

STABLECOINS AND REGULATORY POLICY: A COMPARATIVE ANALYSIS OF REGULATION IN THE UNITED STATES, THE UNITED KINGDOM AND THE EUROPEAN UNION

Lucas García Calvo and Diego Hernández García

BANCO DE ESPAÑA

<https://doi.org/10.53479/44411>

The authors belong to the Directorate General Financial Stability, Regulation and Resolution of the Banco de España. They are grateful to Alejandro Casado, José Ramón Martínez Resano, Enric Martorell and Daniel Santabàrbara for their contribution, and to Pablo Pérez, José Alonso, José García Alcorta and an anonymous referee for their comments. Email for comments: [lucas\[dot\]garcia\[at\]bde\[dot\]es](mailto:lucas[dot]garcia[at]bde[dot]es) and [diego\[dot\]hernandez\[at\]bde\[dot\]es](mailto:diego[dot]hernandez[at]bde[dot]es).

This article is the sole responsibility of the authors and does not necessarily reflect the opinion of the Banco de España or the Eurosystem.

Abstract

The recent adoption of specific regulation in the United States, the entry into force of the European framework (MiCAR) and the United Kingdom's regulatory proposal have reopened the debate on stablecoins' regulatory implications. These implications extend beyond the functioning of the traditional financial system to encompass issues such as monetary sovereignty, competitiveness and consumer protection. US regulation seeks to promote the global use of dollar-denominated stablecoins; EU regulation aims to strengthen the European market by enhancing protection, particularly for consumers; while the UK has adopted a dual approach that imposes stricter requirements on issuers it deems systemic but affords greater discretion to lower-volume stablecoins. This article compares the three models across key aspects such as redemption rights, reserve composition, prudential requirements and crisis management, demonstrating in doing so how their differences reflect distinct priorities.

Keywords: crypto-assets, stablecoins, prudential regulation, financial innovation, big tech, capital requirements, financial stability.

1 Introduction

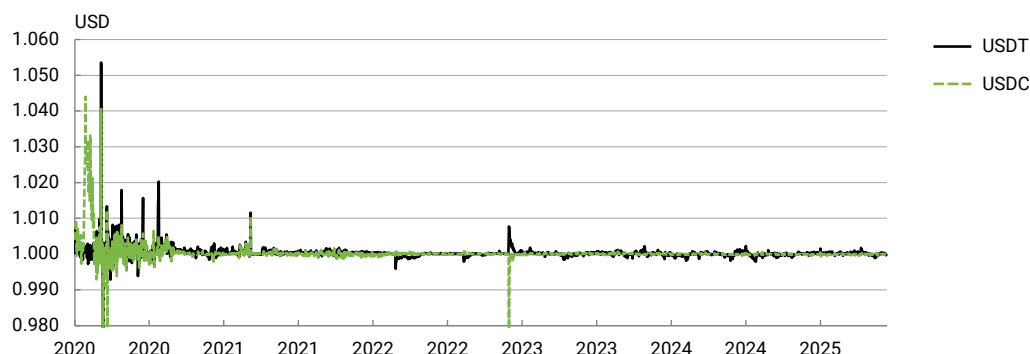
Crypto-assets can be defined as private digital assets that depend on cryptography and distributed ledger technology (DLT) or similar (Financial Stability Board [FSB], 2022a). The term crypto-asset encompasses various types of instruments with distinct characteristics, uses and risk profiles. They include stablecoins, which can be defined as crypto-assets that aim to maintain a stable value relative to a specific asset or basket of assets (FSB, 2023).

This definition refers to a reference asset, typically a fiat currency, to which the stablecoin's value is pegged. Two possible mechanisms are used to maintain this stability: (i) algorithms that control supply through arbitrage between supply and demand, or (ii) establishment and maintenance of a reserve of assets. This article analyses the latter type of stablecoin. In the EU, if the issuer is a credit institution subject to prudential requirements, the reserve of assets is the balance sheet of the institution itself, which assumes the commitment to redeem the crypto-assets at the reference value.

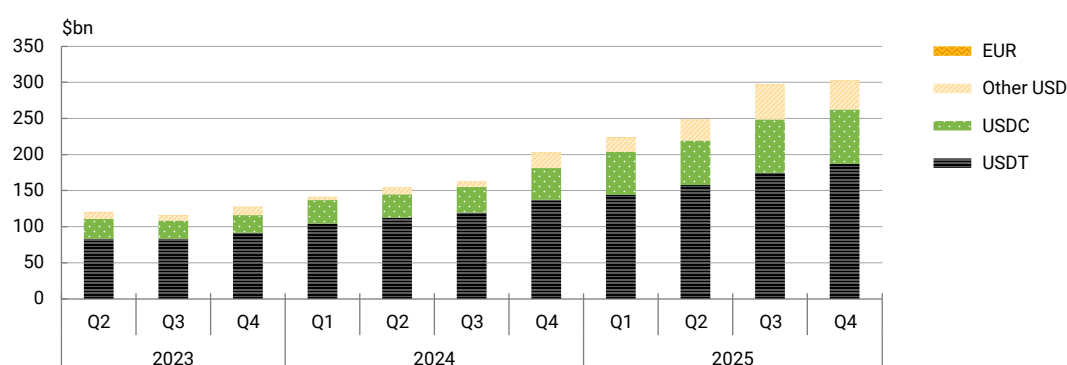
To date, stablecoin use has been limited and largely confined to a role as a means of exchange for other crypto-assets on trading platforms (FSB, 2025). However, stablecoins' potential use as a means of payment in conventional commercial transactions, particularly in cross-border operations, is beginning to attract attention. In these contexts, stablecoins' inherent security, transaction speed and cost benefits may offer them a competitive advantage over traditional payment services (Adrian et al., 2025).

Chart 1
Stablecoins and market performance

1.a USDT and USDC prices (a)



1.b Stablecoins in USD and EUR. Volume of the various aggregates (b)



SOURCE: CoinMarketCap.

a USDT and USDC represent Tether and Circle, respectively.

b Other USD represents USD-denominated stablecoins other than USDT and USDC. EUR represents the total of EUR-denominated stablecoins.

Stablecoins currently represent around 15% (over \$300 billion) of total crypto-asset market capitalisation.¹ However, just two stablecoins – USDT (Tether) and USDC (Circle), both of US origin and pegged to the US dollar (USD) – account for approximately 90% of the global volume at capitalisations of around \$190 billion and \$80 billion, respectively. None of the remaining stablecoins individually account for more than 2% of the global volume and most are pegged to the US dollar (see Chart 1.b). The main euro-denominated stablecoin by capitalisation is EURC (also issued by Circle), the volume of which stands at close to \$500 million.

Although provided with mechanisms designed to ensure their security and stability, stablecoins lack the central bank backing that would guarantee their value and acceptance as a means of payment with unlimited discharging effect. Unlike fiat currency, they are therefore not without

¹ In the second half of 2025, total crypto-asset market capitalisation reached an all-time high, exceeding \$3.6 trillion (October 2025), although it has since declined to approximately \$2.2 trillion. The market continues to be dominated by unbacked crypto-assets, such as Bitcoin (58.6%) and Ethereum (11%). Data obtained from coinmarketcap.com.

risk, such as loss of parity with the reference asset. Moreover, certain key aspects of their operation raise consumer protection concerns, prompting the introduction of regulation while endeavouring not to stifle innovation.

First, to ensure the soundness of these products and instil confidence in potential holders, requirements have been set regarding redemption conditions and asset reserve composition. Additional measures, such as the requirement to have contingency plans in place, have been introduced to guarantee issuer and crypto-asset service provider (CASP) solvency.

Second, the possibility that stablecoins could become a widely used means of payment introduces issues relating to the infrastructure that supports them, their transmission mechanisms and the legal concept of money itself that warrant regulation. Finally, the global nature of these assets, their financial character and their clear interconnectedness with the rest of the financial system pose risks to international financial stability. To address these, the FSB has established a global regulatory framework that addresses the characteristics of and risks posed by stablecoins (FSB, 2023), while the Basel Committee on Banking Supervision (BCBS) has developed criteria for the prudential treatment of banks' exposures to crypto-assets (BCBS, 2024).

This article reviews the risks associated with stablecoins and compares the main features of the regulatory measures adopted in the EU, the US and the UK in response to the FSB and BCBS guidelines, highlighting their differences and similarities.

2 Risks to financial stability

While documented conceptual proposals date back as far as 2013, the 2019 publication of the white paper on Libra (later renamed Diem) – a stablecoin promoted by an international consortium led by Facebook – triggered the first regulatory response to the stablecoin phenomenon. In October 2019, the G7 Working Group on Stablecoins published a report on stablecoins' impact (Committee on Payments and Market Infrastructures, 2019), highlighting, among other issues, the risks these crypto-assets pose to financial stability and recommending that no such scheme should enter operation until a suitably comprehensive regulatory framework had been developed to address them.

The report, among other points, underscored the risks to monetary policy transmission; the legal, operational and governance uncertainty associated with these new systems; the vulnerabilities in stablecoins' particular components and in their ecosystem; and their interconnections with the traditional financial system, particularly the banking system.

For these risks to materialise, these instruments would need to be sufficiently widely used and have a high degree of interconnectedness with the rest of the financial system. While this is not currently observed, favourable perceptions of their potential use cases are fostering steady adoption (Ahmed, Clouse, Natalucci, Rebucci and Sun, 2025).

Since 2019, stablecoin models have improved and regulatory measures have been implemented to help mitigate and manage these risks. Nevertheless, macroprudential authorities and regulators continue to monitor certain concerns closely. In particular, if their adoption were to become widespread, significant risks could emerge in areas such as credit provision, monetary policy transmission or financial integrity that could affect financial stability. Possible events that could trigger bouts of instability include mass sell-offs, contagion to the asset markets in which the reserves are invested and difficulties in applying standard anti-money laundering and combating the financing of terrorism (AML/CFT) controls in permissionless, public infrastructure-based environments lacking intermediaries (Hernández de Cos, 2026).

