Financial Services Reinvented By Blockchain

Circle IPO - Validation And Mainstreaming Of Stablecoins

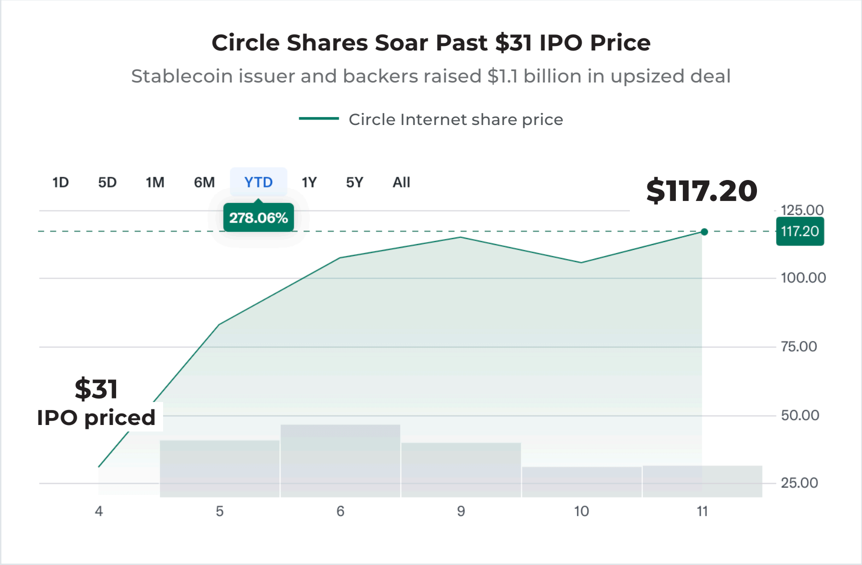
Research Note

June 12, 2025

- **Circle's successful and massively oversubscribed IPO is a powerful endorsement of the crypto sector by traditional capital markets and a strong validation and mainstreaming of stablecoins. As the first major crypto firm to go public since Coinbase in 2021, Circle's listing on the New York Stock Exchange signals that cryptocurrency companies can meet the rigorous standards of public markets, boosting credibility and trust in the industry.**
- **The broad adoption of stablecoin technology by traditional financial institutions is accelerating, driven by regulatory clarity and the demand for faster, more efficient payment systems. Stablecoin infrastructure is now advancing into AI-driven, agentic payments, opening new possibilities for automated and intelligent financial transactions.**
- **Beyond stablecoins, tokenization is also gaining significant momentum across private credit, U.S. Treasuries, and real estate markets, providing enhanced liquidity and transparency for traditionally illiquid assets.**

Circle IPO - Validation And Mainstreaming Of Stablecoins

- On June 5, Circle, the largest U.S.-based stablecoin issuer, had its long awaited IPO on the NYSE. The company raised **$1.1B** at $31 per share at a fully diluted valuation of $8.1B. The stock of Circle (CRCL), which more than doubled in its first few minutes of trading before being halted three times, ended the day up almost 170%, signaling a significant shift in public perceptions of the crypto industry. As of June 11, Circle market capitalization reached $28.4B [1]. The IPO was massively **oversubscribed by as much as 25 times**, demonstrating intense institutional and retail investor demand for regulated crypto exposure.
- The success of the IPO reflects investor appetite for exposure to stablecoins - the fastest growing part of crypto and the first clear product market fit in the mass-market, and could inspire more crypto-native firms to pursue public listings, further highlighting the sector's role as an innovator in the global financial infrastructure space.
- Circle is the **#2 stablecoin issuer** in the world, with USDC at **$60.3B**, up ~92% Y/Y. USDC accounts for approximately 66% of the overall stablecoin supply, trailing Tether USDT, which is the largest at $150B. The company reported **$1.7B in 2024 revenue**, with 99% derived from interest income on USDC reserves. It has demonstrated robust financial growth (58% revenue growth rate Y/Y) and strong Q1 2025 results, with $579M in revenue and $64M in net income [2].
- In addition to interest income, Circle is actively investing in new revenue streams, including blockchain partnerships, fast redemptions, Tokenized Money Market Funds (TMMFs), Cross-chain Transfer Protocol (CCTP), developer services, credit services, local currency support, and Circle Payments Network (CPN).



Source: Yahoo Finance as of June 11, 2025

1) Yahoo Finance as of June 11, 2025
2) Circle roadshow presentation

Global Utility Is Powering The Rise Of Stablecoins

- Over the past two decades, innovations have created the foundation for a truly global financial system for the first time in history, allowing money to transition from a digital good to an internet good. Cryptocurrencies offer considerable advantages to payments relative to existing payment networks: lower transaction fees, fast 24/7 settlement, global & borderless money movement, native programmability, strong auditability properties, native interoperability, and the ability to self-custody.
- USD-pegged stablecoins have become the most dominant application of crypto technology in blockchain networks, addressing Bitcoin's shortcomings for daily transactions. Stablecoins now serve as the primary vehicle for global crypto transactions, with demand concentrated in high-inflation economies and jurisdictions with capital controls where users prioritize stable stores of value and frictionless cross-border payments. This adoption reinforces global USD demand, countering dedollarization narratives, while simultaneously advancing financial inclusion through accessible digital tools for unbanked populations.

MONEY

Fiat currencies, central banking ▶ Global, decentralized money

Use cases:	**Payments, remittances, store of value, collateral**
$27.6T total **$5.7T adj**	of value settled in stablecoins in 2024, up 19x from 2020
$19T	BTC transfer volume in 2024

