

Requirements for global and systemic stablecoin arrangements

41. **If a stablecoin becomes widely used for everyday payments within a country and across borders, it could pose a number of additional risks.**²⁸ Hence, three of the seven jurisdictions covered in this paper (UAE-VARA, EU and UK) have established, or are in the process of establishing, additional requirements for issuers of this type of stablecoin.²⁹ These requirements include strict asset reserve requirements,³⁰ mandatory audits and supervisory scrutiny. Such measures aim to mitigate the risks that issuers of widely adopted stablecoins could pose to the broader financial system.

²⁸ See IMF-FSB (2023) for an overview of the macroeconomic and financial stability risks posed by the widespread use of stablecoins as means of payment in the real economy.

²⁹ See VARA (2023), European Parliament (2023), BoE (2023b) and UK Government (2023).

³⁰ For example, in the UK the proposed regime for systemic stablecoins requires full backing of reserve assets with central bank deposits.

42. **However, jurisdictions have varying definitions and categorisations for stablecoins that may pose financial stability risks.** UAE-VARA has the discretion to designate a “fiat-reference virtual asset” as “significant”. The EP in the EU has developed detailed criteria to designate an e-money token as “significant”. The UK also has legislative criteria for the recognition of “systemic” payment stablecoins, including related service providers.³¹

Section 4 – Conclusion

43. **The emergence of stablecoins as a new form of digital asset has created both opportunities and challenges in the financial sector.** Single currency stablecoins claim to maintain parity with a fiat currency, making them potential means of payment. However, despite this potential, few if any of them have consistently maintained parity with their pegs. Also, doubts have emerged whether stablecoin issuers are able to redeem users’ stablecoins in all circumstances (Kosse et al (2023)).

44. **This situation has prompted a regulatory response that is as varied as it is urgent.** National authorities and international bodies have taken steps to address the risks associated with the issuance of stablecoins. Regulatory actions cover a range of aspects such as licensing, capital requirements, safeguarding of customer funds, risk management, cyber security, AML/CFT and consumer and investor protection. While some of the requirements are very similar to those applicable to e-money, there are also new ones intended to address the challenges arising from stablecoin’s nature as digital instruments, the underlying technology and their role in facilitating transactions between the crypto ecosystem and the traditional financial system.

45. **Despite commonalities in the regulatory efforts, the regulatory landscape remains diverse and fragmented.** Differences appear to be largely driven by the variety of stablecoin design features, perceived risks associated with their issuance and the nature of the issuing entity. Furthermore, stablecoins may still be unregulated or lightly regulated in other jurisdictions. The resulting fragmentation may pose significant challenges for an integrated financial system. Therefore, a consistent regulatory framework, as well as its global implementation, is essential to address stablecoins’ risks, prevent regulatory arbitrage and ensure a level playing field in the digital asset ecosystem. To achieve this, it is critical to align national regulatory frameworks with the work of the standard-setting bodies, the FSB and other international organisations on cryptoasset activities and markets as well as on global stablecoin arrangements.

46. **As stablecoins become more widely adopted, their relationship with other forms of digital assets will need to be further explored.** Exploring the interplay between CBDCs, tokenised deposits and other tokenised claims on financial and real assets will be critical to shape the future of digital payments and to ensure a well functioning financial system. For example, stablecoins could potentially complement CBDCs by promoting financial inclusion and enhancing the efficiency of digital payments. Against this backdrop, consistent regulatory frameworks could help in unifying the digital payment system, enhancing the potential benefits of these innovations.

47. **Moreover, ensuring the interoperability of stablecoins with CBDCs and other digital assets is key to promoting an integrated financial system.** In this context, the concept of a unified ledger as proposed by the BIS offers a promising solution. Under a unified ledger, CBDCs, private tokenised monies such as tokenised deposits and stablecoins, and other tokenised assets can coexist on the same programmable platform. Implementing such a system could significantly transform the global financial

³¹ A systemic payment stablecoin is defined as a stablecoin used as a digital settlement asset by a payment system that is recognised as systemic by the UK Treasury. A related service provider is defined as an entity that provides services in, or to, the payment chain.

system, making it more inclusive, efficient and resilient (BIS (2023)). However, this transformation requires a high level of international collaboration and public-private cooperation.