Furthermore, although stablecoins pegged to fiat currencies could operate as quasi-monetary assets quickly converted on demand and at minimal loss of value (i.e. high liquidity and low risk), they ultimately lack the mechanisms of fiat money (Anadu, McCabe, Pérez-Sangimino and Swem, 2026) and exhibit certain structural weaknesses that limit their ability to function as money on a grand scale (Hernández de Cos, 2026). In this regard, Chart 1.a shows several episodes of value deviation in the two main global stablecoins, including episodes associated with panic dynamics (Aldasoro, Mehrling and Neilson, 2023).

This chapter analyses the risk of interference in monetary policy transmission and foreign exchange and capital markets, as well as the risks associated with multi-jurisdiction issuance schemes. Other risks, such as interconnections with bank deposits and sovereign debt markets, as well as the main risk transmission channels likely to affect financial stability in scenarios in which stablecoin use consolidates and expands, are examined throughout the article alongside the regulations designed to address them.

2.1 Impact on monetary policy and capital and foreign exchange markets

Among the risks associated with stablecoins is the potential for local currency substitution² and the resulting increase in capital flow volatility, which could undermine monetary policy transmission effectiveness (International Monetary Fund, 2020). These risks tend to intensify in economies where inflation is high and institutions are weak or the national monetary framework has little credibility (Reuter, Agur, Copestake, Martínez Peria and Teoh, 2025). Inefficiencies in payment systems and limited access to financial services in the local currency may further reinforce these incentives. Price stability is a precondition for financial stability (European Central Bank, 2025), so reduced monetary policy effectiveness also implies a higher level of systemic risk in a more uncertain macroeconomic environment.

As already noted, the main stablecoins are denominated in US dollars. The technology-enabled functionalities that differentiate stablecoins from traditional foreign currency holdings – global transferability, continuous operability, cost reduction potential and near-instantaneous intermediation and settlement – could fuel their expansion (Hernández de Cos, 2026). If such

² Currency substitution generally refers to the use of a foreign currency instead of, or alongside, the local currency.

instruments were to be widely used in domestic or cross-border payments, network effects could accelerate substitution of local currencies. Moreover, broad adoption could hinder the development of national alternatives, such as central bank digital currencies (CBDCs)³ or stablecoins backed by local currency.

By reducing friction in cross-border payments, stablecoins may also transform capital flow and exchange rate dynamics. Reuter, Agur, Copestake, Martínez Peria and Teoh (2025) suggest that reduced friction in cross-border flows due to lower costs or shorter transfer times diminishes deviations from uncovered interest rate parity⁴ and increases capital flows. Furthermore, during real shocks,⁵ reduced friction in cross-border capital movements may make them more volatile, thereby mitigating the impact on exchange rate fluctuations. Conversely, during local financial shocks, rapid adjustments in demand for safe assets (or those backed by them, such as stablecoins) could amplify exchange rate volatility.

Stablecoins also have the potential to affect the monetary policy of the country in whose currency they are denominated. Minesso and Siena (2026) show that USD-denominated stablecoins intensify the transmission of US monetary policy to sovereign debt yields, as changes in interest rates prompt stablecoin issuers to rebalance their collateral portfolios. At the same time, the real effects of monetary policy could be dampened, for instance, by weaker exchange rate channel influence. This in turn might require the Federal Reserve to respond more forcefully to inflation to achieve predetermined levels of macroeconomic stability.

The international impact of US monetary policy would also be amplified. Shocks in the US would be transmitted more strongly abroad, as stablecoin issuances and redemptions would trigger capital flows into or out of US assets. Alternatively, external shocks, such as changes in payment needs or risk appetite, would be transmitted more directly to US sovereign debt yields than in a scenario without stablecoins. This amplification stems from the fact that, through their reserve of assets, stablecoins link global liquidity demand to the US government bond market in real time.

Finally, in a scenario of high adoption, USD-denominated stablecoins could reinforce the dollar's global dominance. Reduced frictions in cross-border payments would shorten settlement times and lower their costs while decreasing dependence on correspondent banking⁶ networks. All of this would also affect the scope for national monetary policy action.

2.2 Multi-jurisdiction issuances

The potential reach and use of a global stablecoin across multiple jurisdictions may make it systemically important in several of them. Moreover, the regulatory differences examined (see

3 A central bank digital currency (CBDC) is a form of money issued electronically by a central bank.

4 Uncovered interest rate parity is the condition whereby the interest rate spread between two economies should be offset by the expected change in the exchange rate; cross-border frictions can cause deviations from this condition, which diminish when such costs or transfer times are reduced.

5 Shocks originating in the real economy: terms of trade, productivity, external demand or commodity prices, among others.

6 Correspondent banking is a system of agreements between banks whereby they provide services to one another to execute payments and other cross-border transactions.

Sections 3 and 4) could incentivise exploitation of regulatory gaps, such as setting up multi-issuer schemes for the same stablecoin, all located in different jurisdictions, which could initially undermine the regulator's objectives and ultimately create loopholes beyond its control, increasing the risks to financial stability.

Multi-jurisdiction issuance schemes are those in which the same stablecoin is issued by the same entity or affiliated entities (i.e. co-issuers) operating in different jurisdictions (FSB, 2025). These issuances typically share the same sales and technology channels. For these schemes to operate effectively, each token must be fungible with the others within the scheme, so that, in principle, it is impossible to tell which issuer or under which jurisdiction a specific token was issued. This token fungibility across jurisdictions introduces operational, legal and risk management complexity, as well as a regulatory challenge for the jurisdictions involved.

In particular, as the issuers come from different jurisdictions, they may be subject to different prudential and operational requirements (e.g. capital and liquidity, reserve asset conditions, governance, risk management), and regulatory frameworks may impose different conditions on stablecoin redemptions (e.g. restrictions on redemption volumes or on charging fees). All this could encourage holders to actively seek the jurisdiction where redemption is most advantageous, increasing the liquidity risk for issuers in those jurisdictions, particularly in stress scenarios. Ultimately, as solvency and liquidity requirements are set on the basis of the tokens issued in a jurisdiction and not on the stablecoin's global circulation volume, it could lead to a situation where, despite compliance with national conditions, a mass sell-off by holders who have acquired tokens issued by another co-issuer causes a shortfall in the reserve of assets.

This imbalance is exacerbated when co-issuers differ significantly in size. Such is the case with Circle, authorised in France as an electronic money institution (EMI)⁷ licensed to issue USDC, where the disparity between the parent company – which has \$80 billion in circulation – and its European subsidiary – for which no current data on the volume of USDC it has issued are available⁸ – signals potential risks that warrant close attention. While Circle's European subsidiary may meet the requirements to honour redemptions of the tokens it issues, it would be unable to redeem even a fraction of the volume issued by the parent company, which is the entity that holds the reserves. The fact that certain redemption conditions are more favourable in Europe, notably the prohibition on charging redemption fees, further compounds this imbalance (European Systemic Risk Board [ESRB], 2025a).

The ESRB has stated its opposition to permitting such multi-jurisdiction issuance schemes if regulatory measures capable of preventing the potential adverse effects identified are lacking. In this regard, in September 2025 it published a Recommendation to prohibit these schemes in Europe and, should they be permitted, to implement appropriate safeguards (ESRB, 2025b).

7 According to the information publicly available, authorisation in France is subject to clarification regarding the European Commission's interpretation of the regulation. See Circle's [press release](#).

8 Circle does not provide official figures for the volume of USDC issued by its European subsidiary. Some sources estimate it at approximately \$100 million. Circle also has a euro-denominated stablecoin in circulation (EURC), with a current capitalisation of around \$430 million. Data obtained from [coinmarketcap.com](#).

To address these risks, such schemes would require effective measures to rebalance reserves between co-issuers to ensure that reserves are always distributed appropriately according to the volume of stablecoins potentially redeemable in each jurisdiction. These measures should mandate the rapid mobilisation of assets across jurisdictions to meet redemption requests, including in stress scenarios when restrictions on their transfer are more likely to be implemented (ESRB, 2025b). Significantly, current regulatory frameworks do not yet contemplate such measures.

Potential mitigation measures include the introduction of specific requirements when honouring redemption requests, such as proof of permanent residence in a given jurisdiction or a bank account opened in the issuer's jurisdiction, or the imposition of additional capital or liquidity requirements to address the possibility of redemption requests exceeding the reserves held at any given time.

From a regulatory and supervisory perspective, however, the only effective way to reduce arbitrage incentives – for both issuers and stablecoin holders – in these situations is to establish consistent regulatory frameworks across jurisdictions, as envisaged by the United States' Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS) and, to some extent, the UK's proposal. This would entail agreement between supervisory bodies or mutual recognition measures (equivalence and reciprocity) to ensure harmonised co-issuer recognition and treatment.

3 Regulatory response

Between 2020 and 2023, in line with the G20 mandate, the FSB developed a global regulatory framework for crypto-asset activities, which included a set of high-level recommendations (FSB, 2023) for the regulation and supervision of global stablecoins.⁹ Meanwhile, the BCBS established the prudential framework applicable to banks' exposures to crypto-assets, including stablecoins (BCBS, 2024). This framework defines various categories based on the associated risks and incorporates specific requirements and conditions that determine their classification and corresponding prudential treatment.

Once the FSB's recommendations were published, the various jurisdictions began developing their own regulatory frameworks. Progress with this task to date, however, has been uneven in both pace and scope, as highlighted by the FSB in its thematic review on the implementation of its recommendations (FSB, 2025).

