KPMG

The strategic role of stablecoins and tokenization for Canadian institutions

Considerations and implications for our financial system infrastructure



June 2026

Table of contents

Introduction & foreword: Canada’s tokenization moment	3
Executive summary: Why tokenized rails matter in 2026	5
The tokenization journey and digital asset landscape	6
The pillars of tokenization: Stablecoins and tokenized deposits	9
The pillars of tokenization: Real world asset tokenization	15
Payment rails and regulations	18
Risks and enablement considerations blueprint	22
How to lead Canada into a blockchain-based future	26

KPMG

01

Introduction, foreword and executive summary

Introduction & foreword:

Canada's tokenization moment: From global momentum to domestic urgency

2025 was a turning point for institutional adoption

Digital assets and blockchain-based infrastructure are now converging with the global financial system in a meaningful way, reshaping how digital money is issued, transferred, and managed. 2025 marked an inflection point, with institutional adoption accelerating faster than at any point to date. What was once viewed as optional experimentation has increasingly become a strategic necessity, driven by clearer regulation, maturing market infrastructure, shifting institutional sentiment, and intensifying global competition.

With greater regulatory certainty in place, leading financial institutions across Asia, Europe, and, more recently, the United States are moving beyond sandbox-based exploration. Stablecoin and tokenization initiatives are transitioning into live, production-grade applications, with firms operationalizing these capabilities at scale to support real-world use cases across payments, capital markets, and treasury functions to name a few.

In our view, Canada will benefit from further regulatory clarity and coordination between the Office of the Superintendent of Financial Institutions ("OSFI"), the provincial securities regulators led by the Canadian Securities Administrators ("CSA"), the Canadian Investment Regulatory Organization ("CIRO") and the Bank of Canada for meaningful exploration and use case operationalization by Canadian Financial Institutions ("FIs"), Financial Technology companies ("Fintech's") and 'crypto native' companies.

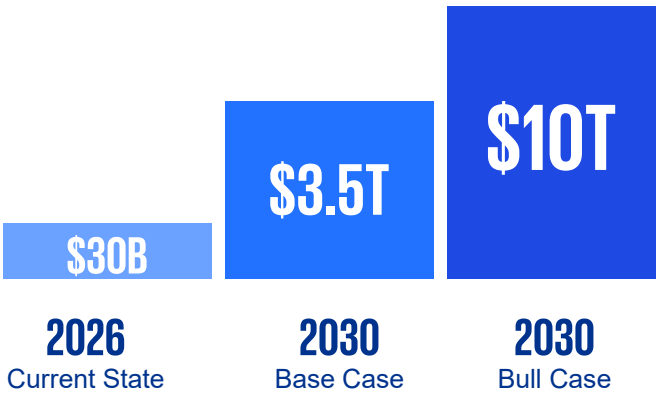
Canada is well positioned to participate meaningfully in the stablecoin and tokenization landscape, and failure to engage risks ceding share in what is expected to be a sizable and strategically important market.

Bill C-15, the Budget 2025 Implementation Act, No. 1, received Royal Assent on March 26, 2026, establishing Canada's first federal framework for fiat-backed stablecoins issued by non-prudentially regulated entities. With the legislative foundation now in place, the focus must shift to expectations for prudentially regulated entities —specifically, achieving clarity and coordination across the Bank of Canada, OSFI, CSA, and the CIRO.

For Canada to remain competitive in an increasingly digital-first global financial ecosystem, regulatory coordination, sustained public and private-sector investment, and focused use-case development must be top priorities in 2026 and beyond. Digital assets, stablecoins, and tokenization are no longer experimental or theoretical; they are already operating at institutional scale worldwide. These technologies are actively reshaping payments, treasury and liquidity management, capital markets infrastructure, and the movement of value across borders.

As the global financial system converges on tokenized rails, the question is no longer whether blockchain-based infrastructure works. Instead, the strategic question is who will define the rules, govern the infrastructure, and capture the resulting economic and competitive benefits.

Tokenization market outlook [1]



The 2030 Tokenization Outlook by 21Co reflects the tokenized asset market excluding stablecoins. The 2030 base ($3.5T) and bull ($10T) scenarios are drawn from 21co's analysis on the broader tokenization opportunity excluding stablecoins. 21co's scenario range is based on observed on-chain adoption trends and the view that tokenization is evolving into financial market infrastructure as institutional participation and regulatory clarity mature.

KPMG

© 2026 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Document Classification: KPMG Public

Executive summary

Three relevant pillars of tokenization:

For financial institutions and fintech's, tokenization is becoming a practical way to modernize how money, deposits and assets are issued, moved, settled and serviced. Tokenization can serve both as an internal operational and technology enabler and externally facing product offering enabler. In our view, this shift is best captured through three practical applications of tokenization: fiat-backed stablecoins, tokenized deposits and tokenized real-world assets.

The first pillar of tokenization in our view is Stablecoins. Our focus will remain on fiat-backed stablecoins which can be defined as tokenized assets that are issued on a blockchain or distributed ledger and are designed to maintain a stable value relative to an underlying fiat currency (e.g., CAD) backed by high quality liquid assets, cash or cash equivalents.

The second pillar is Tokenized Deposits. These are tokenized representations of regulated commercial bank deposits that are issued on a blockchain or distributed ledger and are backed 1:1 by the bank's retail or institutional customer's underlying deposit.

The third pillar is Tokenized Real World Assets ("RWAs"). These are tokenized representations of assets such as (but not limited to) bonds, equities, art, real estate, and commodities that are issued on blockchain or distributed ledger and are typically backed 1:1 by the underlying traditional asset.

While stablecoins continue to gain momentum for permissionless payments and broad interoperability, tokenized deposits are often preferred for intrabank transaction settlement and clearing transactions as they fit within existing banking regulations and operating models. Choosing between them depends on the specific use case, adoption considerations, and who the issuing institution is.

Tokenized RWAs represent an even larger opportunity for the enablement of the future of global digital commerce, wealth, asset and colleterial management, payments and other verticals.



The opportunities for Canadian FIs and the Canadian digital asset ecosystem

For Canadian FIs and the broader Canadian ecosystem, tokenization present both a competitive opportunity and a defensive imperative. Tokenization offers a dual value proposition: it can improve how assets and transactions are managed across the investment lifecycle, while also enabling new product structures and blockchain native investment opportunities. At the same time, inaction carries structural risks. If foreign currency stablecoins become the default digital transaction and settlement rails, Canada could experience meaningful de-dollarization of CAD, hampering our ability to control our own monetary policy.

The Canadian Stablecoin Act establishes an important federal foundation for fiat-backed payment stablecoins by bringing them within a formal supervisory framework. The next step is translating that legislative foundation into coordinated prudential, payments, custody and market-structure guidance. Building on this, Canada should pursue a sovereignty first, interoperability second strategy by integrating regulated CAD stablecoins, exploring and enabling bank issued tokenized deposit use cases, integrating tokenized rails to modernize existing payment systems, and aligning with international standards that promote innovation without relinquishing the ability to enforce domestic governance.

Tokenization is not about speculative digital assets. It is a structural upgrade to financial market infrastructure. The next few years will determine whether Canada leads in building sovereign, scalable, and interoperable digital rails or defaults to infrastructure shaped elsewhere which, in our view can have negative long-term consequences. The opportunity to act is open, but the window is narrowing.

KPMG

© 2026 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

KPMG

02

Approaching tokenization for Canadian FIs: The tokenization journey and digital asset landscape

Tokenization within the broader digital asset landscape

Tokenized assets bridge traditional assets and digital-asset infrastructure by representing real-world instruments (e.g., fiat, deposits, debt, securities) on blockchain rails. The primary advantages are operational efficiency, enhanced liquidity and programmability. Rules and workflows (compliance, settlement, payments, corporate actions, collateral) can be embedded and automated via smart contracts, and the benefits, risk, and considerations will be discussed in later sections.

