



Regulatory Intelligence

Stablecoins Outlook



About This Report

This report is part of Vixio PaymentsCompliance’s Outlook series, which provides subscribers with forward-looking insights and consolidated research on key segments of the global payments industry.

This edition is designed to provide high-level intelligence on stablecoins in 2025.

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Introduction

Stablecoins are currently attracting significant attention amid widespread debate about their definition, optimal use cases and potential risks.

They are in the spotlight in part because regulators and legislators in multiple jurisdictions have moved to bring them within the regulatory perimeter, legitimising them in the eyes of many as the acceptable face of crypto.

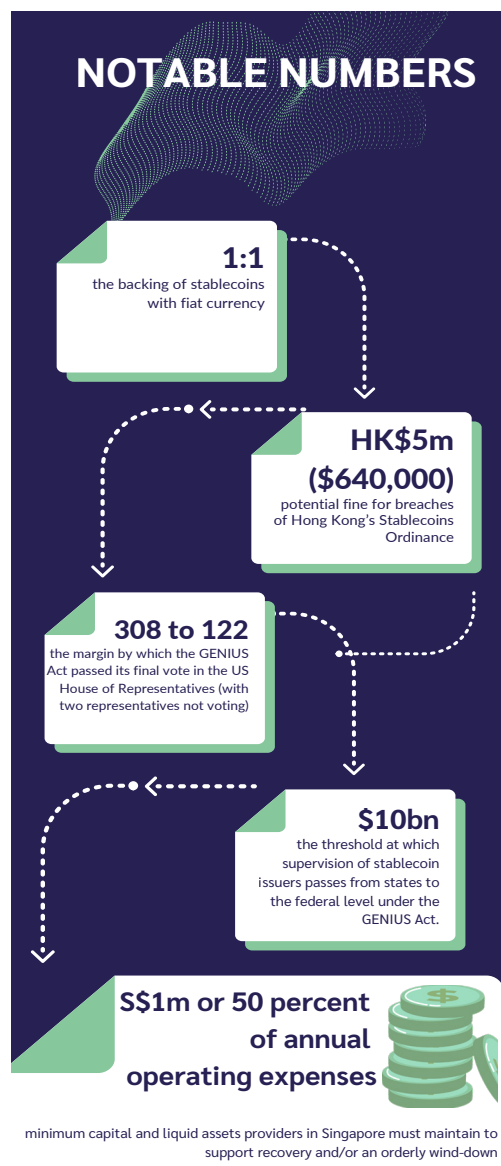
Arguably the most consequential development has been in the US, where in July 2025 the [Guiding and Establishing National Innovation for US Stablecoins \(GENIUS\) Act](#) passed into law.

The act provides a regulatory framework for the use of stablecoins, including requirements for transparent reserves and regular audits. Such measures contribute to addressing questions around the trustworthiness of stablecoins and their likely impact on the established financial system.

In April 2025, the UK published draft legislation aimed at establishing a UK regulatory framework for crypto-assets, including fiat-referenced stablecoins.

The [proposed legislation](#) defines “qualifying stablecoins” as a new category of specified investment and introduces new regulated activities covering their issuance and custody. Firms engaging in these activities will need to be authorised by the Financial Conduct Authority (FCA) once the regime is finalised.

In the EU, meanwhile, the [Markets in Crypto-Assets Regulation \(MiCA\)](#), which passed in 2023 and is now being implemented at member state level, imposes detailed regulatory requirements aimed at ensuring financial stability, investor protection and market integrity.



Although stablecoins are not explicitly named in the crypto framework, they are deeply embedded in the regulatory requirements. Providers must comply with stringent rules, partly due to EU concerns that stablecoins could undermine the euro.

A significant step forward in terms of stablecoin regulation in Asia-Pacific came in May 2025, when Hong Kong's Legislative Council passed the [Stablecoins Bill](#), laying the foundation for a formal licensing regime for fiat-referenced stablecoin issuers.

The law establishes a regulatory framework under which any person issuing stablecoins in Hong Kong, or issuing HKD-referenced stablecoins from abroad, must obtain a licence from the Hong Kong Monetary Authority (HKMA).

The regime came into force quickly, taking effect on August 1, 2025. It is designed to strengthen financial stability and investor protection, while also encouraging responsible innovation in the crypto-asset space.

