Annum Capital Digital Finance Whitepapers ①

Flying Cash: Rise of Stablecoins

A Guide for Family Offices and Wealth Managers

By Regan Shum, Andrew Deane, Anndy Lian

ANNUM CAPITAL

DEANE CONSULTING


ANNUM CAPITAL
unlocking growth
WealthBriefingAsia GREATER CHINA AWARDS 2025
WINNER
Best Alternative Investment Manager.
Annum Capital
WealthBriefingAsia EAM AWARDS 2024
WINNER
Best EAM in Hong Kong
Annum Capital

Supporting Organizations

FAMILY OFFICE ASSOCIATION HONG KONG

Schroders capital

Contributors

FTSE RUSSELL An LSEG Business

FACTSET

aberdeen Investments

MAREX

EasyView

synpulse solve · evolve

Collaboration Partner

中國光大資產管理有限公司
CHINA EVERBRIGHT ASSETS MANAGEMENT LIMITED

uSMART 盈立證券 周大福控股 戰略投資 | 7th ANNIV.

TUROID

Research Partner

CHINA FAMILY OFFICE RESEARCH INSTITUTE (HONG KONG)
中國家族辦公室研究院 (香港)

Media Agency

WAM Digital

Hotel Partner

THE UPPER HOUSE

Venue Partner

NET·WORK BY HANG LUNG

Disclaimer:

This report is intended solely for informational purposes. It has not been reviewed or approved by any regulatory authority in Hong Kong or elsewhere.

Any reference to specific cryptocurrencies, tokens, digital assets, financial instruments, insurance or investment products, platforms, or companies is provided solely for illustrative or informational purposes. Such references do not constitute, and should not be interpreted as, an offer, solicitation, endorsement, or recommendation to transact in any of the products or entities mentioned, nor do they represent the formation of any legal or advisory relationship.

This report does not constitute investment advice or advertisement or invitation to acquire, dispose of or trade any assets or products referred to in this report. Nothing in this document should be relied upon as a basis for making any investment decision. The content is general in nature and does not take into account the investment objectives, financial situation, investment experience, or particular needs of any specific reader. This report does not constitute and should not be regarded as financial, investment, legal, or tax advice.

Accordingly, readers are solely responsible for independently evaluating the relevance, suitability, and risks associated with any ideas, products or strategies discussed in this report, having regard to their own facts and circumstances. Readers are strongly encouraged to seek independent professional advice if they have any questions about the contents of this report.

This document may contain forward-looking statements which are, by their nature, subject to significant risks and uncertainties. Such statements are projections for illustration purposes in the textual context of the report only. Readers are cautioned not to use such statements other than for reference only.

This report is intended for readers in Hong Kong and is to be distributed only in jurisdictions where local laws and regulations allow its distribution.

This report is based on resources that the publishers reasonably believe to be reliable. The publishers do not give any warranty on the accuracy of the information contained in this report and accept no liability of any kind for any damage or loss of any nature arising from or in connection with this report.

Authors

Regan Shum

Head of Ventures, Annum Capital

Regan has over 20 years of experience in Greater China financial services. At Annum Capital, Regan serves leading families in Asia in their investing and succession planning and advises institutional investors on asset allocation and private markets. Regan leads the firm's innovation initiatives and strategic partnerships.

Andrew Deane

Founder, Deane Consulting

Andrew is a well-known figure in the wealth management industry with over 40 years of experience in financial services. Previously co-founder of a globally recognized publishing company, Andrew now runs his own consulting business advising and working with companies within the wealth eco-system covering Asia, Middle East and Europe.

Anndy Lian

Digital Finance Expert

Anndy Lian is an all-rounded business strategist in Asia. He has provided advisory across a variety of industries for local, international, and public-listed companies and governments. He is an early blockchain adopter and experienced serial entrepreneur, book author, investor, board member, and keynote speaker.

Table of Contents

Preface

By Anndy Lian, Regan Shum, and Andrew Deane

Stablecoins have moved far beyond their origins as tools for cryptocurrency trading. They are now becoming a core part of global financial infrastructure, reshaping how value is stored, transferred, and settled across borders. Stablecoin transaction volumes have exceeded $27 trillion, surpassing the combined annual volume of Visa and Mastercard, according to World Economic Forum[1]. This growth reflects a convergence of technological maturity, regulatory clarity, and rising institutional demand.

Recent developments mark a turning point. Circle's successful IPO in June 2025, with an $18 billion valuation, signalled strong market confidence in regulated stablecoin models. At the same time, major regulatory frameworks have taken shape. The U.S. GENIUS Act, the EU's MiCA regulation, and Hong Kong's Stablecoins Ordinance have established clear rules for issuance and operation. These frameworks address long-standing concerns around transparency, reserve backing, and systemic risk, creating a foundation for broader adoption.

The logic of stablecoins is expanding into financial asset tokenization. Stocks, bonds, real estate, and private debt are being converted into digital tokens that combine the stability of traditional assets with the efficiency of blockchain. Tokenized financial assets, excluding stablecoins, reached $25 billion in 2025, led by private debt and U.S. Treasuries. Major institutions like BlackRock, JPMorgan, Goldman Sachs, and Citi are actively building blockchain-based platforms for custody, settlement, and trading.

Despite progress, challenges remain. Interoperability across blockchains is limited. User experience is still fragmented. Regulatory standards vary by jurisdiction. The collapse of TerraUSD in 2022 showed the risks of under-collateralized designs. Trust depends on verifiable reserves and strong governance.

This report is designed for family offices and wealth managers navigating this shift. It examines the history, technology, regulation, and investment landscape of stablecoins. From the Tang Dynasty's Flying Cash to Hong Kong's currency board, we draw lessons on what makes a stable value system endure. We assess leading stablecoins like USDT, USDC, DAI, USDe, and new entrants like PYUSD and JPMD.

We also explore opportunities across the broader digital assets ecosystem - issuers, infrastructure providers, custodians, and early movers in Hong Kong. As tokenization accelerates, those who understand the fundamentals will be best positioned to act.

Stablecoins are no longer speculative instruments. They are becoming the rails of a new financial system. By 2030, they could underpin trillions in digital asset flows, from cross-border payments to real-world asset markets. This report offers a clear, practical guide to that future.

[1] https://www.weforum.org/stories/2025/03/stablecoins-cryptocurrency-on-rise-financial-systems/

Historical Precedents for Stable Value Representation

The concept of stable value representation in transferable form is not a novel invention of the digital age but rather represents a recurring solution to persistent challenges in monetary systems throughout human history.

One of the most compelling historical precedents for modern stablecoins emerged during China's Tang Dynasty in the form of Flying Cash (“Feiqian”), a financial innovation that addressed remarkably similar challenges to those confronting today's economy.

The historical significance of Flying Cash extends beyond its practical utility. It represents one of the earliest examples of negotiable instruments issued by the private sector for efficient value transfer over vast distances, and designed to overcome the limitations of physical currency while maintaining stable value reference.

Unlike modern stablecoins, Flying Cash, not initially legal tender, gained wider recognition in Song Dynasty but faced inflation from over-issuance without sufficient coin backing, destabilizing the economy. This historical episode highlights the timeless need for disciplined issuance and proper backing for such symbols of money, despite modern tech advancements.

Much more recently, the Hong Kong Dollar (HKD) operates under a Linked Exchange Rate System, a currency board model adopted in 1983. This system pegs the HKD to the US Dollar (USD) at HK7.80 to US1, ensuring stability and convertibility. Commercial banks issue HKD banknotes only after depositing an equivalent value of USD with the Hong Kong Monetary Authority (HKMA), a mechanism whereby the local currency is fully backed by foreign exchange reserves.

This system offers valuable parallels for understanding stablecoins. Analysts observe that the HKD effectively functioned as an early stablecoin equivalent through its currency board system, featuring issuance by the private sector, and verifiable and trusted reserves that provided stability during periods of uncertainty. A key similarity is the 1:1 asset backing: new HKD requires equivalent USD deposits, just as fiat-backed stablecoins are designed to be fully collateralized by high-quality reserves. HKMA’s role in maintaining the HKD's peg through transparent, rule-based convertibility offers a real-world blueprint for stablecoin issuers.