Digital assets

Native digital assets

Bitcoin | Ethereum | +more

Native Digital Assets: Digital tokens native to a specific blockchain that serve as the primary medium for paying network fees, securing the network through staking (where applicable), and accessing ecosystem services. They operate on programmable platforms that support smart contracts that enable deterministic on-chain logic.

Tokenized assets

Stablecoins | Tokenized Deposits | Tokenized Real World Assets (RWAs)

Tokenized Assets: Blockchain based digital tokens that represent physical and traditional assets, ownership or economic rights. Stablecoins, tokenized deposits, tokenized cash, commodities, equities, bonds, credit, artwork, and intellectual property are examples of tokenized assets. They are typically governed by embedded rules that automate ownership, compliance and settlement. Their lifecycle is managed through minting (issuance), redemption (conversion back to the underlying asset), and ownership is managed on-chain (through the secure storage and control of private keys and the underlying assets they represent).

When evaluating Stablecoins, Tokenized Deposits and Tokenized RWAs, Financial Institutions should understand that all three are blockchain-based representations of value, but they differ with respect to the types of institutions that can issue them, the trust model deployed and their underlying regulatory frameworks. They have distinct advantages and carry different risks. Thus, they enable different target use cases for institutions. In our view, they are all expected to co-exist and grow significantly.

Tokenization approaches we examine further...

1. Fiat Stablecoins
2. Tokenized Deposits
3. Tokenized RWAs

© 2026 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The tokenization journey

A decade long effort to create better financial rails

Tokenized assets are enabling shorter settlement cycles, lowering operational costs, enabling always-on liquidity, programmable compliance, and access to new revenue models. Early adopters are building strategic positioning, operational expertise and are well situated to see meaningful long-term return on investment. The question is no longer whether tokenization is here to stay, but rather how effectively institutions can realize value across (but not limited to) custody, lending, payments, treasury & collateral management, and capital markets.

Tokenization is not a new trend, but a set of innovations over the last decade that can be applied to traditional financial infrastructure rails to make transacting value significantly faster and more cost-effective. What began as the first tokenized dollar experiment back in 2014, with Tether's USDT,1 is evolving into one of the most impactful innovations and disintermediation's within the payments, capital markets and the wealth and assets management industries, to name a few.

The milestones, as of March 2026, outlined below show the tokenization journey to maturity today.

Early stablecoins proved that blockchain-based dollars could settle 24/7 and move globally without intermediaries. Early institutional adopters of tokenization used that foundation to launch tokenized deposits (see JPM coin below)[2] for real-time treasury and liquidity management. Asset managers followed by tokenizing money market funds and creating on-chain collateral which is now accepted on major trading venues. In parallel, regulators in the E.U., U.S., and Canada have begun building frameworks that convert this experimentation into regulated, scalable financial products.

Key milestones

2014 Tether Announces USDT Stablecoin

The first tokenized dollar proves blockchain can function as a value-transfer rail. Now, USDT is the global leader, with $183B USD in market cap. [2]

2015 Ethereum Mainnet Launches

Programmable smart contracts create the foundation for tokenized deposits, securities, and automated settlement. Ethereum now hosts ~70% of global stablecoin supply. [3]

2018 Circle launches USDC

Circle Launches USDC in collaboration with Coinbase under the Centre Consortium. USDC is the second largest stablecoin with a $76B market capitalization.[4]

2019 JP Morgan Releases JPM Coin

The first major bank deposit token proves blockchain settlement works for institutional payments. Now $5B+ daily volume transacts on Kinexys, with over $3T cumulative volume.[5]

2024 BlackRock launches BUIDL MMF

The world's largest asset manager tokenizes a U.S. Treasury money market fund, reaching $2.9B USD AUM and validating on-chain cash as institutional collateral. [6]

2025 Stablecoin Market Cap Hits $270B

Stablecoin market cap hits $270B and annual volume surpasses $10.8T. [7] However, 99.8% of all supply is USD denominated, with no Canadian denominated stablecoins over 2M in market cap. [8]

2025 MiCA in force and GENIUS Act enacted

The two largest Western economies establish stablecoin frameworks (Markets in Crypto-Assets (MiCA) [9], U.S. Genius Act[11]) mandating reserves, licensing, and audits.

2026 Canada Builds Its Regulatory Perimeter

Bill C-15, the Budget 2025 Implementation Act, No. 1, received Royal Assent on March 26, 2026, creating a federal framework for fiat-backed stablecoins. In early 2026, the CIRO also published its Interim Digital Asset Custody Framework, further advancing the domestic regulatory perimeter.[10, 11]

KPMG

© 2026 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

KPMG

03

Approaching tokenization for Canadian FIs: Stablecoins and tokenized deposits

Approach 1: Stablecoins and global adoption

Globally, stablecoins have gathered significant momentum as regulatory, consumer, and technical frictions have dissipated as the space matures. In their current state, stablecoins have the ability to address real-world financial challenges, are gaining a significant userbase along with a growing utilization for cross border payments, and finally, are gaining traction as the adoption flywheel is factoring in a more favorable regulatory environment.

A stablecoin adoption overview

$11.9T
Transaction Volume [12]
12-months, USD

$244.4B
Average Total Market Cap of Circulating Stablecoins [12]
12-months, USD

2.3B
Transaction Count [12]
12-months

$306.9B
Current Market Cap of Stablecoins [12]

282.8M
Unique Sending Addresses [12]
12-months

~$1.1M
Total Canadian Stablecoin Market Cap*[12]

*Adjusted to remove potential distortions that can arise from certain activity, such as high-frequency trading and bots

Banks worldwide are adopting stablecoins and digital asset rails as part of their core infrastructure to remain competitive in a rapidly evolving financial landscape.

The rapid advancements in institutional adoption, regulatory clarity, and cross-border integrations make this a pivotal moment to embrace stablecoin innovation. With key players expanding offerings and frameworks such as the U.S. GENIUS Act accelerating standards, Canada has a unique opportunity to lead in financial modernization. Readiness to compete in the global financial institutional arena of stablecoin issuance and adoption will be driven by regulatory clarity in Canada. Although we have the Canadian Stablecoin Act, it precludes prudentially regulated entities. In lieu of purpose-built stablecoin legislation for financial institutions, we must look to current requirements from OSFI.

In Canada, as it stands now, Value Referenced Crypto Assets (VRCAs, or fiat-backed stablecoins) may only be viable for prudentially regulated entities if they are engineered to meet Group 1b classification under OSFI's Capital and Liquidity requirements, with governance, transparency, reserve management, and operational controls comparable to regulated financial instruments. Any failure to meet those conditions results in immediate reclassification to Group 2, with full Common Equity Tier 1 (CET1) deduction, non HQLA treatment, and exposure limits, making most balance sheet business cases untenable.

OSFI requires that Group 1b assets be redeemable for a predefined amount of reference assets (or cash equivalent) and supported by a sufficient pool of reserve assets. FIs must analyze the specific structure of each stablecoin and identify every risk that could result in loss. Each of these risks must then be separately capitalized using the existing CAR credit risk framework. This includes, where relevant: (i) Risk of the issuer or redeemer defaulting (ii) Risk associated with the reserve asset pool (iii) Risks introduced by custodians or intermediaries involved in redemption and settlement. OSFI also imposes ongoing due diligence requirements that do not apply to Group 1a assets. FIs must demonstrate, on at least a quarterly basis, using statistical or similar tests, that the stablecoin maintains a stable relationship to its reference asset. OSFI expects this evidence to be available upon request.

Risk of CAD sovereignty and capital outflows

The widespread adoption of US-dollar stablecoins could diminish the demand for the Canadian dollar. As of March 2026, **99.8%** of all stablecoins are pegged to the **US dollar**. This creates **potential for Canada's financial system and national interests**.



of stablecoins are USD denominated

Canadians need a homegrown CAD-denominated stablecoin to enable faster, cheaper digital payments

© 2026 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Approach 2: Tokenized deposits

The question is no longer whether tokenization is here to stay, but rather how effectively institutions can realize value across custody, lending, payments, treasury and collateral management, and capital markets.