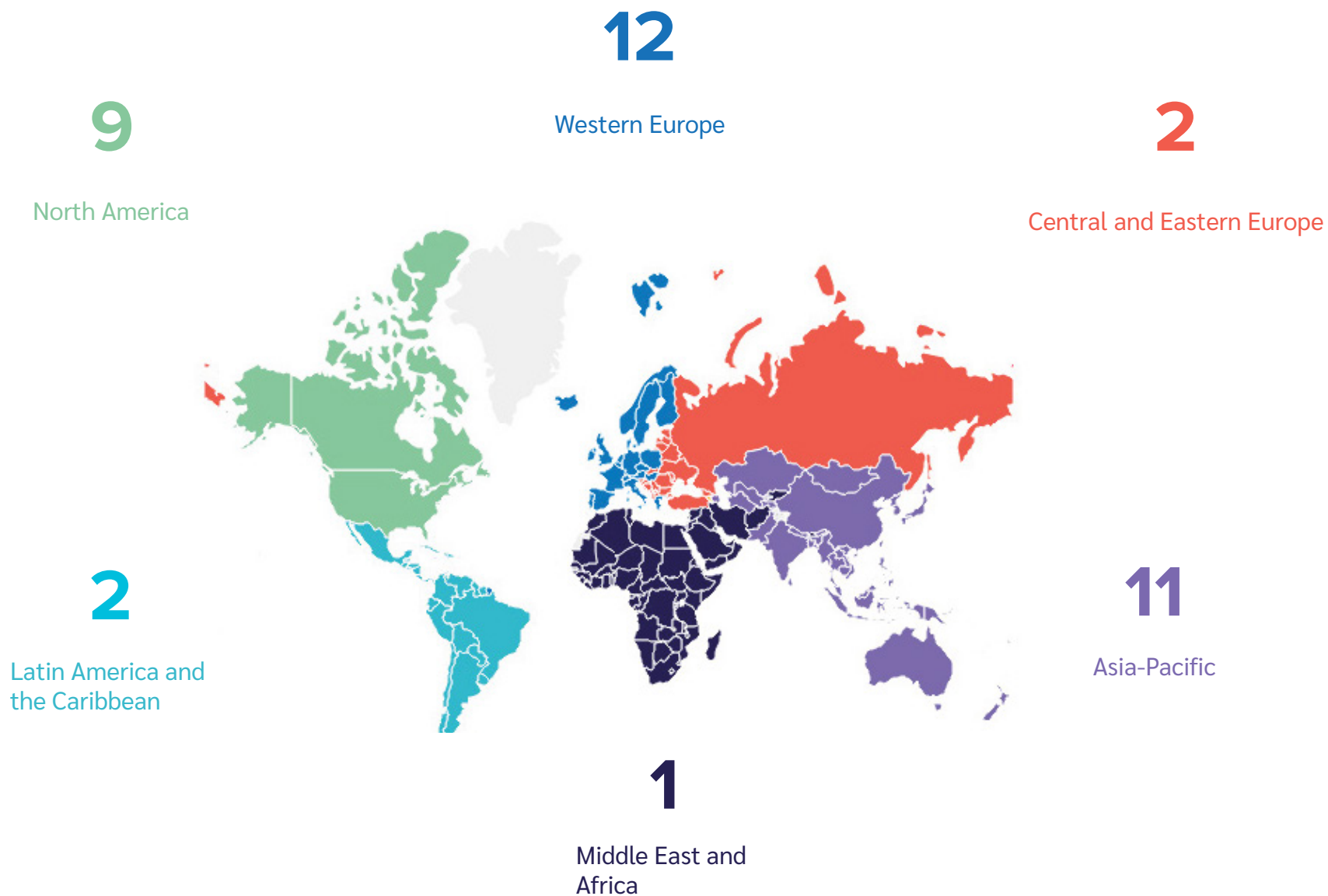
These are legitimate concerns, and regulators and legislators must take them seriously.

Encouragingly, the frameworks being introduced globally seek to address these issues, while also formalising and supporting innovation in this dynamic and fast-evolving sector.

Issuers operating in the jurisdictions where new stablecoin rules are being implemented should familiarise themselves with the requirements and ensure they are able to meet the regulators' expectations.

Other financial institutions should also pay close attention and consider how the growth and legitimisation of stablecoins may affect their operations and business models.

Vixio H1 2025 Horizon Scanning Updates - Stablecoins



Regulation To Watch

Jurisdiction	Notable Date	Summary	Legislation	More Info
US	July 18, 2025 – signed into law	<p>SB 1582, known colloquially as the GENIUS Act, creates a federal regulatory framework for stablecoins.</p> <p>The first piece of legislation regulating the cryptocurrency industry to be enacted in the US, it includes a federal framework for payment stablecoins and dual federal-state licensing.</p>	SB 1582	United States Enacts SB 1582: GENIUS Act Stablecoin Framework
UK	<p>May 28, 2025 – consultation issued</p> <p>July 31, 2025 – consultation deadline</p> <p>2026 – final rules expected</p>	<p>The UK’s Financial Conduct Authority (FCA) is consulting on rules for stablecoin issuance, crypto-asset custody and the financial resilience of crypto firms.</p> <p>It aims to develop a comprehensive regulatory framework that supports innovation while ensuring appropriate levels of consumer protection.</p>	CP25/14	<p>UK’s Financial Conduct Authority Launches Consultation on Stablecoin Issuance and Cryptoasset Custody</p> <p>FCA Sets Out Plans To Regulate Stablecoins And Reinforce Safeguards</p>