This system successfully displaced earlier, less reliable local currency arrangements that struggled to maintain value amid volatile economic conditions. The HKD experience demonstrates how a well-structured reserve-backed monetary system can provide stability when traditional fiat arrangements falter, offering valuable lessons for jurisdictions navigating the current wave of stablecoin adoption. Small and closed economies confronted by digital currencies issued by stronger economies would also benefit from studying this precedent.

The historical trajectory of Flying Cash and the operational success of Hong Kong's currency board provide crucial context for evaluating modern stablecoin models and recognizing the enduring principles that separate sustainable monetary innovations from those that ultimately undermine economic stability.

FactSet

Stablecoins represent a shift toward "always-on" financial infrastructure, enabling continuous value transfer with settlement in minutes rather than days. This reduces counterparty, foreign exchange, and operational risks inherent in legacy payment rails that rely on batch processing and overnight reconciliation. Where SWIFT and ISO 20022 standardized messaging, stablecoins standardize the monetary instrument itself, enabling instructions and value to move as unified transactions.

Leading fiat-backed stablecoins are predominantly reserved with Treasury bills and cash equivalents, creating direct linkages between digital assets and traditional money markets. As market capitalization expands, these reserves strengthen integration between tokenized finance and conventional liquidity pools.

Regulatory frameworks across major financial centers now provide institutional foundation for broader adoption. The EU's MiCA regulation, Singapore's Payment Services Act, Hong Kong's licensing regime, and advancing U.S. oversight enable banks and broker-dealers to integrate stablecoin infrastructure with confidence.

On the broader topic of tokenization, tokenization is fundamentally about infrastructure, not products. Put the asset record, lifecycle rules, and cash settlement on programmable rails, and institutions can collapse messaging, reconciliation, and settlement into one system. The wins are clearest in standardized, event-heavy markets: cash equivalents, government bonds, investment-grade credit, funds, and collateral. Here institutions get atomic DvP (Delivery-versus-Payment), intraday settlement, and corporate actions that run automatically instead of through spreadsheets and phone calls.

The value of tokenization should be judged by measurable outcomes such as faster settlement, lower fail rates, reduced reconciliation, improved capital efficiency, and fewer operational losses. When these gains are evident, tokenization strengthens markets by making them faster, safer, more cost-effective, and transparent.

Disclaimer: The views and opinions are those of the speaker and do not necessarily reflect the views or positions of this report.

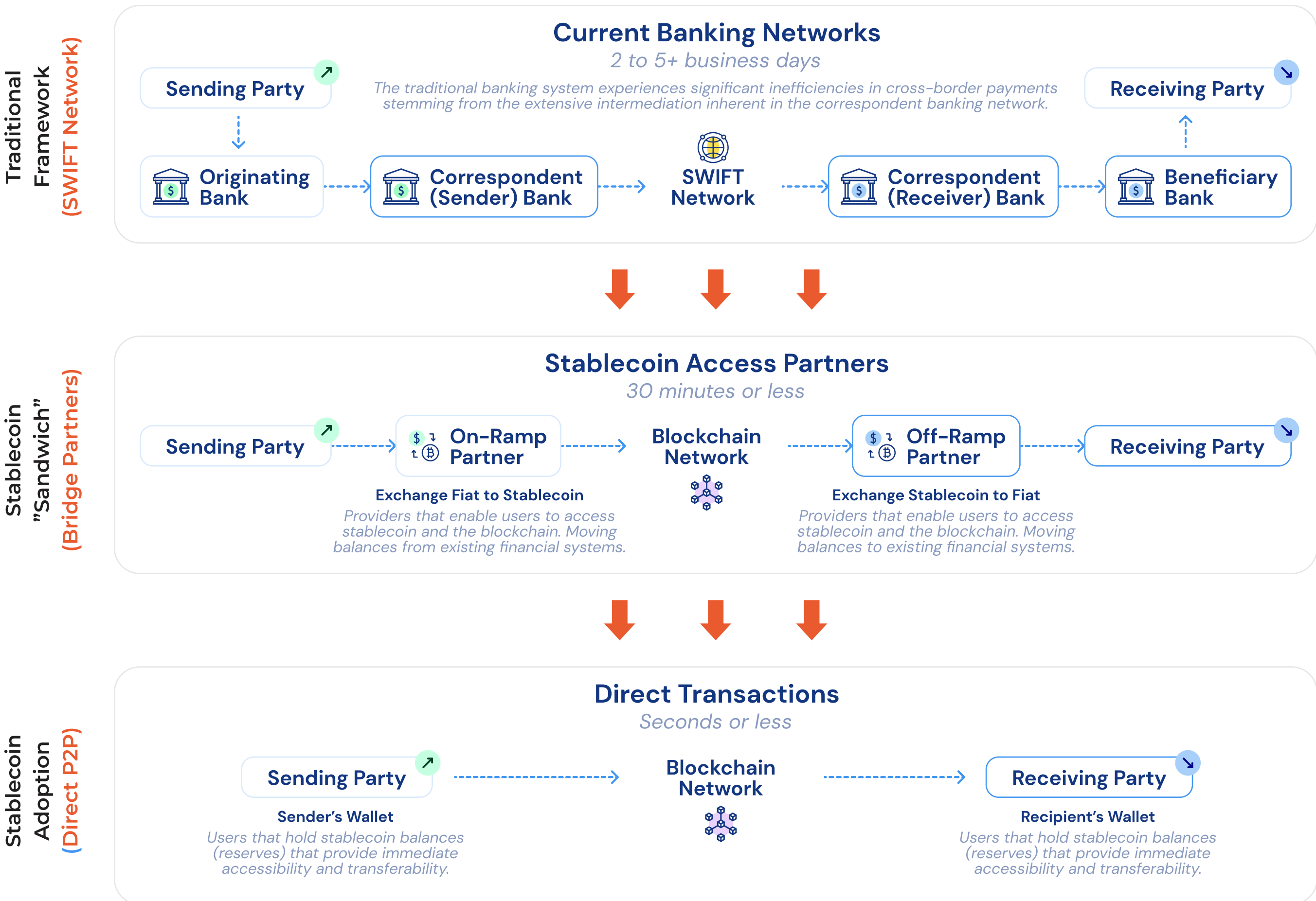
Jeremy Zhou,
Director, Strategy,
Index Solutions

The History and Evolution of Major Stablecoin Protocols

Blockchain forms the essential foundation that allows stablecoins to function as reliable digital value representations. A blockchain operates as a distributed ledger where transactions record across multiple networked computers, creating permanent transparent records.

This decentralized structure removes the requirement for trusted intermediaries to validate transactions as consensus mechanisms ensure network participants agree on transaction validity.

Stablecoin Adoption: Converging With Existing Frameworks



Source:
https://www.whitehouse.gov/wp-content/uploads/2025/07/Digital-Assets-Report-EO14178.pdf

For stablecoins, this technology delivers vital advantages. The permanent nature of transaction records prevents fraud and double-spending while public blockchain transparency lets anyone verify stablecoin reserve movements. This system builds universal trust through cryptographic verification rather than institutional reputation. Stablecoins thus operate as borderless digital cash maintaining consistent value across jurisdictions and platforms, transforming how value transfers and settles in the digital economy.

Tokenization converts asset rights into digital tokens on a blockchain creating programmable representations that preserve underlying asset economics while gaining digital infrastructure benefits. This process transforms traditional fiat currency into blockchain-native tokens that maintain stable reference currency value while acquiring new properties. These include instant settlement, continuous availability, global accessibility, and smart contract programmability.

Unlike conventional digital money confined to closed banking systems with limited interoperability, tokenized cash operates on open networks where value flows freely across applications and borders. This transition from account-based to token-based money establishes the groundwork for broader financial asset tokenization discussed later in this report.