Deposit-taking institutions are primed for this opportunity

Canadian deposit-taking institutions have a near-term opportunity to modernize payment operations with tokenized deposits. Pairing programmable settlement with existing deposits unlocks faster and more flexible payment solutions for banking clients.

Although they are frequently framed through the lens of payments, their significance extends well beyond that use case. As a bank-issued form of digital money, they have the potential to influence how financial institutions approach the following areas:

Cash Management	Trade Finance & Services
Investor Services	Merchant Solutions
Corporate Banking	Retail & Personal Banking
Treasury Management	Wealth Management
Lending & Credit	Operations & Compliance
Asset Management & Servicing	Capital Markets

For banks, the strategic value of tokenized deposits lies not only in their ability to enable new payment capabilities, but also in their potential to support a more programmable, always-available, and operationally integrated enterprise-wide banking model. These near-term and long-term opportunities drive meaningful gains in payment speed and settlement efficiency; this increased utility is described in more detail on page 13, "Utility drivers for adoption and use cases."

Stay inside the deposit perimeter, manage prudential impact

In Canada, tokenized deposits can fit within OSFI's Group 1a framework (per OSFI's capital and liquidity guidance) when they are tokenized versions of traditional assets that meet strict classification conditions. Where a tokenized deposit represents the same deposit liability with identical legal rights to cash, insolvency ranking, and repayment terms, OSFI indicates the credit, market, and liquidity risk treatment should generally follow the non-tokenized equivalent. In practice, this means there should be no fundamental change in credit risk treatment, and the applicable risk weights remain those prescribed under the Capital Adequacy Requirements (CAR) guideline for the underlying deposit exposure.

However, a key nuance that OSFI emphasizes is that tokenization should not be assumed to be risk neutral. Even if legal claims are unchanged, tokenization can alter market liquidity characteristics such as investor base and settlement mechanics, and it can introduce operational and liquidity risk considerations that affect assessments like collateral eligibility, liquidation horizons, and stress behavior. If the design of the tokenized deposit truly preserves the legal and economic characteristics of a traditional deposit, OSFI's framework supports treatment consistent with deposits. Financial institutions should be able to evidence that tokenization has not introduced hidden liquidity or operational risks, including where the structure involves holding or transacting in any in scope crypto assets that may trigger additional capital and liquidity considerations.

Global tokenized deposit trends and statistics

5% Citi reports that by 2030, Tokenized Deposits will account for 5% of large value transfers, totaling $100-140 trillion annually.[13]

3T JP Morgan's Kinexys blockchain has processed **$3.0 trillion USD, with daily average exceeding ~$5.0 billion.**[14]

80% J.P. Morgan reports that deposit tokens could cut transaction related costs by **80%, reducing fees, settlement times, counterparty risks, and by enabling more direct funds transfers.**[14]

KPMG

© 2026 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Document Classification: KPMG Public

Key adoption considerations

Tokenized deposits and stablecoins create different adoption tradeoffs for Canadian FIs across interoperability, control, and risk. Tokenized deposits are extensions of bank deposits into programmable workflows, where scale depends on interoperability across banks and market infrastructures. Stablecoins are often designed for broader portability across platforms and wallets, but shift emphasis to issuer choices on access, redemption, reserves, governance, and compliance as they are bearer instruments. Canadian FIs should compare both through a common adoption lens, then align the instrument to their target use cases.

Stablecoins	Tokenized deposits
Use Case and Business Model	
• Stablecoins are typically better suited to outward-facing use cases. They create a new instrument that can move across open blockchain networks, reach a broader set of users, and support payments, liquidity, and interoperability beyond the bank's own environment. • The business case is distribution and network economics: broader network reach, new payment flows, and a structurally attractive reserve income model where yield is retained by the issuer.	• Tokenized deposits are typically suited to use cases to improve banks operational efficiency as they provide an optimization that fits into a banks current technical and financial operations. They tokenize existing deposit liabilities, add programmability and faster settlement, and preserve the existing legal, regulatory, and balance sheet framework. • The business case is core operational enhancement: improving liquidity movement, automating treasury and trade flows, and reducing friction in controlled bank networks, while retaining familiar deposit economics and Net Interest Margin.
Design and Permission	
• Stablecoins can trade on centralized and decentralized venues, often on permissionless networks. Seamless use depends on cross-network portability such as multi-chain issuance and bridges or wrappers. • For prudentially regulated stablecoins, reserve collateral is backed 1-to-1 with issued stablecoins • For non-prudentially regulated stablecoins, reserves are required to be redeemable 1:1 and held in HQLAs with a qualified custodian under the Stablecoin Act (2025). • Are not covered by deposit insurance, underpinning the need for reserve transparency and attestations.	• Cross-bank and cross-ledger interoperability requires coordination on standards, governance, and shared infrastructure. • Issued by deposit-taking financial institutions only. • Users retain deposit insurance coverage (e.g., CDIC) and existing banking protections, subject to product design and terms. • Typically operate on permissioned blockchain networks to enforce usage compliance, and institutional interoperability.
Reserves and Market Structure	
• Designed to be a bearer instrument, where the holder has a claim on the underlying fiat reserves held with the qualified custodian. • Must maintain segregated reserves in cash or high-quality cash like assets with a qualified custodian, supported by redemption, risk management, disclosure, and data protection policies. • Key execution risks for redemptions and creations are operational capacity (cutoffs, throughput, contingency procedures) and legal certainty of redemption under stress.	• Tokenized deposits are non-bearer instruments, backed 1:1 with customer deposits, as such no material reserve and redemption difference exists beyond the on-chain mechanisms to manage tokens. • More conducive to cross institution transactions at par when shared industry standards and central bank settlement is established. However, in the absence of these standards, and ever-evolving use cases, siloed implementations can create "walled gardens", reducing out-of-network utility.

KPMG

© 2026 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Document Classification: KPMG Public

Utility drivers for adoption and use cases

Stablecoins and tokenized deposits offer similar uses like payments and liquidity but differ in benefits due to design factors such as collateral, transferability, and operation. Both provide 24/7 access, faster settlement, and clearer, programmable processes across payments, treasury, risk, market infrastructure, and innovation.

Payments and Settlement

- **24/7 availability** and continuous settlement
- **Faster settlement**, often minutes rather than days
- **Lower marginal cost per transfer**, especially cross-border
- Reduced friction for cross-border payments and **fewer intermediaries**
- Better transparency on payment status through **on-chain traceability**
- **Programmable payments** for conditional transfers, escrow, and automated workflows

Treasury and Liquidity

- **Real-time liquidity movement** across entities and time zones
- Working capital optimization through **faster receivables and payables cycles**
- Improved cash forecasting using **always-on flows and visibility**
- Intraday **funding and treasury automation**
- Better collateral mobility, enabling **faster margin and settlement workflows**

Market Infrastructure

- **Shorter settlement cycles for trading** and post-trade processes
- **Atomic delivery versus payment** when paired with tokenized assets
- Programmatic elements can offer **greater interoperability** with on-chain product or other institutions
- **Improved resilience** through multiple rails and optionality, depending on design (e.g., liquidity access, conditional settlement)

Risk Management and Controls

- **Improved auditability** through **immutable** transaction records
- **Rules-based controls** can be embedded directly into payment flows (e.g., digital identity inclusion)
- **Faster exception handling** and monitoring with real-time data streams

Access and innovation

- **New product models**, including micro payments and agentic commerce
- Easier **integration through APIs** for developers and platforms
- Financial **inclusion potential in some contexts through wallet-based access**, depending on regulation and design

Companies are increasingly recognizing these utility drivers and translating them into design and adoption choices. The following use cases illustrate where tokenized deposits and stablecoins can deliver the most immediate value in Canada.

KPMG

© 2026 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Stablecoin and tokenized deposit use cases

Stablecoins and tokenized deposits enable profitable use cases by delivering faster settlement, improved liquidity mobility, greater transparency, and programmable controls. The use cases shown below are derived directly from these benefit levers and highlight where Canadian FIs can reduce cost, improve balance sheet efficiency, and create new fee generating product lines. Most use cases overlap across stablecoins and tokenized deposits, with differences driven by instrument design and operating model choices such as their permissioning, convertibility, and regulatory treatment.

