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GLOBAL STABLECOIN REGULATORY FRAMEWORKS: CLOSING THE GAP

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Global Digital Finance (GDF) is the leading global non-profit association of member firms offering an open innovation platform for advocating and accelerating the adoption of best practices for digital assets. GDF's mission is to promote and underpin the greater adoption of market standards for the use of crypto and digital assets, through the development of best practices and governance standards in a shared engagement forum with industry, policymakers and regulators.

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INTRODUCTION

The GFTN roundtable on "Global Stablecoin Regulatory Frameworks: From Principles to Practice", held in collaboration with the Ripple Policy Summit during Point Zero Forum, brought together regulators, policymakers, and industry leaders to examine a widening gap: while the core principles of stablecoin regulation are increasingly well understood, translating those principles into interoperable, cross-border practice remains unfinished business. Global stablecoin capitalisation exceeded US$300 billion by the end of 2025 with around 97% of it US dollar-denominated, yet there is still no international consensus on how global stablecoins can be integrated into reciprocal regulatory frameworks.

The discussion - and this report - builds on the GDF Global Stablecoin Regulatory Playbook (the "Playbook"), which was developed through close collaboration with GDF's stablecoin issuer members, and grounded in sustained dialogue with regulators across jurisdictions. Rather than proposing a single global framework, the Playbook sets out a shared set of principles and common concepts for fiat-backed stablecoin issuer regulation. It responds to a challenge that now feels unavoidable: **stablecoins are inherently global, yet regulatory frameworks remain largely jurisdiction-bound.**

As stablecoins become increasingly embedded in payments, capital markets, and cross-border settlement, regulatory approaches have developed quickly, but not always consistently across jurisdictions. This fragmentation is a real and growing constraint on scale, trust and cross-border functionality, creating operational complexity and uncertainty for global markets.

This report draws on the roundtable discussion to map where consensus already exists, where practice still diverges, and what closing the remaining gap will require.

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2. DEFINING STABLECOINS FOR REGULATION

2.1 LEGAL CLASSIFICATION AND TAXONOMY

The roundtable discussion returned repeatedly to a single starting point: before regulators can align on cross-border treatment, they need a shared vocabulary. The Playbook sets out three categories of fiat-referenced stablecoin: fully reserve-backed fiat stablecoins, crypto-collateralised tokens, and algorithmic or uncollateralised tokens, and argues that classification should follow risk profile rather than issuer type or technology. Stablecoins that are backed 1:1, redeemable at par and intended for use primarily as a means of payment should be treated differently from yield-bearing or investment-like tokens, regardless of how they are branded. The Playbook also proposes a distinction between systemic and non-systemic stablecoins based on transaction volume, interconnectedness, and reliance by financial institutions, allowing proportionate rather than uniform treatment.

2.2 CONSISTENCY ACROSS JURISDICTIONS AND WHY IT MATTERS

In practice, this shared language is still emerging. Terms such as "stablecoin", "e-money", and "high-quality liquid asset" carry different legal meanings under the US GENIUS Act, the EU's MiCA, and frameworks in Singapore, the UK, and the UAE. The FSB's October 2025 Thematic Review on the FSB Global Regulatory Framework for Crypto-asset Activities (the “FSB Review”) found that divergent definitions of crypto-assets across jurisdictions are already complicating cross-border information-sharing. Participants noted that this is not merely a technical inconvenience: unclear classification creates openings for regulatory arbitrage, discourages mutual recognition, and leaves issuers uncertain which regime (i.e., payments, e-money, or securities law) actually governs their product. They stressed that what ultimately matters is substance over nomenclature - not whether an instrument is labelled a 'payment stablecoin' or an 'e-money token', but what requirements attach to it. This echoes the FSB's 'same activity, same risk, same regulation' principle. Legal certainty on this point was seen as a precondition for everything that follows, not a detail to be resolved later.



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3. DESIGNING EFFECTIVE DOMESTIC STABLECOIN FRAMEWORKS

3.1 REGULATORY OBJECTIVES

With taxonomy settled, the roundtable turned to what a credible domestic regime should require. Despite structural differences, the frameworks now in force or under development in the US, EU, UK, Singapore, and UAE share a common objective: to ensure that stablecoins are safe, transparent, and properly supervised, generally following the principle that the same activity should attract the same risk-based regulation, regardless of the technology behind it.