The stablecoin market has experienced remarkable growth, fundamentally altering how value moves across digital financial systems. Current data shows stablecoin supply has increased 28 percent year over year, with transaction volumes reaching $27.6 trillion in 2024 alone. This figure surpasses the combined annual transaction volume of Visa and Mastercard, demonstrating stablecoins' increasing importance in global value transfer. These digital assets have evolved from niche cryptocurrency tools to essential infrastructure within both digital and traditional financial ecosystems.

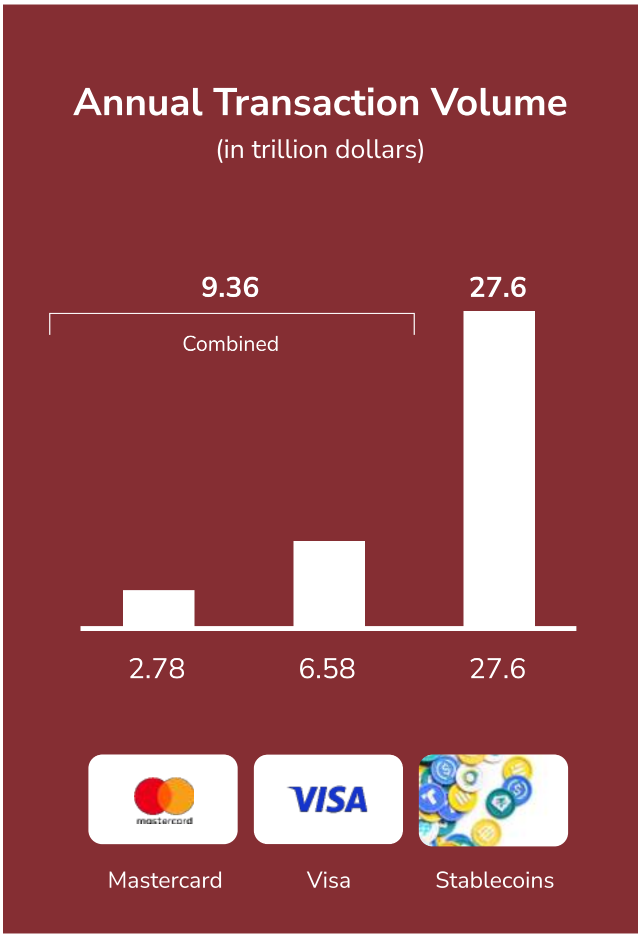
Tether dominates the stablecoin landscape with a market capitalization exceeding $150 billion as of mid-2025. Launched in 2014, USDT operates across multiple blockchain networks, serving as the primary medium for global cryptocurrency trading. USDC, developed by Circle, represents the second largest stablecoin with approximately $60 billion in circulation. Together these two stablecoins constitute majority of the stablecoin market.

Geographic patterns reveal distinct usage preferences. Tether see the strongest adoption in Asian and European markets, while USDC maintains greater popularity in North America. This reflects how traders in East Asia have historically embraced Tether as a dollar substitute, even in regions with restricted USD access.

USDC attracts institutional users and exchanges in the United States due to its regulatory compliance framework. Currency preferences also vary globally; while USD-pegged stablecoins dominate, regional alternatives like EURC for euros, GYEN for Japanese yen, and XCHF for Swiss francs are gaining traction as the concept spreads internationally.

In Central and Western Europe, stablecoins accounted for nearly half of all cryptocurrency transaction value between mid-2023 and mid-2024. Data indicates stablecoin usage in Europe grew 2.5 times faster than in North America for transactions under $1 million, signalling strong retail and business adoption. In the United Kingdom and European Union, stablecoins comprise 60 to 80 percent of crypto payment services each quarter, demonstrating preference for stable value tokens over volatile cryptocurrencies. This trend extends to everyday transactions and remittances, where stablecoins increasingly serve as the preferred cryptocurrency asset.

Emerging markets drive substantial growth in stablecoin adoption. Sub-Saharan Africa leads global adoption rates at 9.3 percent of residents, with Nigeria ranking highest at 11.9 percent of its population, representing 25.9 million users according to 2025 data. The region's total cryptocurrency transaction volume consists of approximately 43 percent stablecoins, reflecting widespread usage. Economic necessity fuels this adoption. About 70 percent of African countries face foreign exchange shortages. Businesses struggle to obtain US dollars. Stablecoins provide these businesses with operational continuity despite scarce hard currencies. During periods of local currency devaluation in Nigeria or Ethiopia, citizens rapidly convert savings to USD stablecoins to preserve value. Small African importers utilize stablecoins to purchase overseas goods, bypassing inefficient bank foreign exchange systems.



Source: WEF, The Defiant, CoinGecko

Advanced economies also show growing stablecoin integration into mainstream. Approximately 80 percent of stablecoin reserves consist of US Treasuries or similar instruments, representing roughly $200 billion invested in government debt.

Tether recently disclosed holdings exceeding $120 billion in US Treasuries, making it the eighteenth largest holder of US Treasuries worldwide. This integration demonstrates that stablecoins have evolved beyond crypto novelty to become embedded within global financial flows.

Marex

Stablecoins provide a stable gateway to the decentralized finance (DeFi) ecosystem. This includes lending, borrowing, and liquidity provision. Stablecoins also offer transparent transaction records, with many protocols providing auditable smart contracts that enhance trust and accountability for investors. This can represent a huge efficiency improvement for settlement and back office. With near-instantaneous 24/7 market access and global payment system integration, stablecoins provide unmatched flexibility compared to traditional financial instruments.

As a dynamic non-bank financial institution, Marex leverages its capabilities to process client funds and execute trades across both traditional financial systems and cryptocurrency platforms, positioning itself as a critical link for institutional adoption of stablecoins. The firm supports seamless execution of crypto derivatives on regulated exchanges like CME and provides clearing for spot crypto markets, enabling clients to utilize stablecoins for trading, hedging, or yield generation with robust risk management.

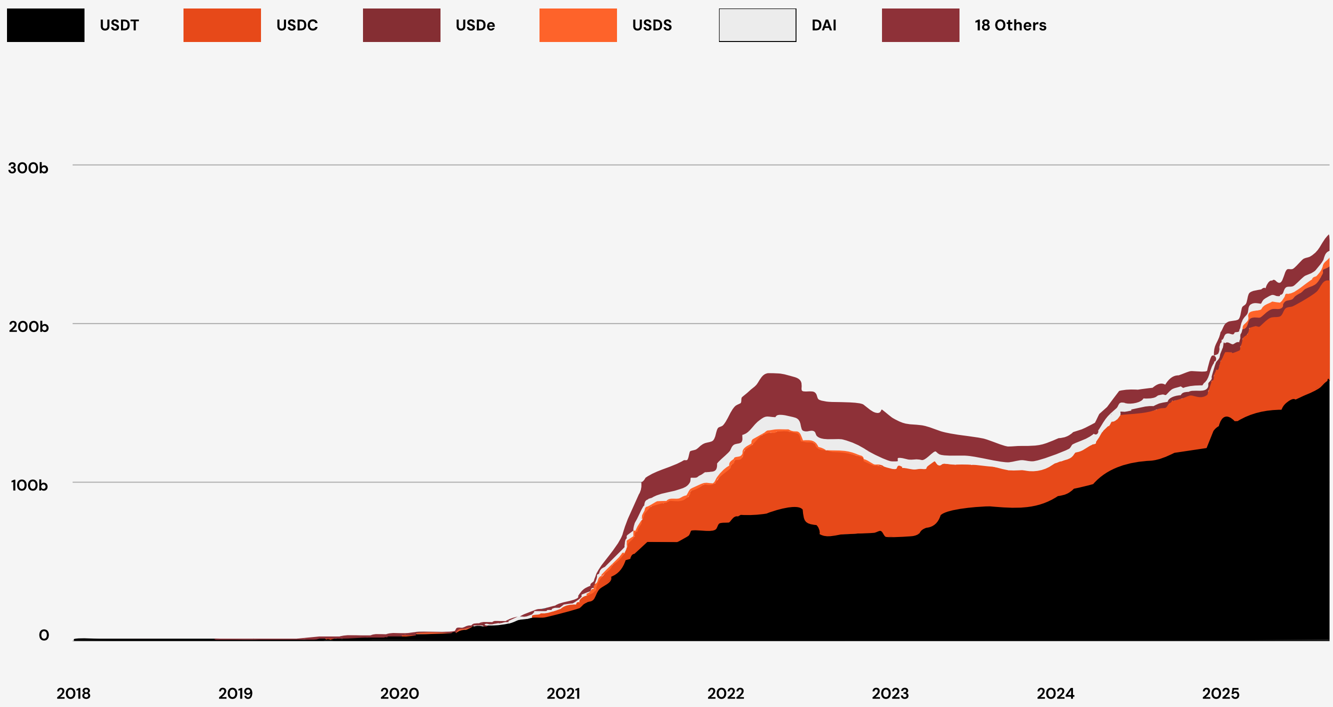
In August 2025, Marex became the first clearing firm to adopt JPMorgan's Kinexys blockchain platform, facilitating 24/7 programmable payments in partnership with firms like Brevan Howard Digital, enhancing the speed and security of stablecoin transactions.