The review concludes that stablecoin regulation remains highly fragmented across jurisdictions and that implementation of the international recommendations is both slow and heterogeneous. Significant shortcomings persist in areas such as risk management, capital buffers and

⁹ The first version of the FSB's high-level recommendations was published on 13 October 2020. They were updated in 2022 and the current version was published in 2023.

recovery and resolution frameworks – including insolvency regimes – while divergences between countries’ redemption rules, custody requirements, disclosure standards and reserve collateralisation frameworks create additional complexities for global stablecoin initiatives.

In May 2023, the European Commission published the Markets in Crypto-Assets Regulation (MiCAR), which entered into force for stablecoins in June 2024. The MiCAR creates a unified regulatory framework within the EU for those crypto-assets not previously covered by financial regulation with the aim of ensuring legal certainty and protecting consumers, preserving financial stability and fostering innovation under technology-neutral precepts. It sets out clear transparency and conduct rules, as well as certain prudential requirements – on capital, liquidity, risk management and governance – and supervisory standards for stablecoin issuers and CASPs.

The MiCAR is the first comprehensive crypto-asset regulation issued by a major jurisdiction. It is a broad, stringent framework that requires significant effort in terms of adaptation and learning from both public and private operators. At the same time, it has served as a benchmark for other jurisdictions and has positioned the EU as a regulatory leader, as it strengthens consumer protection and provides the most comprehensive framework currently available with which to address the risks associated with stablecoins. However, this pioneering approach carries with it the risk that market developments or regulation in other jurisdictions may render some of the MiCAR’s provisions obsolete or place entities subject to it at a competitive disadvantage.

Meanwhile, in the US, the change of administration accelerated a legislative process that culminated in July 2025 with the signing into law of the GENIUS Act.¹⁰ This marked the first time a comprehensive federal framework for stablecoins was established, applicable across all US states. The GENIUS Act, through explicit collateral, disclosure and supervisory requirements, aims to provide regulatory clarity and bolster the use of stablecoins as payment instruments.¹¹ This focus on their role as a means of payment constitutes a different approach to the MiCAR and aligns with a US monetary sovereignty strategy that encourages the proliferation of global stablecoins denominated in US dollars (Federal Register, 2025).

Stablecoins’ potential role as a means of payment must be assessed in light of the benefits they can offer – global reach, security, automation, cost reduction and speed (Adrian et al., 2025) – while considering existing alternatives. In addition to traditional payment systems, the instant payment systems currently being rolled out in Europe already provide similar solutions. Likewise, the development of CBDCs also aims to improve payment operations, whether for general or exclusively wholesale use (Ayuso and Conesa, 2020; Committee on Payments and Market Infrastructures and Bank for International Settlements, 2018).

In this regard, while the US is clearly betting on the use of stablecoins as a means of payment,¹² in the EU instant payment systems have already increased the speed of retail payments and the

10 The full text of the Act can be consulted on the [US Congress website](#).

11 Indeed, the GENIUS Act refers to "payment stablecoins".

12 The US Congress has even put forward a legislative proposal that would prohibit the Federal Reserve from issuing a digital currency to implement monetary policy or offer products and services directly to the public ([Anti-CBDC Surveillance State Act, 2025–2026](#)).

focus has been on developing the digital euro and DLT-based settlement systems (Pontes¹³ and Appia).¹⁴

Recently, US agencies have begun to implement the mandates set out in the GENIUS Act within their respective areas of competence. Of particular note is the regulatory proposal published by the Office of the Comptroller of the Currency (OCC),¹⁵ which sets out several of the key aspects applicable to stablecoin issuers under its supervision (OCC, 2026).

The Digital Asset Market Clarity Act (CLARITY),¹⁶ still under debate, seeks to establish a general framework for digital products and markets. It would regulate crypto-assets other than stablecoins and set out criteria for classifying them as financial instruments or commodities, as well as govern the provision of crypto-asset services, including those related to stablecoins. Unlike the case in the EU, the US regulatory framework for stablecoins is therefore not yet fully defined across all areas and interconnections.

Finally, since 2023 the UK authorities – the Financial Conduct Authority (FCA) and the Bank of England (BoE) – have been developing a phased framework through which to incorporate crypto-assets, including stablecoins, into the UK financial system in a way that is safe, transparent and resilient and does not stifle payment systems innovation. This objective is being pursued through successive public consultations by both the FCA (FCA, 2025a; FCA, 2025b) and the BoE (BoE, 2025). The process is expected to conclude at the end of 2026 with the approval of the final regulatory texts by the competent authorities. The UK regulatory framework finally adopted may therefore differ from the one described here.

While the stated objectives are similar, the approaches and tools used by each jurisdiction differ. The EU has prioritised holder protection, seeking to ensure issuer solvency and confidence in redemption mechanisms. The US approach, by contrast, has established rules that provide legal certainty but whose primary aim is to promote the use of USD-denominated stablecoins as a means of payment. The UK's objective, meanwhile, is more focused on addressing the systemic risk posed by certain stablecoins and their links to the banking system, establishing differentiated requirements for systemic and non-systemic stablecoins.

The three regulatory frameworks share similarities but also exhibit notable differences, reflecting distinct regulatory policy choices. All three, however, share common objectives and can be considered aligned with the overarching international framework prescribed by the FSB.

13 The Pontes project, launched by the European Central Bank, aims to enable settlement of wholesale euro-denominated financial transactions using DLT, with settlement in central bank money. Further information [here](#).

14 Apia is an initiative launched by the European Central Bank in 2025 with the long-term objective of building an integrated financial ecosystem based on tokenisation technology and DLT. Further information [here](#).

15 The US Department of the Treasury has published two regulatory proposals: the first on [state regulatory regimes for stablecoins](#), and the second on [anti-money laundering measures](#). Meanwhile, the FDIC has published its [regulatory proposal](#) for banks under its supervision seeking to issue stablecoins through subsidiaries.

16 Although launched almost simultaneously with the GENIUS Act, this initiative remains pending approval in the US Senate. According to information published in various media outlets, the main point of contention appears to be the possibility of remunerating stablecoin holdings.

3.1 Scope of application

The MiCAR defines and regulates two types of stablecoin: e-money tokens (EMTs), defined as tokens that reference “the value of one official currency” (Article 3(1)(7) MiCAR), and asset-referenced tokens (ARTs), which are tokens referenced “to another value or right or a combination thereof, including one or more official currencies” (Article 3(1)(6) MiCAR).¹⁷ EMTs are considered electronic money (Article 48(2) MiCAR) and, consequently, qualify as funds under payment services legislation and may be used to execute payment transactions.¹⁸

The GENIUS Act only regulates payment stablecoins, defined as digital assets that “are used or designed to be used as a means of payment or settlement” and whose issuer “is obligated to convert, redeem, or repurchase for a fixed amount of monetary value [...]”; and represents that such issuer will maintain, or create the reasonable expectation that it will maintain, a stable value relative to the value of a fixed amount of monetary value” (Section 2(22) GENIUS). The UK’s legislative proposal, meanwhile, focuses on what it terms qualifying stablecoins, which are pegged to a single currency, leaving the regulation of other types for subsequent regulatory phases.

Given this scope, this article confines its analysis to those requirements in the US and UK regulations that can be equated to those applicable to EMTs under the MiCAR. Specifically, it examines those applicable to stablecoins whose value is pegged to an official currency and that are primarily designed to be used as a means of payment or settlement. ARTs are therefore excluded from this analysis, as no comparable category currently exists in other jurisdictions.¹⁹ For the purposes of this paper, the term stablecoin refers, in each case, to the EMTs covered by the MiCAR, the payment stablecoins envisaged in the GENIUS Act or the qualifying stablecoins referred to in the UK’s regulatory proposal.

3.2 Entry into force

The MiCAR has applied directly to EMTs since June 2024. The GENIUS Act, by contrast, still requires further implementing measures and is not expected to enter into force until 2027. It also provides a three-year transitional period for stablecoins already in circulation at the time of its enactment in July 2025, allowing them to remain in circulation until they are either prohibited or the issuer is granted authorisation. Lastly, the UK regulatory framework is expected to be approved by the end of 2026 and application is anticipated to begin in 2027.

17 This wording should not be interpreted to mean that ARTs may be tokens referenced exclusively to a single official currency, which would make them an EMT. Therefore, when referring to “official currencies”, the MiCAR should be interpreted as pointing to a combination of several, or of one official currency and another type of asset.

18 Article 2(2) of Directive 2009/110/EC of 16 September 2009 on the taking up, pursuit and prudential supervision of the business of electronic money institutions (E-Money Directive, or EMD) defines electronic money as “monetary value [...] which is issued on receipt of funds for the purpose of making payment transactions”.

19 According to the European Securities and Markets Authority (ESMA) register (as at 16 April 2026), no ART issuances have yet been authorised in the EU. There are, however, 38 EMT issuances on record, of which 2 have been issued by credit institutions and the remainder by EMIs.

These differing timelines for the regulations' entry into force shape market participants' behaviour. While entities that fail to comply with the MiCAR have had to cease operations in the EU,²⁰ in the US entities may continue operating until 2028 even if they clearly do not meet the requirements set out in the GENIUS Act. This mismatch allows stablecoins deemed non-compliant or prohibited in some jurisdictions to circulate and operate freely in others, creating regulatory arbitrage opportunities that are amplified by these assets' digital and global nature.