	Use case	Applicability	Description
Retail and Commercial payments	**Cross border and FX settlement**	Stablecoins & Tokenized Deposits	Enable faster cross-border and FX payments with near real-time settlement and improved transparency.
	B2B and Interbank Transfers	Stablecoins & Tokenized Deposits	Support 24/7 B2B payments and interbank transfers with programmable cash movement.
	Merchant acceptance and settlement	Stablecoins	Support merchant acceptance where stablecoin rails settle into deposit accounts or stablecoin balances.
	Cards funded by tokenized balances	Stablecoins & Tokenized Deposits	Issue prepaid debit cards linked to stablecoins or tokenized deposits to fund and pay from tokenized balances.
	Insurance claims and premium settlement	Stablecoins	Use tokenized money to automate claim payouts, refunds, and premium collections with faster settlement.
	Loan disbursement and repayment flows	Stablecoins & Tokenized Deposits	Use tokenized money for milestone disbursements and streamlined borrower payments to improve cash flow timing.
	Tokenized payments API and routing	Stablecoins & Tokenized Deposits	Provide an API layer to route tokenized payments, manage wallets, and integrate reporting into bank systems.
Treasury and Operations	**Tokenized settlement cash for wires**	Stablecoins & Tokenized Deposits	Use tokenized money as settlement cash to reduce wire cutoffs and reconciliation effort.
	Fund subscription and redemption cash	Stablecoins & Tokenized Deposits	Use tokenized cash legs for subscriptions, redemptions, and ETF primary market cash movements.
	DvP for tokenized assets	Stablecoins & Tokenized Deposits	Settle tokenized securities, funds, real estate, or private assets using delivery versus payment with tokenized money.
	Intraday liquidity and cash concentration	Stablecoins & Tokenized Deposits	Move liquidity across treasury structures in near real time to optimize intraday funding.
Wealth	**Wealth platform funding and settlement**	Stablecoins	Enable wealth clients to fund and settle digital asset activity using tokenized money.
Custody and Asset Servicing	**Stablecoin reserve custody and reporting**	Stablecoins	Provide custody, reporting, and controls for stablecoin reserve portfolios, including High Quality Liquid Assets (HQLAs) holdings.
	Safekeeping for tokenized assets	Stablecoins & Tokenized Deposits	Provide safekeeping, controls, and reporting for tokenized deposits, permitted stablecoins, and tokenized RWAs.

KPMG

© 2026 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Document Classification: KPMG Public

KPMG

04

Approaching tokenization for Canadian FIs: Real world asset tokenization

Approach 3: Real-world asset tokenization

Adoption and scale – driven by timing and product market fit

The adoption and scale of tokenized real-world assets are being driven by a common set of structural forces rather than any single asset class. Tokenization is gaining traction where it materially improves how assets are issued, transferred, settled, and integrated into modern financial workflows — enhancing liquidity, operational efficiency, and capital usability without changing the underlying investment proposition.

This dynamic is most clearly reflected in the rapid growth of tokenized cash-like instruments, including tokenized money market funds. The market for tokenized U.S. treasuries has scaled to over $13.6B, up more than 19x from approximately $710M in January 2024. In these cases, tokenization reinforces attributes investors already prioritize: capital preservation, liquidity, yield, and flexibility — by enabling faster settlement, seamless transferability, and programmability across digital treasury, collateral management, and on-chain liquidity environments.

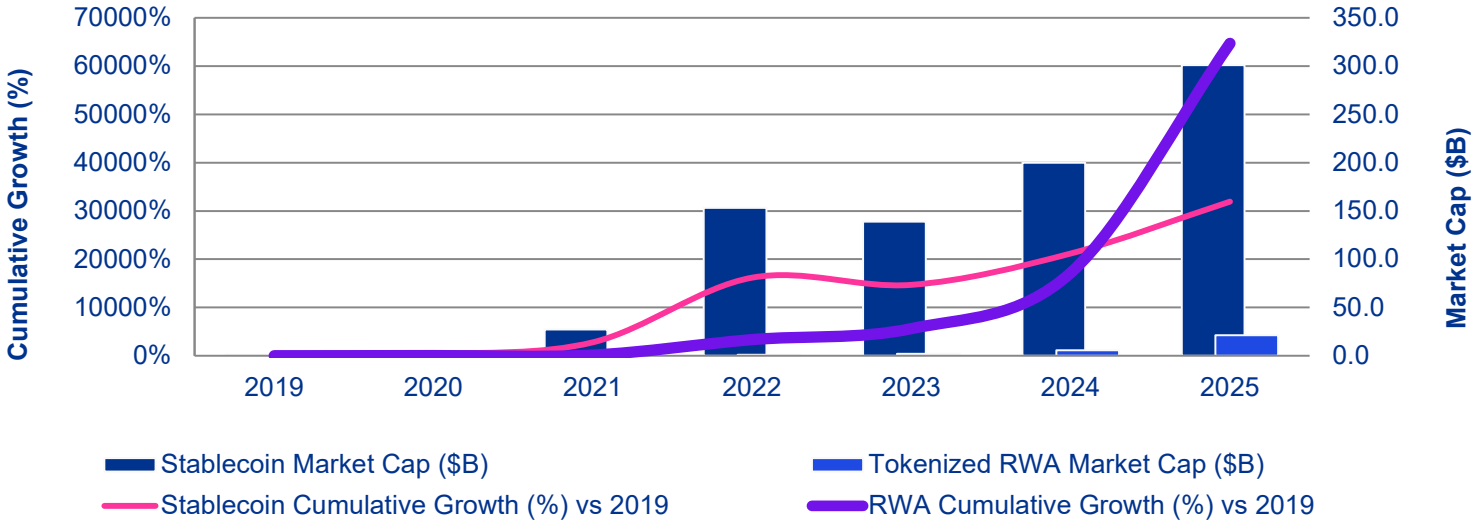
Other RWAs exhibit more varied adoption outcomes, highlighting that tokenization does not uniformly translate into scale. Where assets involve bespoke structures, complex servicing requirements, or limited secondary liquidity, the efficiency gains from tokenization are often outweighed by underlying legal, operational, and market constraints. While tokenization can improve access and distribution, access alone has proven insufficient to drive widespread adoption.

How does the RWA landscape look?

In addition, not all RWAs are designed the same, they span across a broad spectrum of functions and permissibility. As such, the industry has created frameworks to evaluate RWAs; increasingly distinguishing between ‘Distributed Assets’ which can make them more portable and, in some cases, usable in broader market or DeFi workflows. ‘Represented Assets,’ by contrast, typically remain within the originating platform or ecosystem, which can support tighter control but limit interoperability. That distinction is useful, but still incomplete: transferability, permissioning and interoperability vary materially even within those categories.

Represented assets can also take the form of fully permissioned tokens, where holding and transfers are restricted to whitelisted addresses. This can limit composability to approved venues, such as BlackRock’s BUIDL as collateral on UniswapX, or in some cases to internal settlement rails only. By contrast, more permissionless RWAs can move more freely and integrate across DeFi workflows. For example, Tether’s XAUT (tokenized gold) can be used for lending, borrowing, liquidity provision, or transfers to any non-blacklisted wallet. Stablecoins have had unrivaled monumental growth and adoption. Tokenized RWA’s currently have a similar explosive growth trajectory to stablecoins, and Citigroup predicts tokenized RWAs (excluding stablecoins and tokenized deposits) to reach $4-5T by 2030.

Stablecoin vs. Tokenized RWA Market Cap ($B) & Cumulative Growth



© 2026 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

An overview of the tokenization landscape

Tokenized Real-World Assets can be any real-world asset representing traditional financial instruments such as U.S. Treasuries, money market funds, private credit, real estate, equities, gold, and more. The breadth of tokenization is expanding past stablecoins, as such, below are the key areas for any entity or individual to get a basic understanding and reference.