As another milestone example, through partnerships like with GFO-X, set to launch Bitcoin futures in September 2025, Marex supports stablecoin-collateralized derivatives, fostering institutional participation in a compliant and secure environment. Ultimately, Marex aims to drive mainstream stablecoin adoption by offering tailored solutions, such as structured products tied to digital assets, bridging traditional finance with the crypto ecosystem to deliver efficient, regulated, and innovative financial services.

Franck Fayard
Head of Financial Products – APAC

Disclaimer: The views and opinions are those of the speaker and do not necessarily reflect the views or positions of this report.

Total Stablecoin Supply:



Source: DEFILLAMA | **Updated:** Aug 5, 2025

/ TETHER

Tether maintains its position as the dominant stablecoin, representing over 60 percent of the stablecoin market. USDT's growth has been substantial, doubling from approximately $70 billion in early 2023 to over $140 billion by 2024. Its daily trading volume often matches Bitcoin's, underscoring its role as crypto markets' primary liquidity engine.

In countries experiencing currency instability such as Turkey, Venezuela, and Nigeria, USDT functions as protection against local currency inflation. Tether also signalled plans to diversify reserves by allocating a portion of profits to Bitcoin purchases, a move generating both support and concern regarding potential reserve volatility.

/ USDC

USDC continues as the second largest stablecoin. Developed through the Centre Consortium partnership between Circle and Coinbase in 2018, USDC emphasizes transparency and regulatory compliance. Each month, Circle publishes independent accounting firm attestations verifying reserves equal or exceed USDC in circulation. Circle established a dedicated Circle Reserve Fund managed by BlackRock for Treasury holdings, adding oversight layers. This approach makes USDC popular among corporate and US users prioritizing safety and compliance, with many American crypto companies using USDC for treasury management and payments.

Circle's June 2025 NYSE listing, following the US passage of stablecoin legislation, signalled growing institutional acceptance. With regulatory clarity emerging, USDC's market share has gradually increased to 24 percent from 22 percent earlier in 2025.

/ DAI

Decentralized stablecoins represent an alternative approach to value stabilization. **DAI**, the leading decentralized stablecoin managed by *MakerDAO*, maintains a supply of approximately $4 billion in 2025. Unlike centralized stablecoins, DAI relies on crypto asset collateralization where users lock cryptocurrencies in smart contracts to mint DAI, maintaining over-collateralization to preserve the $1 peg. DAI plays a critical role in decentralized finance as a trustless dollar token governed by MKR token holders rather than a single entity.

MakerDAO has since rebranded to SKY. They have since issued **USDS**, an upgraded version of DAI, using over-collateralized loans to ensure stability. It includes features like the Sky Savings Rate (SSR) for earning interest and Sky Token Rewards, enhancing its utility in DeFi.

/ USDE

Developed by Ethena Labs, **USDe** is a synthetic stablecoin that maintains its peg through delta-hedging of staked Ethereum collateral, offering a native yield to holders. This approach differs from traditional fiat-backed stablecoins, potentially appealing to those comfortable with crypto-backed assets. It involves balancing long positions in Ethereum with short futures positions to ensure the stablecoin's value remains at $1 USD, regardless of Ethereum's price fluctuations. This method offers censorship resistance and scalability but introduces risks, such as potential exchange failures during market crashes.

/ ALGORITHMIC

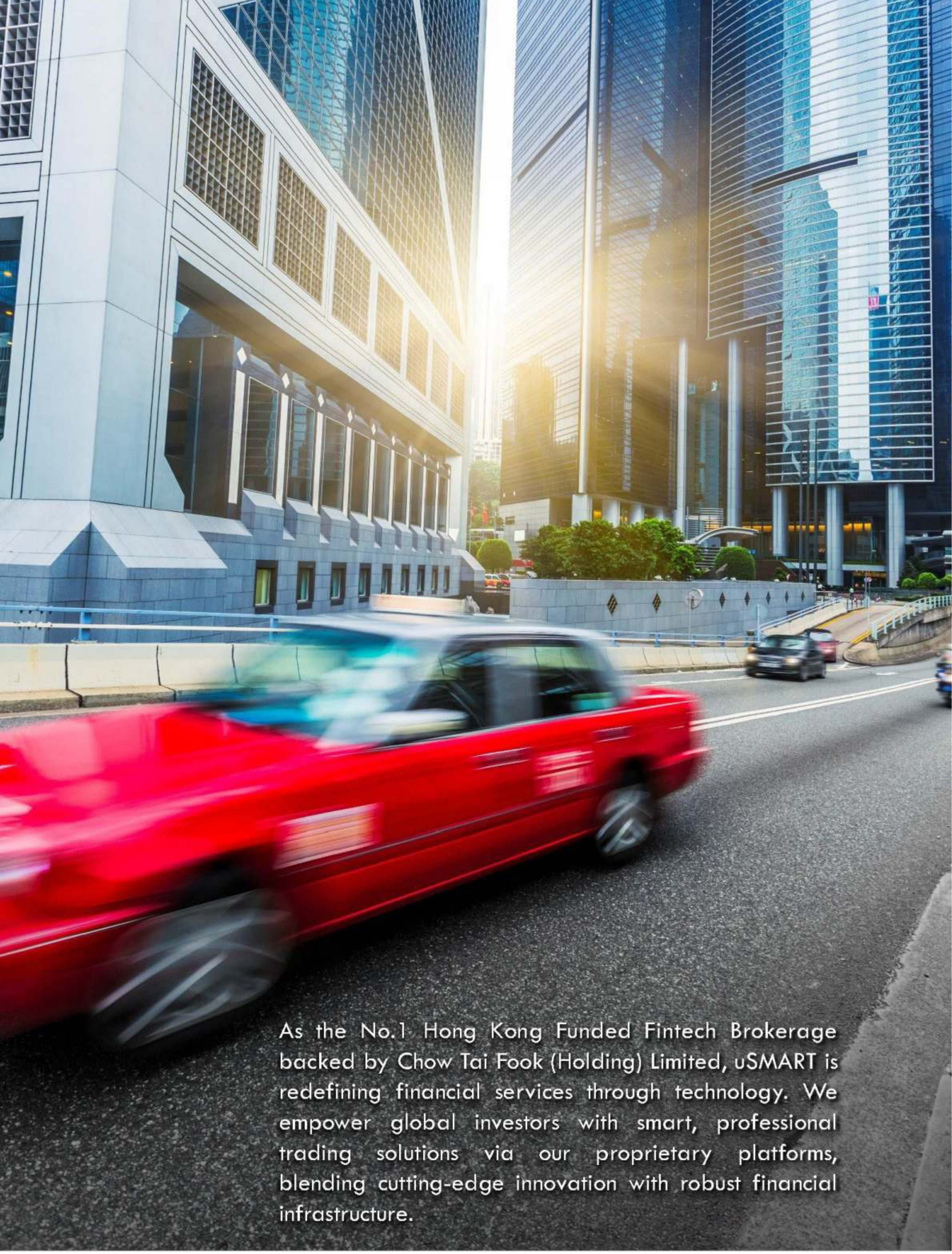
Algorithmic stablecoins, which maintain pegs through algorithms rather than full collateral, suffered significant setbacks following TerraUSD's collapse, when this algorithmic dollar stablecoin with an $18+ billion market capitalization in early 2022 catastrophically failed in May 2022, losing its peg and collapsing to near zero. This event demonstrated the dangers of under-collateralized designs and shattered confidence in purely algorithmic stabilization. Since then, most new stablecoins have adopted robust collateral models.