4 Comparative analysis of regulatory policy choices across jurisdictions

4.1 General provisions

4.1.1 Authorisation and supervision regime

The three regulatory frameworks share a common starting point: establishing an authorisation and operability regime that defines the types of entities eligible to act as issuers and the requirements for obtaining such authorisation. Under the MiCAR,²¹ issuers must generally be legal entities established in the EU and the issuance of EMTs is restricted to credit institutions and EMIs. The latter must obtain the relevant authorisation to operate with stablecoins and are subject to prudential supervision. Supervision is carried out by national authorities (the Banco de España in Spain's case) or, for significant stablecoins (those meeting defined criteria²² relating to issuance volume, number of users or transaction volume, among others), jointly with the European Banking Authority (EBA).

In the US, all crypto-asset issuers will require a federal licence (granted by the OCC), although they may operate under a state licence until they reach the materiality threshold of \$10 billion. Supervision is generally the responsibility of the OCC, although for certain authorised issuers the GENIUS Act assigns regulatory and supervisory powers to other federal agencies (the Federal Deposit Insurance Corporation [FDIC], the National Credit Union Administration [NCUA] and the Board of Governors of the Federal Reserve System).

Additionally, the GENIUS Act includes a specific restriction for listed companies that do not predominantly engage in one or more financial activities, prohibiting such companies or their subsidiaries from issuing stablecoins unless they obtain unanimous approval from all members of the Stablecoin Certification Review Committee.²³ This additional filter appears designed

20 The prime example is the stablecoin Tether (USDT), for which no issuer has been authorised in Europe, meaning it cannot be offered to the public within the EU.

21 Except for issuances subject to any of the exemptions under Article 9(2) of Directive 2009/110, in accordance with Article 48(4) of the MiCAR.

22 Article 43 of the MiCAR sets out the criteria and thresholds for determining stablecoin materiality, in line with the FSB's high-level recommendations.

23 The Stablecoin Certification Review Committee is a high-level body established under the GENIUS Act. It comprises the chairs of the principal federal financial agencies and is chaired by the Treasury Secretary. It coordinates certification of issuers and comparable regulatory regimes and is tasked with preserving prudential consistency within the federal stablecoin framework and preventing regulatory arbitrage.

with big tech firms in mind and would prevent them from directly obtaining OCC authorisation as non-bank issuers.

In the UK, the framework grants the FCA regulatory and supervisory authority over stablecoins. However, systemic stablecoins, once designated as such by the UK Treasury, would also fall under the regulatory and supervisory remit of the BoE. These systemic stablecoins are those pegged to sterling and widely used in retail or wholesale payments within a Treasury-recognised payment system. They also have to meet certain quantitative and qualitative criteria²⁴ defined by the Treasury on a case-by-case basis.

As regards the eligibility of banks to act as issuers, the regulatory frameworks take different approaches. The MiCAR is accommodating, not only permitting banks to issue stablecoins but also exempting them from the requirement to maintain a segregated reserve (a requirement imposed on EMIs). Instead, the backing provided by the bank's own balance sheet is deemed sufficient. The GENIUS Act, by contrast, requires issuance to be conducted through a subsidiary, keeping the business and associated risk outside the banking perimeter. The UK's regulatory proposal similarly does not explicitly prohibit banks from issuing stablecoins²⁵ but sets the expectation that issuance be conducted through separate entities. This ensures that issuer insolvency does not in any way affect the bank's solvency. Moreover, the UK framework always requires a specific segregated reserve of assets held under statutory trust.

4.1.2 Cross-border activity

The MiCAR prohibits entities not domiciled in the EU from offering stablecoins to the general public and requires EMT issuers to obtain authorisation in a Member State as either a credit institution or an EMI. Once authorised, however, they may offer stablecoins to the public throughout the EU. There is no system of international equivalence: the presence in the EU of an entity authorised under the MiCAR is required to issue and offer stablecoins to consumers in EU Member States.

The GENIUS Act, by contrast, does allow stablecoins from foreign issuers to circulate in the US if they comply with its regulatory framework. Such stablecoins must: (i) be subject to equivalent supervision and regulation, as endorsed by US authorities; (ii) be registered with the OCC; (iii) maintain sufficient reserves in US banks to cover redemption requests from users in the US; and (iv) not originate from states subject to economic sanctions by US authorities. Foreign issuers also face additional restrictions: the stablecoins they issue cannot be considered cash (or equivalent), nor can they be eligible as collateral or accepted as a settlement and clearing asset in wholesale payments or payment infrastructures.

24 The criteria laid down in the Financial Services and Markets Act (FSMA) to identify systemic payment systems include system structure, the number and value of transactions processed, the nature of the transactions (retail or wholesale), the currency in which the reserves are denominated and issuer governance.

25 The Prudential Regulation Authority's (PRA) position, as set out in its November 2023 letter to credit institution CEOs (PRA, 2023) on its supervisory expectations regarding innovation and digital finance activities, should be taken into account.

For systemic stablecoins, the UK's regulatory proposal requires issuers to establish a local entity and maintain reserves in the country, held in sovereign debt instruments or deposits with the BoE earmarked for this type of stablecoin. Foreign issuers of non-systemic stablecoins are permitted to operate, provided they comply with local regulations. No automatic equivalence with other regimes is provided for, although international cooperation in this area is anticipated.

The approaches thus differ. While the MiCAR seeks to ensure supervision and oversight of a single market for stablecoin issuances by requiring issuers to maintain a permanent presence in the EU, the GENIUS Act aims to align foreign regulation with US standards. This grants US supervisors access to European entities, whereas in Europe entities are required to operate through an internal subsidiary, limiting oversight of the parent company. The UK's approach, meanwhile, permits some cross-border activity but imposes localisation and supervisory requirements that restrict access for foreign systemic stablecoin issuers.

4.1.3 Capital requirements

In general, capital requirements for stablecoin issuers are less stringent and detailed than those imposed on banks and other financial institutions. Nevertheless, the three regulatory frameworks under review set out a range of requirements that differ in each case as regards both the areas covered and the specific rules established.

As noted earlier, the MiCAR permits only two types of regulated and supervised entities to issue EMTs: credit institutions and EMIs. For the former, the requirements are those set by their own prudential regulation and the MiCAR does not specify any further provisions. For non-bank issuers (EMIs), while the MiCAR generally defers to the prudential requirements laid down in the E-Money Directive (EMD),²⁶ it also introduces a number of specific provisions, particularly for significant issuers.

Non-bank EMT issuers²⁷ must therefore maintain a minimum capital of €350,000 and, at all times, own funds equivalent to 2% (or 3% for significant issuers)²⁸ of the average volume of stablecoins in circulation wherever this figure exceeds the minimum capital requirement. For non-significant issuers, authorities may also require own funds equivalent to 3% of the average volume in circulation.²⁹ In addition, supervisors may increase the baseline requirement by a further 20% after assessing issuer risk.

26 Directive 2009/110/EC of 16 September 2009 on the taking up, pursuit and prudential supervision of the business of electronic money institutions.

27 See Articles 4, 5(1) and 5(3) of the EMD.

28 See Article 58(1)(b) MiCAR, which, among other obligations, subjects significant EMT issuers to the provisions of Article 45(5) MiCAR.

29 Under Article 58(2) MiCAR, supervisors may require non-significant issuers to comply with all or some of the obligations laid down in Article 58(1) for significant issuers where necessary to address liquidity risks, operational risks or risks arising from non-compliance with asset reserve management requirements. These obligations include those relating to the establishment, composition, management, custody and investment of the reserve of assets, remuneration policies, reserve liquidity, stress testing and own funds requirements, among others.

Additionally, significant issuers are required to conduct quarterly solvency stress tests (six-monthly for non-significant issuers, if the supervisor so decides). These tests must cover severe but plausible stress scenarios, both financial, such as interest rate shocks, and non-financial, including operational risks. Depending on the results, supervisors of non-bank EMT issuers may increase the baseline own funds requirement by between 20% and 40%.

The GENIUS Act does not set minimum capital requirements, deferring for their specification to the implementing legislation. The OCC likewise provides no further detail under its framework, merely requiring that stablecoin issuers under its supervision hold “capital commensurate with the nature and extent of risks” and an additional capital buffer to cover at least 12 months’ operating expenses. For new issuers, however, it does establish an initial minimum capital requirement of \$5 million,³⁰ regardless of size, and this capital must be maintained for at least 36 months. After this initial phase, the amount of capital held can be adjusted according to risk exposure and performance.

Similarly to the MiCAR, in the UK non-systemic stablecoin issuers must at all times maintain own funds equal to at least the highest of: (i) permanent minimum capital of £350,000; (ii) capital equivalent to 25% of the previous reporting period’s relevant fixed expenses; or (iii) capital equivalent to 2% of the average volume issued. The BoE’s proposal for systemic issuers includes a general business risk capital requirement, covered by high-quality capital (CET1 instruments) equal to the higher of: (i) the recovery cost of the largest plausible loss event; or (ii) six months’ operating expenses. Furthermore, it requires issuers to hold segregated reserves in high-quality liquid assets, in addition to the reserve of assets, to cover (a) the financial risk³¹ associated with the reserve assets, and (b) insolvency costs.

Neither the GENIUS Act nor the UK proposal includes a mandatory requirement to conduct capital stress testing, although supervisors may impose ad hoc adjustments based on ongoing monitoring (see Box 1).

4.1.4 Other requirements

The frameworks under review also set out conditions for stablecoin issuers in the areas of governance and risk management. Broadly speaking, all three frameworks emphasise the importance of transparent governance and sound risk management and require issuers to implement and publish relevant policies. However, none of the three frameworks establishes specific, comparable requirements.

The UK’s public consultation document imposes limits on corporate and individual holdings of systemic stablecoins – £10 million per stablecoin for firms and £20,000 per stablecoin for individuals – a measure that has not been adopted in either the EU or the US.

30 In the case of stablecoins with a federal or state licence, if a higher amount is specified as part of the licensing process, that amount shall apply.