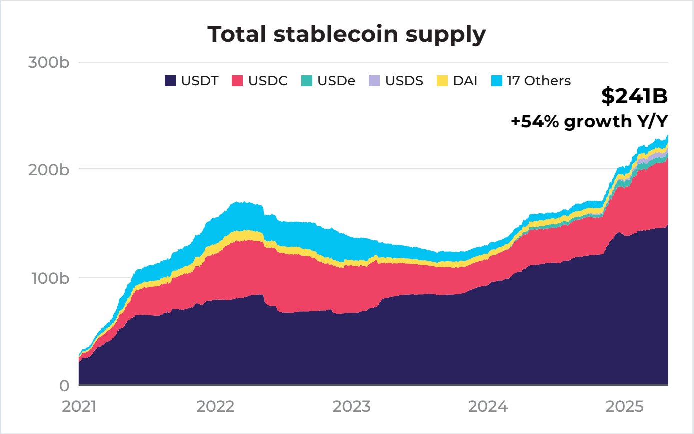
FINANCIAL SERVICES

Traditional Finance ▶ Decentralized Finance

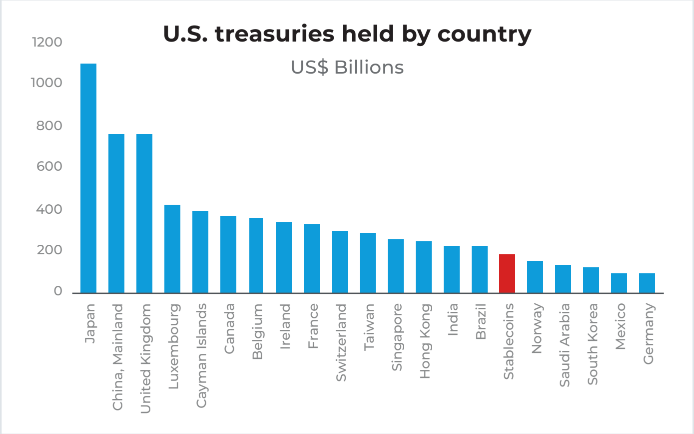
Use cases:	**Trading, lending, asset management, real-world assets (RWA) tokenization, yield products, staking, decentralized identity**
$2T	DEX trading volume in 2024, up 27x from 2020
$265B	value of tokenized real-world assets, including stablecoins

Sources: CoinMetrics, Glassnode, Visa, Allium, RWA.xyz, DeFi Llama, as of June 9, 2025

- The sector has grown exponentially, exceeding $230B [1] in market capitalization (30x larger than five years ago), surpassing the U.S. Treasury holdings of nations like Norway and Saudi Arabia and processing $5.7T [2] in 2024 adjusted transaction volume.
- Stablecoins' growth figures underscore its expanding role in crypto trading, B2B payments, consumer remittances, and decentralized finance due to their affordability and accessibility.
- Stablecoins' programmability, stability, and blockchain infrastructure position them as essential tools for AI-driven economies. Their role as non-human transactional infrastructure could make them the default currency for machine-to-machine commerce.
- More notably, institutional adoption is accelerating, with asset managers, payment providers, and financial institutions increasingly exploring stablecoin integration. For traditional financial institutions and fintechs, stablecoin-based finance presents a massive and faster-growing market than what traditional digital payments offer. Stripe's landmark acquisition of stablecoin infrastructure provider Bridge underscores intensifying institutional interest in blockchain payment rails. According to Galaxy, between 2021 and 2024, the number of stablecoin projects has grown to 202, including several with strong ties to traditional financial institutions.



Source: The Block, Coin Metrics, DefiLlama

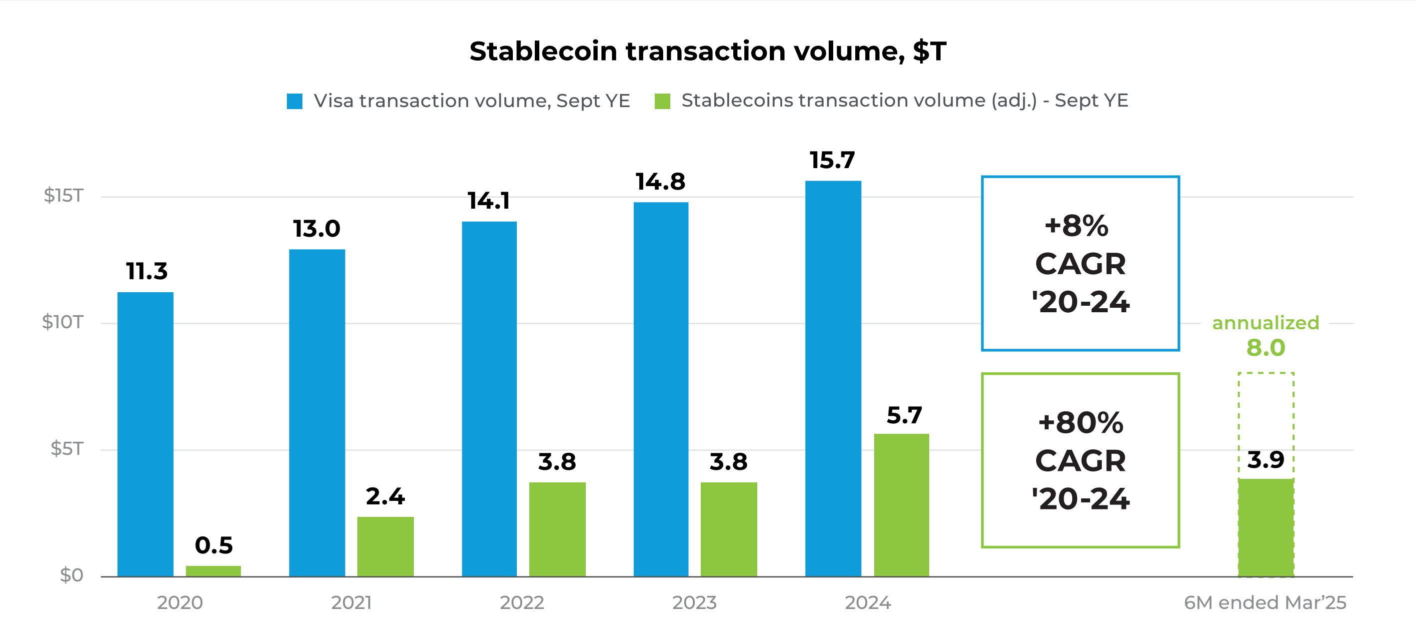


Source: U.S. Treasury, as of January 2025

- In terms of transaction volume, stablecoins are beginning to rival major payment networks, underscoring their importance in financial infrastructure.