Traditional financial and technology companies are increasingly entering the stablecoin market. **PayPal USD**, launched in August 2023 by PayPal and issued by Paxos Trust, represents a significant mainstream adoption milestone. PYUSD operates as a dollar stablecoin on Ethereum, fully backed by USD deposits and Treasuries. By mid-2025, PYUSD circulation approached $1 billion, with potential for substantial growth given PayPal's millions of users.

Major banks have expanded stablecoin experimentation. JPMorgan Chase developed **JPM Coin** for institutional transfers in 2019 and expanded this concept in 2025 with JPMD, a deposit-backed digital dollar token for corporate clients. Reports indicate significant interest from major global banks seeking stablecoin solutions. This suggests financial institutions view stablecoin technology as essential for future payment infrastructure due to benefits like 24/7 instant settlement and programmability.

Payment networks are also integrating stablecoin capabilities. Stripe has signalled plans to incorporate stablecoin payouts for online businesses. Mastercard partnered with Paxos in 2025, allowing consumers to spend and merchants to receive payments using stablecoins. These developments indicate stablecoins are permeating traditional payment systems beyond cryptocurrency exchanges.

The entry of established financial players signals stablecoins' transition from cryptocurrency periphery to mainstream financial infrastructure. As traditional institutions adopt and adapt stablecoin technology, the distinction between digital and traditional finance continues to blur, creating new opportunities for efficient, borderless value transfer while raising important considerations regarding regulatory oversight and systemic stability.



As the No.1 Hong Kong Funded Fintech Brokerage backed by Chow Tai Fook (Holding) Limited, uSMART is redefining financial services through technology. We empower global investors with smart, professional trading solutions via our proprietary platforms, blending cutting-edge innovation with robust financial infrastructure.

Global Regulatory Framework

The GENIUS Act of 2025 provides the first comprehensive US regulatory framework for stablecoins, specifically payment stablecoins used for settlement that do not offer a yield. This legislation creates a new class of permitted payment stablecoin issuers, which can be banks or non-bank entities. The Act imposes strict requirements to ensure stability and consumer protection. Permitted payment stablecoin issuers must maintain 1:1 reserves in high-quality, liquid assets like Treasury bills and undergo monthly attestations to ensure transparency. It also mandates compliance with anti-money laundering and Bank Secrecy Act regulations, addressing a key concern for regulators. Supported by the Trump administration, it balances innovation with consumer protection and systemic risk mitigation through federal and state oversight.

The EU's Markets in Crypto-Assets (MiCA) regulation, implemented in 2024, establishes a comprehensive framework for stablecoins. It imposes strict capital, reserve, and operational requirements on issuers. Issuers must hold reserves in secure, segregated, and liquid assets, mitigating insolvency risks. A key strategic element is its defense against digital dollarization. It restricts large non-euro stablecoins to safeguard monetary sovereignty and financial stability, balancing digital asset integration with state control and systemic stability. .

This makes MiCA a model for how a major economic bloc can embrace digital assets while safeguarding its core monetary interests.

Hong Kong's Stablecoins Ordinance, effective August 1, 2025, establishes a strict, licensing-based regulatory framework for fiat-referenced stablecoin issuers, guided by the principle of same activity, same risks, same regulation. To obtain a license from HKMA, issuers must maintain 1:1 backing with high-quality, liquid reserves, ensure asset segregation, and implement robust consumer protections. HKMA is taking a cautious approach, initially granting only a limited number of licenses and utilizing a Stablecoin Issuer Sandbox to test applicants. This strategy positions Hong Kong as a leader in creating a balanced and secure environment for digital assets.

China’s policy community is divided on stablecoins: some see them as a way to counter USD stablecoin dominance and boost yuan use globally, while others fear risks from US-controlled blockchains and potential capital flight. Current policy leans toward testing stablecoin tech in Hong Kong, with close monitoring of impacts on commerce, bank liquidity, financial stability, and capital flows, according to analyses by Caixin[2].

The UAE is proactively regulating stablecoins through the Central Bank's Payment Token Services Regulation, aiming to become a digital asset hub. The regulation mandates full backing with segregated, liquid reserves, along with strict licensing and independent audits.

This framework explicitly prohibits algorithmic stablecoins and privacy tokens, signalling a clear preference for transparency and stability over riskier, uncollateralized models.

The UAE is developing the Digital Dirham CBDC and has approved AE Coin, a dirham-pegged stablecoin, to balance innovation and control in its digital asset ecosystem. Financial free zones like Abu Dhabi Global Market and Dubai International Financial Centre are also exploring the opportunities presented by stablecoins.

[2] https://weekly.caixin.com/2025-06-21/102333024.html?p1

FTSE Russell

FTSE Russell is a leading global index provider specializing in designing, calculating, and maintaining benchmarks across a wide range of asset classes. As part of the London Stock Exchange Group (LSEG), FTSE Russell serves a diverse client base including asset managers, institutional investors, ETF providers, and financial advisors. Its indices are used across all global regions for performance benchmarking, investment strategy development, and product creation, including ETFs and structured products.

In digital assets, FTSE Russell has developed a robust framework for digital asset indexing, with a focus on meeting the needs of institutional investors. Through its partnership with Digital Asset Research, it offers the FTSE Global Digital Asset Index Series, which tracks a wide range of cryptocurrencies using vetted exchange data.

These indices apply strict criteria for asset inclusion, focusing on liquidity, custody readiness, and protocol quality. The modular design allows for tailored exposure across market caps and sectors. By applying its rigorous standards to the crypto space, FTSE Russell helps bring transparency, consistency, and credibility to digital asset markets.

Through deep client engagement, robust governance, and a commitment to innovation, FTSE Russell continues to be a trusted partner in helping market participants navigate complex financial landscapes and make informed investment decisions.

Anthony Dixon
Digital Assets Product Manager

Global Dollarization and Monetary Implications

Stablecoins, especially those tied to the USD, are accelerating digital dollarization in countries with weak local currencies such as Argentina, Nigeria, and Turkey. Majority of stablecoin market value is linked to the dollar, reinforcing its global reach. These digital assets allow people to hold a stable store of value and move money across borders without relying on traditional banking systems. Public blockchains make this possible by enabling open, borderless transactions that bypass capital controls and financial restrictions.

This freedom creates tension with regulators. The same features that help users protect their wealth also make stablecoins attractive for illegal activities like money laundering and sanctions evasion. To manage these risks, authorities are focusing on entry and exit points where stablecoins connect with the traditional financial system. By enforcing strict identity checks and anti-money laundering rules at exchanges and payment gateways, regulators aim to limit misuse while allowing innovation to continue.

As more people use dollar-backed stablecoins, national central banks lose some influence over their own monetary policy. When citizens save and spend in digital dollars instead of local currency, it becomes harder for governments to control inflation, set interest rates, or respond to economic cycles.

This erosion of monetary sovereignty has sparked a global response. Monetary authorities like the European Central Bank are pushing for stablecoins backed by currencies under their purview, to reduce reliance on the USD and maintain financial independence.

The rise of stablecoins also affects traditional banking. As users shift deposits from banks to stablecoins for better returns or faster transactions, banks may face higher funding costs and reduced lending capacity. This could slow credit growth and economic development. On the other hand, stablecoin issuers often deposit their reserve funds into banks or buy US Treasury securities, which can increase liquidity in the financial system. In this way, stablecoins might support credit rather than replace it.

New financial models could emerge from this shift. Stablecoins and decentralized finance platforms may enable a two-tier system where digital asset issuers handle payments and liquidity, while banks focus on lending and risk management. This could lead to a more efficient and inclusive financial structure, but only if proper regulations are in place.