31 It must cover the market risk of holding short-term sovereign debt instruments (calculated using the simplified standardised approach [SSA], including the interest rate position risk multiplier) and the liquidity risk associated with the need to rapidly monetise assets under stress scenarios to meet redemption requests.

BANKING INVESTMENTS: THE NEW FOCUS OF PRUDENTIAL REGULATION

Prudential regulation has turned its attention to banks' investments in, and holding of, crypto-assets, including stablecoins, as reflected in the international standard on the prudential treatment of banks' exposures to crypto-assets (BCBS, 2024). This standard was due to be implemented in January 2026 through the various national frameworks, but is not yet being adopted across the board.¹

The standard sets out prudential treatments based on compliance with a series of classification conditions, which divide crypto-assets into two broad groups and determine the prudential treatment to be applied. Different treatments will apply to each group for the calculation of their risk weights, together with certain additional conditions – including the use of models, exposure limits, hedging recognition or additional add-ons – with a view to mitigating the risks for banks as investors in crypto-assets.

Crypto-assets that meet the four conditions would be classified in Group 1 (crypto-assets with lower risk and subject to more favourable prudential treatment). Crypto-assets that fail to meet them would be classified in Group 2 (crypto-assets with higher risk and subject to highly conservative treatment). These conditions are not intended to target specific products, but seek to identify the specific risk associated with each initiative. However, unbacked crypto-assets that are not digital representations of a traditional asset should always be classified in Group 2. Stablecoins could be classified in Group 1 as they meet all the classification conditions (Anguren, García Alcorta, García Calvo, Hernández García and Valdeolivas, 2023).

In the case of stablecoins, **classification condition 1 is particularly relevant**, as it requires the crypto-asset to have the same level of credit and market risk as its

traditional form, or to have a stabilisation mechanism that is effective at all times in maintaining its value relative to the reference asset or assets. For this purpose, requirements are established regarding the composition, valuation and management of the reserve assets backing the stablecoin, and regarding the issuer's status as a supervised and regulated entity subject to prudential capital and liquidity requirements.

To assess the effectiveness of the stabilisation mechanism, a "redemption risk test" must be passed,² with the objective of ensuring that the reserve assets are sufficient to enable the stablecoin to be redeemable at the peg value at all times, including during periods of extreme stress.

The three regulatory frameworks satisfy the various requirements set out in classification condition 1, albeit with varying levels of detail and using different approaches.

- They contain provisions aligned with the **redemption conditions** required in the standard (for example, clarity, short time limits, redemption at par).
- Sufficient safeguards are in place with regard to the **requirements concerning the reserve assets** (composition, valuation, liquidity, sound risk management), even where the instruments chosen differ substantially in some cases.
- All three frameworks **protect the reserve assets** from the insolvency of the issuer, so that the holders' right of redemption and access to the reserve are not impaired.

Neither the Basel Framework nor any of the other three requires that the **reserve assets exceed the aggregate peg value of all outstanding crypto-assets**, although all of them require the value of the reserve assets to be at least

1 At the time of drafting this article, neither the United States nor the United Kingdom had yet published a framework for implementing the BCBS standard on crypto-assets. As regards the EU, in June 2024 the Capital Requirements Regulation (CRR) was amended to introduce transitional provisions on the prudential treatment of crypto-assets (Article 501d). The full framework should have been presented in June 2025. However, to date, the European Commission has not initiated the relevant procedures.

Accordingly, these provisions currently constitute the applicable framework. They reflect, in simplified form, the treatment under the Basel framework, but do not refer to the classification conditions or to the calculation of exposures (net and gross positions and treatment of derivatives). In general terms: (i) exposures to crypto-assets linked to tokenised traditional assets – including e-money tokens (EMTs), pursuant to Article 5a(5) of the CRR – will be treated as exposures to the underlying traditional assets; (ii) exposures to asset-referenced tokens (ARTs) will be assigned a risk weight of 250%; and (iii) all other crypto-assets will be subject to a risk weight of 1250%, with an exposure limit of 1% of Tier 1 capital.

2 The redemption risk test establishes (i) conditions relating to the value and composition of the reserve of assets; (ii) asset quality criteria for the reserve assets, which should be liquid, low-risk and segregated from the assets of the issuer and of the custodian; and (iii) governance criteria for the management of the reserve, including the regular disclosure of its composition and value.

equal to that of the outstanding crypto-assets at all times. In practice, this means the issuer maintains reserve assets the value of which exceeds that of the outstanding crypto-assets, given the liquidity requirements for the assets making up the reserve and the obligation to maintain the reserve's value even under stress scenarios, which satisfies the redemption risk test established by the Basel standard.

Classification condition 2, which requires that all obligations and interests arising from the crypto-asset arrangement be clearly defined and legally enforceable in all the jurisdictions where the asset is issued and redeemed, ensuring at all times full transferability and settlement finality, is fully aligned with the three regulatory frameworks analysed in this box.

Classification condition 3 addresses the functions of the network on which the crypto-asset operates. All the transactions and participants must be traceable and the key functions (issuance, validation, redemption and transfer) must not pose any material risks that could impair the transferability, settlement finality or redeemability of

the crypto-assets. In general, the three frameworks are neutral vis-à-vis the traceability of transactions – they refer to the specific regulation for AML/CFT matters. Therefore, the application of this classification condition does not conflict with the national regulatory frameworks, although it establishes further requirements.

Lastly, **classification condition 4** requires that entities that execute redemptions, transfers, storage or settlement of the crypto-asset, or manage reserve assets, be regulated and supervised, or subject to appropriate risk management standards, and have in place and disclose a comprehensive governance framework.³ Although it does not explicitly say so, this condition means that the Basel standard de facto considers crypto-assets – including stablecoins – traded on permissionless networks to be Group 2 crypto-assets. As with classification condition 3, the application of this condition does not conflict with the national regulatory frameworks, which are technology-neutral with respect to the type of DLT used, but introduces an additional requirement specific to the categorisation of banking exposures.

³ In particular, to meet this condition node validators must also be regulated and supervised or, alternatively, be subject to appropriate risk management standards.

4.2 The stabilisation mechanism: the reserve of assets

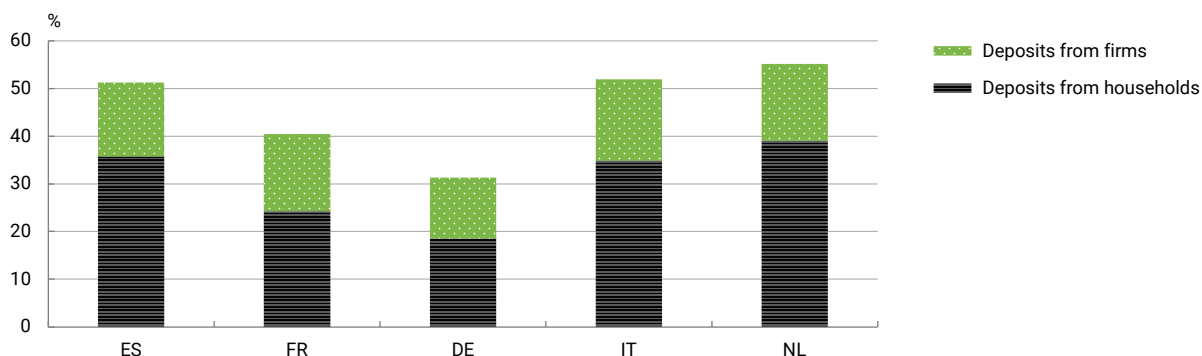
The reserve of assets is the primary guarantee underpinning a stablecoin's stable value. The stability of the reserve's composition and valuation is key to maintaining holders' confidence that the issuer will be able to meet redemption requests.

All three frameworks require that the reserve of assets maintain a value at least equal to the total volume of stablecoins in circulation at all times, including in stress scenarios. They also all require that reserve assets be liquid and carry low credit and market risk. In addition, all three frameworks establish strict measures to segregate the reserve of assets from the issuer's other assets and to ensure that it is held in custody by independent, supervised entities. This prevents the issuer from making free use of these assets and provides holders with greater protection in the event of issuer insolvency.

4.2.1 Bank deposits

Despite these shared elements, regulation nevertheless faces a dilemma: whether to prioritise the inclusion of safe liquid assets in the reserve – particularly bank deposits and sovereign

Chart 2

Deposits from firms and households as a share of total assets (a)

SOURCE: EBA Dashboard. September 2025.

a The data relate to the main institutions in each country.

debt instruments – thereby increasing interconnectedness with the banking system and reference markets, or to allow other types of instruments, thus relinquishing some control over the value of the pool required to guarantee eventual redemption.

Solutions to this trade-off must be based on a clear understanding of the links between stablecoins and the banking system and the resulting risks to financial stability. First, deposits included in the reserve could be concentrated in a limited number of custodian banks, which would increase risk in the event of a run on the stablecoin. Furthermore, the use of bank deposits as reserve assets could alter the structure of bank liabilities, encouraging the substitution of stable retail deposits with more volatile and stress-sensitive institutional deposits. Beyond the implications for financial stability, this process could intensify monetary policy transmission through the deposit channel.³²

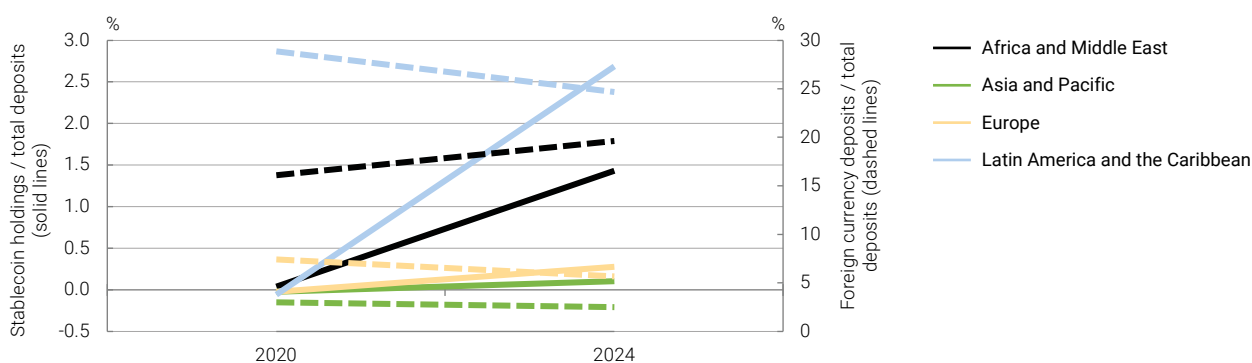
On the other hand, the expansion of stablecoins could reduce the banking sector's deposit base or alter its composition, particularly if stablecoins come to offer features perceived as substitutes for deposits, which continue to play a central role in European credit institutions' business model. As shown in Chart 2, among Europe's main banking groups the ratio of household and corporate deposits to total assets ranges between 31% and 55%, revealing a common pattern of high dependence on this retail funding source. In Spain, this ratio stands at 51%.

