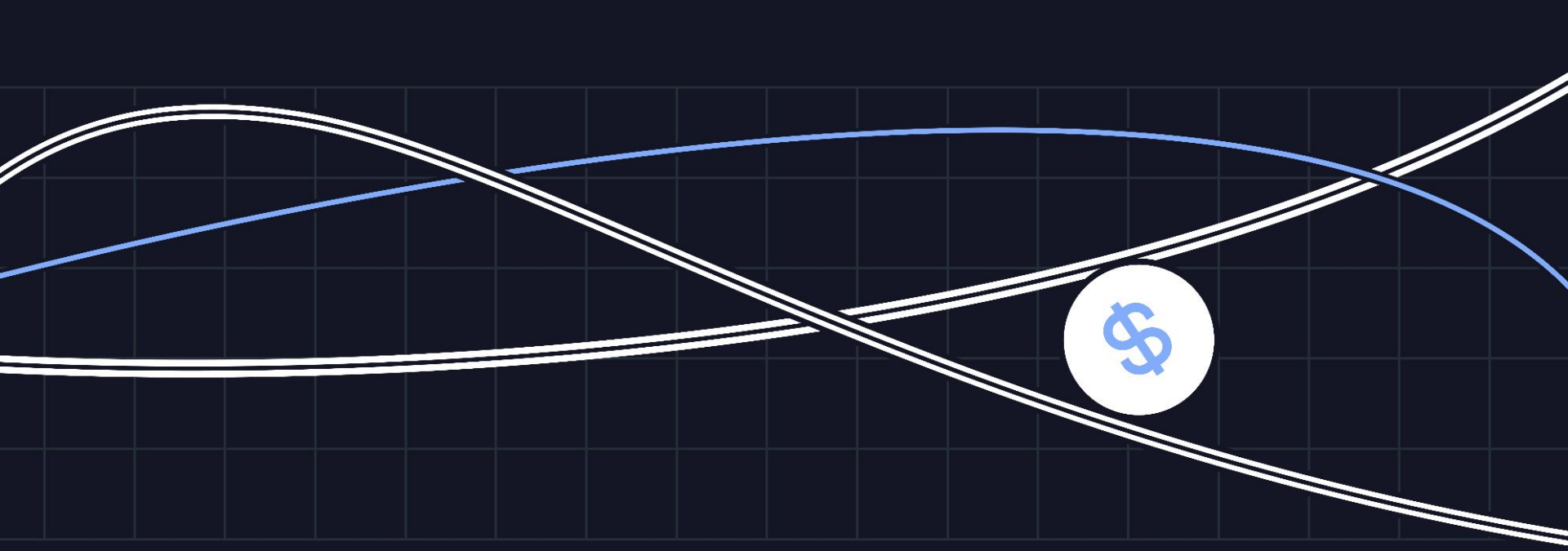


sphere

UAE | Systemic Implications of Stablecoins at Scale

December 2025

Agenda

01 **Sphere Is Building The Global Operating System** For Regulated Stablecoin Finance

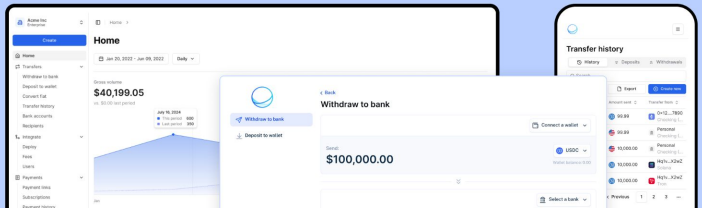
02 **Stablecoin Adoption Is Expanding Rapidly** Across Payments & Financial Markets

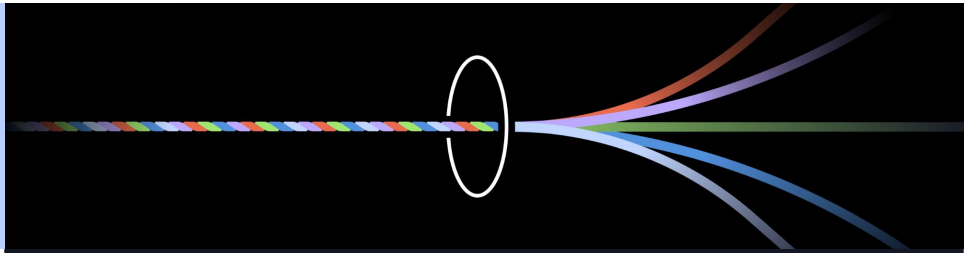
03 **Structural Gaps in On-Chain Systems Allow Risk** to Form Outside Direct Supervision

04 **Financial Stability Is Put at Risk** When Capital and Risk Outpace Institutions

05 **Network-Level Controls** Can Restore Visibility, Compliance, and Supervisory Alignment

01 Sphere builds the **blockchain infrastructure for regulated finance**, combining cross-border payments with a purpose-built blockchain network





SpherePay

Our **live** stablecoin cross-border payments product suite, built for modern fintechs and institutions — >$3bn+ processed in 2025

It abstracts blockchain complexity behind simple self-serve dashboards and APIs so you can move money faster to 3rd parties, stay compliant, and scale globally without the operational burden