In payments, stablecoins offer clear advantages. They enable 24/7 cross-border transfers that are faster and cheaper than legacy systems. In 2024, stablecoin transaction volume exceeded the combined total of Visa and Mastercard. Their programmable nature allows for automated payments and integration with digital contracts, improving efficiency.

Yet widespread use for daily transactions remains limited. Users face a fragmented landscape with incompatible blockchains and wallets. Converting stablecoins into local currency often requires intermediaries and incurs fees. For mass adoption, the experience must become simpler and more intuitive.

Some governments view foreign-backed stablecoins as a threat to their control over money. In response, they are considering bans, promoting local-currency stablecoins, or launching central bank digital currencies with full traceability. These efforts aim to retain control over monetary policy while offering (some of) the benefits of digital money.

Stablecoin demand for US Treasury bonds has grown significantly. As other major buyers reduce their purchases, stablecoin issuers have emerged as key investors in US debt, with J.P. Morgan research indicating they hold approximately $114 billion in T-bills, accounting for 60% of stablecoin reserves. This substantial investment helps keep borrowing costs lower and bolsters fiscal stability. However, this demand is not assured. Should confidence in US economic policy waver, stablecoin operators might redirect their funds to alternative assets, potentially heightening volatility in Treasury markets.

EasyView

EasyView has been supporting independent wealth managers across Hong Kong and Singapore for five years, and we've seen a clear rise in interest around stablecoins. They are reshaping finance by acting as a secure digital "home base" for investors enabling faster portfolio rebalancing, access to DeFi opportunities, and global market participation. This is likely a foundational shift, with key trends including the growth of tokenized real-world assets (RWAs) settled via stablecoins, the rise of institutional DeFi, greater regulatory clarity, and infrastructure that bridges digital and traditional finance.

We are enhancing our CRM platform to help EAMs and family offices consolidate crypto alongside traditional holdings, delivering a secure, unified view across all asset classes. Particularly, as frameworks like MiCA and Hong Kong's regulatory environment evolve, institutions are increasingly confident in including digital assets in their strategies. Our long-term goal is to give independent managers seamless access and holistic oversight of both traditional and digital assets.

Disclaimer: The views and opinions are those of the speaker and do not necessarily reflect the views or positions of this report.

Terence Neo
Director of Business Development

TUROID

AI OPERATING SYSTEM FOR INVESTMENT & WEALTH MANAGERS

1. **AUTOMATE OPERATIONS** - ELIMINATE MANUAL PROCESSES ACROSS RECONCILIATION, COMPLIANCE, AND DATA CONSOLIDATION
2. **ACCELERATE REPORTING** - DELIVER CLIENT-READY AND REGULATOR-READY REPORTS INSTANTLY.
3. **AI-AUGMENTED DECISION-MAKING** - AGGREGATE PORTFOLIOS, RUN ANALYTICS, AND SURFACE ACTIONABLE INSIGHTS.

FUND PILOT

AUTOMATION FOR FUND HOUSES

Cashflow Management
Client Report Customisation
CRM

WEALTH PILOT

PORTFOLIO INSIGHTS FOR WEALTH MANAGERS

Portfolio Aggregation
Stress Tests
Instant Reports

DEAL PILOT

DEAL FLOW FOR PRIVATE EQUITY

Pipeline management
Investor update
Opportunity analysis

+852 6231 5831
www.turoid.ai
hello@turoid.ai

Tokenizing an expanding spectrum of financial assets

Stablecoins represent merely one application within this broader tokenization movement. Their emergence directly responded to the inefficiencies of traditional cash systems including slow transaction speeds, high fees, limited accessibility, restrictive capital controls, and sovereign credibility concerns. It offered speed, efficiency, immutability, and healthy competition both among different stablecoin providers and with traditional fiat currencies.

When applying this same analytical lens to other financial assets beyond cash, similar inefficiencies become apparent. Traditional stock exchanges operate only during limited hours, securities take days to clear and settle, investment products may lack liquidity or transferability, and governmental ownership registries rely on legacy systems. These constraints create substantial friction and cost throughout the financial system.

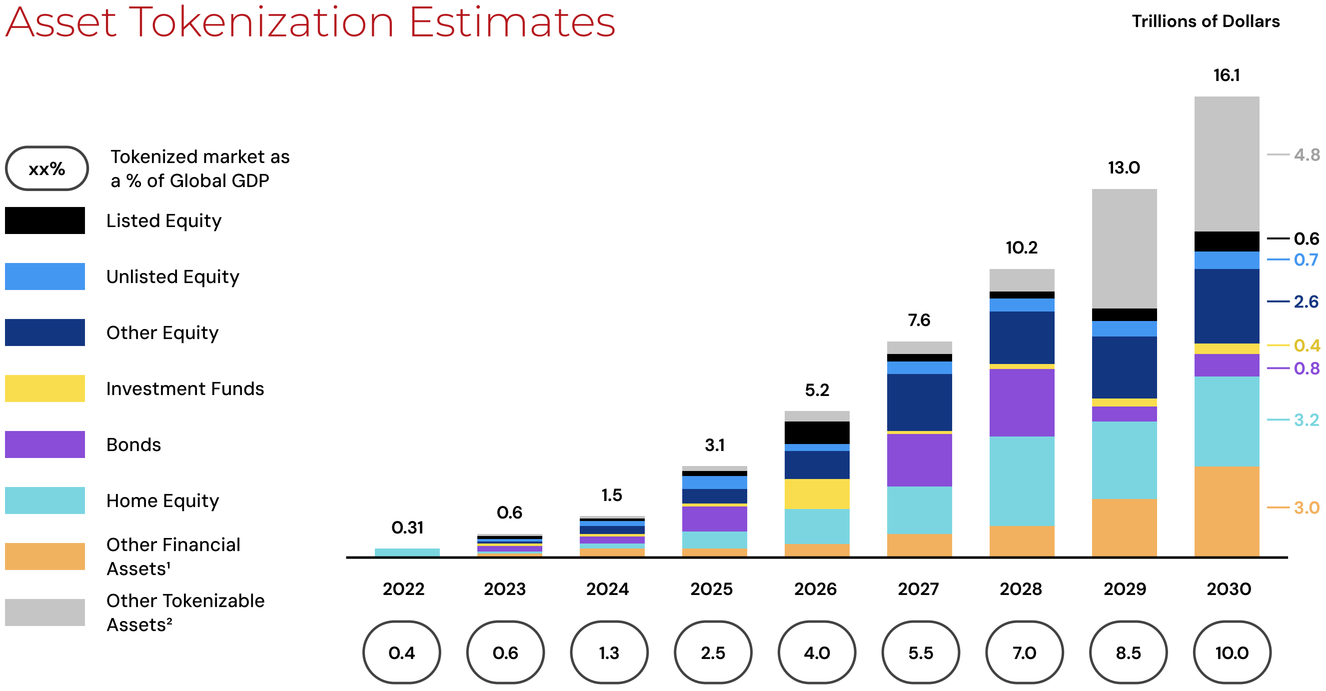
The financial services industry has begun addressing these challenges through tokenization initiatives that build upon the stablecoin logic. Current data indicates the tokenized financial assets market excluding stablecoins has reached approximately $25 billion. Within this market private debt constitutes 60 percent, followed by US Treasuries at 26.64 percent, commodities at 6.91 percent, alternatives at 3.25 percent, stocks at 1.47 percent, non-US sovereign debts at 1.07 percent and corporate bonds at just 0.06 percent. This distribution highlights both the current state of adoption and significant growth opportunities across asset classes. The true promise of tokenization lies in addressing persistent inefficiencies that have constrained traditional financial markets for decades.

By converting asset ownership into blockchain-based tokens, financial institutions are creating systems where assets trade continuously, settle instantly, enable fractional ownership and operate with programmable logic. These innovations fundamentally enhance liquidity, accessibility and operational efficiency, while reducing costs and counterparty risk across the financial ecosystem.