3.2 RESERVE COMPOSITION AND REDEMPTION

Two requirements recur consistently across every regime discussed: reserve composition and redemption. On reserves, the emerging consensus favours full 1:1 backing in high-quality, liquid assets (i.e., cash, central bank deposits where available, and short-term government debt) while excluding corporate debt, equities, and leveraged instruments. Diversification limits guard against concentration risk, but participants stressed that reserve rules should scale to an issuer's size rather than forcing smaller entities into arrangements built for systemic players. Participants also stressed the challenges with requiring a high proportion of bank deposits (as is the case in the EU) as this may increase systemic risk. On redemption, most frameworks now distinguish between redemption (a direct claim on the issuer) and conversion (an exchange handled by intermediaries in the secondary market), with par-value redemption serving as the anchor that keeps the peg credible, even though most users in practice exit through conversion rather than direct redemption.

3.3 FINANCIAL STABILITY AND PROPORTIONATE RISK CALIBRATION

Prudential calibration is the area in which domestic frameworks remain uneven. The FSB Review found that even among the small number of jurisdictions with finalised stablecoin regimes, gaps persist in capital buffers, stress testing, and recovery and resolution planning - the tools that determine what happens if an issuer actually fails. Participants agreed that proportionality is the right principle; smaller, non-systemic issuers should not face the same buffer and stress-testing requirements as systemically important ones. However, participants also cautioned that "proportionate" cannot become a euphemism for "undefined". Several noted that criteria for systemic designation need to be set out clearly in advance, so issuers can prepare for a shift in regulatory treatment rather than being surprised by it, and so that the transition between tiers does not itself become destabilising.



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4. CROSS-BORDER STABLECOINS: TWO MODELS FOR SCALING BEYOND DOMESTIC RULES

Domestic frameworks, however well designed, were built to govern activity within a single jurisdiction. Stablecoins, by nature, are borderless and their main benefits are being realised in cross-border payments and global digital markets. The FSB Review found that variation across jurisdictions in redemption, custody, and reserve composition requirements creates particular difficulty for stablecoin arrangements operating across multiple markets. GDF's Playbook frames the resulting dilemma starkly: forcing stablecoins into strict local silos undermines the cross-border efficiencies that make them valuable, yet unrestricted circulation of foreign-issued tokens leaves local regulators unable to directly oversee the reserves and redemption rights their citizens depend on. The discussion converged on two broad models for resolving this, each with a different risk-reward profile.

4.1 MULTI-ISSUANCE APPROACHES

The first model keeps issuance local while keeping the token itself unified: several licensed entities in different jurisdictions issue a token of the same denomination, under comparable reserve, redemption, and disclosure standards, so users experience a single fungible stablecoin regardless of where it was issued. This structure has emerged largely in response to jurisdictions that envisage local regulation as the only viable means of control over market access and consumer protections. In practice, issuers operating this model have developed safeguards to hold the network together, such as attributing liabilities to the issuing entity, tracking distribution of holdings to rebalance local reserves, and preparing network-wide wind-down plans. However, these add operational complexity and depend on the legal and operational linkages holding under stress.

The regulators implementing local-issuance requirements ultimately want local reserves and local redemption rights (whether to protect users in a wind-down scenario or to guard against currency substitution risk). Although their intention is to implement this without fragmenting the underlying token into incompatible local variants, in practice, as divergent regulatory frameworks emerge, the compatibility and fungibility of multiple local issuances of the same stablecoin can be compromised.

There is genuine regulatory disagreement about how much risk multi-issuance introduces, particularly around correlated redemption pressure across entities during stress. In a June 2026 policy statement, the Bank of England concluded that multi-issuance models are not suitable for systemic use in the UK, whereas the European Systemic Risk Board has highlighted the risk of cross-border redemption flows.