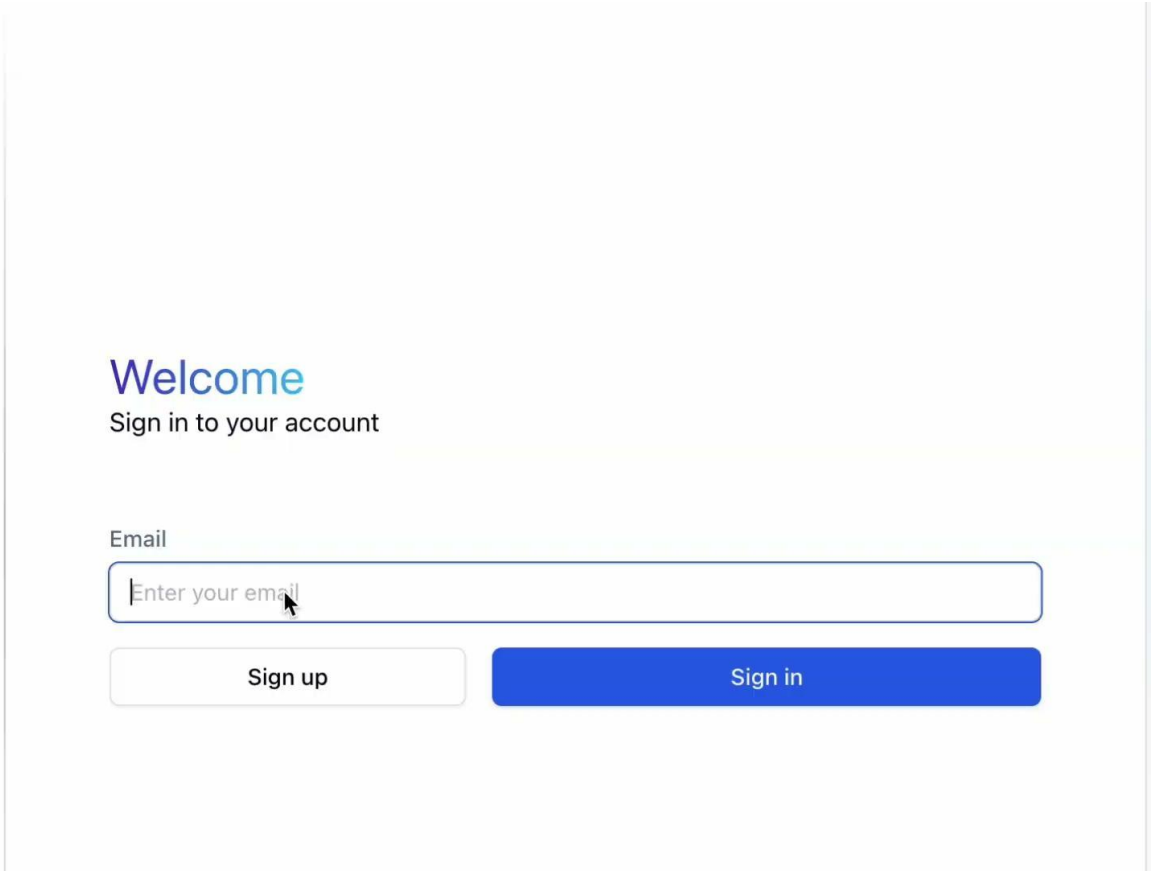
SphereNet

Coming Soon

Purpose-built blockchain for regulated finance to power the next generation of international money movement

It unifies liquidity across different blockchains, banks, digital wallets, and markets, enabling programmable and private, but compliant and semi-permissioned money movement & other regulated financial activity at scale. SphereNet is the infrastructure layer for a new era of global financial coordination, a modern-day SWIFT

01 SpherePay is built to enable global access, **connecting emerging markets to the rest of the world**



01 SphereNet is the **future operating system of regulated finance**, enabling a compliant, private, and secure transaction environment

SphereNet

SphereNet is a regulated coordination layer for digital finance, connecting financial institutions, internal ledgers, and existing blockchains with real-time finality and embedded compliance

Transactions initiated via SpherePay and partner systems are natively recorded on SphereNet, providing audit-grade transparency and policy enforcement — while interoperating by design with sovereign, institutional, and public ledger networks

An Alternative to SWIFT

Batch-based correspondent banking and legacy messaging can introduce latency, opaque fees/FX, and operational complexity in always-on, multi-currency corridors like those in the UAE — driving demand for complementary, compliance-native settlement infrastructure interoperable with existing bank and blockchain systems, such as SphereNet

Traction:

100B+
Yearly Payments Flow Committed

27
Regulated Entities

18
Jurisdictions, Emerging and Developed

Global stablecoin adoption rapidly expanding

By 2030, stablecoins will be the world's **default** way of moving money.

What are stablecoins?

Stablecoins are a type of cryptocurrency designed to maintain value by **pegging to a reference asset**, such as a fiat currency or commodity

Built on blockchain technology, stablecoins are recorded on distributed ledgers, allowing secure, transparent, and permissionless transfers

Examples: USDT (Tether), USDC (Circle), PYUSD (PayPal)

The bridge to traditional finance:

Stablecoins combine the instant (eg. seconds) settlement and programmability of crypto **without typical crypto asset-volatility**, enabling seamless and secure global payments and other critical ledger settlements

02 Across the UAE and globally, regulators are rapidly converging on **clear licensing, reserve, and governance standards for stablecoins**

United Arab Emirates

Payment Token Services Regulation Circular No. 2/2024	Central Bank framework establishing **licensing and supervision** for stablecoin issuance, custody, transfer, and conversion
CBUAE Approval of Stablecoin License Framework Approved under authority of Federal Decree-Law No. 14 of 2018	Central Bank Board resolution **approving the regulatory approach to stablecoins**, formally initiating federal supervision of payment tokens and setting the policy foundation for the Payment Token Services Regulation
Federal Law Enabling Digital Dirham Federal Decree-Law No. 6 of 2025	Amended UAE monetary law to recognize a national digital currency, **providing the legal basis for issuance** of the Digital Dirham as central bank money and legal tender
DFSA Fiat Crypto Token Recognition Regime (DIFC) DIFC Amendment Law No. 4 of 2022	DIFC regulatory framework requiring **formal recognition of fiat-referenced crypto tokens**, imposing governance, backing, and risk controls for stablecoins operating within the DIFC free-zone

International Markets

GENIUS Act 2025 – Enacted	First comprehensive U.S. stablecoin law; legalizes only federally permitted issuers, **mandates cash & treasury reserves,** and makes **unauthorized issuance unlawful**
Markets in Crypto Assets (MICA) 2023 – Enacted	EU's first crypto law treats fiat-backed stablecoins as "e-money tokens," requiring VASP **authorization, 1:1 fiat reserves, and caps on large issuers**
Stablecoin Issuer Licensing Regime 2024 – Enacted	Requires all stablecoin issuers operating in Hong Kong to be **licensed by the HKMA,** with rules on governance, reserves, and redemption. Algorithmic stablecoins are **explicitly not permitted**
Amendment to Payment Service Act (PSA) 2023 – Enacted	Limits issuance of yen-backed stablecoins to **licensed banks, money transfer agents, and trust companies**; requires 1:1 reserves and clear redemption rights