48. **Going forward, the challenge for authorities is to establish a framework that strikes a balance between fostering innovation and mitigating risks.** Arguably, a coherent, comprehensive and flexible regulatory framework would help to integrate stablecoins into the global financial system, and work is under way by standard-setting bodies to support related efforts. As stablecoin markets continue to evolve, ongoing monitoring, research and international cooperation will be critical to shape an effective regulatory environment that supports responsible innovation.

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Annex 1: Regulatory frameworks

Jurisdiction	Regulatory framework	Status
EU	Markets in Crypto-assets Regulation (MiCA)	Approved by European Parliament on 31.05.2023. Phased enforcement, starting from 29.06.2023 to 30.12.2024.
HK	Conclusion of Discussion Paper on Crypto-assets and Stablecoins	Published 01.2023. HKMA will put in place a regulatory regime with target implementation date by 2023/24.
	Legislative Proposal to Implement the Regulatory Regime for Stablecoin Issuers in Hong Kong	Consultation closed. Under consideration.
JP	Amendments to the Banking Act, Payment Service Act and the Trust Business Act	Enforced as of 06.2023.
SG	Response to Public Consultation on Proposed Regulatory Approach for Stablecoin-related Activities	Published 15.08.2023. Finalised regulatory approach, yet to be formalised through legislative amendments to the Payment Services Act.
UAE-CB	Retail Payment Services and Card Schemes Regulation	Enforced 06.06.2021.
UAE-DFSA	The DFSA Rulebook – General Module	Enforced 01.11.2022.
UAE-FSRA	Guidance – Regulation of Virtual Asset Activities in ADGM (VER05.181223)	Initial guidance published in June 2018 and periodically amended, most recently in December 2023.
UAE-VARA	Fiat-Referenced Virtual Assets Issuance Rules	Enforced 19.09.2023.
UK	Update on Plans for the Regulation of Fiat-backed Stablecoins	Published 10.2023.
	DP23/4: Regulating cryptoassets Phase 1: Stablecoins	Consultation closed. Under consideration.
	Regulatory regime for systemic payment systems using stablecoins and related service providers: discussion paper	Consultation closed. Under consideration.
	“Dear CEO” letter “Innovations in the use by deposit-takers of deposits, e-money and regulated stablecoins”	Published 11.2023.
US-NY	23 CRR-NY, Part 200 – Virtual Currencies Guidance on the Issuance of U.S. Dollar-Backed Stablecoins	Enforced 15.06.2022. Published 08.06.2022
US-REG	Federal Reserve SR 23-8 / CA 23-5: Nonobjection Process for Dollar Token issuance from banks OCC Interpretive Letter #1179: Chief Counsel's Interpretation Clarifying (1) Authority of a Bank to Engage in Certain Cryptocurrency Activities; and (2) Authority of the OCC to Charter a National Trust Bank FIL-16-2022: Notification and Supervisory Feedback Procedures for FDIC-Supervised Institutions Engaging in Crypto-Related Activities	Published 08.08.2023. Published 18.11. 2021. Published 07.04.2022.

Annex 2: Stablecoins under regulatory perimeter

Jurisdiction	Stablecoin token		Peg	
	Name	Definition	Single fiat currency	Multiple fiat currencies
EU	e-money token	Cryptoasset that purports to maintain a stable value by referencing the value of one official currency.	✓	
HK	Fiat-linked stablecoin	Stablecoins that purport to maintain a stable value with reference to one or more fiat currencies.	✓	✓
JP	Digital money-type stablecoin	Stablecoins that are issued at a price linked to the value of one or more fiat currencies and promise redemption at par.	✓	✓
SG	MAS-regulated stablecoin	MAS's stablecoin regulatory framework will apply to single-currency stablecoins (stablecoins) pegged to the SGD or any G10 currency, that are issued in Singapore.	✓	
UAE-CB	Payment token	Type of cryptoasset that is backed by one or more fiat currencies, can be digitally traded and functions as: (i) a medium of exchange; and/or (ii) a unit of account; and/or (iii) a store of value, but does not have legal tender status in any jurisdiction. Payment tokens are neither issued nor guaranteed by any jurisdiction, and fulfil the above functions only by agreement within their community of users.	✓	✓
UAE-DFSA	Recognised fiat crypto token	Class of crypto token where the value of which is determined by reference to a fiat currency or a combination of fiat currencies.	✓	
UAE-FSRA	Fiat token	A stablecoin that is fully backed by the same fiat currency it purports to be tokenising.	✓	✓
UAE-VARA	Fiat-referenced virtual asset	Type of virtual asset that purports to maintain a stable value in relation to the value of one or more fiat currencies but does not have legal tender status in any jurisdiction.	✓*	✓*
UK	Fiat-backed stablecoin	Cryptoasset that seeks to maintain a stabilised value by reference to a fiat currency or basket of specified fiat currencies and by holding fiat currency(ies), in whole or in part, as backing.	✓	✓
US-NY	USD-backed stablecoin	Definition not available.	✓**	
US-REG	Dollar tokens	Tokens denominated in national currencies and issued using distributed ledger technology or similar technologies to facilitate payments.	✓**	