1) RWA.xyz
2) Visa, Allium

Global Utility Is Powering The Rise Of Stablecoins



Source: Visa, Allium, adjusted for inorganic activity from bots and other artificially inflationary practices

- Despite their rapid growth, stablecoins remain small compared to traditional fiat liquidity. As of March 2025, the U.S. M1 money supply stood at $18.5T [1], while the Euro M1 supply was €10.6T. This means that the total supply of stablecoins is roughly 100 times smaller than the U.S. M1 money supply.
- Additionally, the total volume of stablecoin transactions is still significantly lower than that of traditional foreign exchange markets, which see more than $7.5T worth of trades executed daily, according to the Bank for International Settlements. This suggests there is substantial potential for further growth, especially as institutional and regulatory frameworks evolve to support stablecoin adoption.
- Citi estimates that the total outstanding supply of stablecoins could reach $1.6T in the base case scenario. In bear and bull market scenarios, this supply could range from approximately $0.5T to $3.7T, respectively. Establishing a regulatory framework for stablecoins in the United States would bolster demand for risk-free dollar assets both domestically and internationally. In its base case scenario for stablecoin issuance, Citi anticipates an additional $1T or more in purchases of U.S. Treasuries. By 2030, stablecoin issuers may hold more U.S. Treasuries than any individual jurisdiction does today.

Recent Developments In Major Stablecoin Projects (1/3)

CIRCLE

- Circle Payments Network, officially launched its mainnet on May 21, 2025, is a blockchain-based infrastructure that leverages USDC and EURC to enable real-time cross-border settlements and replace legacy correspondent banking. Since its launch, CPN has seen rapid adoption among fintech companies. Early adoption is especially strong in Latin America, reflecting demand for faster, more affordable dollar-backed payment infrastructure in regions with limited access to US dollars. Major global banks, including **Banco Santander, Deutsche Bank, Société Générale, and Standard Chartered,** have contributed to CPN's development.
- Circle also collaborates with **SBI Holdings** and major Japanese exchanges (including Binance Japan, bitbank, and bitFlyer) to launch USDC in Japan under regulatory approval, marking the first global dollar stablecoin approved in the country.

1) Tradingeconomics.com

Recent Developments In Major Stablecoin Projects (2/3)

- USDT stablecoin has **a market capitalization of $147B** and holds a 66% market share as of April 2025 [1]. In 2024, the company generated **$13B in profit**, which is approximately double the profit of BlackRock, the largest asset manager in the world [2].
- **Tether** is actively advising U.S. lawmakers on stablecoin legislation, including the STABLE Act and GENIUS Act. Additionally, Tether is developing **a domestic stablecoin tailored for U.S. institutions and consumers**, which will be separate from USDT and contingent upon favorable regulations. In the EU, Tether is investing in euro-backed stablecoins through partnerships. Tether aims to retain dominance in regions like Latin America and Asia, where USDT serves as a substitute for the dollar amid inflation.

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- **Ripple**, a blockchain-based payment protocol and enterprise crypto firm, launched **RLUSD (Ripple USD)** in late 2024. **RLUSD is a New York Department of Financial Services (NYDFS)-approved stablecoin** that is fully backed by cash reserves, short-term U.S. Treasuries, and cash equivalents, and is specifically designed for cross-border payments and institutional tokenization.
- Ripple and **SBI Holdings** are collaborating on stablecoins to enhance digital payments and Web3 services in Japan. SBI is integrating RLUSD into its digital offerings.
- The $1.25B acquisition of Hidden Road, a leading prime broker with $3T of annual volume and 300 institutional clients [3], positions Ripple as the first crypto firm with a global multi-asset prime brokerage, integrating RLUSD and XRPL into institutional financial services.

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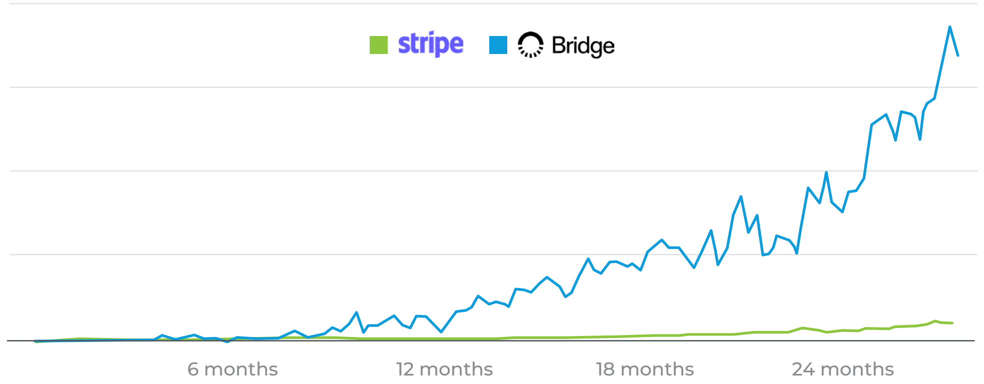
- In its 2024 annual letter [4], payments giant **Stripe** announced a strong commitment to cryptocurrency, marked by its largest acquisition to date: the $1.1B purchase of stablecoin API firm **Bridge**. The integration of stablecoin infrastructure allows Stripe to cut out most of the middlemen. Strategically, the acquisition of Bridge helps Stripe to grow faster, expand globally, not depend on localized payment systems, and compete with crypto-friendly giants like Revolut and PayPal.
- In April, Stripe launched Stablecoin Financial Accounts, new money management capabilities powered by stablecoins, which will be accessible to businesses in 101 countries.
- According to social media posts, Stripe is developing **a new stablecoin-based product** using Bridge, targeting clients outside the United States, European Union, and United Kingdom. This product will integrate existing USD-backed stablecoins through Bridge's API.
- In June, Stripe continued its crypto strategy with the acquisition of Privy, that specializes in helping companies embed crypto wallets directly into their apps and websites.

The first 24 month payment volume growth for Bridge (stablecoins) vs. Stripe



Source: Stripe 2025 product keynote presentation, May 2025

1) Coingecko
2) https://www.bloomberg.com/news/articles/2025-01-31/stablecoin-issuer-tether-says-profit-was-13-billion-last-year?sref=zNmRQ0gk
3) https://www.cnbc.com/2024/12/16/ripples-new-stablecoin-for-payments-will-be-available-to-trade-tuesday.html
4) https://assets.stripeassets.com/fzn2n1nzq965/2pt3yIHthraqR1KwXgr98U/cbec59afdec826fb322271a56626aa9a/Stripe-annual-letter-2024-en-gb.pdf