Chart 3 shows that while stablecoin holdings remain small compared with total deposits and foreign currency deposits, their volume has grown steadily since 2020. This increase is particularly significant in partially dollarised regions such as Africa and the Middle East, or

³² The potential reduction in institutions' deposit-taking market power, combined with lower inertia stemming from changes in depositor composition, could heighten the sensitivity of deposit flows and rates to monetary conditions (Drechsler, Savov and Schnabl, 2017).

Chart 3

Stablecoin holdings as a share of deposits (a)



SOURCE: IMF Understanding Stablecoins. 2025.

a Stablecoin holdings are calculated as the cumulative net flows of stablecoins.

Latin America and the Caribbean, where foreign currency deposits already account for a sizeable proportion of the total (around 20% in Africa and the Middle East, and 25% in Latin America and the Caribbean). This trend suggests that stablecoins could become a relevant fund reallocation channel within the financial system, reducing institutions' stable funding base and creating structural risks for the banking sector.

The MiCAR treats bank deposits as a core component of the reserve of assets, particularly for larger stablecoins. It therefore requires that at least 30% of the reserve be held in bank deposits (rising to 60% for significant EMTs)³³ denominated in the same currency as the stablecoin. Although it entails a risk of contagion to the banking system, this approach prioritises reserve asset liquidity and solvency and reflects the regulator's intention to exercise a high degree of control over the assets underpinning the crypto-asset ecosystem and prevent funds currently held in bank deposits from migrating to other products and eroding the deposit base.

The US approach establishes a far more limited link to bank deposits. The GENIUS Act allows reserve assets to include bank deposits but does not impose any requirements or restrictions. The OCC's subsequent regulatory proposal merely requires that issuers of the largest stablecoin issuances (those exceeding \$25 billion) hold bank deposits of at least 0.5% of the total reserve value, or up to \$500 million, in FDIC-insured institutions. This cap is seen as striking a balance between the need for directly redeemable and fully liquid instruments, such as bank deposits, and the need to reduce the risk of contagion to the FDIC-insured banking sector. Stablecoin issuances for volumes below \$25 billion do not have to meet any bank deposit requirements.

Finally, the UK's approach differs depending on whether the stablecoins are systemic or non-systemic. Only non-systemic stablecoins are permitted to hold reserves in bank deposits,³⁴

³³ See footnote 27.

³⁴ For non-systemic stablecoins, sight deposits and short-term government bonds (with maturities of up to one year) with immediate liquidity thresholds and no prescribed composition are permitted.

thus creating a firewall between systemic stablecoins and the banking system. For systemic stablecoins, at least 40% of the reserve must be held in non-interest-bearing deposits with the BoE.

4.2.2 Concentration limits

To mitigate potential contagion to the banking system, both the EU and US regulatory frameworks have set specific concentration limits. Under the EU's MiCAR, the value of reserves held with a single depository institution is capped at 25% for global systemically important institutions (G-SIIs) or other systemically important institutions (O-SIIs), at 15% for large institutions that are neither G-SIIs nor O-SIIs, and at 5% for all other institutions. Additionally, the amount deposited must not exceed 1.5% of the depository institution's total assets. Notably, the MiCAR does not permit issuers to hold their reserves of assets at national central banks or the European Central Bank.

The US proposal also sets thresholds for deposits held with FDIC-insured credit institutions. These are generally higher than those established under the MiCAR and do not differentiate by the size or systemic importance of the depository institution but rather, as a general rule, allow issuers to hold up to 40% of the total reserve volume with a single depository institution. Also, the US framework does permit issuers to hold reserves at any of the 12 Federal Reserve Banks.

4.2.3 Reserve asset liquidity

The EU has established additional requirements for the types and maturities of assets comprising the reserve, supplementing the MiCAR with implementing regulations³⁵ designed to ensure reserve liquidity based on the size, complexity and nature of the assets involved.³⁶ These requirements not only apply to significant stablecoins; they can also apply to non-significant ones if the supervisor considers it appropriate.

The GENIUS Act and its implementing rules, by contrast, display a clear preference for short-term US sovereign debt. While this approach reduces direct banking risk, it increases exposure to conditions in government bond markets. The FSB has identified this as a potentially systemic risk, as it could amplify stress in the event of a mass sell-off. To mitigate this, the framework provides for the use of very short-term instruments and highly compressed redemption periods (two days), thereby limiting the impact on reserve parity.

35 EBA/RTS/2024/10 to further specify the liquidity requirements of the reserve of assets under Article 36(4) of Regulation (EU) 2023/1114.

36 Among other requirements, at least 40% (20% for non-significant EMTs) of the total reserve value must consist of assets with daily maturities, including reverse repurchase agreements that can be unwound with one day's prior notice, and at least 60% (30% for non-significant EMTs) must consist of instruments with weekly maturities, including reverse repurchase agreements that can be unwound with five business days' prior notice.

The GENIUS Act imposes stricter limits than the EU regulation on the types of assets that can make up the reserve, stipulating liquid instruments with short-term maturities.³⁷ Additionally, the OCC's subsequent regulatory proposal includes maturity diversification rules and requires that the average maturity of all reserve assets not exceed 20 days.

The UK approach requires systemic stablecoin issuers to hold up to 60% of their reserve in short-term sovereign debt instruments (with maturities of less than one year). To mitigate potential adverse effects on reference markets, the framework itself provides for issuers to access central bank liquidity facilities backed by the reserves held, thereby avoiding mass redemptions and the resulting market impact.

For non-systemic stablecoins, the UK framework does not place any restrictions on the bank deposits and short-term sovereign debt instruments issuers can hold in the reserve. Since these issuers are non-systemic, the framework considers the interconnectedness with government bond markets through debt instruments, and with the banking system through deposits, to be non-material. The regulatory proposal also includes a transitional period for issuers of stablecoins designated as systemic to shift their reserve assets from bank deposits to non-interest-bearing deposits with the BoE.

Finally, the MiCAR's implementing regulations require issuers to conduct stress tests to assess the impact of adverse events on reserve liquidity.³⁸ These tests must be performed at least monthly and may result in more stringent reserve liquidity requirements. The aim is to ensure, as far as possible, reserve liquidity while preserving market integrity and depository institution liquidity.

Neither the GENIUS Act nor the UK proposal includes reserve liquidity stress testing. In the UK, however, issuers of non-systemic stablecoins are required to perform daily reconciliations of reserve asset value against the volume issued.

4.3 Redemption: going concern and recovery

4.3.1 General conditions and run risk

All three frameworks make redemption at par and on demand (i.e. at any time) mandatory. There are, however, notable differences in how redemption value is set, the time frames

37 Cash in USD; sight deposits at supervised banks; US sovereign debt instruments (T-bills) with maturities of less than 93 days; repos collateralised by debt instruments; and investments in money market funds (MMFs) that invest in T-bills and very short-term (intraday) government bond repos. In any event, the OCC may recognise other assets as eligible if, in its view, they share a similar risk profile.

38 Article 6(3) of Delegated Regulation (EU) 2025/415 of 13 December 2024 supplementing Regulation (EU) 2023/1114 of the European Parliament and of the Council with regard to regulatory technical standards specifying adjustment of own funds requirement and the minimum features of stress testing programmes of issuers of asset-referenced tokens or of e-money tokens.

involved, and how fees, interest and commissions are determined, as well as there being various operational restrictions.

The EU framework mandates redemption at par based on nominal value. Redemption must be executed as a payment in funds whenever requested by the token holder. The MiCAR does not set a predefined time frame for redemption. It also prohibits issuers from setting volume-based restrictions or charging redemption fees, except in the cases provided for in issuers' redemption and recovery plans implemented in stress scenarios.

The GENIUS Act, meanwhile, requires issuers to convert, redeem or repurchase stablecoins for a fixed monetary value expressed in fiat currency. The framework does not prohibit issuers from charging fees or imposing redemption limits for a given volume, but it does require them to implement and publish their redemption policy transparently and to include the channels and time frames as well as the fees and restrictions or minimum thresholds they impose on redemptions. The OCC's subsequent regulatory proposal sets a two-day deadline for issuers to deliver the equivalent value in fiat currency after receiving a holder's request.³⁹

In the UK, the legislative proposal requires redemption at par, regardless of the reserve's value. No minimum redemption amount may be set, and redemption must be completed no later than the next business day following the request. For systemic stablecoins, the deadline is shortened to the end of the business day on which the request is made. Fees may only be charged if they are proportionate to operational costs and may not exceed the amount redeemed. Likewise, issuers may not pass reserve asset sales losses on to the user.