Regulation To Watch (continued)

Jurisdiction	Notable Date	Summary	Legislation	More Info
Hong Kong	August 1, 2025 – Stablecoins Ordinance comes into force	<p>Hong Kong’s Legislative Council has passed a stablecoins bill as part of a broader push to tighten oversight of crypto-assets that mirrors other international compliance rules.</p> <p>The Stablecoins Ordinance compels any person or entity issuing a stablecoin linked to the value of fiat currency, either in Hong Kong or referencing the Hong Kong dollar abroad, to obtain a licence from the Hong Kong Monetary Authority (HKMA).</p>	Stablecoins Ordinance	Hong Kong Ushers In New Stablecoin Regime
Bahrain	July 4, 2025 – framework announced	<p>The Central Bank of Bahrain (CBB) has announced that providers will be able to issue single-currency stablecoins backed by the Bahraini dinar, the US dollar or any other fiat currency it deems acceptable.</p> <p>The framework is intended to mitigate the risks associated with the use of unregulated stablecoins and foster a safer, more secure ecosystem that boosts investor confidence and promotes sustainable sector growth.</p>	SIO Stablecoin Issuance & Offering	‘Milestone’ Passed As Bahrain Introduces Licensed Stablecoin Regime

Regulation To Watch (continued)

Jurisdiction	Notable Date	Summary	Legislation	More Info
Ghana	July 10, 2025 – notice issued August 15, 2025 – submission deadline	<p>The Bank of Ghana has issued a notice requiring all virtual asset service providers (VASPs) operating in the jurisdiction to register with the bank.</p> <p>This is part of a preliminary regulatory process aimed at strengthening oversight of virtual asset activities and supporting the development of a future legal framework aligned with international standards.</p>	NOTICE NO.BG/GOV/SEC/2025/18	Bank of Ghana Mandates Registration of Virtual Asset Service Providers.

Regulation To Watch (continued)

Jurisdiction	Notable Date	Summary	Legislation	More Info
Australia	March 21, 2025 – statement issued	<p>The Australian government has published a statement on its approach to digital asset reforms.</p> <p>It aims to balance innovation with consumer protection and align with international best practice, and will treat payment stablecoins as a type of stored value facility (SVF).</p>	Statement on Developing an Innovative Australian Digital Asset Industry	Australian Government's Approach to Digital Asset Reforms
Brazil	April 28, 2025 – priorities announced	<p>The Central Bank of Brazil (BCB) announced its regulatory priorities for 2025 and 2026 in April.</p> <p>They include regulating virtual asset service providers (VASPs), tokenised assets and stablecoins.</p>	Regulatory priorities	Central Bank of Brazil Unveils Regulatory Priorities for 2025-2026

Policy Points To Watch

US



On July 18, 2025, President Trump signed into law the Guiding and Establishing National Innovation for US Stablecoins (GENIUS) Act, which provides a regulatory framework for the use of stablecoins.

The act outlines clear rules for stablecoin issuers, including requirements for transparent reserves and regular audits. These measures should help to increase trust in the instrument among both institutions and users.

It will effectively prohibit unregulated entities based in the US from issuing stablecoins, imposing tough penalties for unauthorised issuance.

Passing the GENIUS Act has been a priority for the Trump administration, which has been strongly pro-crypto in the months since taking office.

Detractors highlight the conflict of interest inherent in the administration advocating for the crypto industry even as the President himself becomes a significant player in the space.

This was one of the key talking points during lengthy negotiations as the act moved through Congress, along with questions over consumer protection and the adequacy of anti-money laundering (AML) provisions.

Critics such as Senator Elizabeth Warren (D-MA) argued that the bill does not mandate sufficient oversight of the stablecoin industry and highlighted President Trump's conflict of interest, given that his World Liberty Financial project offers a stablecoin called USD1.

In addition to concerns about the President using his position as the country's ultimate financial regulator to enrich himself, some worried about foreign influence over US policy, particularly if foreign entities invest in or use the stablecoin.

The final version resolved these issues sufficiently to pass through both the Senate and the House, and provides a clear regulatory framework.

