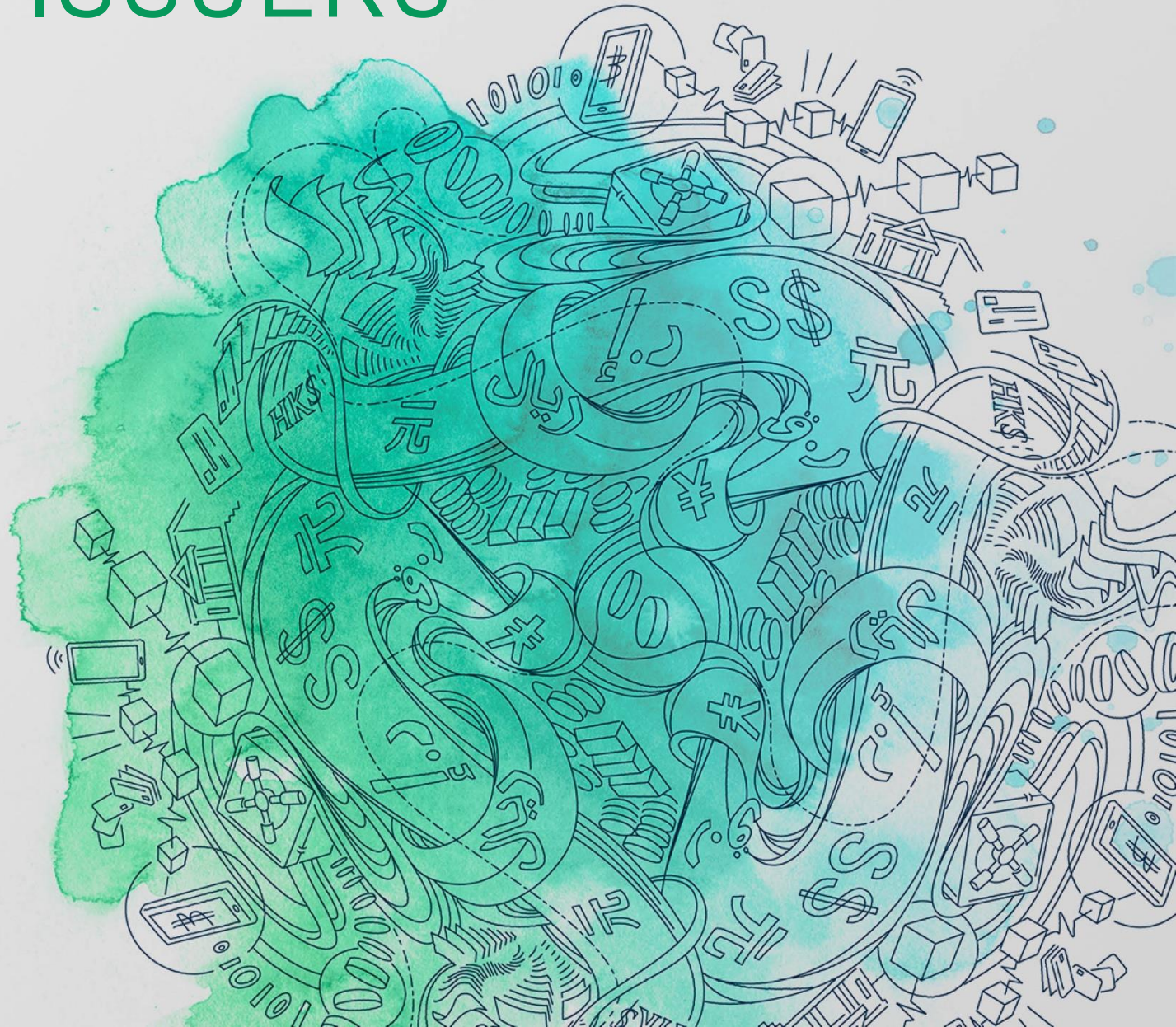


A NEW REGIME FOR STABLECOIN ISSUERS

FCA CP25/14



A NEW REGIME FOR STABLECOIN ISSUERS

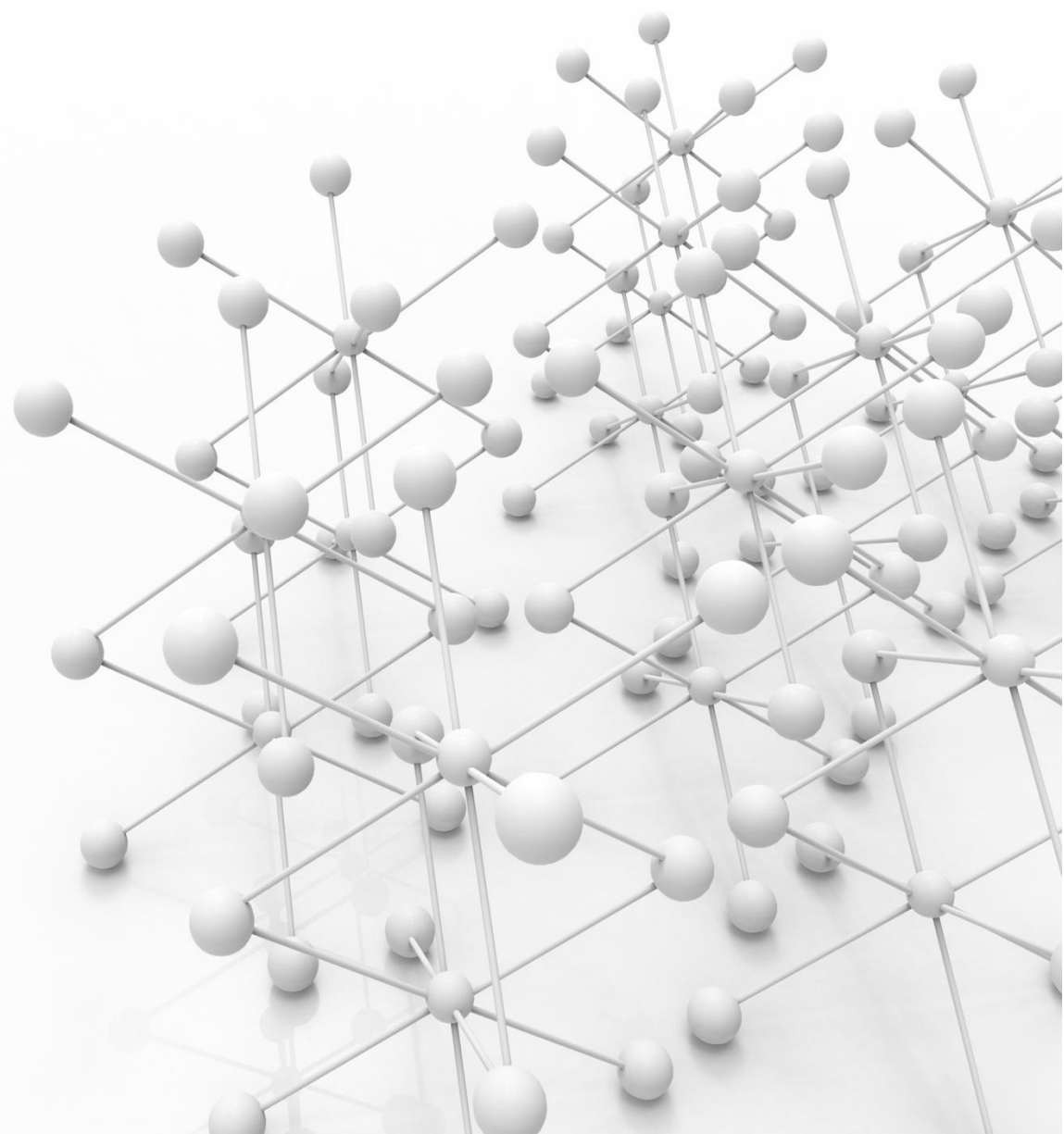
The FCA has laid the foundations for a new conduct and prudential regime for stablecoin issuers and custodians in two of its recent consultation papers.

CP25/14

CP25/15

This briefing covers the key requirements for **stablecoin issuers** in CP25/14 governing:

- the **creation, offer and redemption** of qualifying stablecoin
- issuer **disclosure requirements**, and
- **safeguarding of backing assets**



THE KEY REQUIREMENTS – CREATION, OFFER AND DISCLOSURES

The FCA's proposed regime centres around the core principle that stablecoins must be stable by design. Among the FCA's key proposals are:

- an obligation to ensure stablecoins are backed 1:1 and redeemable at par value
- the creation of a statutory trust over backing assets in favour of stablecoin holders
- requirements on the composition of issuer's backing assets, including an obligation to hold at least 5% of backing assets as on-demand deposits

We provide an overview of some of the other key aspects of the new regime in the next slides.