Nevertheless, reserve requirements and redemption guarantees may still prove insufficient to uphold the promise of par conversion and meet all redemption requests if there is a run on the stablecoin. The second-round effects of stress on a stablecoin – whether due to a peg break or market panic – could also affect the banks holding its reserve assets and, more broadly, every intermediary with a common asset holding.

More specifically, stablecoin issuers facing redemption pressures may be forced to rapidly liquidate their reserve assets, propagating the resulting value declines to banks and other financial intermediaries that also invest in those assets, and which may in turn be compelled to accelerate their own sales. This would fuel further loss of confidence in the stablecoin, greater investor outflows and solvency and liquidity shortfalls across the system. Moreover, the effects of an investor run on a stablecoin can spread across borders.

4.3.2 Recovery and redemption plans

The insolvency regime that, in the event of bankruptcy, ultimately sets the terms of stablecoin holders' recovery of the reserve assets is one of the cornerstones of crypto-asset regulation.

³⁹ The OCC's proposal defines this as "timely redemption". This period may be extended to seven days in cases where requests within a 24-hour period exceed 10% of the total volume issued, subject to OCC verification and additional reporting requirements, among other conditions.

There are, however, differences between the regulatory approaches in the three jurisdictions under review.

The MiCAR requires stablecoin issuers to have specific recovery and redemption plans in place. The recovery plan must set out the measures the issuer has to take when a breach occurs to restore compliance with the obligations and requirements applicable to the reserve of assets. It must identify risks and define clear conditions and procedures for activating the plan before the situation undermines the issuer's redemption capacity. Among the measures the recovery plan may include are the imposition of redemption fees, the setting of quantitative limits or restrictions on daily redemptions, and even their temporary suspension.

The redemption plan must also ensure that, if the competent authority considers that the issuer may be unable to meet its obligations, or if it declares it insolvent or withdraws its authorisation, an orderly sale of the reserve assets can be executed to satisfy holders without causing undue harm or destabilising the markets in which the reserve assets are traded. The plan must include contractual arrangements, operational procedures, critical function continuity plans, equitable payment mechanisms and the possible appointment of a temporary administrator. The plan must also be submitted to the competent authority within six months of authorisation and regularly updated.

This framework ensures that preventive and corrective measures (recovery) are activated first and, should these fail, that the reserve assets are sold to safeguard holders' rights (redemption). While this approach imposes higher costs on issuers, it provides greater protection to holders while shielding reference markets from potential disruptions caused by fire sales of assets following issuer insolvency.

While the GENIUS Act does not make specific provision⁴⁰ for crisis management, the OCC's subsequent regulatory proposal does provide for certain measures if an issuer is observed to be consistently unable to maintain the value of its reserve of assets. It also establishes an automatic, tiered response mechanism for breaches of the minimum reserve asset requirement. Specifically, the issuer must immediately notify the OCC of any shortfall and is automatically prohibited from issuing new stablecoins until compliance is restored. Should the breach persist for 15 consecutive business days, the issuer must begin liquidating the reserve and redeeming the outstanding stablecoins in an orderly manner and without charging holders any fees. The OCC may also require a return-to-compliance plan or, if it determines there is a significant risk of the issuer being unable to achieve compliance within a reasonable time frame, order full redemption without prejudice to any other supervisory or enforcement measures.

The EU approach, by contrast, requires ex ante plans, following a preventive and planning-based logic, unlike the OCC regime, which is reactive and based on objective predefined conditions and thresholds. While the MiCAR emphasises advance preparation and governance

⁴⁰ The GENIUS Act includes a mandate for federal agencies to assess whether the standard insolvency procedures applied to issuers are sufficient or whether specific requirements or an insolvency regime tailored to stablecoins should be established.

in stress scenarios, the OCC's proposal prioritises early intervention and protection of redemption rights, affording the supervisor broad discretion to compel an orderly market exit if an issuer's viability is compromised.

Finally, the UK's legislative proposal has not yet addressed this aspect and defers to the ordinary insolvency regime. For systemic stablecoins, however, given their structural backing and central bank liquidity support, redemption does not depend as heavily on reserve asset liquidation, ostensibly making a preventive crisis management approach less necessary. For non-systemic stablecoins, given their limited size and complexity, no crisis management plans or measures are envisaged either, thereby favouring issuers by reducing the regulatory burden (see Table 1).

5 Conclusions

The crypto-asset ecosystem's market value and transaction volume have trended upward in recent years. Stablecoins account for 15% of this market and, while their use outside the crypto-asset ecosystem and their degree of interconnectedness with the rest of the financial system remain limited, their potential scalability raises concerns about the potentially significant risks to holders, financial stability and monetary policy transmission.

While national regulations based on the FSB guidelines have addressed some of these issues, shortcomings remain as regards the heterogeneity of certain aspects of crypto-asset regulation and, above all, supranational coordination, which in our view is insufficient given stablecoins' global nature.

Broadly speaking, the regulatory frameworks in the EU, the US and the UK share common objectives in terms of consumer protection, financial stability and not stifling financial innovation. The foundations of the various regulations are also similar: guaranteed redemption rights; a reserve of stable, liquid short-term assets segregated from the issuer; and a relatively circumscribed licensing and authorisation regime. However, the details that set them apart from each other reflect differing regulatory policy choices and differences in some of the objectives of each jurisdiction.

The way in which interconnectedness with the financial system is addressed; the imposition of requirements on all issuers or according to their potential systemicity; openness to foreign issuers; the composition of reserves; and the level of detail in solvency requirements, supervision and recovery and resolution plans all reflect different regulatory priorities.

For example, the European approach has opted for a system that exerts less direct pressure on sovereign markets but has greater exposure to the banking sector. It makes bank deposits the key element in the reserve of assets as a means of ensuring liquidity and value stability while reducing exposure to sovereign debt markets or other assets. However, this approach carries contagion risks for the financial system in stress scenarios, which is why certain mitigation measures have been put in place.

Table 1

Comparative overview of the main features of stablecoin regulation

	EU (MiCAR)	United States (GENIUS Act)	United Kingdom
Scope of application	E-money tokens (EMTs) pegged to a single fiat currency. The MiCAR also covers asset-referenced tokens (ARTs) pegged to any other value or right, which fall outside the scope of this article.	Stablecoins pegged to a single currency.	Stablecoins pegged to a single currency.
Entry into force	June 2024.	The earlier of January 2027 or 120 days after the competent agencies issue the final regulation.	Pending. Expected by the end of 2026 to complete the legislative process.
Banks as issuers	Permitted.	Only through a subsidiary.	Permitted.
Supervision	National authorities and the EBA (for significant stablecoins).	For federally regulated stablecoins, the primary supervisor is the OCC. Other government agencies (FDIC, NCUA, Fed) have jurisdiction depending on issuer type. For state-regulated stablecoins, the relevant state supervisor.	FCA for non-systemic issuers; joint FCA–BoE supervision for systemic issuers.
Capital requirements	For bank issuers: own solvency requirements. For non-bank issuers: initial minimum capital of €350,000 and own funds equal to 2% of the average volume of stablecoins in circulation (3% for significant issuers). Supervisors may increase this requirement by 20% after assessing issuer risk. Solvency stress tests (quarterly or six-monthly, depending on materiality), which may lead to higher capital requirements.	\$5 million (a) and an additional capital buffer to cover operational risk (OCC addition).	Own funds at least equal to the highest of: (i) £350,000; (ii) 25% of the previous reporting period's relevant fixed expenses; or (iii) 2% of the average volume issued. For systemic issuers: working capital equal to the higher of (i) the recovery cost of the largest plausible loss event or (ii) six months' operating expenses. Furthermore, segregated reserves in high-quality liquid assets, in addition to the reserve of assets, are required to cover (a) the financial risk associated with the reserve assets and (b) insolvency costs.
Collection of interest	Prohibited.	Prohibited.	Prohibited.
Issuance in currencies other than the national currency	Permitted (subject to restrictions and an obligation to notify the ECB).	Not specified.	Permitted for stablecoins under FCA supervision. Systemic stablecoins are pegged to sterling.
Reserve composition (b)	Liquid assets with low credit and market risk, denominated in the same currency as the EMT, and deposits with credit institutions, subject to concentration limits.	Cash; sight deposits with supervised banks; short-term US sovereign debt instruments; repos collateralised by debt instruments; and holdings in MMFs that invest in government bonds and very short-term government repos.	Sight deposits and short-term government bonds (up to one year). Other longer-term instruments, repos or MMFs under certain conditions. For systemic stablecoins, 60% in short-term government bonds and 40% in non-interest-bearing deposits with the central bank.
Asset reserve liquidity requirements (b)	Different liquidity buckets by maturity (daily, weekly and other). A minimum of 30% in bank deposits (60% for significant stablecoins). Monthly liquidity stress tests, which may result in more stringent liquidity requirements.	100% of the reserve in fully liquid instruments with an average maturity of less than 20 days, including cash, insured deposits, T-bills with a maximum 93-day maturity, repos/reverse repos and government MMFs.	For non-systemic stablecoins: guaranteed liquidity through instruments with very short maturities. For systemic stablecoins: sovereign instruments that allow immediate conversion, together with BoE liquidity facilities as a backstop to limit mass sell-offs.
Custody of the reserve (b)	Segregated from the issuer in independent entities.	Segregated from the issuer in independent entities.	Segregated from the issuer in independent entities.
Reserve excess value requirement (b)	Coverage of at least 1:1.	1:1 ratio.	1:1 ratio.

SOURCE: Compiled by author.

a In the proposal stage. After an initial phase, capital may be adjusted on a case-by-case basis according to risks and performance.

b Reserve requirements under the EU framework apply only to non-bank issuers. Banks are not required to hold a reserve of assets.