(*) Except UAE Dirham (AED); (**) Limited to USD.

Annex 3: Licences and applicable regulatory requirements

Jurisdiction	Type of licence	Type of issuers	Applicable requirements
EU	<p>(i) Existing credit institution licence</p> <p>(ii) Existing electronic money institution licence</p> <p>NB: There is no separate “e-money issuer” licence category.</p>	<p>Banks and electronic money institutions established in the EU can issue e-money tokens.</p> <p>Issuers should notify the competent authority at least 40 working days before offering e-money tokens to the public or seek their admission to trading.</p>	<p>In addition to complying with their main credit institution or e-money regime, issuers of e-money tokens need to comply with the requirements set by MiCA for stablecoins.</p>
HK	<p>New licence – fiat-referenced stablecoin (FRS) issuer licence</p>	<p>Banks and other entities incorporated in HK can issue FRS.</p> <p>Regardless of the type of entity, they need to apply for a licence specific to FRS issuance.</p>	<p>Banks and other authorised NBFIs do not need to comply with the licensing criteria on restrictions on business activities, physical presence in HK and financial resources requirements as they are already subject to stringent prudential requirements and ongoing holistic supervision by the HKMA.</p> <p>If the issuer is not an already authorised entity, it needs to comply with all licensing criteria.</p>
JP	<p>(i) Existing banking licence</p> <p>(ii) Existing fund transfer service provider licence</p> <p>(iii) Existing trust company licence</p>	<p>Banks can issue stablecoins as deposits.</p> <p>Fund Transfer Service Providers can issue stablecoins as claims on outstanding obligations.</p> <p>Trust Companies can issue stablecoins as trust beneficiary rights.</p>	<p>Issuers need to comply with existing regulations of their licensing regime.</p>
SG	<p>New category of regulated activity (“stablecoin issuance”) within existing payment services licensing regime</p>	<p>Banks and other entities can issue stablecoins.</p> <p>Banks are exempted from the payment services regime. However, if banks intend for their stablecoins to be considered as MAS-regulated stablecoins, they will need to design them in such a manner that meets standards deemed equivalent under the stablecoin regulatory framework (eg this may include the setting up of a separate entity solely issuing the stablecoin, in which case the separate entity will need to apply for a Major Payment Institution (MPI) licence).</p> <p>For non-banks, there are two types of licences related to stablecoin issuance:</p> <ul style="list-style-type: none"> • MPI licence: should be obtained by issuers whose stablecoins in circulation exceed or are anticipated to exceed 	<p>In addition to complying with their main licensing regime, issuers of stablecoins need to comply with requirements set by MAS for stablecoin issuance.</p> <p>Only stablecoin issuers regulated under the new framework would be permitted to use the label “MAS-regulated stablecoin”.</p>