Key Takeaway: Global stablecoin regulation is converging toward bank-like oversight due to systemic risk considerations, with 15+ major jurisdictions representing ~90% of global GDP actively shaping comprehensive regulatory frameworks

02 Stablecoins are reaching systemic scale in global financial markets.

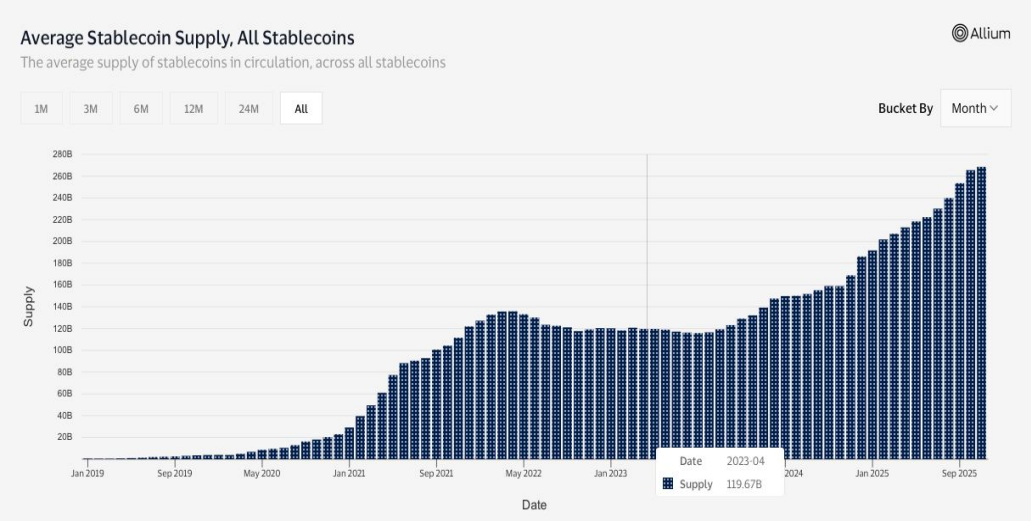
Reserves projected to be **trillions** in US T-bills by 2030, growing ~20% YoY[1]

Global Outlook

The size of the global stablecoin market is estimated at **USD $305 billion**[2]. Citigroup projects that, based on current adoption trends, this may increase to between **USD $1.9 trillion and USD $4.0 trillion** by 2030[2]

The scale and structure of stablecoins now link directly to U.S. debt market dynamics. According to the Bank for International Settlements, the two largest stablecoins, Tether and Circle, hold **65% and 44% of their total reserves** respectively in U.S. Treasury Bills

As a result, stablecoin expansion increasingly translates into large-scale demand for U.S. sovereign debt. Tether alone now holds roughly USD **$127 billion in U.S. Treasuries**, making it one of the largest non-government holders of short-term U.S. debt[4]



As stablecoin supply accelerates, their market impact grows. The BIS shows that a 2-standard-deviation inflow **lowers yields by 2–2.5 bps,** while outflows raise them by **6-7.5 bps**[3]

In a stress event, this asymmetry could force large **T-bill sales into thin liquidity,** amplifying volatility. A 10% stablecoin redemption (~$20B) could force ~$10–12B of T-bill sales, implying a potential +20–40 bps yield shock if flows hit thin liquidity and the BIS asymmetry scales

1. Citi; 2. International Monetary Fund; 3. Bank for International Settlements; 4.Tether; 5. Visa

03 Stablecoin systems exhibit **familiar critical financial risks** through new structural mechanisms **outside of traditional supervisory boundaries**

Blockchain Ecosystem | Risk Framework

Leverage Formation

On-chain systems enable repeated reuse and layering of the same assets across protocols (“**infinite rehypothecation**”), **enabling leverage to silently accumulate** outside traditional regulatory frameworks

Example: MAKER

Illustrates how regulated stablecoins can be reused within complex smart contract systems to indefinitely create additional layers of hidden leverage

Liquidity Runs

Interconnected and automated on-chain systems **without circuit breakers can and have turned localized stress into system-wide liquidity events** when participants synchronously exit positions

Example: CIRCLE

Shows how confidence shocks and synchronized behavior can trigger systemic stress and cause the depeg of one of the worlds most regulated stablecoins

Enforcement Gaps

On-chain activity settles across jurisdictions **faster than enforcement processes can act**, constraining real-time visibility and effective intervention in preventing crime

Example: Chainalysis

Demonstrates the limits of analytics-based enforcement in providing real-time control over fast-moving on-chain activity

03 Leverage | A **well-regulated stablecoin can still become risky** if it is reused repeatedly as collateral, creating layers of **hidden leverage**

Traditional Market Controls

- Underwriting of traditional financial instruments requires **extensive documentation, disclosure, and regulatory approval;** for example, it takes ~9 months for a cash flow CDO and ~30 days for a synthetic CDO[1]
- Capital rules such as Basel III require banks to maintain a **minimum 3% leverage ratio**, constraining leverage and limiting the repeated reuse of assets as collateral
- These controls **reduce the ability to build large leverage daisy-chains**

On-Chain Risks

- Once issued, a stablecoin can be transferred to third parties **outside the regulatory perimeter of the issuer**
- Unregulated developers can create **wrappers, vaults, or synthetic assets** backed by the stablecoin
- This allows **indirect access** to the stablecoin while **bypassing the controls applied at issuance**

Regulatory Considerations

- Activity that would normally be reviewed by issuers or intermediaries can move into on-chain protocols, **where economic exposure remains but supervisory visibility is reduced**
- Within these protocols, **credit and risk decisions occur outside the issuer's direct control and oversight**
- Systemic risk can silently increase through protocol interactions **without additional regulatory approvals**

Key Takeaway: Even within regulated systems, multiple forms of leverage can accumulate simultaneously across balance sheets, collateral reuse, and regulatory perimeters, allowing systemic risk to build beyond clear limits or visibility, with infinite rehypothecation as a key example

1. SEC; 2. Bank for International Settlements

03 Leverage | A **well-regulated stablecoin can still become risky** if it is reused repeatedly as collateral, creating layers of **hidden leverage**