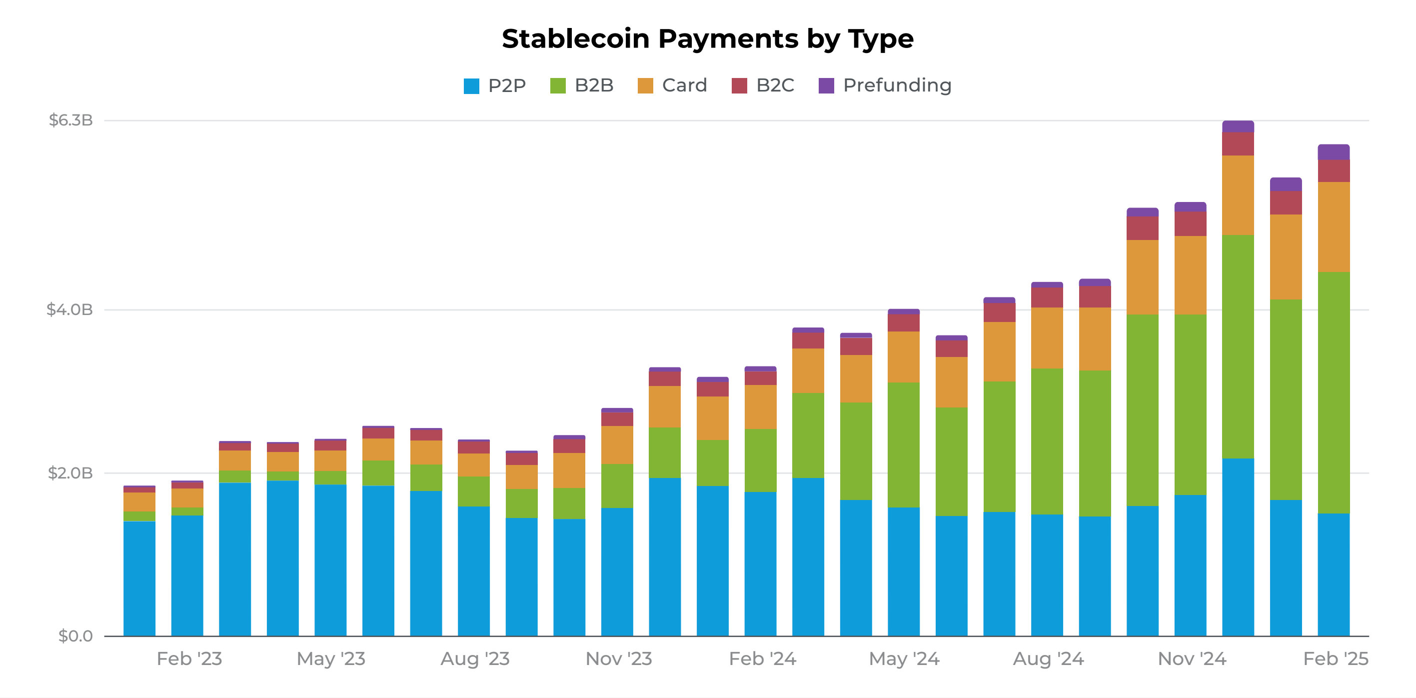
Recent Developments In Major Stablecoin Projects (3/3)

VISA	▪ Last year, **Visa** launched the **Visa Tokenized Asset Platform (VTAP)**, enabling banks to issue and manage stablecoins and tokenized deposits in a sandbox environment. VTAP simplifies creating and transferring fiat-backed tokens, streamlines operations with smart contracts and supports multiple blockchains for broad compatibility. Spanish bank **BBVA** will use VTAP to launch a euro-focused stablecoin in 2025, targeting tokenized asset settlements. ▪ In April 2025, Visa became the first traditional finance firm to join **Paxos' Global Dollar Network (USDG)** consortium, partnering with crypto exchanges such as **Kraken and Robinhood**, fintech firms like Nuvei, and custodians including Anchorage Digital.
PayPal	▪ Launched in August 2023, **PayPal USD (PYUSD) is a U.S. dollar-pegged stablecoin** designed for seamless payments and transfers. Issued by Paxos Trust Company and backed 1:1 by dollar reserves, PYUSD currently ranks as the eighth-largest stablecoin with **a market capitalization of approximately $892M** (1). ▪ PayPal is expanding PYUSD's utility into business-to-business (B2B) transactions, including vendor settlements and mass payouts. To incentivize adoption, PayPal will introduce a 3.7% annual yield on PYUSD balances held in PayPal or Venmo wallets starting in the summer of 2025.
J.P.Morgan	▪ **J.P. Morgan**, the largest bank in the U.S., has been one of the first TradFi giants to integrate blockchain in its operations. In 2019, it launched **JPM Coin** and later introduced Kinexys (formerly Onyx) in 2020 to expand blockchain-based settlement and wholesale payment capabilities. J.P. Morgan's Kinexys platform **has processed over $1.5T** (2) **in tokenized asset** transactions across all its services, including payments, intraday repo, collateral management.
Meta	▪ **Meta** (formerly Facebook) is actively exploring the integration of stablecoins into its platforms, with a particular focus on using them for cross-border payments and payouts to content creators. This marks a significant return to the crypto space after Meta abandoned its previous stablecoin project, Diem (originally Libra), in early 2022 due to intense regulatory pressure.
MUFG + progmat	▪ **Progmat Coin** is **MUFG**'s regulated stablecoin platform designed to support yen-backed digital assets with full compliance under Japan's Payment Services Act. The platform enables issuance of stablecoins, security tokens, and NFTs across multiple blockchains while ensuring 1:1 fiat backing with reserves held in cash and short-term government bonds. ▪ Operated by **Progmat, Inc.**, a joint venture of **MUFG, Mizuho, SMBC, SBI Holdings, and the Japan Exchange Group**, Progmat Coin uses cross-chain protocols like IBC and Hyperledger YUI Lab. It partners with Binance Japan, GMO, and SBI to pilot regulated stablecoins for cross-border payments and tokenized asset settlements.
SMBC	▪ **SMBC** is developing a regulated yen-backed stablecoin on the Avalanche blockchain in partnership with **Ava Labs and Fireblocks**. Designed to enable instant, cost-effective cross-border payments and real-world asset settlements, the project aims to serve as a blockchain-based alternative to SWIFT. Pilot tests are planned for late 2025, with a potential launch in 2026, fully compliant with Japan's Payment Services Act requiring 1:1 fiat backing.
GMO INTERNET GROUP	▪ **GMO Internet Group**, through its U.S.-based subsidiary GMO-Z.com Trust Company, issues NYDFS-regulated stablecoins GYEN (yen-pegged) and ZUSD (dollar-pegged) with 1:1 reserves held in cash and short-term Treasuries, and operate on Ethereum, Solana, and Stellar blockchains. GMO is also collaborating with Nomura to launch compliant stablecoins in Japan under its revised Payment Services Act.