The act defines stablecoins as digital assets designed to be used as a means of payment or settlement. It states that issuers will be required to hold at least one dollar of permitted reserves (insured deposits, short-term US Treasuries, reverse repo agreements, government money market funds and similar instruments) for every one dollar of issued stablecoins.

Under the provisions of the act, stablecoin issuers' activities will be limited to issuance, redemption, managing stablecoin reserves, providing custodial or safekeeping services (for stablecoins, required reserves or private keys) and other associated activities.

The act's AML measures require stablecoin issuers to meet the same standards as traditional financial institutions, meaning they will be subject to the Bank Secrecy Act (BSA), as well as tailored AML rules to be written by the Financial Crimes Enforcement Network (FinCEN).

In addition, firms will be required to provide reporting on illicit finance tools, targeting threats such as terrorism financing and sanctions evasion.

The GENIUS Act also establishes a two-tier regulatory framework for stablecoin issuance across federal and state regulators.

Non-bank issuers with less than \$10bn in total outstanding issuance may be regulated by state authorities, providing that the state regime in question is "substantially similar" to that of the federal regime.

When a stablecoin reaches \$10bn in market cap, its issuer will usually be required to transition to federal regulation within 360 days, or cease issuing new units of stablecoin. However, this requirement may be waived if the issuer's primary federal regulator is satisfied with the issuer's capital conditions and its previous operations and examination history, as well as with the framework and regulation experience of the issuer's preferred state.

Mainstream US financial organisations such as banks and other more traditional institutions have so far approached stablecoins cautiously, deterred by regulatory uncertainty and by the instruments' association with cryptocurrencies and their "Wild West" image.

Although crypto has the image of avoiding scrutiny by operating outside traditional regulatory frameworks, some providers have welcomed the introduction of a formal regime.

The GENIUS Act could change the landscape significantly, with incumbent issuers likely to face challenges from larger and more established financial institutions that may now look to move into stablecoins.

For example, Bank of America CEO [Brian Moynihan](#) said publicly in July that the bank is working on launching a stablecoin. In addition, Citigroup CEO [Jane Fraser](#) told analysts that the bank is considering issuing a stablecoin to facilitate digital payments, provided the conditions are favourable.

The US card networks, which dominate transactions in jurisdictions around the world, will also have to respond to the rise of stablecoins, which have the potential to threaten their ubiquity.

Visa is already taking steps to formulate a policy on stablecoins, noting their advantages in emerging markets and their likely role as an on/off ramp for cryptocurrencies.

The act will take effect either 18 months after its passage or 120 days after final regulations are issued, meaning that it is likely to become effective in Q1 2027.

Organisations seeking to operate as stablecoin issuers in the US therefore have a clear timeline for their preparations.



UK



The UK's policy on stablecoins has evolved rapidly during 2025 so far, albeit in draft form.

In April this year, the UK government's finance department, HM Treasury, took a significant step towards establishing a UK regulatory framework for crypto-assets, including fiat-referenced stablecoins, by [publishing](#) draft legislation.

The changes, introduced via amendments to the Financial Services and Markets Act 2000 (Regulated Activities Order, or RAO), define “qualifying stablecoins” as a new category of specified investment and introduce new regulated activities covering their issuance and custody.

Firms engaging in these activities will need Financial Conduct Authority (FCA) authorisation once the regime is finalised.

This latest move builds on the Treasury's October 2023 policy [proposals](#), which aimed to bring crypto-related services within the perimeter of UK financial services regulation.

In November 2024, the then Conservative government confirmed its intention to legislate, with one notable exception: it said it had no plans to amend the Payment Services Regulations 2017 to treat UK-issued stablecoins as regulated payment instruments.

This means that although stablecoins may still be used for payments in the UK, such activity will remain outside the formal regulatory perimeter unless future reforms bring them in.

The draft statutory instrument (SI) [published](#) in April 2025 focuses solely on activities under the RAO.

It includes consequential updates to anti-money laundering (AML) and financial promotions rules, and clarifies that qualifying stablecoins are distinct from e-money and collective investment schemes.

As things stand, the government has maintained the option of extending payment regulation to stablecoins later, depending on adoption and use cases.

The FCA followed up the Treasury's proposed legal regime, issuing a consultation paper ([CP25/14](#)) on May 28, 2025 detailing its proposed rules for firms issuing qualifying stablecoins, alongside rules on safeguarding crypto-assets. The consultation closed in July, with the FCA's next steps currently uncertain.

Under the framework outlined by the financial services regulator, stablecoin issuers will need to ensure full, prudent backing of tokens with high-quality liquid assets, such as short-dated government debt, and hold them in statutory trusts for the benefit of token holders.

Custody providers for crypto-assets would also require FCA authorisation.