Case Study: MAKER

Background: MakerDAO issues the $DAI stablecoin through on-chain smart contracts that accept various forms of collateral, including regulated stablecoins, enabling the creation of a new nested basket stablecoin backed in part by existing stablecoins

MakerDAO allows users to **lock crypto assets and fiat-referenced stablecoins**, including regulated stablecoins such as USDC, as collateral to mint DAI, a decentralized stablecoin governed by protocol rules rather than an issuer

At its peak, USDC accounted for approximately 50% of DAI's direct collateral and an estimated **65% of total exposure[1],** indicating that a regulated stablecoin materially supported the issuance of a protocol-governed stablecoin

This structure creates a **new monetary layer on top of USDC**, where credit creation, leverage, and risk management are determined by a decentralized protocol's arbitrary rules **instead** of the original issuer's regulatory framework

As a result, USDC can be reused to **generate additional money-like claims without equivalent regulatory oversight**, illustrating how rehypothecation's hidden leverage can emerge **even when the underlying asset itself is well-regulated**

Key Takeaway: MakerDAO illustrates how blockchains can enable workarounds in which a regulated stablecoin is reused within protocol-governed systems, creating additional monetary layers and leverage beyond the original issuer's regulatory perimeter

1. Galaxy

03 Liquidity | Leverage bubbles form when **financial exposure grows faster than underlying capital** through repeated borrowing and reinvestment

Growth of Risk Exposure

- Basket assets combine multiple tokens into a single investment instrument, the **effective volatility and risk profile of which may not be fully observable**
- Basket assets can be **nested as inputs into additional baskets** or incorporated into lending and yield strategies
- Each additional basket layer **increases aggregate exposure while reducing transparency** into the underlying assets and risk concentrations

On-Chain Risks

- Decentralized finance protocols allow participants to **continuously borrow and reinvest** without the introduction of new capital
- In blockchain systems, leverage can accumulate rapidly during stable market conditions due to the **absence of structural limits on the number or velocity** of leverage loops

Regulatory Considerations

- During periods of declining confidence, simultaneous attempts to unwind positions can **create liquidity stress, price dislocations, and temporary deviations from stated pegs**
- When AED-pegged stablecoins are used as foundational components in layered basket and looping structures, **total system exposure can expand well beyond the original issuance**

Key Takeaway: On-chain leverage can build silently through basket assets and looping strategies, with recent stablecoin runs — Terra/Luna (2022) and the USDC depeg (2023) — showing that synchronized exits can evaporate billions of dollars within 48–72 hours due to the fundamental lack of circuit breakers; rapidly spreading on-chain liquidity stress into the broader financial system

03 Liquidity | Leverage bubbles form when **financial exposure grows faster than underlying capital** through repeated borrowing and reinvestment

Case Study: CIRCLE

Background: In March 2023, USDC temporarily traded below its $1 peg (to ~$0.87)[1] following uncertainty around access to reserves held at Silicon Valley Bank after it entered receivership

USDC held exposure to Silicon Valley Bank; the bank's entry into receivership **introduced uncertainty around the accessibility and recoverability** of reserves, triggering concerns about near-term redeemability	Market participants responded rationally by **prioritizing liquidity certainty**, leading to accelerated redemptions and secondary-market selling	The depeg occurred due to **synchronized behavior and liquidity stress**, not because USDC was undercollateralized in aggregate (*although this was unclear at the time*)	The peg broke within hours of the SVB news[1], creating a total value gap of an estimated $4.5 billion[2], demonstrating how **confidence shocks can propagate rapidly** through interconnected digital markets

Key Takeaway: The USDC depeg showed that confidence shocks can trigger rapid, synchronized exits, with the token falling approximately 13% within hours, creating systemic stress despite full backing and regulated issuance due to the absence of on-chain circuit breakers

1. Cointime; 2. Investopedia

03 Enforcement | Regulatory enforcement is jurisdictional, **while blockchain infrastructure operates globally**, creating structural regulatory arbitrage

Current State of Enforcement

- Traditional financial enforcement operates through regulated institutions, with **various controls applied** at issuance, intermediation, settlement, and custody to **act as circuit breakers**
- In the UAE, financial activity is supervised by **multiple authorities with distinct mandates**, including the CBUAE, DFSA, and FSRA
- These frameworks rely on **jurisdictional boundaries** to monitor, approve, and intervene in potentially high-risk financial activity

On-Chain Risks

- **On-chain activity is borderless,** operating across a global network without jurisdictional boundaries
- Assets can move through esoteric chains of smart contracts and conversions that **reduce transparency into transaction flows**
- Blockchain analytics can identify patterns and risk indicators, but do not provide real-time preventative controls **or direct enforcement authority**

Regulatory Considerations

- Visibility and control are minimal at the network layer, **even within strong regulatory frameworks, as the burden falls on institutions**
- Activity may only be identified **after funds have exited regulated channels,** creating a structural timing and jurisdictional mismatch that may take months or years[1] to fully resolve
- Enforcement becomes predominantly reactive; regulatory responses lag evolving on-chain activity thereby **enabling regulatory arbitrage**

Key Takeaway: On-chain transactions typically settle within minutes, while enforcement actions such as investigations, freezes, or court orders take days to weeks[2], creating structural limits on real-time visibility and intervention even within well-regulated frameworks

1. U.S. Justice Department: The Report of the Attorney General Pursuant to Section 5(b)(iii) of Executive Order 14067; 2. Lionsgate Network

03 Enforcement | Regulatory enforcement is jurisdictional, **while blockchain infrastructure operates globally**, creating structural regulatory arbitrage

Case Study: Chainalysis

Background: An illicit actor initiates a large on-chain transfer using a stablecoin, rapidly moving funds across multiple wallets and protocols. Chainalysis analyzes transaction flows and behavioral patterns to trace the activity, identify counterparties, and support attribution




The transaction settles immediately on-chain and is routed through a **sequence of smart contracts, asset swaps, and intermediary addresses**	Blockchain analytics tools ingest the activity and begin pattern analysis based on **historical data and known risk indicators**	Once the transaction path is sufficiently attributed and flagged as high risk, the **assets have already moved beyond the initial wallets** and entered additional protocols or off-ramps	Enforcement action becomes dependent on **downstream cooperation at regulated intermediaries**, rather than direct intervention at the point of transaction