Participants discussed safeguards to mitigate these risks, including close supervisory cooperation between the jurisdictions involved, requiring comparable regulatory regimes as a precondition, regularly rebalanced local reserves, restricting local redemption rights to local holders, and additional capital and liquidity stress-testing requirements for the network as a whole, not just each entity in isolation. This points toward a recurring theme: assessing an issuer network collectively, rather than one licensed entity at a time. The FSB has already flagged this as a priority, calling for further analysis of the vulnerabilities specific to globally issued stablecoins with multi-jurisdictional structures, and several participants suggested that supervisory colleges, spanning both the local entity and the wider network, are the natural next step for putting that recommendation into practice.

The EU's MiCA regulation allows for multi-issuance and a small number of issuers already operate on this basis, although there is a lack of overarching clarity about how such arrangements should work, which has led to inconsistent approaches by national regulators. Requiring issuance by a locally established entity gives host regulators direct, enforceable oversight, but participants noted it also raises compliance costs and creates incentives for issuers to simply avoid smaller or more demanding markets, contributing to exactly the fragmentation these frameworks aim to prevent.

4.2 EQUIVALENCE DETERMINATIONS AND RECOGNITION FRAMEWORKS

The second model extends a home jurisdiction's oversight outward, deciding how much access to grant foreign-issued tokens without requiring full local establishment. A viable alternative to multi-issuance, this approach relies on recognition rather than replication: passporting, equivalence, or recognition arrangements (whether mutual or unilateral) that let a foreign issuer operate based on comparable, rather than identical, home-jurisdiction oversight.

Two examples were cited as early and promising instances of recognition in practice, albeit on a unilateral basis at least initially. The Dubai Financial Services Authority determined in 2025 that certain foreign-issued stablecoins were suitable for use in the Dubai International Financial Centre, and it continues to assess fiat-referenced tokens itself even after moving other crypto tokens to firm-led suitability assessment in January 2026. The Bank of England has since confirmed that it will defer to the home authority

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of a comparable regime for non-sterling stablecoins issued overseas that could become systemic in the UK, while still requiring overseas issuers of systemic sterling-denominated stablecoins to establish a UK entity.

Singapore applies a comparable condition under its Payment Services Act, where a stablecoin must be issued locally to be recognised as a Monetary Authority of Singapore-regulated single-currency stablecoin, although overseas-issued stablecoins are not shut out of the market and remain subject to the broader digital payment token regime. The Monetary Authority of Singapore has indicated it will continue to monitor global developments, and will consider formal regulatory cooperation mechanisms with other jurisdictions as stablecoin regulations mature over time.

The common thread that participants identified is a shift toward outcome-based equivalence determinations: assessing whether a foreign regime delivers comparable reserve safety, redemption certainty, and disclosure, rather than requiring word-for-word identical rules. Where cross-border supervisory cooperation agreements already exist between home and host regulators, alongside robust regulatory regimes that align on principles and outcomes, several participants argued that equivalence should become close to a default presumption, rather than a lengthy line-by-line analysis and case-by-case negotiation each time.

5. KEY OBSERVATIONS AND PRIORITIES FOR CLOSING THE GAP

Drawing these threads together, three observations stood out from the discussion.

First, convergence on core principles is real and further along than divergence on implementation might suggest. Full reserve backing, par-value redemption, and independent disclosure are now near-universal starting points across the jurisdictions reviewed.

Second, the remaining gaps are concentrated in specific, clearly identifiable areas rather than spread across the whole regime. The FSB Review points squarely at capital buffers, stress testing, recovery and resolution planning, and the treatment of reserve composition, custody and redemption across borders, as where alignment is weakest.

Third, and most consequential for the cross-border focus of this report, the debate has shifted from *whether* jurisdictions should recognise each other's frameworks to *how* they can achieve this in practice. Participants were far more focused on designing workable equivalence and multi-issuance mechanisms than on defending strict territorial control.

