Pills

Regulatory/Supervisory Pills | N.137 September 2026

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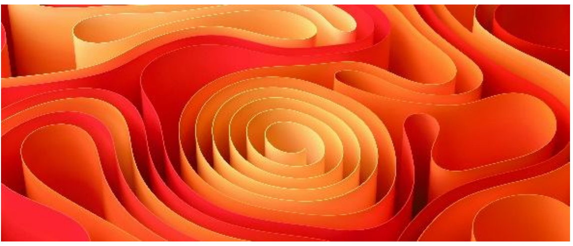

TOPICS:

Crypto risk

SOURCE:

Bank for International Settlements

BIS: Regulating Stablecoin Issuance - Permissible Entities and Activities

- This brief compares regulatory frameworks for **payment stablecoin issuance** in the EU, Hong Kong, Singapore, UK and US. While all jurisdictions aim to safeguard redemption, reserve assets and financial stability, they differ significantly in **who may issue stablecoins and what additional activities issuers may conduct**.
- **Licensing requirements** vary between banks and non-banks. Banks may issue under existing prudential frameworks in some jurisdictions, while others require a stablecoin-specific licence or separate subsidiary. Non-bank issuers generally face dedicated licensing or payment-institution requirements. Larger or systemic stablecoins may also be subject to enhanced supervision.
- **Regulatory approaches** largely converge on **core activities** - issuance, redemption and reserve management. All jurisdictions provide for par-value redemption, although requirements concerning redemption timing, fees, reserve custody and minimum redemption amounts differ. Interest payments to stablecoin holders are generally prohibited or effectively restricted.
- There is greater divergence regarding **non-core activities**, such as lending, staking, proprietary trading and third-party cryptoasset custody. Singapore and the US apply relatively restrictive models, whereas the EU, Hong Kong and UK may permit additional activities subject to authorisation or regulatory consent.
- A central policy concern is that activity restrictions generally apply only to the **issuing entity rather than the wider corporate group**. The brief therefore highlights the potential need for stronger group-wide oversight of non-bank issuers and enhanced cross-border supervisory cooperation.