Key Takeaway: Analytics-based enforcement improves post-event visibility, but does not provide real-time control over on-chain activity as it occurs – a 2023 Chainalysis report claimed $24.2 billion in illicit cryptocurrency volume transacted that year, a figure which was then updated to $46.1 billion only 12 months later, reflecting the magnitude of delayed attribution

04 On-chain **leverage can introduce contagion risk**, moving stress toward financial markets through liquidity, concentration, and funding channels

Liquidity Mismatch

Stablecoins offer instant redemption on reserve instruments, which may not be immediately liquid. Mass **redemptions may trigger fire-sales & bank runs without typical circuit breakers** or liquidity backstops, amplifying treasury market volatility

Issuer Concentration

Stablecoin reserves are **highly concentrated among a small number of issuers and custodians**, with Circle and Tether accounting for nearly 90%[1], creating **single-point vulnerabilities** as the system scales toward a trillion-dollar market cap[2]

Safe-Asset Absorption

As issuers absorb large volumes of short-term Treasuries, the global supply of safe assets tightens, **pushing investors toward riskier instruments and increasing leverage in shadow-banking sectors**

Funding Market Contagion

Large redemption events can push stress from stablecoins **into core dollar funding markets**, spreading liquidity risk across borders

Key Takeaway: With stablecoin balances projected to reach the trillion-dollar range[3], even modest or low-single-digit (1-5%) redemption shocks can strain liquidity, concentrate risk, and transmit stress into core financial markets

1. European Central Bank; 2 The Federal Reserve; 3. Citi

04 Rapid on-chain capital formation can outrun financial stability safeguards, increasing reliance on **reactive rather than preventative intervention**

Risk Summary

- **Currency Devaluation and Peg Stress**
- **Wide-Spread Capital Flight**
- **Sovereign Debt and Financial System Stress**
- **Loss of Monetary Policy Efficacy**
- **Banking System Disintermediation**

1st Order Consequences

- **Increased pressure on foreign exchange reserves** and greater sensitivity of currency pegs to external capital flows
- **Accelerated cross-border capital movement** through low-friction digital channels
- **Capital scaling beyond the supervisory capacity of domestic institutions** as on-chain channels bypass intermediaries
- **Deposit outflows from domestic banks into stablecoins**

2nd Order Consequences

- **Erosion of confidence in the exchange rate regime** and reduced macroeconomic policy flexibility
- **Weakening of monetary transmission** and long-term policy credibility
- **Persistent capital misallocation** and heightened stress when inflows reverse
- **Structural weakening of the financial system** as risk migrates

Key Takeaway: When capital can exit digitally in hours but liquidity, supervision, and policy tools respond on multi-day timelines, even small shocks can escalate into systemic events

05 Stablecoin risks **extend beyond the crypto ecosystem** and require bespoke, coordinated, system-level safeguards

Control & Solutions

Regulatory Oversight

Designation of systemically important issuers with enhanced transparency requirements for reserves, liquidity, and custodial arrangements

Liquidity Safeguards

Stress testing of redemption scenarios and consideration of liquidity backstops analogous to money-market fund frameworks

Cross-Border Coordination

International standards for disclosure, data sharing, supervision, and resolution of offshore stablecoin activity

Infrastructure Monitoring

Real-time visibility into issuance, reserve flows, and network dependencies across on-chain and off-chain systems

Macro-Financial Integration

Incorporation of stablecoins into monetary policy and financial stability models, including impacts on money demand and global dollar funding

Key Takeaway: Regulatory frameworks and supervisory coordination are **necessary but insufficient;** appropriately managing system stablecoin risk ultimately requires real-time controls and visibility at the protocol and network level, where activity actually occurs

05 Why Existing Blockchains **Cannot Support Preventative, Jurisdictional Compliance**

Traditional Blockchains

Reactive Controls
Compliance applied retroactively at the application layer, after settlement

Jurisdiction Unawareness
Validators cannot natively enforce jurisdictional rules or localization

Privacy vs. Auditability Tradeoff
Full transparency required for validation clashes with institutional privacy needs

External Controls
Compliance systems are separate from transaction ordering and settlement

Regulated Finance Requirements

Preventative Controls
Policy rules enforced before settlement, at the protocol level

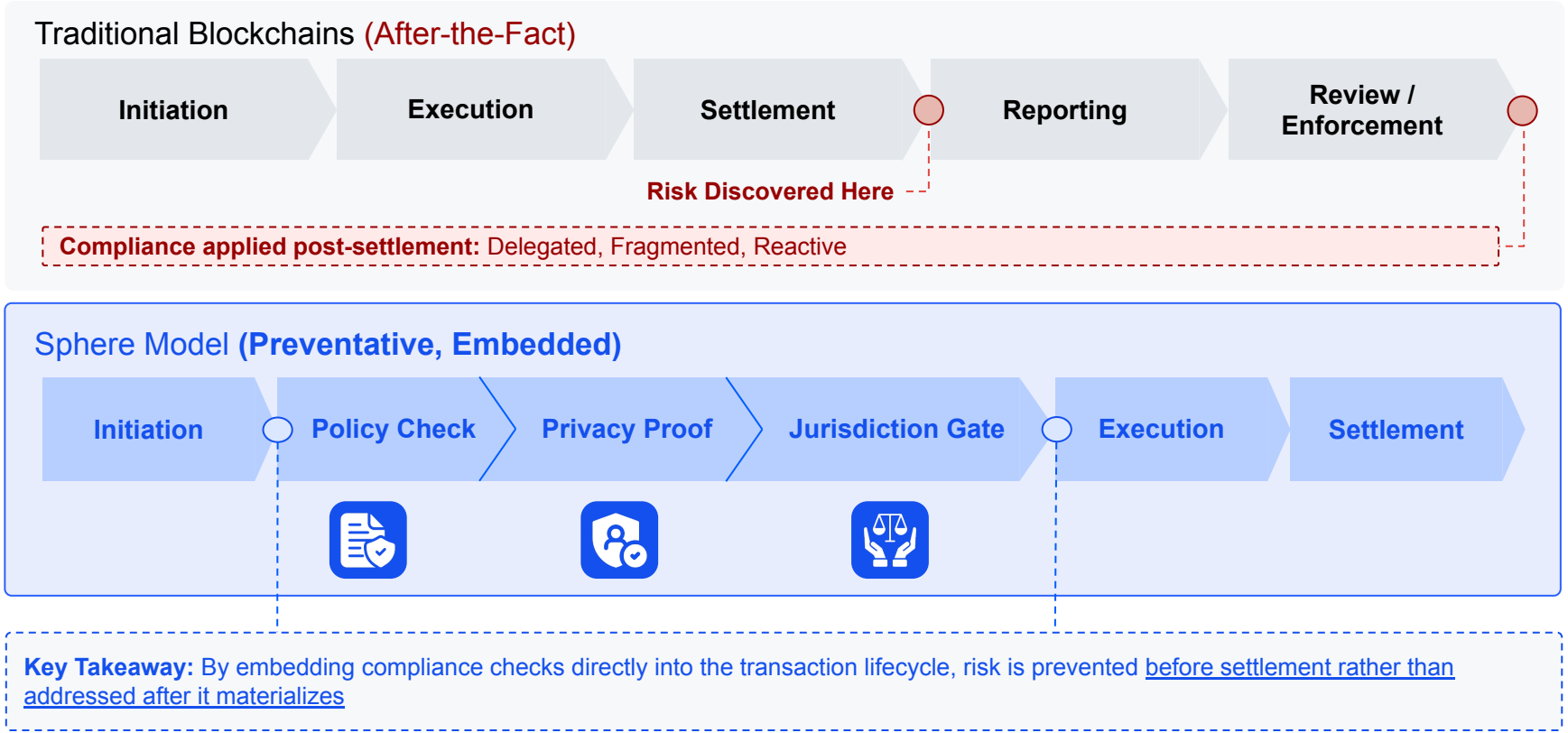
Jurisdiction-Aware Enforcement
Compliance tailored to specific regulatory regimes and participant types