Redemption at par value will be a key feature of FCA-authorised stablecoins, and issuers will need to offer same- or next-day redemption in fiat currency.

They are also restricted from passing interest earned on backing assets to holders, further differentiating these instruments from funds or other investment products. Regular disclosures on reserve composition and technology infrastructure are also to be required.

The proposed regime treats qualifying stablecoins as money-like instruments, not investment vehicles, and FCA rules will require daily reconciliation of reserves and clear segregation of client funds, with independent third-party custody.

Multi-currency stablecoins, referencing baskets of fiat currencies, are included in scope, although the FCA acknowledges that there is regulatory uncertainty in this area given their current limited use.



Although stablecoins are not explicitly named in the EU's crypto framework, they are nonetheless deeply embedded in the regulatory requirements.

Providers are expected to comply with a range of stringent rules, partly due to EU concerns that stablecoins could undermine the euro.

Under the [EU's Markets in Crypto-Assets Regulation](#) (MiCA), which passed in 2023 and is now in the process of being implemented at member state level, stablecoins are subject to detailed regulatory requirements aimed at ensuring financial stability, investor protection and market integrity.

Specifically, MiCA divides stablecoins into two categories: asset-referenced tokens (ARTs); and e-money tokens (EMTs).

ARTs are backed by a basket of assets, such as multiple fiat currencies, commodities or other crypto-assets.

EMTs, by contrast, are pegged to a single official currency and are intended to function similarly to traditional e-money.

Issuers of both ARTs and EMTs must be legal entities established within the EU or the European Economic Area, and must be authorised by a national competent authority.

EMTs may only be issued by credit institutions or electronic money institutions, in line with existing EU e-money legislation, and issuers are required to maintain robust governance frameworks.

These include clear and transparent operational procedures, risk management practices and compliance systems.

A cornerstone of MiCA's approach is the requirement for full-reserve backing.

Stablecoins must be backed one-to-one by high-quality, low-risk liquid assets. These reserves must be held separately from the issuer's own funds and safeguarded with eligible custodians, typically authorised financial institutions.

For EMTs specifically, at least 30 percent of reserve assets must be held in bank deposits, with the remainder invested in similarly low-risk instruments.

MiCA also mandates that issuers publish a detailed white paper covering technical design, reserve arrangements, risks, fees, governance and redemption rights.

Token holders must be able to redeem stablecoins at par value at any time and without incurring charges.

MiCA's impact on stablecoins could be heavy. It prohibits the issuance of algorithmic stablecoins, which are those not backed by real assets. It also bans the payment of interest or benefits linked to the duration of token holdings.

Meanwhile, for stablecoins classified as "significant", and based on scale or systemic impact, there is the prospect of increased regulatory oversight and direct supervision by the European Banking Authority (EBA).

These entities are subject to stricter liquidity requirements, recovery planning and reporting obligations.

With a significant uplift in compliance expectations, it is likely that in the short term, MiCA will slow down the pace of experimentation in the stablecoin space, and there is the risk that as compliance costs and licensing hurdles may push out some players or opportunities.

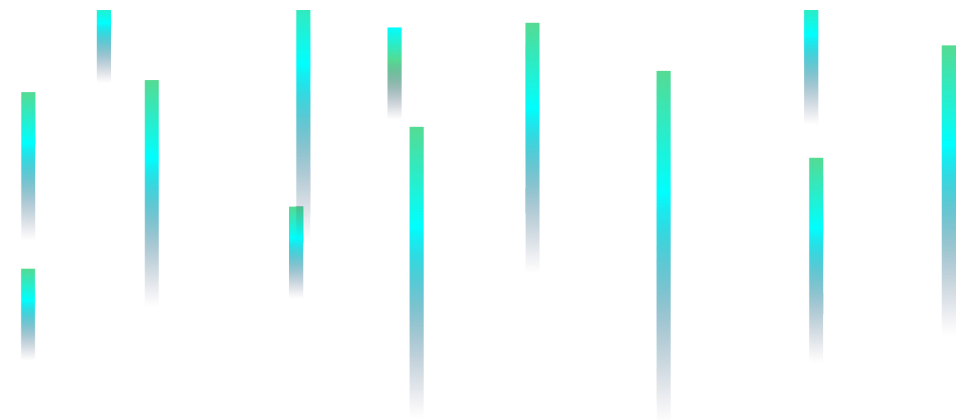
MiCA, as with other EU regulations such as the revised [Payment Services Directive](#) (PSD2), will be a challenge for firms to prepare for, and regulators across the EU will have different risk appetites.