Values for distributed and represented are as of March 2026 per RWA.XYZ

U.S. Treasuries & money market funds [15]

$13.3B+	$210M+
Distributed value	Represented value

Tokenized Money Market Funds (MMFs) have gained traction for accredited investors:

- BlackRock BUIDL MMF: $2.85B AUM, live on 9 chains and $100M+ dividends paid out to institutions.[20]
- BUIDL can be used as collateral in Binance and UniswapX, increasing capital efficiency on blockchain rails, mirroring the efficacy of MMFs as collateral.[21]
- Franklin Templeton BENJI: $800M+ (since 2021).[22]
- JPMorgan MONY: $100M on Ethereum (Dec 2025).[23]

Tokenized gold & commodities [16]

$5.31B+	$1.96B+
Distributed value	Represented value

- **Paxos** Gold ($2.4B USD) and **Tether** Gold ($3.6B USD) are 75% of market share.
- Paxos offers allocated gold custody, and physical or USD redemption, while Tether Gold offers physical redemption.
- Total tokenized commodity market grew from $1.05B to $7.7B USD in the past 12 months.

[24] All stats per RWA.XYZ

Tokenized stocks & securities [17]

$1.05B+	$3.5M+
Distributed value	Represented value

Over $1B tokenized equities on blockchains.[25]

- **Ondo** has tokenized and democratized access to 200+ U.S. equities & ETFs, reaching $550M+ TVL and $11B+ cumulative trading volume.[26] [27]
- **DTCC / DTC:** Authorized by the SEC to tokenize DTC-custodied assets, including Russell 1000 stocks, major index ETFs, and U.S. Treasuries, with full ownership rights and protections coming in 2026. [28]
- **Robinhood:** Launched tokenized U.S. stocks and ETFs in Europe, tradable 24/5 on-chain; soon 24/7. [29]

Private credit & lending [18]

$6.01B+	$20.1B+
Distributed value	Represented value

- **Hamilton Lane** reduced minimum investment from ~$5 million to $500 harnessing blockchain scaling.[30]
- **Figure** has put $15B+ of represented tokenized HELOCs on blockchain, reducing costs to $1,000 per loan, instead of the $12,000 industry average.[31]
- DeFi platforms such as Syrup are tokenizing private credit loans to businesses and SMEs, offering investors 8–12% APY on senior-secured tranches bringing traditionally illiquid, private credit on-chain.[32]

Perpetual futures & DeFi

Emerging

Democratizing access to 24/7 trading with leverage and user-provided liquidity

- **Hyperliquid** dominates on-chain perpetual futures with 24/7 trading on crypto, commodities and equities with ~$3T USD volume in the past 12 months.[33] Recently, its gold and silver markets hit volumes equal to 1% of total COMEX volume in one day.[34]

Real estate [19]

$296M+	$148M+
Distributed value	Represented value

Fractional ownership, 24/7 trading, global access

- Tokenized real estate (RE) per RWA.XYZ has grown from $27M to $438M USD in just 12 months.[35]
- By 2030, tokenized real estate may reach $3 trillion, representing about 15% of global real estate AUM worldwide overall, according to ScienceSoft.[36]
- Groma Real Estate Trust ($GRO) is the biggest RE tokenized fund with a market cap of $67.5M.[37] Groma represents fractional ownership in income-producing multifamily RE (with ~$119M of total asset value) with access restricted to accredited investors.[38]

KPMG

© 2026 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Document Classification: KPMG Public

KPMG

05

A Canadian lens on payment rails and regulations

Canada's regulatory environment (1/3)

In our view, Canada is starting to move toward a regulated, institution-compatible model for digital assets and tokenized assets. Canada faces growing risks as U.S. dollar denominated stablecoins proliferate and without timely regulatory modernization, Canadian deposits and financial sovereignty may increasingly migrate to U.S. dollar backed tokenized assets, weaken our ability to influence monetary policy and increase our reliance on foreign-controlled payment rails. Additionally, the U.S. is working on enacting critical market structure regulation under the proposed Digital Asset Market Clarity Act (CLARITY Act) as a follow up to purpose built stablecoin legislation under the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act.

It is important to note that federal and provincial authorities including the Bank of Canada, OSFI, CSA, and CIRO have issued consultation papers, interim supervisory positions and authoritative guidance that are increasingly clarifying how tokenized assets should be treated within current capital and liquidity, custody, securities and payments regulatory regimes. While we don't have comprehensive integrated regulatory frameworks and clear prudential regulation for our financial institutions, the direction of travel is clear and focused on improving clarity and aligning with global regulation and best practices.

The Stablecoin Act [10]

01 Establishes a clear regulatory pathway under Bank of Canada oversight

The Stablecoin Act established Canada's first dedicated federal framework for fiat-backed, non-yield-bearing stablecoins. It provides clarity by explicitly designating compliant fiat-backed payment stablecoins as neither securities nor deposits and places their issuers under the direct supervision of the Bank of Canada.

02 Aligns with global best practices and standards

Issuers must maintain 1:1 high-quality reserves, hold those reserves with qualified custodians on a segregated and bankruptcy-remote basis, and provide ongoing independent attestations. There are also mandatory governance, risk, cybersecurity, and recovery policy requirements which are designed to strengthen risk management, governance and compliance.

03 Broader regulatory landscape

The Retail Payment Activity Act (RPAA) will be amended to cover payments with stablecoins. As a result, payment service providers performing prescribed payment functions involving fiat backed stablecoins will be subject to Bank of Canada supervision, while securities regulators and prudential regulators will continue to apply where relevant. This creates the legal foundation for Canada to support modernized payments, tokenized assets, cross-border settlements, and mainstream on-chain
financial services.

While the Stablecoin Act creates a federal regime, it does not automatically displace existing provincial securities regulation:

- Given that the Stablecoin Act is geared towards non-federally regulated entities, how will OSFI and the banking community respond?
- Will fiat-backed stablecoins complying with the act still be treated as securities at the provincial level?

KPMG

© 2026 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Document Classification: KPMG Public

Canada's regulatory environment (2/3)

OSFI's February 20, 2025 final guidance on crypto-asset exposures is a meaningful step forward for the Canadian market. It replaces the August 2022 interim advisory with separate final guidelines for banks and insurers, and it takes effect in fiscal Q1 2026. For banks, OSFI is also introducing related Pillar 3 disclosure expectations from the same period.

From a prudential standpoint, the shift is important because the framework is now more granular, more operational, and more closely aligned to the Basel standard. OSFI's banking guideline incorporates Basel's crypto-asset framework as updated through November 2024, while Basel's final disclosure framework and targeted amendments were published in July 2024 with an implementation date of January 1, 2026. In practical terms, that gives institutions a clearer basis for assessing tokenized assets, stablecoins and unbacked crypto-assets within a defined capital and liquidity framework.

Our view is that this is best understood as greater regulatory clarity, not regulatory easing. The commercial constraint remains the treatment of higher-risk exposures: under the Basel framework, Group 2b crypto-assets attract a 1,250% risk weight, and OSFI's banking guideline similarly preserves highly conservative treatment for exposures that do not qualify for more favorable categories. That means institutions pursuing digital asset use cases will still need to solve for capital intensity, particularly where business models require holdings of native tokens or other exposures that may fall into punitive buckets.

The international direction of travel also matters. Major regulators are still calibrating how the framework should apply in practice. The Federal Reserve said in April 2025 it would withdraw earlier crypto-asset guidance and supervise these activities through the normal supervisory process, while the PRA/Bank of England launched a December 2024 data collection to inform calibration of its prudential treatment of tokenized assets, stablecoins and other crypto-assets. The implication is that the global framework is still evolving even as implementation timelines approach.

OSFI's framework classifies crypto assets into three prudential groups with materially different capital outcomes.

1. Group 1a includes tokenized traditional assets, such as tokenized deposits, that preserve identical legal and economic characteristics to their non-tokenized equivalents. In these cases, credit and liquidity treatment generally follow the existing CAR framework, although institutions must demonstrate that tokenization has not introduced additional operational or liquidity risks.
2. Group 1b captures value referenced crypto assets, or stablecoins, that are redeemable against reserve assets. These are treated as structured exposures, requiring institutions to decompose and capitalize issuer, reserve, and intermediary risks separately, with ongoing evidence that the peg remains stable.
3. All other crypto assets fall into Group 2, where capital treatment is highly punitive, including effective full CET1 deduction for most exposures. In practice, the classification outcome determines whether a digital asset is prudentially viable on a regulated balance sheet.