Examples are abundant. BNY Mellon and Goldman Sachs lead an initiative with Fidelity and Federated Hermes to tokenize money market funds using private blockchain technology for real-time 24/7 trading and fractional ownership. SIX Digital Exchange and Banque Pictet successfully piloted corporate debt fractionalization increasing accessibility for smaller investors. Standard Chartered simulated asset-backed securities tokenization to enhance supply chain finance liquidity. J.P. Morgan's Onyx division developed the Tokenized Collateral Network improving collateralization efficiency. Citi introduced Token Services for real-time 24/7 liquidity while exploring real estate tokenization for fractional ownership. UBS launched its Tokenize platform issuing tokenized money market funds and structured notes.

These initiatives reveal major financial institutions actively using blockchain to create more efficient, liquid, and accessible markets across the asset spectrum.

Asset Tokenization Estimates



Source: BCG, ADDX

1 For Example, Insurance Policies, Pensions, Alternative Investments; 2 For Example, Infrastructure Projects, Car Fleets, Patents

Turoid

Tokenization represents one of the most transformative shifts in modern finance. By converting illiquid or complex assets - such as private equity, real estate, or structured products - into tokens, participants gain enhanced liquidity and fractional ownership.

From Turoid's perspective, tokenization is not just a technology play; it is a new infrastructure layer. Digitized assets can be traded and serviced with efficiency. This unlocks opportunities for investment managers to diversify portfolios, broaden participation, and reduce operational friction. It enables AI-driven platforms—like Turoid's Wealth Pilot, Fund Pilot, and Deal Pilot—to integrate tokenized asset data into workflows, providing real-time valuation, compliance tracking, and automated reporting.

Turoid develops AI-powered workflow automation and CRM platforms for asset and wealth management professionals. While our products are blockchain-agnostic, tokenization and distributed ledger technology are natural extensions of our roadmap. Our vision is to enable clients to manage traditional and tokenized assets on one platform.

Deal Pilot integrates with token issuance platforms to streamline capital raising, investor onboarding, and secondary trading, while Wealth Pilot offers consolidated dashboards with AI-driven insights. By bridging AI with tokenization, Turoid empowers asset managers to operate

Disclaimer: The views and opinions are those of the speaker and do not necessarily reflect the views or positions of this report.

Nick Wong,
Founder & CEO

Notable Players in the Stablecoin and Tokenization Ecosystem

Some of the leading players in the stablecoin and tokenization ecosystem have attracted the attention of family offices and wealth managers.

/ ISSUANCE & CUSTODY

Circle

Is the issuer of USDC and EURC, and generates revenue mainly through interest earned on reserve assets backing its stablecoins. Following its successful IPO, Circle focuses on expanding USDC circulation for payments, treasury management, and real-world asset tokenization while growing EURC to counter digital dollarization in Europe. As the only publicly traded stablecoin issuer at this moment, Circle serves as a critical barometer for industry health and growth. Its regulated public company status strengthens its position bridging traditional finance with blockchain technology.

Coinbase

significantly influences USDC's market reach and adoption. The exchange leverages its dominant market share and extensive user base to facilitate USDC trading which has become a substantial revenue source. Coinbase retains 100 percent of interest income from USDC held on its platform while sharing revenue 50:50 for off-platform holdings. The company's planned perpetual futures platform using USDC as primary collateral demonstrates deeper integration of stablecoins into advanced trading products. This attracts institutional and retail traders while expanding USDC's utility and stabilizing the broader ecosystem.

/ BROKERS

Robinhood

allows its users to buy and sell Bitcoin, Ethereum, Dogecoin and other cryptocurrencies using its Robinhood Crypto platform. Interactive Brokers executes, processes and trades in cryptocurrencies, while its commodities futures trading desk also offers customers a chance to trade cryptocurrency futures. Futu Holdings launched retail cryptocurrency trading for Asia markets.

/ PAYMENT PROVIDERS

PayPal has launched its own stablecoin PYUSD and supports crypto payments. Block XYZ launched Square and CashApp, building crypto payment infrastructure and investing in new digital finance technologies. Visa and Mastercard are developing stablecoin settlement, modernizing cross-border money movement and digital payment rails, countering the invasion of disrupters head-on. Meta has launched digital wallet Meta Pay.

/ INFRASTRUCTURE PROVIDERS

Nvidia and Advanced Micro Devices are leading suppliers of GPUs for blockchain and digital asset infrastructure. IBM provides enterprise blockchain solutions. Amazon and Microsoft's cloud services power much of the blockchain world.

/ RETAILERS ACCEPTING CRYPTO

Shopify supports stablecoins payments and allows merchants to issue their own tokens. AMC Theatres allows customers to pay for tickets and concessions in crypto. Newegg Commerce does the same for online computer hardware and consumer electronics.

/ MINING & POWER

MARA Holdings, Core Scientific, Riot Blockchain are miners with scale. Firms like NextEra Energy and OKLO supply energy to data centers and crypto mining operations.

/ CRYPTO TREASURY COMPANIES

Companies like Strategy, SharpLink Gaming, Game Stop, Metaplanet and Bitmine are listed corporate vehicles with a declared mission to hold crypto, sometimes with leverage from the traditional finance.

/ TRADITIONAL FINANCIAL INSTITUTIONS

BlackRock is the issuer of the first US spot Bitcoin ETF and active in RWA tokenized assets. CME Group is the main derivatives exchange for Bitcoin and Ethereum futures. Goldman Sachs, JPMorgan, and Citibank are building blockchain-based infrastructure designed for institutional-grade staking, asset custody and tokenization.

Annum Capital

The evolving regulatory landscape for tokenized financial assets presents a new opportunity for family offices and wealth managers. With cryptocurrency markets now surpassing $4 trillion in valuation, yet still overshadowed by traditional financial markets, the growth potential for key players in the stablecoin/tokenization ecosystem remains significant.

This shift benefits key financial infrastructure providers developing essential services such as custody solutions, compliant trading venues, and innovative payment platforms that bridge traditional finance with digital assets.

These ecosystem players represent foundational elements poised to thrive as stablecoins gain mainstream acceptance. The advancement of regulatory frameworks is attracting fresh institutional interest across the digital asset classes, unveiling opportunities for targeted exposure to innovative protocols and applications that stand to benefit from increased participation.

As stablecoins become integral to global finance, they will serve not only as catalysts for adoption but also as gateways to a broader spectrum of digital asset opportunities.

Patsy Au
CIO, Digital Finance

/ HONG KONG'S STABLECOIN ASPIRANTS

Stimulated by the Stablecoins Ordinance, the second quarter of 2025 has seen a range of ambitious initiatives in stablecoin and tokenization efforts from a range of companies in Hong Kong and beyond. Here's a fresh take on the key players and their plans, based on public information:

China Everbright:
This state-supported investment powerhouse was an early backer of Circle and is gearing up to shape the stablecoin landscape with its strategic investments.

GTJA:
A top-tier Chinese securities firm, GTJA is diving into digital asset services, eyeing stablecoin integration to innovate in securities settlement and cross-border trading.

Standard Chartered Bank:
A leader in banking innovation, this institution is exploring tokenized deposits and developing stablecoin solutions tailored for institutional clients.

OSL:
As Hong Kong's licensed virtual asset platform, OSL delivers crypto trading, custody, and SaaS solutions, cementing its role as a key player in the city's regulated crypto ecosystem with likely stablecoin enhancements on the horizon.

Yunfeng Financial Group:
Backed by Alibaba, this fintech powerhouse plans to harness stablecoins for cross-border payments and elevate digital asset offerings in wealth management.

ZhongAn:
China's pioneering digital-only insurer, ZhongAn blends blockchain and AI into its insurance offerings, with plans to adopt blockchain-based settlements and stablecoins for rapid claim payouts.

Bright Smart Securities:
This firm is evaluating stablecoin-driven settlements to speed up cross-border securities trading.

Sinohope Technology:
Specializing in institutional-grade crypto services, Sinohope is facilitating trading of major stablecoins like USDT and USDC.

JINGDONG:
Known for leveraging blockchain in supply chain tracking, Jing Dong participated in the Hong Kong Monetary Authority's (HKMA) stablecoin issuer sandbox.