However, now that the US has introduced a stablecoins regime, the EU will want to show that its regulatory framework is competitive and robust, fostering innovation at the same time as maintaining a sound and safe market for consumers. Nevertheless, MiCA's stablecoin regime will introduce several challenges for issuers. Compliance costs are likely to be high for those not used to this level of scrutiny, with capital requirements, governance structures, audits, reserve management and ongoing supervision particularly burdensome for start-ups and smaller projects.

At the same time, firms should focus on the positives. In establishing a single, bloc-wide rulebook, the EU is replacing fragmented national regimes that had been taking shape in countries such as Malta. This will create legal certainty and reduce compliance complexity for well-capitalised, established issuers.

In addition, regulatory approval, strict reserve rules and EBA oversight for significant stablecoins will do plenty to improve market credibility. This could make stablecoins more appealing for use in payments, remittances and settlement.

The clarity provided by MiCA could also encourage institutional participation, with banks and payment providers more likely to issue stablecoins or integrate them into their services knowing that risk is significantly reduced by an established regulatory framework.





Bahrain is progressing with crypto-asset adoption and regulation, having introduced a licensing regime for stablecoins in July 2025.

The Central Bank of Bahrain (CBB) said providers will be able to issue single-currency stablecoins backed by the Bahraini dinar, the US dollar or any other fiat currency it deems acceptable.

Under the CBB's stablecoin rules, licensees must prominently display information about each listed crypto-asset to clients.

This information must include the type of crypto-asset — payment token, asset token, utility token or stablecoin — and its function.

They must also disclose whether a crypto-asset is backed by assets, along with associated risks such as price volatility and cybersecurity vulnerabilities.

Before commencing operation, a licensee must, after obtaining the CBB's written approval, appoint an independent third party to undertake a readiness assessment and submit a readiness assessment report.

The readiness assessment report must include the licensee's risk management system, capital adequacy, organisational structure, operational manuals, information technology, information system security, policies and procedures and internal controls and systems.

In its [press release](#) announcing the new framework, the CBB said it is intended to mitigate the risks associated with the use of unregulated stablecoins.

It added that the framework should foster a safer, more secure ecosystem that boosts investor confidence and promotes sustainable sector growth.



Hong Kong



On May 21, 2025, Hong Kong's Legislative Council passed the [Stablecoins Bill](#). This legislation, which came into force on August 1, has in effect laid the foundation for a formal licensing regime for fiat-referenced stablecoin issuers.

First gazetted in December 2024, the law establishes a regulatory framework under which any person issuing stablecoins in Hong Kong, or issuing HKD-referenced stablecoins from abroad, has to obtain a licence from the Hong Kong Monetary Authority (HKMA).

Under the new ordinance, only licensed entities may issue or offer fiat-referenced stablecoin to the Hong Kong public.

Issuers will need to meet stringent requirements covering reserve asset backing, redemption at par value, anti-money laundering and counter-terrorism financing (AML/CTF) compliance, governance, risk management, auditing and disclosures.

The regulator is also empowered by the legal framework to designate additional stablecoin-related activities as regulated without new legislation, allowing flexibility in regulatory scope as the market evolves.

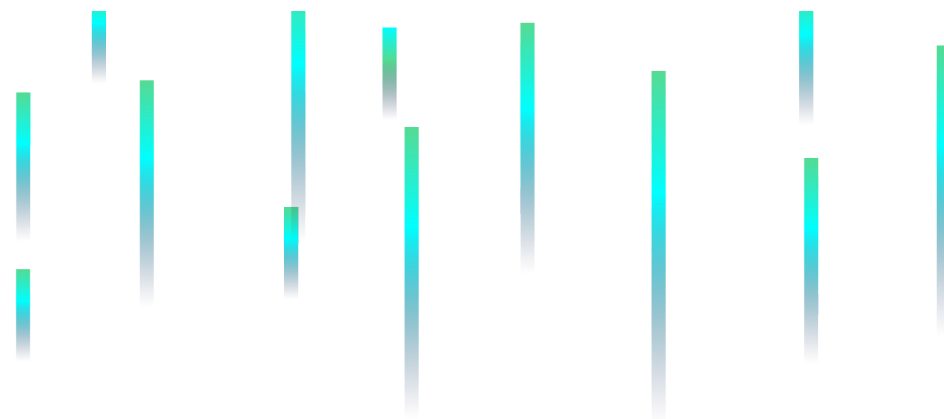
The legislation encompasses enforcement powers, and dictates that breaches may result in fines of up to HK\$5m and imprisonment for up to seven years.

Offering stablecoins to the public is also regulated: only licensed or specifically permitted entities, now including stored value facility (SVF) licensees, may advertise or promote such products.

As for deadlines, the HKMA has published two sets of guidelines on stablecoin issuance: the [Guideline on Supervision of Stablecoin Issuers](#) and the [Guideline on Anti-Money Laundering and Counter-Financing of Terrorism](#) (AML/CFT Guideline). Both were published in the jurisdiction's legal gazette on August 1, 2025.