Table 1

Comparative overview of the main features of stablecoin regulation (cont'd)

	EU (MiCAR)	United States (GENIUS Act)	United Kingdom
Reserve audit (a)	Every six months.	Monthly review (not audit).	Not provided for.
Redemption conditions	On demand, at par and at nominal value.	At par at the fixed monetary value. Redemption at the latest by T+2.	Guaranteed redemption at par, with no restrictions or minimum amount. Redemption at the latest by T+1 (for systemic stablecoins, by T+0).
Redemption fees and restrictions	Not permitted.	Permitted. Contractually predefined.	Permitted. Proportionate to operational costs and never exceeding the amount redeemed or passing reserve asset sale losses on to the user.
Recovery and resolution plans	Recovery and redemption plans with specific conditions for issuers.	Ordinary insolvency regime. Reactive, staged procedure in the event of sustained non-compliance, which may lead to the orderly liquidation of the reserve of assets.	In accordance with general insolvency legislation.
Foreign issuer regime	Issuer must be European.	A foreign issuer may operate in the US if the Treasury approves regulatory equivalence and the issuer registers with the OCC.	For non-systemic stablecoins, foreign issuers that meet national requirements may operate; systemic stablecoin issuers must set up a UK entity and hold reserves in the UK.

SOURCE: Compiled by author.

a Reserve requirements under the EU framework apply only to non-bank issuers. Banks are not required to hold a reserve of assets.

Moreover, banks' role as both issuers and holders of stablecoins takes on fundamental importance given their function as financial intermediaries. In this regard, the prudential regulation developed by the BCBS establishes a common framework of conditions and requirements that classify crypto-assets according to their risk and set out the capital requirements for each of them. The fact that this regulation remains unimplemented by most jurisdictions despite the January 2026 deadline having passed underscores the divergence and heterogeneity in crypto-asset regulation.

Other details, such as permitting issuers to charge fees or setting redemption time frames, can give rise to arbitrage between holders and operators and create imbalances, particularly in such a globalised ecosystem where one of the key objectives is to reduce international transfer speed and cost. The clearest example is seen in multi-issuer schemes, where the ability to redeem fungible tokens across different jurisdictions could generate liquidity imbalances for issuers if the effective mobility of the reserve funds is not guaranteed.

An additional consideration is that, despite the existence of regulation or plans to introduce it, current development levels and implementation timelines vary significantly. In a globalised ecosystem, this creates an uneven playing field and raises competitiveness issues, which market participants exploit by issuing and operating in those jurisdictions where they find the balance between legal certainty and regulatory demands most favourable.

All this opens transmission channels for vulnerabilities that could affect financial stability. Beyond the already mentioned risks of issuer liquidity, and potential failure, and the potential erosion of bank deposits, there are also the problems arising if large volumes of reserve assets are converted to obtain liquidity, or the potential disruptions to monetary policy transmission if the use of stablecoins were to become more widespread.

In our view, the regulatory response should be to seek international regulatory harmonisation and supervisory coordination around equivalence and reciprocity regimes. As we have shown, the differences between the regulatory frameworks are not so great as to be insurmountable. If the political will were sufficient, cooperation agreements or the establishment of colleges of supervisors could overcome the differences in regulatory objectives.

REFERENCES

- Adrian, Tobias, Parma Bains, Marianne Bechara, Eugenio M. Cerutti, Stephanie Forte, Federico Grinberg, Alessandro Gullo, Martina Hengge, Kathleen Kao, Tommaso Mancini-Griffoli, Soledad Martínez Peria, Marcello Miccoli, Marco Reuter and Nobuyasu Sugimoto. (2025). "Understanding Stablecoins". Departmental Paper - International Monetary Fund. <https://doi.org/10.5089/9798229024075.087>
- Ahmed, Rashad, James A. Clouse, Fabio Natalucci, Alessandro Rebucci and Geyue Sun. (2025). "Stablecoins: A Revolutionary Payment Technology with Financial Risks". NBER Working Paper, 34475, National Bureau of Economic Research. https://www.nber.org/system/files/working_papers/w34475/w34475.pdf
- Aldasoro, Iñaki, Perry Mehrling and Daniel H. Neilson. (2023). "On Par: A Money View of Stablecoin". BIS Working Papers, 1146, Bank for International Settlements. <https://www.bis.org/publ/work1146.htm>
- Anadu, Kenechukwu E., Patrick E. McCabe, J. P. Pérez-Sangimino and Nathan Swem. (2026). "A Framework for Understanding the Vulnerabilities of New Money-Like Products". Supervisory Research and Analysis Working Paper SRA 26-01, Federal Reserve Bank of Boston. <https://doi.org/10.17016/FEDS.2026.002>
- Anguren, Rebeca, José García Alcorta, Lucas García Calvo, Diego Hernández García and Eva Valdeolivas. (2023). "Crypto-asset regulation in the current international and European framework". Financial Stability Review - Banco de España, 44. <https://doi.org/10.53479/30054>
- Ayuso, Juan, and Carlos Conesa. (2020). "An introduction to the current debate on central bank digital currency (CBDC)". Documentos Ocasionales, 2005, Banco de España. <https://repositorio.bde.es/handle/123456789/10443>
- Bank of England. (2025). "Proposed regulatory regime for sterling-denominated systemic stablecoins". Consultation paper. <https://www.bankofengland.co.uk/paper/2025/cp/proposed-regulatory-regime-for-sterling-denominated-systemic-stablecoins>
- Basel Committee on Banking Supervision. (2024). "SCO60. Cryptoasset exposures". https://www.bis.org/basel_framework/chapter/SCO/60.htm
- Committee on Payments and Market Infrastructures. (2019). "Investigating the impact of global stablecoins". <https://www.bis.org/cpmi/publ/d187.htm>
- Committee on Payments and Market Infrastructures and Bank for International Settlements. (2018). "Central bank digital currencies". CPMI Papers, 174. <https://www.bis.org/cpmi/publ/d174.pdf>
- Drechsler, Itamar, Alexi Savov and Philipp Schnabl. (2017). "The Deposits Channel of Monetary Policy". The Quarterly Journal of Economics, 132(4), pp. 1819-1876. <https://doi.org/10.1093/qje/qjx019>
- European Central Bank. (2025). "An Overview of the ECB's Monetary Policy Strategy". https://www.ecb.europa.eu/mopo/strategy/strategy-review/ecb.strategyreview202506_strategy_overview.en.html
- European Systemic Risk Board. (2025a). "Crypto-assets and Decentralised Finance : Report on stablecoins, crypto-investment products and multifunction groups : October 2025". <https://doi.org/10.2849/6616962>
- European Systemic Risk Board. (2025b). "Recommendation of the European Systemic Risk Board (ESRB/2025/9)". Official Journal of the European Union, C/2025/6342. <https://www.esrb.europa.eu/pub/pdf/recommendations/esrb.recommendation251020.en.pdf?dee2fc04d4095d477840f6dddcbcf14a>
- Federal Register. (2025). "Strengthening American Leadership in Digital Financial Technology". Federal Register, vol. 90(20), p. 8647, 31 January. <https://www.federalregister.gov/documents/2025/01/31/2025-02123/strengthening-american-leadership-in-digital-financial-technology>
- Financial Conduct Authority. (2025a). "CP25/14 – Stablecoin issuance and cryptoasset custody". Consultation Paper. <https://www.fca.org.uk/publication/consultation/cp25-14.pdf>
- Financial Conduct Authority. (2025b). "CP25/15 – A Prudential regime for cryptoasset firms". Consultation Paper. <https://www.fca.org.uk/publication/consultation/cp25-15.pdf>
- Financial Stability Board. (2023). "High-level Recommendations for the Regulation, Supervision and Oversight of Global Stablecoin Arrangements". Final report. <https://www.fsb.org/uploads/P170723-3.pdf>
- Financial Stability Board. (2025). "Thematic Review on FSB Global Regulatory Framework for Crypto-asset Activities". Peer review report. <https://www.fsb.org/uploads/P161025-1.pdf>

- International Monetary Fund. (2020). "Digital Money Across Borders: Macro-Financial Implications". <https://doi.org/10.5089/9781513559209.007>
- Hernández de Cos, Pablo. (2026). Stablecoins: Framing the debate [Speech]. Bank for International Settlements. <https://www.bis.org/speeches/sp260420.htm>
- Massimo Ferrari Minesso and Daniele Siena. (2026). "Private Money and Public Debt: U.S. Stablecoins and the Global Safe Asset Channel". ECB Working Paper, 3174. <https://www.ecb.europa.eu/pub/pdf/scpwps/ecb.wp3174~d4cc1da5a8.en.pdf>
- Office of the Comptroller of the Currency. (2026). "GENIUS Act Regulations: Notice of Proposed Rulemaking". <https://www OCC.treas.gov/news-issuances/federal-register/2026/91fr10202.pdf>
- Prudential Regulation Authority. (2023). "Letter from David Bailey, Nathanaël Benjamin and Vicky Saporta on 'Innovations in the use by deposit-takers of deposits, e-money and regulated stablecoins'". <https://www.bankofengland.co.uk/prudential-regulation/letter/2023/innovations-in-the-use-of-deposits-emoncy-and-regulated-stablecoins>
- Reuter, Marco, Itai Agur, Alexander Copestake, María Soledad Martínez Peria and Ken Teoh. (2025). "Payment Frictions, Capital Flows, and Exchange Rates". IMF Working Paper, 2025/171. <https://doi.org/10.5089/9798229022521.001>

How to cite this document

García Calvo, Lucas and Diego Hernández García. (2026). "Stablecoins and regulatory policy: a comparative analysis of regulation in the United States, the United Kingdom and the European Union". *Financial Stability Review – Banco de España*, 50, Spring. <https://doi.org/10.53479/44411>