Privacy-Preserving Verification
Compliance and auditability without exposing sensitive transaction data

Embedded Controls
Protocol-level enforcement prior to transaction execution and settlement

Key Takeaway: Today's blockchain architectures optimize for openness and composability rather than regulatory enforceability

05 Sphere enables regulators to shift from reactive, post-event enforcement toward **preventative controls** embedded within the transaction infrastructure



05 Sphere embeds compliance directly into the transaction lifecycle, enabling real-time, privacy-preserving, and jurisdiction-aware enforcement

SphereNet

A shared compliance and settlement layer for regulated digital finance, enforcing policy, auditability, and access controls in real time

Compliance Native

Compliance controls enforced directly at the network level

Shifts oversight from reactive review to real-time preventative enforcement

Privacy Preserving

Compliance verification without exposing sensitive transactional or competitive information

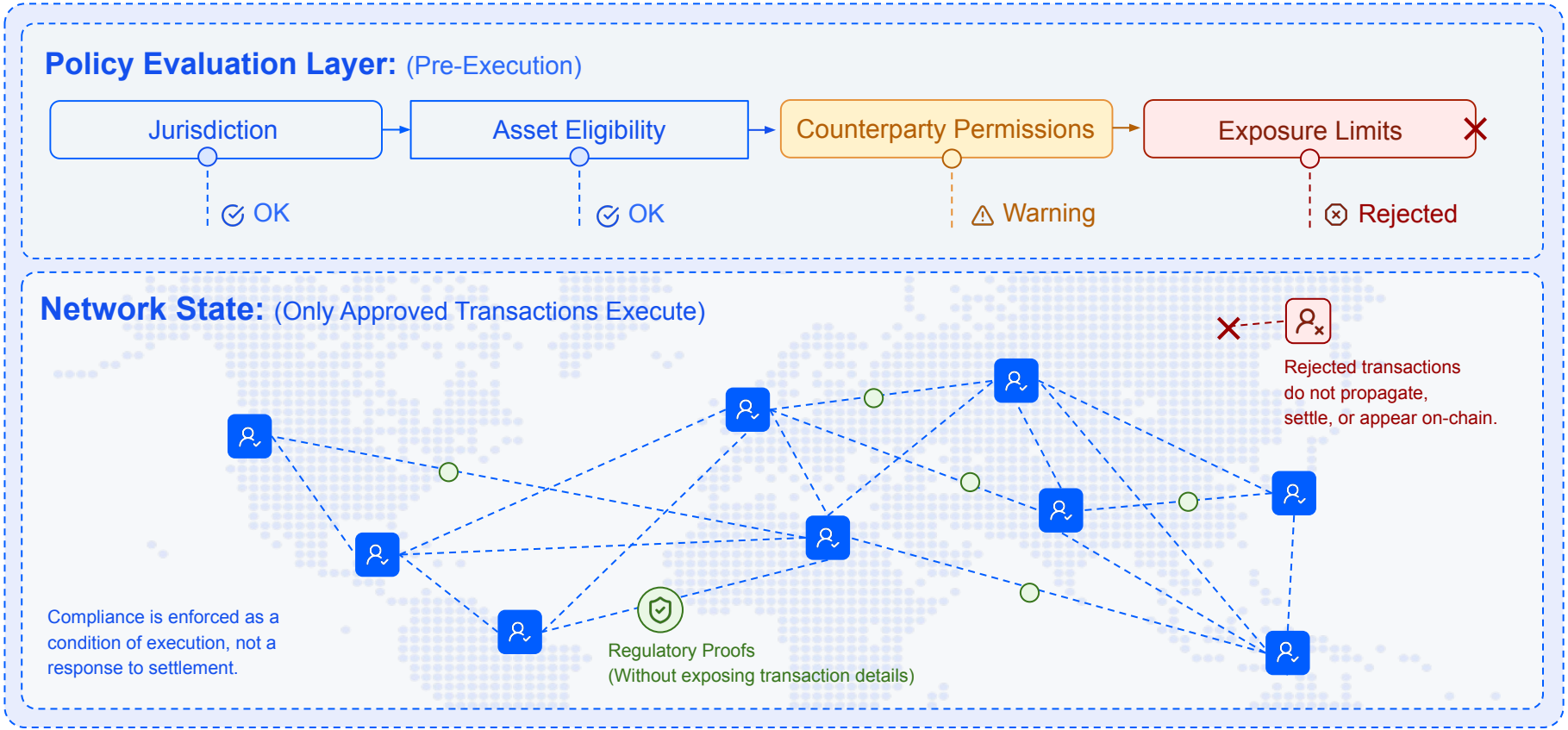
Enables real-time auditability without compromising institutional privacy & corporate adoption