1) RWA.xyz
2) https://www.jpmorgan.com/kinexys/index

Use Cases Of Stablecoins In Payments - Enterprise Adoption Is Growing

- Stablecoins are often associated with crypto trading and in payments with retail usage and remittances. However, a recent study [1] by Artemis, Dragonfly, and Castle Island highlights **that business-to-business (B2B) transactions now account for the largest share of stablecoin payment volumes.** B2B payments lead all flows, followed by peer-to-peer transfers, card payments (mainly debit or prepaid cards tied to stablecoin wallets), and business-to-customer transactions.



Source: Artemis

Key Stablecoin Payment Use Cases:

Business-to-Business (B2B):

- B2B stablecoin transactions have seen significant growth, rising from less than $100M per month in early 2023 to over $3B by early 2025, according to the study. This increase reflects broader enterprise adoption for purposes like vendor payments, invoicing, and collateral transfers. The rapid acceleration in late 2024 indicates that stablecoins are now central to many companies' financial operations.

Card Payments:

- As stablecoin infrastructure evolves, card-based spending has become one of the fastest-growing applications. Stablecoin-linked cards, issued by fintech and crypto platforms, enable global users to spend digital dollars in everyday situations. Monthly card payment volumes grew steadily from $250M at the start of 2023 to over $1B by the end of 2024, with usage patterns closely resembling those of traditional debit and prepaid cards.

Peer-to-Peer (P2P):

- P2P payments were among the first stablecoin applications, offering a faster, more affordable alternative to traditional remittances, especially in regions with unstable currencies or limited banking access. The low cost of stablecoin transfers supports both high-value and frequent, small-value transactions.

Business-to-Consumer (B2C):

- B2C stablecoin payments are expanding rapidly, particularly for payroll, payouts, and recurring purchases in digital dollars.

Prefunding:

- Prefunding involves businesses sending money in advance—often in fiat—to ensure timely transaction completion. In stablecoin transfers, this can mean providing local currency to recipients before the stablecoin settles, creating a short-term funding gap and risk for the sender.

1) https://reports.artemisanalytics.com/stablecoins/artemis-stablecoin-payments-from-the-ground-up-2025.pdf

The study included the survey of 20 stablecoin-based payments companies, and the authors attributed $94B worth of stablecoin payments settled between January 2023 and February 2025

Stablecoin-based AI Agentic Payments

- Stablecoins are becoming the primary currency for automated commerce, providing the programmability, efficiency, and global reach that AI agents need. As regulatory clarity and technical standards improve, we can expect stablecoin-powered AI transactions to become mainstream, transforming how value is exchanged in a world increasingly governed by autonomous agents.
- Agentic commerce, where AI agents autonomously browse, select, and purchase goods or services on behalf of users, is rapidly becoming a reality. Major payment networks and fintechs are betting that stablecoins will be the financial backbone of this new era.

Why stablecoins fit agentic commerce:

- ***24/7 availability:*** blockchains operate continuously, matching AI agents' always-on nature;
- ***Programmability:*** smart contracts enable automated, conditional payments and complex business logic;
- ***Low fees & micropayments:*** efficient handling of frequent, small-value transactions. Transaction costs are far lower (as low as 0.1%), and settlements are nearly instant compared to credit cards' 2–3% fees and multi-day settlement times.
- ***Global reach:*** Instant, cross-border transactions without banking restrictions;
- ***Self-custody:*** AI agents can hold and manage wallets directly, enabling true machine autonomy;
- ***Transparency & security:*** immutable blockchain records enhance auditability and reduce fraud risk.

Use cases:

- ***Pay-per-use APIs and services:*** agents can instantly pay for data, compute, or subscriptions as needed;
- ***Automated supply chain management:*** AI agents can reorder inventory and pay suppliers autonomously using stablecoins;
- ***Machine-to-Machine and Machine-to-Human interactions:*** stablecoins can enable tiny, frequent payments between machines or between humans and machines, unlocking new business models. Examples: IoT networks, ad-based platforms, or streaming services.
- ***Tokenized incentives and collaborative AI networks:*** stablecoins can be used to incentivize contributions from humans or other AI agents in collaborative projects. Examples: decentralized research, open-source development, and large-scale data annotation efforts.
- ***Automated trading and portfolio management:*** AI agents can execute trades, rebalance portfolios, and swap tokens automatically based on real-time market data.

coinbase	Announced in May 2025, **Coinbase**'s x402 protocol is an open payment standard for an instant, internet-native stablecoin payments directly over HTTP, with a special focus on empowering applications, APIs, and AI agents to transact autonomously and in real-time. x402 brings to life the long-unused HTTP "402 Payment Required" status code, turning it into a true payment layer for the web. The protocol is specifically designed to enable autonomous, intelligent agents to initiate and settle payments and launches with support from major partners including Circle (USDC), Anthropic (AI), Amazon AWS, and Near Protocol.
stripe VISA PayPal	Stripe, Visa, and PayPal are leading the integration of stablecoins and agentic AI. **Stripe** is the most advanced, combining stablecoin accounts, AI-driven payment authorization, and global card issuance. **Visa**'s partnership with Bridge enables fintech developers to issue stablecoin-linked Visa cards with backend programmability (and, as Visa's innovation roadmap indicates, AI agentic features), enabling automated management of cardholder spending and preferences. **PayPal** is a major player in stablecoin-based payments, actively building out programmable, cross-chain, and merchant-facing solutions with PYUSD. While its public focus is on payments and commerce rather than explicit AI agentic automation, its infrastructure supports the kind of programmability that can enable agentic financial applications.