OSFI regulation [39]

01 Simplified vs. Comprehensive Approach

Banks can choose a Simplified approach that deducts all digital asset exposures from CET1, or a Comprehensive approach that applies differentiated capital treatment by classification from Group 1a to Group 2b and comes with higher governance and supervisory expectations.

02 Liquidity Treatment Clarified

Only Group 1a tokenized versions of assets that qualify as High Quality Liquid Assets ("HQLA") can contribute to Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR"), while Group 1b stablecoins and all Group 2 digital assets are not eligible and should not be relied on as liquidity buffers.

KPMG

© 2026 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Document Classification: KPMG Public

Canada's regulatory environment (3/3)

The Canadian Securities Administrators (CSA) have historically approached stablecoin through the lens of securities law, focusing on investor protection and market integrity. Through Staff Notice 21-333 and related guidance, the CSA established interim terms for crypto trading platforms that facilitate trading in value referenced crypto assets, requiring enhanced disclosure, reserve transparency, and regulatory pre-clearance before listing certain stablecoins.

Regulation has evolved with the introduction of the Stablecoin Act and the overall direction signals that, unless structured to meet strict criteria, stablecoins may be treated as securities or derivatives, placing them firmly within provincial securities oversight.

Securities regulation [40]

01 CSA Project Tokenization

Project Tokenization is examining how tokenized financial products intersect with Canadian securities laws, in line with global regulatory work pushing more harmonized standards. It will use stakeholder engagement, research/issue mapping, and potentially live testing to build shared regulatory understanding while protecting investors.

The CSA is studying things like (i) when a tokenized asset is a security, (ii) how issuance, trading, custody, compliance, and disclosure should work on blockchain infrastructure, and what regulatory path should exist for things like tokenized shares, funds, or other financial instruments in Canada.

CIRO digital asset custody regulation [11]

01 Tiered Custodian Limits and Capital Requirements

Custody concentration limits scale with a custodian's assessed capabilities and safeguards. Tier 1 and Tier 2 custodians can generally hold up to 100 percent of a firm's digital assets. Tier 3 custodians are capped at 75 percent and Tier 4 custodians are capped at 40 percent. This model supports diversification while limiting exposure to lower capacity custody arrangements.

02 Control, Assurance, and Insolvency Ready Safeguards

There are additional requirements for independent assurance reports such as:

a) SOC 2 reports that cover additional criteria such as availability, confidentiality, processing integrity; and

b) key management and digital asset specific control objectives.

These additional requirements fill a much-needed gap in the outgoing regulations which we had voiced our concerns over.

CIRO's recent Interim Digital Asset Custody Framework (Feb 3, 2026) provides Dealer Members with clearer expectations for digital asset custody. In our view, the outgoing Canadian custody framework was not designed for the technological, operational, and legal risks that are unique to digital assets and tokenized assets including stablecoins.

KPMG

© 2026 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Document Classification: KPMG Public

KPMG

06

A Canadian lens on risks and enablement considerations

Risk considerations and enablement blueprint

As tokenization use cases gain traction, institutions must assess their internal readiness across technology, risk and business functions. Preparing the right infrastructure, expertise, and controls will enable the safe integration of digital asset infrastructure, products and services. Some of the key risk areas are highlighted below (non-exhaustive).

Custody and key management (explored further on next page)

How wallets and private keys are securely created, stored, backed up, recovered and destroyed.

Smart contracts, minting, redemption and token lifecycle

Consider the appropriate configuration of blockchain network and smart contracts that power the tokens and alignment with business strategy and operating models. How tokens are minted, redeemed, programmed and managed over time.

KYC, AML and compliance stack

Relevant frameworks must evolve to support tokenization activity with a focus on liquidity, operational resilience, cybersecurity, and third-party risk. This includes extending existing AML and compliance controls, such as enhanced due diligence, client risk classification, and transaction monitoring, to token-enabled workflows.

System integrations

When evaluating tokenization enabled internal operations processes, products and services, banks must consider the integration of relevant blockchain infrastructure components, including secure custody, wallet and transaction monitoring solutions with current infrastructure.

Risk, controls, and governance (financial and non-financial risks)

Are there appropriate, policies, procedures and frameworks in place that manage non-financial (operational, cyber, technological, regulatory, legal, etc.) and financial risks?

Overall Risk Landscape Applicable to Tokenized Assets:

- Governance & scoping dynamics
- Legal, regulatory & permissibility
- Capital / liquidity / disclosure
- KYC / CDD / beneficial ownership
- AML / sanctions / travel rule / reporting
- Technology / cyber / key / data security
- Custody / key loss / transfer irreversibility
- Third-party / subcontractor / concentration
- Systems integration / reconciliation / data integrity
- Operational resilience / continuity / incident response
- Consumer protection / conduct / disclosure
- On-chain / off-chain record integrity
- Settlement finality / transferability / traceability
- Smart contracts / admin keys / upgradeability
- Mint / burn / redeem lifecycle governance
- Protocol / fork / node governance / throughput
- On-chain typology / un-hosted wallet / cross-chain monitoring
- Reserve management / redemption

Effective rollout of a tokenization strategy involves coordination between lines of business, risk and compliance, operations, finance, legal, and technology. The critical path is often coordination and operating readiness rather than pure engineering effort. For many banks, a phased hybrid approach is the most practical route: use partners to accelerate initial launch and learn in market, then progressively strengthen internal controls, data, and processes, and selectively internalize components that are strategically differentiating or require tighter control as scale increases.

Cross-service line coordination & preparation is critical

Line of business | Engineering | Risk & compliance | Operations | Finance & accounting | Legal & regulatory | Support

KPMG

© 2026 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Document Classification: KPMG Public

Custody and key management considerations for tokenized assets mirror those of digital assets

Many of the same considerations applicable to digital asset custody are relevant for tokenized asset custody. There is nuance to be applied as there are differences with the underlying asset ownership and economic models but the technical architecture for digital and tokenized assets are largely aligned.

Category	High Level Digital Asset Custody Considerations	Applies to Tokenized Asset Custody?
Custody Architecture	• In-house built, outsourced and/or hybrid approach? • Type of custody architecture considered and evaluated based on risk posture and enterprise strategy? • Associated physical access, security, reconciliation, reporting, etc. controls in place to enable seamless operation?	Yes
Key Business Processes	• Are digital asset deposits, withdrawals, purchases and sales executed on-chain in a secure and resilient manner? • Are all the relevant control considerations in place?	Yes
Transaction Authorization Policies	• Have you designed and configured your Transaction Authorization Policies for the appropriate automated and manual executions of key business processes noted above in a secure and resilient manner (considering whitelisting and blacklisting of addresses, transfer limits, appropriate segregation of transaction initiation and approvals)?	Yes
Private Key Signing	• How are transactions signed using private keys and do you have the appropriate processes and controls in place over private key lifecycle management (generation, storage, usage, access, backup, rotation, recovery, destruction etc.)? • Are private keys appropriately safeguarded to prevent loss or compromise?	Yes
Key Custody IT Systems	• Do you have appropriate General IT Application Controls and the specific IT Application Controls needed to appropriately implement Digital Asset Custody and related IT systems?	Yes
Third Party Custodian(s)	• Have you performed effective due-diligence over third-party custodians (key third-party custodian evaluation criteria includes: security and compliance, financial stability and governance, technological infrastructure and scalability, customer service and support, token and asset services and market presence and ecosystem)? • Have you considered API Resilience & Rate Limiting, Policy Engine Alignment, and Reporting considerations when integrating with third-party custodians? • Are you effectively able to identify and assess Digital Asset Custodian SOC 2 Type II & ISAE 3000 reports to evaluate their appropriateness, coverage and whether specific risks around custody are addressed appropriately?	Yes

KPMG

© 2026 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Document Classification: KPMG Public

Enablement through Proof of Concepts (PoC): Early experimentation is important

Many financial institutions have begun experimenting with tokenization as the most practical Digital Assets model for application to its business, shifting near-term focus to how this foundational capability translates into concrete use cases and enablement through a targeted PoC.