1. CREATION
<ul style="list-style-type: none">• Issuers must understand and manage the risks with the design and build of their stablecoin• Issuers must carry out a risk assessment of their stablecoin pre-sale
2. OFFER
<ul style="list-style-type: none">• Stablecoins can only be offered in exchange for money /other qualifying stablecoins• Once issued, stablecoins must be sent immediately and without delay to holder's blockchain address
3. DISCLOSURES
<p>Issuers must publish information online on e.g.</p> <ul style="list-style-type: none">• total number of stablecoins sold, minted and offered /not offered for sale• value of backing assets and expanded backing assets broken down by asset type• description of technology used to support recording / storage of data for the stablecoin• names of the third parties used by the issuer for offer, redemption, stabilisation or safeguarding of backing assets• information on redemption rights including fees, conditions for redemption and payment methods



THE KEY REQUIREMENTS – SAFEGUARDING AND REDEMPTION

4. SAFEGUARDING

- Stablecoins must be **backed 1:1 at all times in money or other permitted assets**
- Backing assets must be **segregated from own money and assets**
- Issuers must appoint an **independent third party** (not a group entity) to hold the backing assets
- **Daily reconciliations** to validate stablecoins minted and value of backing assets
- **Excesses and shortfalls** dealt with within 1 business day
- **Statutory trust** over backing assets for benefit of stablecoin holders
- **Two types of backing asset:** “core backing assets” and “expanded backing assets”.
- All issuers **must hold core backing assets** – short-term deposits and short-term government debt instruments
- **Expanded backing assets** include e.g. longer-term debt instruments that mature in 1+years. Additional requirements apply.
- Firms using expanded backing assets must comply with **backing assets composition ratio (BACR)**

5. REDEMPTION

- Stablecoin holders must have a **right to redeem at any time and at par**, irrespective of the value of backing asset pool
- **Stablecoins can only be redeemed for money**. Issuers cannot accept other assets, including cryptocurrency or other stablecoin
- **Redemption rights must be set out in customer T&Cs** and conditions for redemption must not be difficult to meet
- **Redemption rights must be transferable** to new holders of the stablecoin
- Stablecoins must be **redeemed by end of business day after receiving a ‘valid request’**. Rights to delay in limited circumstances such as AML requirements.
- Issuers must **suspend the holder’s right to redeem** in certain cases, such as where there is a threat to the integrity of the stablecoin.



WHAT COMES NEXT?

The FCA's consultation ends on **31 July 2025**, but the final rules are due in 2026.

This is so that the FCA can align the new rules with feedback from other consultations due to be published later this year.

Once implemented, the new rules in CP25/14 will be introduced through amendments to the FCA's **Client Assets Sourcebook (CASS)** and a new **Cryptoasset Sourcebook (CRYPTO)**.

Questions?

Please feel free to reach out to any of our Digital Assets team who would be happy to talk you through the proposals in more detail.

KEY CONTACTS



GRACE WYATT

Partner

+44 (0) 7350447625

[Email Grace](#)



LISA LEE LEWIS

Partner

+44 (0)77 7064 1807

[Email Lisa](#)



PAUL ANDERSON

Partner

+44 735 309 9031

[Email Paul](#)



NICOLA BAILEY

Managing Associate

+44 7586 190999

[Email Nicola](#)



EDWARD WARMINGTON

Associate

+44 7789 543405

[Email Edward](#)



addleshawgoddard.com

© Addleshaw Goddard LLP. This document is for general information only and is correct as at the publication date. It is not legal advice, and Addleshaw Goddard assumes no duty of care or liability to any party in respect of its content. Addleshaw Goddard is an international legal practice carried on by Addleshaw Goddard LLP and its affiliated undertakings – please refer to the Legal Notices section of our website for country-specific regulatory information. For further information, including about how we process your personal data, please consult our website www.addleshawgoddard.com or www.aglaw.com.