Verified Ecosystem

Participants are verified, classified, and jurisdictionally segmented

Counterparty risk is minimized without repeated bilateral underwriting

05 Protocol-level enforcement ensures only transactions compliant with asset, jurisdictional, and counterparty rules are incorporated into network state



05 Regulatory requirements are enforced directly at the protocol level, enabling proactive and preventative compliance

Compliance Native

Supervisory objectives can be enforced directly at the transaction layer, reducing reliance on after-the-fact investigation

SphereNet integrates **a policy engine into the network runtime**, enabling rules-based enforcement across issuance, transfer, settlement, custody, and redemption

Compliance is enforced directly at the protocol and network layer, rather than through application-level monitoring or post-hoc analytics

Regulatory constraints (e.g., jurisdictional eligibility, counterparty permissions, asset restrictions) are **encoded as deterministic execution rules**, not external controls

Transaction validity depends on satisfying these policies at execution time, preventing non-compliant flows before settlement

This approach **shifts enforcement from retrospective detection to ex-ante prevention,** aligning supervision with where economic activity actually occurs

Sphere maintains alignment with international and local AML/CFT standards, including FATF, UN Security Council sanctions, OFAC, European CIS frameworks, and jurisdiction-specific requirements

05 Cryptographic techniques allow regulatory verification and lawful access without exposing sensitive transaction or counterparty data

Privacy Preserving

Regulators gain verifiable assurance while institutions retain control over sensitive information

SphereNet **preserves confidentiality** using zero-knowledge proofs, full and partial homomorphic encryption, and secure multi-party computation

Participants can prove compliance with regulatory requirements (identity, jurisdiction, exposure limits) without revealing underlying sensitive data

Extractable proofs allow regulators to verify specific attributes or behaviors on demand **without continuous surveillance** or bulk data access

Data remains encrypted during processing and validation, supported by hardware acceleration to maintain performance at scale

This architecture **separates auditability from data exposure**, enabling compliance without compromising privacy or commercial confidentiality

Sphere supports law enforcement access through legally authorized, scoped disclosures and controlled MPC-based procedures tied to specific commitments

05 Network participation is limited to verified counterparties, ensuring alignment with jurisdictional and supervisory frameworks

Verified Ecosystem

Risk is contained within a verified network perimeter, limiting exposure to unknown or unregulated actors

SphereNet operates as a **permissioned environment,** where all participants are verified against jurisdictional, regulatory, and risk criteria prior to access

Identity, licensing status, and regulatory standing are validated at onboarding and continuously attested at the network level

A classification and segmentation framework privately (via extractable zero-knowledge proofs) assigns participants to **regulatory domains, risk tiers, and permissible activity sets**

Transactions are permitted only between counterparties whose regulatory and jurisdictional profiles are compatible

This reduces the need for repeated bilateral due diligence and **constraints risk propagation** within a controlled ecosystem

Network-level enforcement ensures that counterparties cannot interact outside their approved regulatory, or risk permissions, preventing unauthorized exposure by design

Thank You

Arnold Lee, Chief Executive Officer | [Arnold@spherepay.co]

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Appendix:

Further Risk Implications

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A1 Rapid on-chain capital formation can outrun financial stability safeguards, increasing reliance on **reactive rather than preventative intervention**

Potential Consequence	First-Order Consequences	Second-Order Consequences
Currency Devaluation and Peg Stress	• Increased drawdown and active management of foreign exchange reserves • Higher sensitivity of the peg to external capital flows and market sentiment	• Erosion of long-term confidence in the durability of the exchange rate regime • Reduced policy flexibility as defending the peg constrains broader economic objectives
Capital Flight	• Accelerated cross-border movement of capital through low-friction digital channels • Sudden domestic liquidity stress as confidence-driven exits synchronize	• Persistent reduction in domestic investment • Greater reliance on capital controls or policy intervention • Volatility in asset prices and credit availability
Sovereign Debt and Financial System Stress	• Rapid capital inflows exceed the capacity of local institutions to allocate and supervise effectively. • On-chain channels bypass domestic financial intermediaries that normally regulate the pace and use of capital	• Capital is misallocated into low-quality or unsustainable uses, reducing long-term returns • Financial stress emerges when inflows reverse, leaving insufficient productive capacity to service obligations • Sovereign balance sheets become more vulnerable due to the loss of institutional control over capital velocity
Loss of Monetary Policy Efficacy	• Reduced responsiveness of capital to domestic interest rate adjustments • Migration of savings and transactions to alternative monetary instruments	• Weakening of monetary transmission and inflation control mechanisms • Long-term decline in policy credibility and effectiveness
Banking System Disintermediation	• Outflow of deposits from domestic banks into stablecoins and on-chain assets • Reduced lending capacity to households and businesses	• Structural contraction of bank-based credit intermediation • Growth of risk outside the prudential regulatory perimeter

Appendix:

SpherePay Overview

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A2 SpherePay has processed $2.5B in annualized volume, with over $20B in identified pipeline opportunities

Money Movement 1.0 — Correspondent Banking

Capital Costs & Pre-Funding Requirements

With funds tied up across borders, treasurers face high capital costs, as these locked funds are unavailable for investments or other business uses

Operational Complexity

Managing multiple pre-funded accounts requires treasurers to coordinate across jurisdictions, currencies, and banking partners. Monitoring these accounts for accuracy and availability often becomes a full-time responsibility and reduces capital efficiency — **companies like Wise lose 95% of their revenue to opex**

Counterparty Risk to FX Exposure in Emerging Markets

Pre-funding often necessitates maintaining balances in multiple currencies, exposing companies to risks from FX fluctuations and conversion costs. This volatility introduces additional financial risks and unpredictability, complicating cash flow management and long-term planning

Money Movement 2.0 — SpherePay

Payment Flexibility Without Pre-Funding

Using stablecoins, we enable real-time settlements, allowing treasurers to eliminate the need to pre-fund accounts in various currencies across regions. This reduces liquidity constraints and simplifies treasury ops