Interested parties have been advised to contact the HKMA by August 31, and submit licence applications by September 30, should they want to be considered for early consideration.

For more on Hong Kong, please see the [Spotlight](#) section.



Australia



Australia is taking a cautious approach to stablecoins, and to crypto-assets in general.

In March 2025, the Australian government set out its approach to digital asset reforms.

The Digital Asset Platforms (DAPs) Framework focuses on regulating DAP operators, not digital asset issuers or creators of non-financial products, and is aimed at mitigating risks such as fraud in custody arrangements.

DAPs' obligations align with the Australian Financial Services Licensing Regime, with operators required to comply with existing financial services obligations and to demonstrate honesty, fairness and efficiency.

Additional tailored obligations cover areas such as safeguarding of customer assets, the redemption of stored value for tokenised stored value facilities (SVFs) and disclosure for assets without issuers.

Payment stablecoins are to be treated as a type of SVF under the government's Payment Licensing Reforms.



Operators are to be held to financial services licence standards and subject to safeguards around reserve composition, redemption and consumer disclosures.

Australia is also conducting a digital assets research program, [Project Acacia](#), which is exploring how different forms of digital money and associated infrastructure could support the development of wholesale tokenised asset markets in the country.

The [project took a step forward in July 2025](#), when a number of organisations were selected to participate in a six-month period of testing.

This pilot scheme is a joint initiative between the Reserve Bank of Australia (RBA) and the Digital Finance Cooperative Research Centre (DFCRC).

It will cover 19 use cases of real money and real-asset transactions and five proof-of-concept use cases with simulated transactions.

The testing will include experiments with stablecoins, bank deposit tokens and a pilot wholesale central bank digital currency (CBDC).

As part of its support for the pilot, ASIC is relaxing rules and providing regulatory relief to participants.

Over the coming months, this will enable the testing of tokenised asset transactions between participants and a limited number of financial institutions.

A report on the findings of the testing phase is expected to be published in the first quarter of 2026.

Spotlight: Hong Kong

Hong Kong's decision to implement a stablecoin regime offers the jurisdiction considerable advantages.

As this report covers, relatively few jurisdictions around the world have yet introduced such a regime. This includes Hong Kong's regional neighbours, with the exception of Singapore, which introduced its own framework in 2023.

Having a regime in place allows Hong Kong to take the lead in promoting competition and setting standards, reducing risks to both financial stability and consumers.

The standards are designed to instil financial soundness, protect users and support market confidence in Hong Kong's stablecoin regime.

The Hong Kong Monetary Authority (HKMA) will take regulatory breaches seriously, so stablecoin issuers will need to ensure effective compliance with the rules.

Key advantages

Hong Kong offers a unique set of advantages for stablecoin issuers looking for a compliant, globally connected base.

As one of the world's leading financial centres, it boasts deep capital markets, a sophisticated banking sector and a strong payments infrastructure.

These features give issuers access to a broad range of financial services, liquidity providers and institutional partners, which are important ingredients for launching and scaling a stablecoin.

Its geographic and political position also makes Hong Kong a valuable bridge between mainland China and international markets.

A stablecoin launched in the jurisdiction could be used to support cross-border trade, enable smoother remittances and help drive financial innovation across the broader Asia-Pacific region, especially in emerging digital economies.

Hong Kong's regulatory approach also adds to its appeal. The HKMA aligns its framework with global standards such as the Financial Action Task Force (FATF) Recommendations and Financial Stability Board guidance.

This gives issuers credibility on the international stage and helps guarantee that their products can operate across multiple jurisdictions.

Key requirements

Potential stablecoin issuers operating or wishing to operate in Hong Kong will have to meet detailed requirements.

Those seeking a licence will need to have policies for managing reserve assets, for example, and this will mean creating clear governance structures, segregation of duties, strict authorisation controls and regular board-approved reviews.

Issuers will also need to maintain full backing of stablecoins at all times, with reserve assets equal to or exceeding the par value of tokens in circulation, which will involve applying prudent valuation and daily reconciliation.

Reserve assets, meanwhile, will need to be high quality, liquid and low risk. They could be assets such as cash, short-term bank deposits or qualifying government debt.

The HKMA has made clear that these assets must be denominated in the same currency as the stablecoin, unless it grants approval for a mismatch based on strong risk controls.

They will also need to be legally segregated from other funds through effective trust arrangements, supported by independent legal opinions, and held by qualified custodians.

Stablecoin issuers also face barriers when conducting any non-stablecoin business, and will need approval from the HKMA.

