USDC is first VRCA (stablecoin) to meet new CSA requirements

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Circle Internet's USDC

In a milestone Canadian achievement, Circle Internet Financial, LLC (Circle Internet) is the first issuer of a value-referenced crypto asset (VRCA, also known as a "stablecoin") to file an undertaking with the Canadian Securities Administrators (CSA) in respect of USDC, its U.S. dollar-referenced VRCA. BLG is proud to have partnered with Circle Internet on this project.

USDC is a VRCA that references, on a one-for-one basis, the value of the United States dollar. Circle Internet maintains a reserve of assets that is at least equal to the value of the outstanding units of USDC. This reserve of assets supports a USDC account holder's redemption right. Most Canadian investors, however, will buy and sell USDC on a registered crypto asset trading platform (CTP) and will not have accounts directly with Circle Internet.

Circle Internet undertaking

CSA Staff Notice 21-333 *Crypto Asset Trading Platforms: Terms and Conditions for Trading Value-Referenced Crypto Assets with Clients* (the Notice), outlines the requirements for VRCA issuers that want their VRCA to be offered on Canadian CTPs, which includes filing an undertaking containing certain representations and commitments of the issuer to the CSA. Canadian CTPs that want to offer or use USDC on their platforms will need to comply with the terms and conditions applicable to them as set out in the Notice. The Circle Internet undertaking that the CTPs will, in part, rely on can be found here.

Who is Circle Internet?

Circle Internet is a subsidiary of Circle Internet Group, Inc. (Circle). Outside of Canada, Circle is compliant with the prevailing U.S. regulatory standards that apply to leading fintech and payments firms. Through its regulated entities, Circle holds money transmitter or equivalent licenses in applicable U.S. states and jurisdictions and is

regulated under the U.S. Bank Secrecy Act as a money services business with the U.S. Treasury Department's Financial Crimes Enforcement Network (FinCEN).

In July 2024, Circle became the first global VRCA issuer to achieve compliance with the European Union's landmark Markets in Crypto-Assets (MiCA) regulatory framework. Circle now issues both USDC and the euro-backed stablecoin EURC in the E.U. in compliance with MiCA's regulatory obligations for stablecoins or e-money tokens. Last year, Circle Singapore received a Major Payment Institution License from the Monetary Authority of Singapore.

How BLG's Digital Assets team can help

BLG's Digital Assets team helps clients to determine their regulatory status and to work closely with the regulators to obtain appropriate registrations or exemptions. We understand the digital asset business and we work with our clients to put into place a plan that balances investor protection concerns with the need for innovation while securing a feasible business model. We are also aware that domestic and global participants may be faced with different challenges and obstacles and need to plan accordingly.

For more information on the digital assets industry, reach out to any of the key contacts listed below.

By

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Expertise

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