Annum Capital

On the topic of investment opportunities for family offices, the smartest money in the tokenization space isn't chasing flashy tokens, it's backing the architects building the financial plumbing of tomorrow. Just as the internet turned information into a public utility, tokenization may do the same for ownership.

Start by looking at infrastructure firms, platforms that make tokenization seamless by combining custody, compliance, and secondary trading. These "digital asset exchanges" are to tokenization what Visa and Nasdaq were to payments and equities.

Second, focus on problem-solvers: companies reducing settlement times, ensuring interoperability, or embedding regulatory guardrails. In a fragmented industry, the winners will be those who make tokenized assets boring - in the best way possible.

Finally, consider regulatory proximity. Firms working hand-in-hand with central banks and regulators are likely to scale faster and avoid painful compliance detours.

Disclaimer: The views and opinions are those of the speaker and do not necessarily reflect the views or positions of this report.

Aaron Sung
Head of Asset Management

Why is this important?

These moves signal a dynamic shift, with stablecoins and tokenization poised to transform industries ranging from finance and insurance to e-commerce, all under the supportive framework of Hong Kong's regulatory landscape.

Chapter **7**

Future Outlook

1 Global Market Expansion and Regional Diversification

- Stablecoin market capitalization is expected to continue growing rapidly. ARK Invest predicts that stablecoin supply could reach $1.4 trillion by 2030. The U.S. Treasury Borrowing Advisory Committee (TBAC) anticipates stablecoin market capitalization could expand to approximately $2 trillion by 2028.

- USD-pegged stablecoins will remain dominant in cross-border transactions. Regional stablecoins pegged to local currencies will gradually emerge to meet local market demands and regulatory requirements.

2 Deepened Integration with Traditional Finance

- Regulatory frameworks are maturing globally. These developments provide clearer compliance pathways for stablecoins. Traditional financial institutions are increasingly participating in stablecoin issuance and applications.

3 Technological Advancements Driving Application Expansion

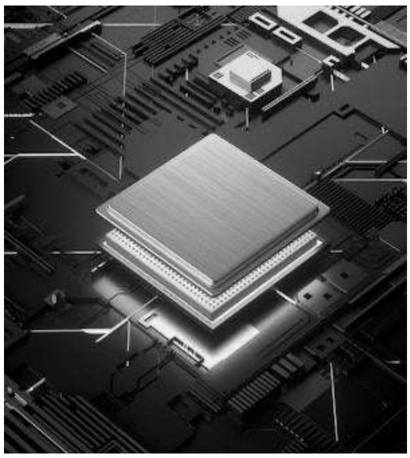
- Ongoing improvements in blockchain technology, such as scalability and interoperability, will support the growth of stablecoins. Stablecoins may extend into new application areas like the Internet of Things and artificial intelligence, enabling micropayments and automated transactions. They could also reach regions underserved by traditional banking systems.

4 Increased Institutional Adoption and Innovation

- The institutional adoption of stablecoins is accelerating. PayPal, JPMorgan, Stripe, Visa, and Shopify have joined the band wagon. Additionally, yield-bearing stablecoins like Trump's USD1 and Ondo's USDY are gaining traction, offering passive income akin to money market funds, with annual yields often exceeding traditional fixed-income assets.

5 Regulatory Scrutiny and Standardization Intensify

- Over the next 12-24 months, more formal regulations are expected, particularly in the U.S., where federal licensing, reserve standards, and clearer agency oversight rules are on the horizon. Larger stablecoin programs will face greater scrutiny on disclosures, redemptions, and systemic risk management. Regulatory efforts may also focus on transparency, stability, and scalability.



中國家族辦公室
研究院(香港)

CHINA FAMILY OFFICE
RESEARCH INSTITUTE (HONG KONG)

NURTURING SUCCESS OF LEADING FAMILIES IN ASIA

Perspectives for family offices and wealth managers

1 For Family Offices

- **As users of stablecoins:**
  Conduct thorough due diligence, assess stablecoin issuers' reserve compositions, transparency, regulatory compliance, and risk management capabilities.

- **Accessing the stablecoin/tokenization eco-system:**
  Diversify participation across the full value chain to capture strategic upside of the digital asset landscape and avoid concentration.

- **Stay updated on regulatory developments:**
  Monitor regulatory changes in major jurisdictions to adjust investment strategies promptly. Regulatory clarity is the top catalyst for digital asset growth. Family offices should closely follow developments from bodies like the U.S. President's Working Group on Digital Asset Markets, HKMA/HK SFC, etc.

- **Leverage professional expertise:**
  Seek expertise and resources from technology consultants and specialist advisors to navigate digital asset investments, from due diligence, trading, active portfolio management, risk management, to reporting, etc

2 For Wealth Managers

- **Enhance knowledge and expertise:** Deepen understanding of digital assets to better serve clients and manage risks.
- **Develop tailored solutions:** Incorporate tokenized financial assets into client portfolios based on their risk profiles and investment goals. Pay special attention to the safety of custody, trade execution logic, whether/how yields are generated, pricing/operational differences in traditional vs tokenized version of the same assets, etc.
- **Strengthen risk management frameworks:** Establish robust risk management systems to monitor and control risks associated with digital asset investments. Develop contingency plans to address potential risks such as peg deviations and reserve asset fluctuations.
- **Collaborate with regulators and industry:** Engage with regulators and industry associations to shape favourable regulatory environments and promote healthy market development.

uSMART Securities Limited

As the No.1 Hong Kong Funded Fintech Brokerage backed by Chow Tai Fook (Holding) Limited, uSMART is redefining financial services through technology. We empower global investors with smart, professional trading solutions via our proprietary platforms, blending cutting-edge innovation with robust financial infrastructure.

The financial landscape is evolving, with stablecoins emerging as a cornerstone for decentralized finance (DeFi) and programmable finance, facilitating instantaneous clearing, dynamic collateral management, and on-chain yield strategies, serving as the base liquidity for DeFi protocols.

Looking ahead, the integration of stablecoins with tokenized real-world assets (RWAs), such as U.S. Treasuries or private credit, promises to unlock 24/7 liquidity, fractionalized ownership and programmable cash flows. This trend bridges regulated high-grade assets with blockchain-native distribution, enhancing capital efficiency and democratizing investor access. As regulatory clarity advances in hubs like Hong Kong, Singapore, and the EU, institutional-grade stablecoins are poised to serve as the "cash leg" for tokenized securities and a compliance anchor for on-chain financial infrastructure, fostering a global, interoperable digital asset economy.

Disclaimer: The views and opinions are those of the speaker and do not necessarily reflect the views or positions of this report.

Neo Lee
Head of Institutional Sales

Conclusion

The historical precedents of Flying Cash and Hong Kong's currency board demonstrate that the principles of monetary stability remain constant despite technological advancements. The regulatory landscape is now providing the clarity needed for institutional participation, with frameworks like the GENIUS Act, MiCA, and Hong Kong's Stablecoins Ordinance creating clear pathways for compliant operations.

By understanding stablecoin characteristics, market dynamics, and regulatory requirements, and by adopting prudent strategies, stakeholders can harness the benefits of stablecoins while effectively managing risks. It is crucial for all parties to remain informed on market developments and regulatory changes to navigate the stablecoin landscape with confidence and secure long-term value.

The participation opportunities within the stablecoin ecosystem extend beyond the stablecoins themselves to include the infrastructure layers and tokenization of mainstream financial assets.

The future of finance is being reshaped by these digital innovations, and those who understand and strategically engage with this transformation will be best positioned to capitalize on the opportunities it presents.

ANNUM CAPITAL

Annum Asset Management (Hong Kong) Limited is a Hong Kong-based financial services group with market leadership in external asset management (EAM), fund management, index investing, fiduciary services, and corporate advisory. Annum Capital is a trademark of Annum Asset Management (Hong Kong) Limited.

Website: www.annum.com.hk
Media: ceo.office@annum.com.hk

WealthBriefingAsia EAM AWARDS2024
WINNER
Best EAM in Hong Kong
Annum Capital

WealthBriefingAsia GREATER CHINA AWARDS 2025
WINNER
Best Alternative Investment Manager
Annum Capital