On priorities, three near-term steps drew the broadest support:

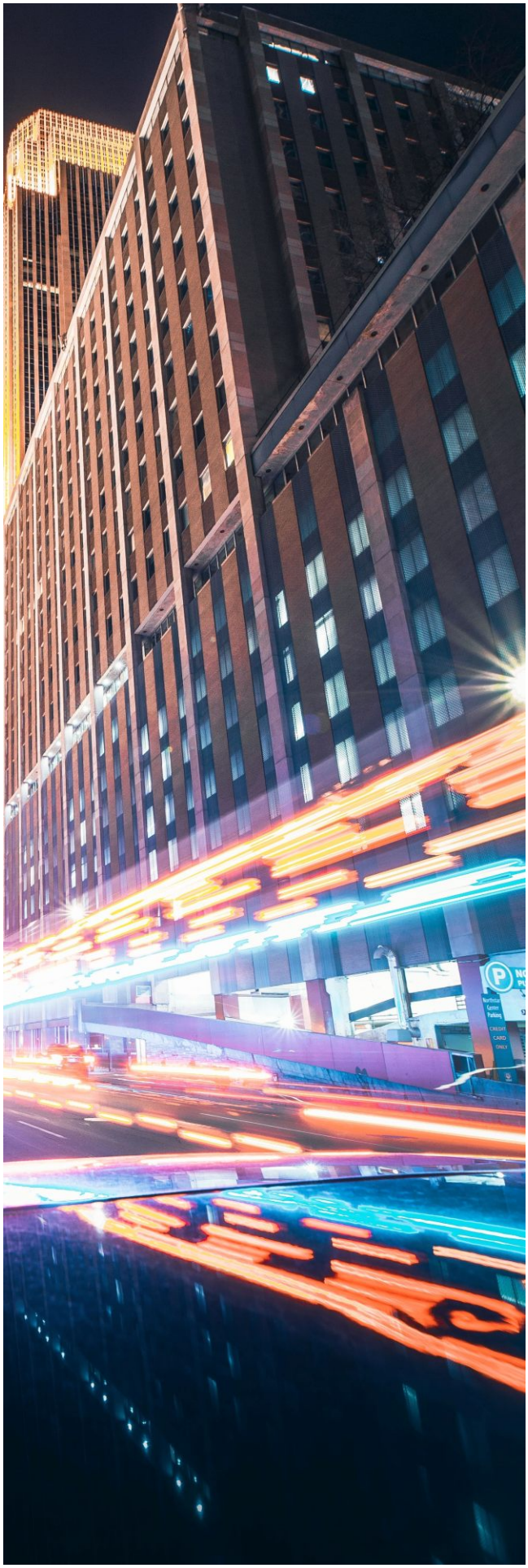
1. Jurisdictions with finalised or near-final frameworks should run the gap analysis the FSB has already recommended, checking their own rules against the recommendations on liquidity risk management, capital buffers, and resolution planning, rather than waiting for a future review to identify the same weaknesses.
2. Regulators with existing bilateral cooperation agreements should treat those as a starting point for presumptive equivalence on reserve quality, redemption rights, and disclosure, rather than negotiating recognition from scratch each time a new issuer applies.
3. For stablecoins issued across multiple jurisdictions, supervisory colleges that assess the issuer network as a whole, not just each licensed entity in isolation, should move from proposal to practice.

None of this requires identical rulemaking across jurisdictions. What it requires, participants agreed, is a common approach to the outcomes that need to be assessed across jurisdictions. International bodies, including the FSB, IOSCO, and the BIS, were seen as well placed to anchor this process - not by imposing uniformity, but by providing the shared reference points, definitions, risk taxonomies, and cooperation templates that let jurisdictions calibrate their own regimes while still recognising each other's.

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6. CONCLUSION

The gap between stablecoin regulatory principles and cross-border practice is closing across jurisdictions, but unevenly so. Domestic frameworks are maturing quickly. The harder, unfinished work is building the recognition mechanisms and supervisory cooperation that let those frameworks talk to and interoperate with each other to allow for global use of stablecoins. The roundtable's clearest message was that this is now a solvable, near-term problem rather than an open question. The regulatory tools and building blocks, such as equivalence assessments, multi-issuance safeguards, and supervisory colleges, already exist in early form. What remains is for regulators to make a deliberate choice to use them, jurisdiction by jurisdiction, rather than waiting for a single global standard to arrive.



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