		<p>SGD 5 million in value. Should the issuers wish for their stablecoins to be recognised as MAS-regulated stablecoins, the MPI licence must specifically be for stablecoin issuance service and it must comply with requirements of the new stablecoin framework.</p> <ul style="list-style-type: none"> Standard payment institution (SPI) licence: stablecoin issuers that do not exceed the value threshold for an MPI will need to obtain an SPI licence for digital payment token service and will not be subject to requirements of the new stablecoin framework. 	
UAE-CB ¹	<p>(i) Existing banking licence</p> <p>(ii) New category of regulated activity within existing retail payment service provider (RPSP) licence regime named "payment token (PT) services"</p>	<p>Banks and other entities incorporated in mainland UAE can issue PTs.</p> <p>If the entity is a bank, it can issue PTs under an existing banking licence and would only need to report it to the UAE-CB.</p> <p>If the entity is an NBF, it needs to apply for a category 1 licence as an RPSP (licence for "PT services") and comply with the requirements set for this type of service.</p>	<p>Issuers need to comply with requirements set in the Retail Payment Services and Card Schemes Regulation, which covers PT services.</p>
UAE-DFSA	<p>New category of regulated activity within existing licensing regimes named "financial service in relation to a recognised crypto token"</p>	<p>Fiat crypto tokens (FCTs) must be recognised by the DFSA to be accepted for use within the DIFC.</p> <p>It is important to note that the DFSA does not currently allow for the issuance of new crypto tokens in the DIFC, but it will keep this policy position under review.</p>	<p>Already issued FCTs need to comply with requirements set by the DFSA to be recognised in the DIFC.</p> <p>NB: the DFSA does not currently allow for the issuance of new FCT in the DIFC, but it will keep this policy position under review.</p>
UAE-FSRA	<p>Existing category of regulated activity within existing licensing regimes. Only certain fiat tokens meeting the FSRA's requirements will be recognised as fiat tokens.</p> <p>Where the fiat token is used as a payment instrument for the purposes of money transmission as defined in Financial Services and Markets Regulations 2015 (FSMR), stablecoin</p>	<p>Banks and other entities established in Abu Dhabi Global Market (ADGM) can issue and provide money services with fiat tokens.</p> <p>Issuers of fiat tokens are treated as money services businesses. Regardless of the type of entity, the issuer will need to obtain a Financial Service Permission (FSP) for providing money services.</p>	<p>Issuers need to comply with requirements set by the FSRA in the <i>Guidance – Regulation of Virtual Asset Activities in ADGM (VER05.181223)</i> and other rulebooks.</p>

	issuance will be licensed and regulated as providing money services, which requires a Financial Service Permission (FSP) from the FSRA.		
UAE-VARA	New licence – Category 1 virtual asset (VA) issuance	Banks and other entities established in the Emirate of Dubai can issue fiat-referenced VAs. Regardless of the type of entity, they need to obtain a Category 1 VA licence for the issuance activity from VARA.	Issuers need to comply with requirements set by VARA in the VA Issuance Rulebook and other rulebooks.
UK	New category of regulated activity within existing licensing regimes named “issuance of fiat-backed stablecoins (FB-stablecoins)”	Banks* and other entities can issue FB-stablecoins in the UK. Regardless of the type of entity, they need to apply for authorisation by the FCA. If a payment system using stablecoins or a related service provider is deemed systemically important, it will then be subject to the BoE regime. * For banks, the issuance of FB-stablecoins should be done from separate non-deposit-taking and insolvency-remote entities, ensuring that: (i) they have distinct branding to the deposit-taker; and (ii) their failure would not have adverse impacts on the rest of the deposit-taking group and the continuity of its deposit-taking services.	In addition to complying with their main licensing regime, issuers need to comply with requirements set by the FCA for issuance of FBS (or the BoE in the case of systemic payment stablecoins).
US-NY	New authorised activity named “issuance of USD backed stablecoin” within two existing licensing regimes: (i) BitLicense regime (ii) limited purpose trust company charter regime	Banks and other entities can issue USD-backed stablecoins. The NYDFS allows banks to engage in virtual currency activities either through obtaining a BitLicense or by receiving approval to conduct such activities under their existing charter. Non-banks can engage in virtual currency activities by obtaining either a BitLicense or a limited purpose trust company charter.	In addition to complying with their main licensing regime, issuers need to comply with requirements set by the NYDFS for USD-backed stablecoins. Banks may have to also comply with federal requirements in US-REG.
US-REG	New category of regulated activity within existing licensing regime	National banks, state member banks and all insured depository institutions	Supervisory non-objection required

¹ The current analysis of the regulatory framework by the UAE-CB is based on the Retail Payment Services and Card Schemes Regulation referred to in Annex 1. There is forthcoming regulation to be expected, which may lead to changes to the current analysis.