Recent Progress In Stablecoin Regulation

- Regulatory clarity around stablecoins is advancing globally. In the United States, the Securities and Exchange Commission (SEC) recently issued clear guidance stating that certain USD-pegged stablecoins, **"Covered Stablecoins,"** are not considered securities, exempting their minting and redemption from SEC registration requirements. Meanwhile, two major stablecoin bills are progressing through Congress, aiming to further define the regulatory landscape. In the European Union, the newly implemented **Markets in Crypto-Assets (MiCA)** legislation establishes comprehensive rules for stablecoins, including strict requirements for reserves, transparency, and issuer authorization.
- Japan has established one of the world's most advanced stablecoin regulatory frameworks, recognizing stablecoins as digital money and allowing only licensed banks, trust companies, and money transfer agents to issue them, with strict requirements for yen-pegging and full redemption at face value. Recent reforms have further eased rules for brokerage entry and expanded collateral options, while the Financial Services Agency continues to refine oversight and consumer protection, as seen with **SBI VC Trade's** recent approval to handle USDC under these updated regulations.
- U.S. stablecoin regulation has a profound impact on global stablecoin markets. Below are some of the most important recent developments in the U.S. stablecoin regulation:

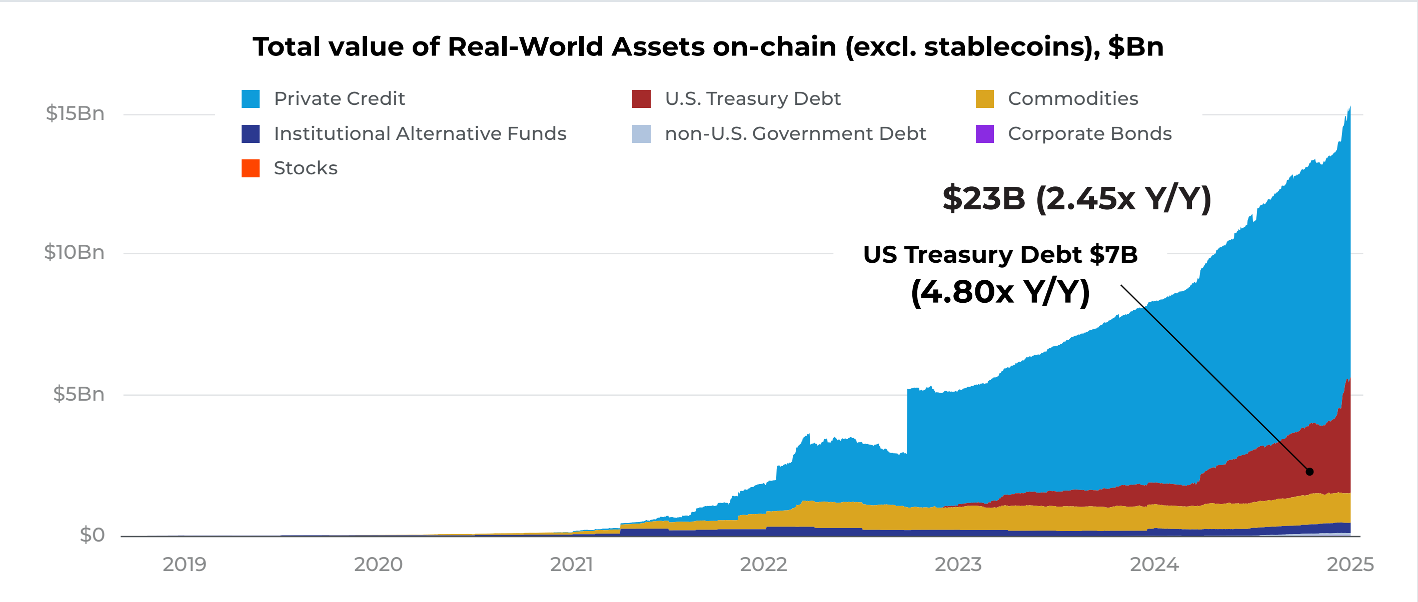
- **SEC clarifies stablecoin status**
  - On April 4, 2025, the SEC's Division of Corporation Finance issued guidance stating that certain U.S. dollar-backed stablecoins, referred to as **"Covered Stablecoins,"** are not considered securities under federal law. This means issuers of these stablecoins do not need to register their offer and sale with the SEC, provided the stablecoins meet specific criteria.
  - ***Criteria for Covered Stablecoins:*** pegged one-to-one to the U.S. dollar; fully backed by low-risk, liquid assets (e.g., U.S. Treasuries, cash equivalents); redeemable at a fixed $1 rate, on demand, in any quantity; marketed solely for payments, money transmission, or value storage, not as investments; do not offer yield, interest, or confer ownership/governance rights.
  - ***The guidance does not cover:*** algorithmic stablecoins, yield-bearing or interest-paying stablecoins, and stablecoins pegged to non-USD assets or commodities.

- **Legislative progress in Congress**
  - The new U.S. stablecoin legislation, such as the GENIUS Act and the STABLE Act, aims to significantly increase the global adoption of U.S. dollar-pegged stablecoins by addressing regulatory uncertainties and building trust. This legislation seeks to reinforce the U.S. dollar's role in cryptocurrency payments, putting pressure on offshore stablecoins to adopt similar standards.
  - The House Financial Services Committee advanced the Stablecoin Transparency and Accountability for a Better Ledger Economy **(STABLE) Act** of 2025, signaling likely federal legislation this year.
    - The STABLE Act mandates that issuers become FDIC-insured depository institutions or partner with banks, which could force non-bank issuers (e.g., Tether) to restructure their operations or exit the U.S. market.
  - The U.S. Senate Banking Committee passed the Guiding and Establishing National Innovation for US Stablecoins Act of 2025 **(GENIUS Act)**, which would create a comprehensive regulatory framework for payment stablecoins.
    - The U.S. Senate has not approved the Act this May and will review it further.
    - Issuers with over $10B in market capitalization (e.g., Tether, Circle) will face federal oversight under the GENIUS Act, requiring compliance with prudential standards enforced by the OCC, FDIC, or Federal Reserve.
    - Smaller issuers (≤$10B) can opt for state regulation, but only if state frameworks align with federal standards. States must update their laws to match federal requirements, creating a compliance burden for regional issuers.
    - The GENIUS Act classifies stablecoin issuers as financial institutions under the Bank Secrecy Act, requiring robust anti-money laundering programs. Reserves cannot be reused as collateral for other activities, limiting issuers' ability to generate revenue from reserve assets.
  - As of June 11, 2025, the GENIUS Act is on the verge of a decisive Senate vote, with leadership moving to limit amendments and expedite its passage. The regulatory outlook is improving, but the U.S. stablecoin sector still awaits comprehensive federal legislation to provide full clarity and open the market to broader institutional participation. Circle's recent IPO and the launch of the Circle Payments Network are occurring in anticipation of, rather than in response to, new federal laws.

- Ongoing debates and unresolved issues:
  - Whether regulatory authority should be federal, state, or shared.
  - The status and treatment of interest-bearing stablecoins.
  - The adequacy of reserve requirements and consumer protections, especially for retail holders who may lack direct redemption rights.

