GBBC **JUST THE FACTS**

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GBBC is a non profit focusing on education, partnerships and standards for the blockchain and digital assets community. GBBC does not lobby

THE 'STABLE' DIVIDE: GLOBAL APPROACHES TO REGULATING STABLECOINS

Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act (S.1582)

Signed into law by the President of the United States on July 18, 2025

- Only federally- or state-approved entities can legally issue payment stablecoins
- Issuers must maintain 1:1 reserves, consisting of U.S. dollars, insured deposits, money market funds, or short-term Treasuries
- State issuers under $10B can operate under state regimes if certified; larger issuers must transition within 360 days after crossing $10B to joint state-federal oversight
- Issuers must publish detailed reserve breakdowns and monthly certifications by CEOs and CFOs that then must undergo third-party verification
- Cannot advertise yields; use of terms like "United States" or "USG" is prohibited for a payment stablecoin; must not imply government backing or legal tender status
- Issuers must comply with the Bank Secrecy Act and have the technical ability to freeze or block illicit transactions on demand
- Creates criminal and civil penalties for violations
- Only GENIUS-compliant stablecoins can be used for settlement, margin, or collateral in U.S. financial infrastructure

Stablecoins Ordinance (Cap. 656)

Passed by Hong Kong's Legislative Council on May 21, gazetted May 30, and took effect on August 1, 2025

- HKMA is the licensing and supervisory authority. Criminal penalties for unlicensed issuance; remedial actions/license suspension or revocation possible for breaches; fines up to the greater of HKD 10 million or 3x profit gained/loss avoided
- Only licensed entities can issue stablecoins (authorized institutions under Banking Ordinance, licensed virtual asset trading platforms, SFC-regulated securities dealers, or Payment Systems & Stored Value Facility licensees), must be incorporated in Hong Kong, "fit and proper," and maintain adequate financial resources (see Explanatory Note on Licensing Secs. 3.2 and 3.3)
- Established definitons:
  - *Stablecoin:* digital representation of value, used as a medium of exchange, pegged to assets, transferable on distributed ledgers
  - *Specified stablecoin:* pegged wholly to one or more official currencies or units specified by HKMA
  - *Regulated activity:* issuing specified stablecoins in HK; issuing HKD-referenced specified stablecoins outside of HK; engaging in HKMA-specified activities
- 100% backing with high-quality, liquid assets. Segregated reserve pools are held by qualified custodians and redemption at par value to be processed within one business day. There are regular independent attestations and audits, and no interest payments allowed
- Holders are protected in case of issuer insolvency and unreasonable fees or redemption barriers are prohibited. Mandatory disclosure of key information and risks, AML/CFT compliance, and strong risk controls are required

Markets in Crypto Assets Regulation (MiCA)

Titles III & IV—rules for Asset-Referenced Tokens (ART) and Electronic Money Tokens (EMT) issuers—started on June 30, 2024; the remainder of MiCA applies from December 30, 2024

- Title III governs ARTs; Title IV governs EMTs and mirrors the definition of e-money in the Electronic Money Directive (EMD2; Directive 2009/110/EC)
- EMTs are treated as e-money, issuers must meet safeguarding, own-fund and instant-redeemability obligations equivalent to those in the EMD
- Issuers must hold segregated high-quality reserves and own-funds equal to the higher of €350 000 or 2% of the reserve
- Tokens referencing a single official currency are EMTs by definition. In the EU, only EMTs issued by an authorized credit institution or electronic money institution—with a MiCA crypto-asset white paper notified to the competent authority and published—may be offered to the public or admitted to trading. *As of August 2025, USDC/EURC are authorized; USDT is not*
- MiCA explicitly excludes crypto-assets that are unique and not fungible with others unless they are used as payment or financial instruments
- ARTs or EMTs lacking MiCA authorization cannot be offered to the public or newly admitted to trading in the EU after June 2024; existing positions may be wound down on a "sell-only" basis until Q1 2025
- Final ESMA Guidelines on the qualification of crypto-assets as financial instruments were published March 19, 2025 and apply from May 19, 2025