Guiding principles for a successful proof of concept

01 **Minimal client/regulatory change**
Ensure there is only minimal/no impact on clients and regulatory requirements.

02 **Build on existing infrastructure**
No rebuilding core systems, instead, deliver value by layering on top of existing systems

03 **Immediate, measurable liquidity value**
Target known pain points to demonstrate clear benefits quickly

04 **Design for reuse/scalability**
Begin with controlled internal use case while creating a foundation for broader reuse

Framework for enabling an effective vendor integrated tokenization POC that serves as a foundation for scale

Business	Align stakeholders	Define scope	Define flow	Test with vendor partner	Scale up or down decision
Technology	Confirm baseline metrics	Validate vendor capabilities		Build / configure platform	Measure incremental performance

Baseline

- Establish internal Point of View
- Define minimum internal and potential vendor capability requirements
- Potential Vendor landscape analysis

Scope lock

- Select single PoC use case
- Benchmark potential vendors suitable for regulated banks
- Document potential vendor shortlist

Flow design

- Define end-to-end business flow
- Agree on outcome criteria
- Validate potential vendor architecture against internal requirements
- Finalize potential vendor to execute the PoC

Execute POC

- Observe potential vendor-led PoC execution
- Stand up solution; perform testing and validation
- Document results

Scaling decision

- Evaluate uplift vs. current-state
- Decide extend, reuse, pause, or exit with no production commitment

KPMG

© 2026 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

KPMG

07

How to lead Canada into a blockchain-based future

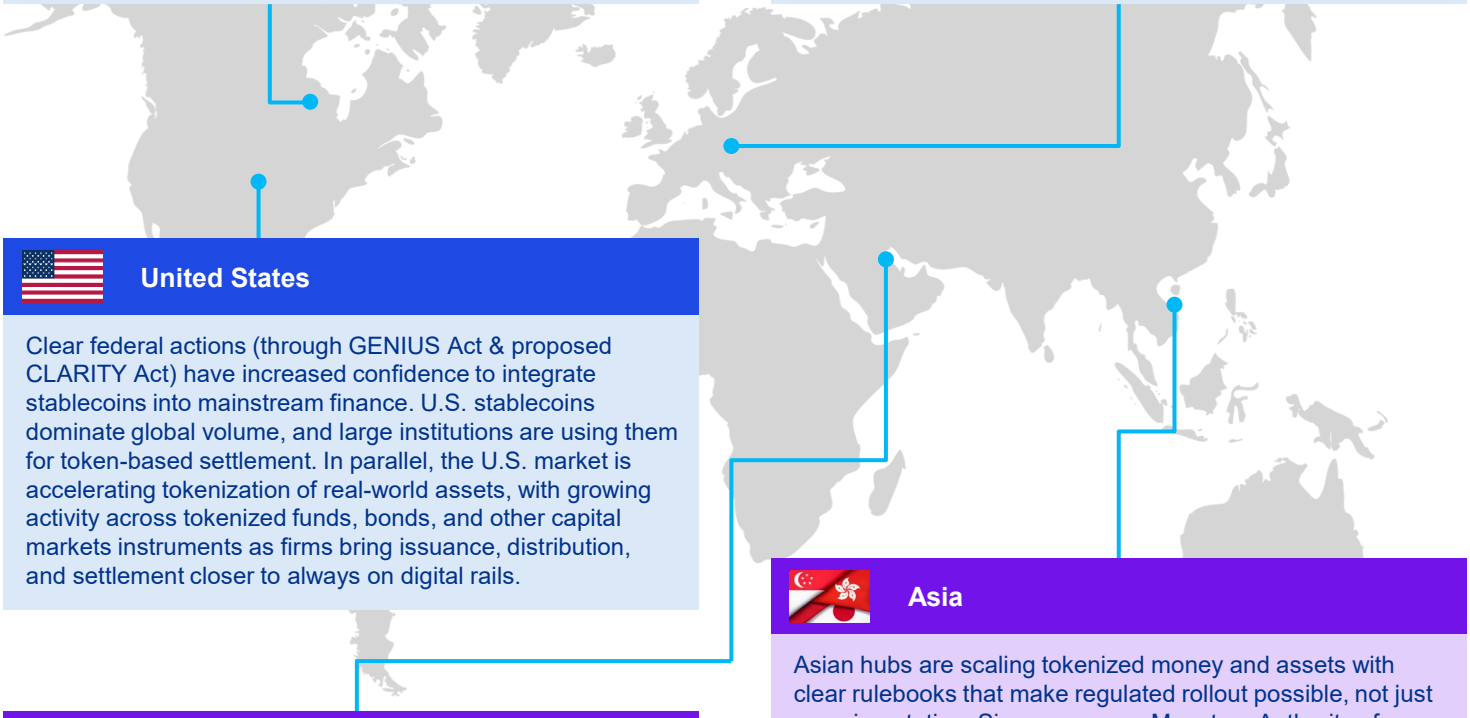
Opportunities for Canadian financial institutions

Canada has a window to act.

Canada has a federal stablecoin framework but still trails leading jurisdictions. We have an opportunity to establish clear rules and a domestic path for coordinated Digital Assets, Tokenization and Stablecoin related regulation and market infrastructure.

European Union

MiCA regulation is enabling stablecoin and tokenized asset activity across member countries. Europe is advancing stablecoins, tokenized deposits and tokenized real-world assets (equities, bonds, real-estate).



United States

Clear federal actions (through GENIUS Act & proposed CLARITY Act) have increased confidence to integrate stablecoins into mainstream finance. U.S. stablecoins dominate global volume, and large institutions are using them for token-based settlement. In parallel, the U.S. market is accelerating tokenization of real-world assets, with growing activity across tokenized funds, bonds, and other capital markets instruments as firms bring issuance, distribution, and settlement closer to always on digital rails.

Asia

Asian hubs are scaling tokenized money and assets with clear rulebooks that make regulated rollout possible, not just experimentation. Singapore uses Monetary Authority of Singapore's stablecoin framework alongside the Payment Services Act to give institutions a defined pathway to issue and use stablecoins under supervision. Japan has amended its Payment Services Act to create a clear legal framework for fiat-backed stablecoins. Hong Kong is doing the same through its Stablecoins guidance for stablecoin issuers.

Middle East

The Middle East is moving quickly on tokenized money and payments through a sovereign led approach that pairs clear regulation with coordinated infrastructure buildout. Dubai's Virtual Assets Regulatory Authority (VARA) is formalizing virtual asset market structure, while central bank led initiatives are advancing regulated settlement rails. Saudi Arabia is signaling the same direction through participation in the Bank for International Settlements mBridge, and Bahrain is adding momentum with a dedicated stablecoin issuer licensing framework.

Sovereignty first, interoperability second

Global peers are securing domestic rails and governance, and then connecting internationally on their own terms.