Tokenization Of Real World Assets RWA Gains Momentum

- Stablecoins' growth has fueled interest in the tokenization of all traditional financial assets, with banks and asset managers exploring tokenized U.S. Treasuries, equities and commodities to improve market efficiency and accessibility. Tokenized RWAs moved from pilot to at-scale deployment, reaching **$23B** [1] in total value, while tokenized U.S. Treasuries **reached almost $7B** in May 2025. In addition, over $230B of USD-backed stablecoins facilitate the movement of value globally. The institutional-grade infrastructure is here to support the institutional adoption of digital assets.
- Tokenization is transforming a wide range of asset classes, from real estate and debt instruments (such as bonds and loans) to investment funds, commodities, and even emerging sectors like carbon credits.



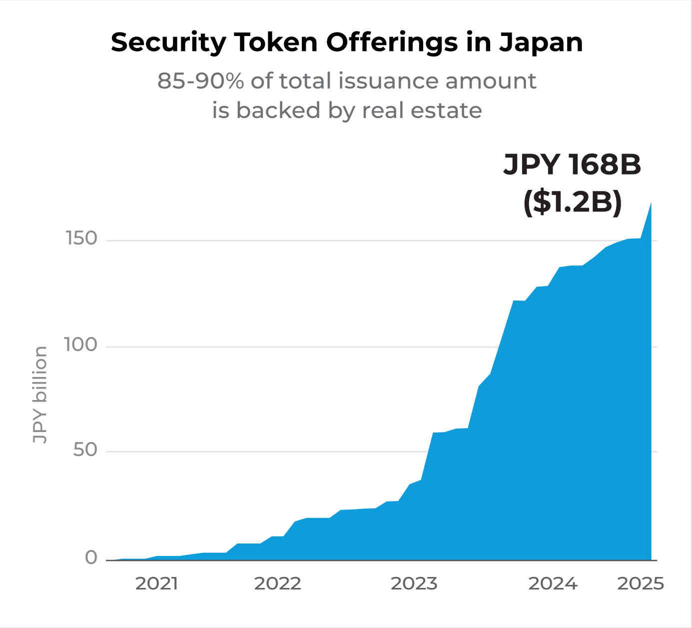
Source: RWA.xyz

- **Private credit tokenization** is rapidly gaining traction, with $13B [1] of tokenized private credit. As of early 2025, **Figure** accounts for almost 80% of all tokenized private credit globally, with nearly $10B in active loans, making it the dominant player in the sector. **Tradable** has tokenized nearly $2B in institutional-grade private credit positions.
- **Tokenization of U.S. treasury debt** reached almost $7B in total value, with **BlackRock**'s BUIDL fund, launched in March 2024, being the largest tokenized U.S. Treasuries fund by market capitalization, approaching $3B. **Franklin Templeton**'s OnChain U.S. Government Money Fund (FOBXX) is the second-largest tokenized U.S. Treasuries fund with $740M in market capitalization.
- Tokenized assets are increasingly being integrated into decentralized finance (DeFi) platforms, creating new opportunities for trading, lending, and generating yields. For example, protocols like Maple Finance and Centrifuge enable real-world assets (RWAs), such as commercial real estate loans and invoices, to serve as collateral in DeFi lending pools. This approach provides investors with more consistent returns and offers businesses better access to capital.
- Major financial institutions are already taking action. Besides **BlackRock** and **Franklin Templeton**, **Apollo** tokenized its Diversified Credit Securitize Fund (ACRED), **Hamilton Lane** tokenized its Senior Credit Opportunities Fund (SCOPE), and **KKR** launched its Health Care Strategic Growth Fund on Avalanche, marking one of the first major private equity tokenizations.
- **HSBC** launched the "Orion" platform to offer clients tokenized deposits and tokenized gold, and **UBS** introduced "UBS Tokenize," a full-service digital asset platform. Earlier this year, the **Depository Trust and Clearing Corporation (DTCC)**, the primary clearing and settlement infrastructure company in the U.S., also announced the upcoming launch of a platform for tokenized collateral management. As blockchain-based financial infrastructure matures, tokenization is increasingly seen as the next major evolution in capital markets.

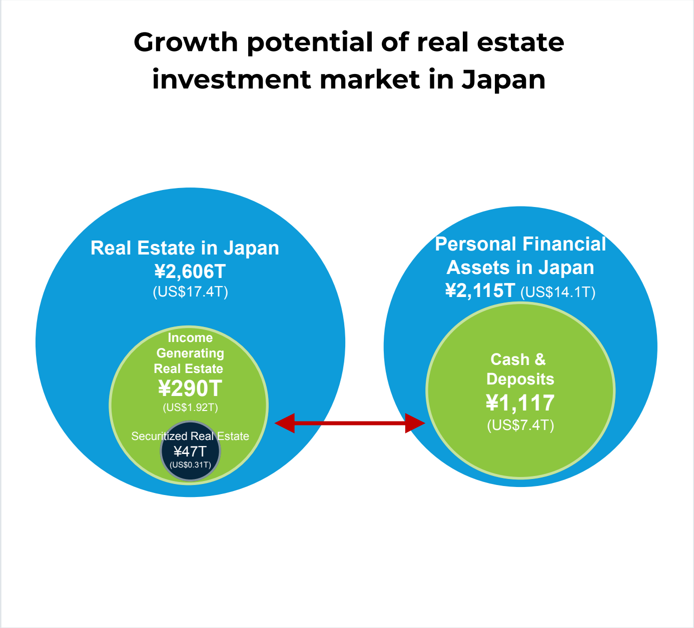
1) RWA.xyz

Real Estate Tokenization

- Tokenization is the most viable and widespread application of blockchain in the real estate sector. The Deloitte Center for Financial Services predicts that $4T of real estate will be tokenized by 2035, increasing from less than $0.3T in 2024, with a CAGR of 27% [1].
- In recent years, the industry has seen a surge of innovation, with multiple startups offering blockchain-based solutions for real estate tokenization and traditional financial players launching proof-of-concept projects.
- The regulatory regimes are key to driving tokenization adoption in various countries - tax advantages, securities status, and the ability of traditional brokerages to participate in the process are all critical ingredients to success.
- The benefits of real estate tokenization are clear:
  - **Raised capital:** Tokenization provides an alternative method for property owners to raise capital by selling tokens representing fractional ownership of their property. It also creates a new universe of buyers for whom tokens solve specific problems.
  - **Increased liquidity and lower costs:** Tokenization streamlines transaction processes, removes unnecessary third parties, and lowers the price barriers to entry. This enables low-cost and trusted coordination between mortgage lenders, notaries, escrow companies, and more. Assets can be transferred on-chain.
  - **Increased affordability:** High-value real estate becomes accessible to a broader range of investors. Instead of requiring large sums to buy an entire property, individuals can invest in fractional ownership through tokens.
  - **Reduced fraud:** Blockchain provides improved authentication and verifiable data that reduces information asymmetry and serves as a single source of truth for ownership and titles.
- Major challenges include lack of actual liquidity and standardized infrastructure, institutional hesitation, and lack of standardized valuation.
- Japan has become a global leader in tokenizing real estate, with a remarkable growth in issuances over the last three years. The country sets the benchmark for clarity of crypto regulation, securitization infrastructure, distribution, and ecosystem development.