They are required to ensure that such activities do not interfere with their core stablecoin operations, and issuers must also manage conflicts of interest and allocate adequate resources to their licensed stablecoin functions.

Issuers planning to launch additional types of stablecoins, such as those referencing other currencies, must consult the HKMA in advance, and they must be prepared to demonstrate to the regulator that they have the capacity and infrastructure to manage multiple issuances without compromising their existing obligations.

These rules limit the scope for business diversification and require clear separation of resources.

For instance, offering crypto trading or operating a decentralised finance (DeFi) platform would need separate approval, and issuers are forbidden from stretching teams or capital across unrelated services, such as running a wallet or exchange.

The HKMA also restricts the expansion into new stablecoin types, such as USD- or EUR-referenced tokens, unless issuers can prove operational readiness and meet prudential standards.

Stablecoin issuers will also need to implement a comprehensive, risk-based anti-money laundering and counter-terrorism financing (AML/CTF) system that aligns with both the Stablecoins Ordinance and the jurisdiction's Anti-Money Laundering Ordinance (AMLO).

The HKMA's guideline is binding, and non-compliance may lead to disciplinary action or licence revocation — although that is the standard across most jurisdictions.

Issuers may be required to identify, assess and understand their money laundering and terrorist financing (ML/TF) risks across all aspects of their operations.

This includes evaluating customer types, geographical exposure, transaction patterns and delivery channels.

The resulting institutional risk assessment must be documented, approved by senior management and regularly updated, while also being available for review by the HKMA upon request.

The regulator has also said that in high-risk areas, such as peer-to-peer transfers via unhosted wallets, it expects firms to demonstrate effective mitigation strategies.

If a licensee cannot manage these risks directly, it may be required to work with a supervised financial institution or virtual asset service provider (VASP).

Key benefits

Despite the challenges, the benefits of Hong Kong implementing a clear legal framework for the issuance and use of stablecoins are significant.

It creates trust among users, financial institutions and investors by holding issuers to high standards of solvency, transparency and accountability.

Defined rules also ensure stability, which is an essential part of giving businesses the confidence to plan ahead, design better products and expand into new markets.

Compliance with a well-structured regime like Hong Kong's not only positions issuers to succeed locally, but also opens doors to international markets that demand the same level of regulatory rigour.

References

'Milestone' Passed As Bahrain Introduces Licensed Stablecoin Regime (July 2025)

The Central Bank of Bahrain (CBB) has announced that providers will be able to issue single-currency stablecoins backed by the Bahraini dinar, the US dollar or any other fiat currency it deems acceptable.

Regulatory Influencer: What Should Crypto-Assets Firms Be Thinking About in Advance of a UK Regulatory Regime? (June 2025)

In May 2025, the UK's Financial Conduct Authority (FCA) published a discussion paper on its proposals for a regulatory regime for crypto-asset trading platforms, intermediaries, crypto-asset lending and borrowing, staking and decentralised finance, and the use of credit to purchase crypto-assets.

Regulatory Influencer: Cryptocurrency Deregulation and Stablecoin Innovation in the United States (June 2025)

Unlike traditional cryptocurrencies known for their volatility, stablecoins are designed to maintain a stable value by being tied to a reserve asset — typically a fiat currency such as the U.S. dollar. This unique trait has positioned them at the intersection of blockchain efficiency and financial system reliability.

Regulatory Influencer: AML Compliance Is Key Under Hong Kong's Stablecoins Ordinance (June 2025)

Hong Kong's new Stablecoins Ordinance is another milestone in the global trend towards regulating digital assets in the same way as traditional financial services.

FCA's Stablecoin Proposals Are Strictest To Date (June 2025)

The UK Financial Conduct Authority's (FCA) consultation paper on regulations for stablecoin issuers, issued in May 2025, outlines more rigorous compliance requirements than existing frameworks elsewhere.

Stablecoin Players Expect GENIUS Act To Launch New Era In US Digital Finance (June 2025)

As the groundbreaking US stablecoins bill passes the Senate and moves closer to becoming law, industry insiders are preparing for the next chapter in the evolution of the crypto sector.

Hong Kong Ushers In New Stablecoin Regime (May 2025)

The Legislative Council has passed a stablecoins bill as part of a broader push to tighten oversight of crypto-assets that mirrors other international compliance rules.

Regulatory Influencer: 'Loopholes' Remain As US Stablecoin Bills Move To Vote (April 2025)

With the US moving towards federal stablecoin legislation, two bills have emerged as the leading contenders to be enacted, but lawmakers say both contain "loopholes" that could give foreign issuers an easy ride.



Regulatory Intelligence

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Stablecoins: Vixio PaymentsCompliance Outlook

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