© 2026 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

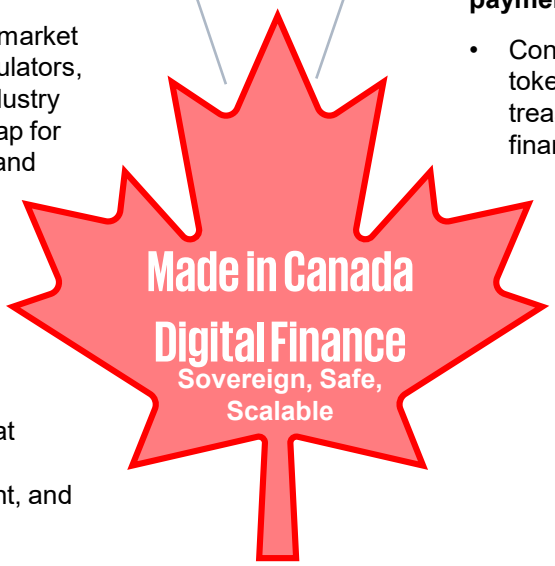
Roadmap for Canada: Turning a strong foundation into meaningful adoption

The Canadian Stablecoin Act establishes an important federal foundation by bringing stablecoins within a formal supervisory framework. The next step is translating that legislative foundation into coordinated prudential, payments, custody and market-structure guidance coupled with a Canadian first tokenization strategy

Canadian Dollar Token Strategy

The Department of Finance Canada, in coordination with the Bank of Canada and other relevant federal authorities should formalize their strategy for Canada and align key stakeholders to:

- Move from policy foundation to market adoption by aligning banks, regulators, payments stakeholders, and industry participants on a shared roadmap for CAD denominated stablecoins and tokenized deposits.
- Support domestic issuance and innovation so Canadian institutions help shape the market rather than relying on foreign rails and foreign token models.
- Prioritize practical use cases that matter for Canada, including payments, treasury management, and capital markets activity.



Integrate with Legacy Rails

Canadian banks, payment service providers (PSPs), and other market infrastructure operators should integrate these new rails into existing payment, and settlement workflows to:

- Connect CAD stablecoins and tokenized deposits to the payment, treasury, and settlement workflows financial institutions already use today.
  - Focus on integration, not replacement, so institutions can adopt new rails without disrupting core operating models.
  - Create a path forward for blockchain based settlement to work alongside existing systems and gradually become part of the mainstream financial stack.

Enable global interoperability on Canadian terms

Canadian banks, PSPs, and market infrastructure operators should support cross border interoperability on Canadian terms by:

- Ensuring Canadian tokenized money can move across borders and interact with blockchain rails being developed in major jurisdictions globally.
- Aligning with emerging regulatory and market approaches internationally so Canadian institutions can participate globally without losing domestic oversight.
- Positioning Canadian financial infrastructure to support the future digital asset market.

Canada can turn today's policy foundation into a coordinated market approach so Canadian institutions can scale at home and compete globally.

KPMG

© 2026 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Document Classification: KPMG Public

Data & Sources

[1] *The State of Tokenization, 21Co, (2023).*

[2, 3, 4] *Defilama, Data, Stablecoins, Tether (USDT), Blockchain Networks, Circle (USDC), https://defillama.com/stablecoins*

[5] *JP Morgan, Kinexys: https://www.jpmorgan.com/kinexys/index*

[6, 15, 16, 17, 18, 19, 20, 22, 24, 25, 26, 27, 35, 37] *RWA.xyz, Data Dashboard, Stablecoins, US Treasuries, Private Credit, Commodities, Stocks and Real Estate: https://app.rwa.xyz/*

[7, 8, 12] *VISA Onchain Analytics Dashboard, Data, Stablecoins: https://visaonchainanalytics.com/*

[9] *Barry Elad, Kathleen Kinder (Sept 6, 2025). Stablecoin Statistics 2025: Growth, Adoption, and Regulation: https://coinlaw.io/stablecoin-statistics/*

[10] *Canada's Stablecoin Framework: https://www.canada.ca/en/department-finance/programs/financial-sector-policy/canadas-stablecoin-framework.html*

[11] *Notice on CIRO's Digital Asset Custody Framework: https://www.ciro.ca/newsroom/publications/notice-ciros-digital-asset-custody-framework*

[13] *Citi, Future of Digital Money and Tokenization (2023), Stablecoins 2030 (2025), Money Tokens, Games (2023)*

[14] *JPMorgan moves further into crypto with stablecoin-like token JPMD. CNBC, 17 June 2025: www.cnbc.com/2025/06/17/jpmorgan-stablecoin-jpmd.html*

[21] *Economic Times, Binance supports BlackRock's BUIDL to be accepted as off-exchange collateral: https://m.economictimes.com/markets/cryptocurrency/crypto-news/binance-supports-blackrocks-buidl-to-be-accepted-as-off-exchange-collateral/articleshow/125383666.cms*

[23] *Barron's, JPMorgan Chase Launches Tokenized Money-Market Fund: https://www.barrons.com/articles/jpmorgan-chase-crypto-tokenized-money-market-fund-d7df2df8*

[28] *MarketWatch, Say goodbye to the 4 p.m. closing bell: Your stocks are becoming 24/7 digital cash: https://www.marketwatch.com/story/say-goodbye-to-the-4-p-m-closing-bell-your-stocks-are-becoming-24-7-digital-cash-c78721df*

[29] *MarketWatch, How Robinhood's dive into stock tokens makes it a "must own" crypto investment: https://www.marketwatch.com/story/how-robinhoods-dive-into-stock-tokens-makes-it-a-must-own-crypto-investment-2a7103d1*

[30] *Axios, Hamilton Lane's Hirsch sees a tokenized future for private equity: https://www.axios.com/2024/05/23/hamilton-lanes-hirsch-takenized-private-equity*

[31] *Barron's, This Fintech Uses Blockchain to Streamline Lending: https://www.barrons.com/articles/blockchain-fintech-figure-stock-c62567b4*

[32] *Maple Finance: https://maple.finance/*

[33] *DefiLlama, Hyperliquid: https://defillama.com/protocol/hyperliquid*

[34] *WSJ, The Hottest New Crypto Trade Is 24/7 Oil Futures: https://www.wsj.com/finance/commodities-futures/oil-futures-perpetual-contracts-d5496e5a*

[36] *ScienceSoft, Tokenized Real Estate to Represent 15% of Estate Under Management by 2030, ScienceSoft Predicts: https://www.scnsoft.com/press-room/pressreleases/66732_tokenized-real-estate-research*

[38] *Groma, Groma Real Estate Trust: https://www.groma.com/*

[39] *Capital and Liquidity Treatment of Crypto-asset Exposures (Banking) – Guideline: https://www.osfi-bsif.gc.ca/en/guidance/guidance-library/capital-liquidity-treatment-crypto-asset-exposures-banking-guideline*

[40] *CSA Collaboratory - Project Tokenization: https://www.securities-administrators.ca/csa-activities/csa-finhub/collaboratory/fall-2025-theme-tokenization/*

KPMG

© 2026 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Document Classification: KPMG Public

Data & Sources

Other Sources:

Visa (2025, July 31). Visa Expands Stablecoin Settlement Support. https://investor.visa.com/news/news-details/2025/Visa-Expands-Stablecoin-Settlement-Support/default.aspx

Weiss, B. (2025, June 24). Exclusive: Mastercard joins USDG stablecoin group, adds support for PayPal and Fiserv tokens. Yahoo Finance. https://finance.yahoo.com/news/exclusive-mastercard-joins-usdg-stablecoin-100000689.html?guccounter=1

Introducing USDC on Shopify: Simple, borderless payments for merchants. (n.d.). Shopify. https://www.shopify.com/news/stablecoins-on-shopify

(2025, August 10). Jamie Dimon now says he's a 'Believer in Stablecoin'—And JPMorgan Chase's new partnership could change everything. Yahoo Finance: https://finance.yahoo.com/news/jamie-dimon-now-says-hes-123103096.html

Reguerra, E. (2025, August 1). Tether's US Treasury holdings hit $127B, surpassing South Korea. Cointelegraph. https://cointelegraph.com/news/tether-us-treasury-holdings-127b-surpasses-south-korea

KPMG

© 2026 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Document Classification: KPMG Public

Contact us



Kareem Sadek

Partner & Leader,
Digital Assets CoE
KPMG Canada
ksadek@kpmg.ca



James Emerson

Senior Manager,
Digital Assets CoE
KPMG Canada
jemerson@kpmg.ca



George Djuric

Manager,
Digital Assets CoE
KPMG Canada
gdjuric@kpmg.ca

Contributing authors

Nicholas Criminisi
Senior Consultant
Digital Assets CoE

Tarun Anand
Senior Consultant
Digital Assets CoE

Konrad Weber
Consultant
Digital Assets CoE

kpmg.com/ca

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2026 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization. 33039

Document Classification: KPMG Public