Source: RWA.xyz



Source: Kenedix, as of Mar'24

- Security tokens rapidly transitioned from proof of concept to practical use in Japan. The cumulative issuance amount of security tokens in Japan in 2024 reached JPY 168B or $1.2B. Approx. 85-90% of the total public security token issuance in Japan was issued as beneficiary certificate issuance trusts backed by real estate, with real estate securitization continuing to lead the market.
- The underlying real estate assets included residences, hotels/inns, commercial facilities, and logistics facilities. Additionally, security tokens backed by 484 rental detached properties located in the Tokyo Metropolitan Area were realized, demonstrating further diversification of underlying assets.
- In Japan's tokenization landscape, prominent players include financial institutions like **MUFG**, **SMBC**, **Mizuho**, **Nomura**, **Daiwa Securities**, and **SBI Holdings**, along with blockchain infrastructure providers **Progmat** and **ibet for Fin**, and asset managers like **Kenedix** and **Mitsui & Co**.

1) https://www2.deloitte.com/us/en/insights/industry/financial-services/financial-services-industry-predictions/2025/tokenized-real-estate.html

Emerging Applications Of Blockchain In Insurance

- While blockchain's integration into insurance trails other financial areas, opportunities in claims automation and fraud prevention are setting the stage for post-2025 growth. Beyond operational improvements, decentralized finance innovations and specialized products like Bitcoin life insurance offer potential revenue diversification for traditional insurers in the coming years, particularly by attracting crypto-savvy clients seeking inflation protection.
  1. **Blockchain-based efficiency improvements for insurance companies include:** fraud prevention, claims management, customer experience, asset tracking, proof of insurance, and simplified reinsurance.
  2. **Insurance solutions for crypto industry.** Only 10.8% of cryptocurrency holders worldwide hold insurance for their digital assets as per GlobalData's 2024 Insurance Consumer Survey. There is a significant opportunity for insurers as cryptocurrencies become increasingly popular. Lloyd's of London is indirectly involved through partnerships with crypto custodians like AnchorWatch. Evertas and Coincover are crypto-native insurance providers that offer custody insurance, smart contract cover, and theft and loss coverage.
  3. **New insurance products and decentralized business models.** As digital assets and cryptocurrencies become more prevalent, blockchain enables insurers to offer innovative coverage for risks associated with digital wallets, exchanges, and crypto assets: deFi insurance protocols, parametric crypto insurance, peer-to-peer coverage, tokenized insurance policies.
     - **DeFi insurance protocols** are decentralized platforms that use blockchain technology to offer insurance-like coverage for risks associated with decentralized finance (DeFi): smart contract failures, hacks, stablecoin de-pegging, and other potential losses in the DeFi space. Some of the most popular platforms include Nexus Mutual, Etherisc, and OpenCover.
     - **Parametric crypto insurance** is a blockchain-based insurance model that provides automatic payouts when predefined conditions (e.g., hacks, price crashes, or smart contract failures) are met, verified by objective, third-party data. Etherisc is one of the startups providing parametric crypto insurance solutions.
     - **Peer-to-Peer (P2P) coverage.** P2P coverage is a decentralized insurance model where individuals pool resources to share risks directly, rather than relying on a traditional insurance company. For example, Nexus Mutual, is offering a decentralized insurance alternative using a shared risk pool.
     - **Tokenized insurance policies.** Tokenized insurance policies are insurance contracts represented as digital tokens on a blockchain that allow for fractional ownership, increased liquidity, transparency, and automation. For example, Etherisc explores tokenized crop insurance, which allows fractional ownership.
  4. **Digital asset integration in life insurance** is advancing through Bitcoin-denominated policies that cater to crypto-savvy users, prioritizing inflation protection and tax optimization. This niche shows potential to bridge traditional insurance with decentralized finance, particularly as crypto-native populations seek regulated wealth preservation tools.

Allianz	**Allianz** remains a blockchain leader in insurance, with live implementations and pilots in cross-border claims and captive insurance, and a growing emphasis on cybersecurity applications. While some projects are in mature operational phases, others (e.g., AI-blockchain integration) reflect forward-looking R&D.
TOKIO MARINE; SOMPO INTERNATIONAL	Japan's largest nonlife insurers, **Tokio Marine & Nichido Fire and Sompo**, use **TradeWaltz**'s blockchain platform (launched in 2023) for marine insurance to streamline documentation (e.g., bills of lading) and automate claims via APIs. TradeWaltz's consortium now includes 40+ companies (as of 2022), with Tokio Marine and Sompo remaining key shareholders and users.
Lemonade	The **Lemonade Foundation** (a nonprofit organization under the Insurtech Lemonade) launched the Lemonade Crypto Climate Coalition in 2022. This blockchain-based system allows African subsistence farmers to qualify for at-cost crop insurance. The technology quantifies weather risk and uses smart contracts to automate claims based on rain data, protecting farmers against climate events like drought and flood. As of 2023, 7,000 farmers across Kenya were paid insurance premiums from the project and had their crops protected.
meanwhile	**Meanwhile**'s $40M Series A funding round, led by Framework Ventures and Fulgur Ventures (other early investors include Sam Altman, Gradient Ventures, Northwestern Mutual Future Fund, and others), demonstrates growing investor confidence in BTC-based life insurance. The Bermuda Monetary Authority's regulatory approval provides a blueprint for global expansion, particularly in regions experiencing currency instability, where Bitcoin's borderless nature helps preserve intergenerational wealth. As of March 2025, the company had **a pipeline of 1023 customers** in its funnel.

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IMPORTANT DISCLOSURES

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