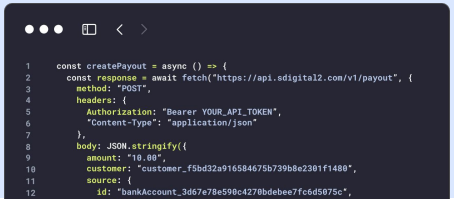
A Single API For All Money Movements

We provide unified access to all major currencies, streamlining the process by allowing financial institutions to bypass the need for complex arrangements with multiple foreign banks and operate in real-time

No Risk & No Exposure to FX in Emerging Markets

Money moves and payments occur in real time, allowing treasurers to avoid locking funds in foreign currencies across various correspondent banking systems

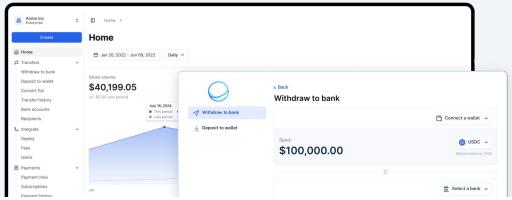
A2 Our robust product suite streamlines stablecoin adoption across B2C, B2B and white labels



DEVELOPER TOOLKIT

APIs and SDKs

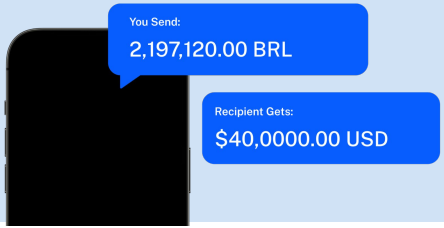
Simple RESTful APIs and React SDKs to embed global payments into your platform—on-ramp, multi-chain transfers, on/off-ramps—all without heavy engineering investment



DASHBOARD + RAMP

No-code apps

Turnkey web portals for businesses and end users with full on- and off-ramping functionality and payments support. Can also be white labeled



PRIVATE DESK

High-touch support

Personalized support for strategic, large-scale transfers, and optimized FX pricing and routing strategies to access liquidity and execute special flows

A2 SpherePay delivers instant USD access without correspondent banks, backed by built-in compliance, and cryptographic encryption

Instant USD access — no correspondent bank required

On-ramp and off-ramp into USDC/USDT and local currencies in <2 hours near cost without needing a traditional banking relationship

Transparent pricing, no hidden fees

Competitive FX and fee schedules designed for long-term alignment. No markups, no surprises

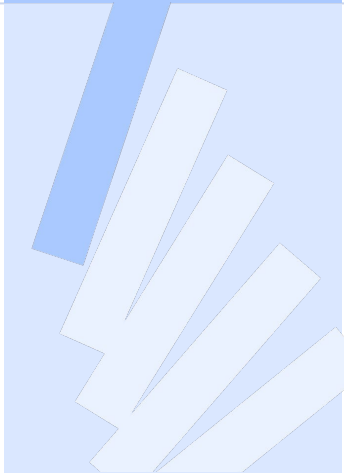
Built-in compliance infrastructure

MSB registered, FinCEN covered, with **SOC 2 and ISO attestations** — rare among stablecoin providers and critical for scaling securely

Trust Center

Relationship-led support

Clear escalation paths and a real team behind the platform— because stablecoin infrastructure shouldn't feel like a black box



Appendix:

Sphere Labs Investor Footprint

sphere

A3 Sphere is backed by a strategic network of industry leaders, empowering us to accelerate our momentum and drive sustained growth

The leading US regulated centralized exchanges

- kraken VENTURES
- coinbase VENTURES

The core developers and maintainers of Solana

- Temporal
- anza
- Overclock

Key Investors

- ANAGRAM
- SHV
- PYTH

Ecosytem Leaders

- Joe McCann, Founder, Asymmetric
- Zano Sherwani, Co-Founder & CTO, Jito
- Robinson Burkey, Co-Founder, Wormhole
- Larry Wu, Co-Founder & CTO, Cube
- NOM, Core Contributor, BONK
- James Zhang, Co-Founder, Jambo
- Jarry Xiao, Co-Founder, Ellipsis
- Stepan Simkin, Co-Founder & CEO, Squads
- Tristan Yver, Co-Founder, Backpack
- David Lu, Co-Founder, Drift Protocol
- Sheraz Shere, Head of Payments, Solana Fdn
- Chris Heaney, CTO, Drift Protocol
- Diego Dias, Head of LatAm, Solana Fdn
- Aashiq Duraj, Co-Founder, TipLink

We ran out of space but many more!

Original creators of the Solana blockchain

- Jed Halfon, Chief Strategy Officer, Anza
- Ashwin Sekar
- Carl Lin
- Trent Nelson
- Steven Czabaniuk

Top builders from leading stablecoin protocols & companies

- Joao Reginatto, Chief Strategy Officer, M^0
- Sean Yu, Co-Founder & CTO, Bridge
- Raj Parekh, Co-Founder, Portal
- Anna Yuan, Co-Founder, Perena
- Andres Tobon, Co-Founder, EFY Finance
- Jose Chavez, CEO, Andeanwide
- Jaisel Sandhu, CEO, levl (EIR @ Galaxy Digital)
- Nikhil Srinivasan, Founding PM, Sardine

Our industry's leading legal minds

- Yelena Cavanaugh, General Counsel, Solana Foundation
- Rebecca Rettig, General Counsel, Polygon Labs
- Phil Chang, COO/CLO, Solana Labs
- Mark Graves, Chief Legal Officer, Conduit

- Austin Green, Co-Founder, Llama
- Jesse Cho, Co-Founder, Sanctum
- Swen Schäferjohann, Co-Founder, Light Protocol
- Ilja Moisejevs, Co-Founder, Tensor
- Richard Wu, Co-Founder, Tensor
- Saeed Badreg, Co-Founder & CEO, Wormhole
- Jesse Brauner, Co-Founder, Lulo
- Maher Latif, Head of Research, Wormhole
- Anthony Ramirez, Co-Founder & COO, Wormhole

Joining Existing Investors:

- tcg
- jump_
- HRT
- SOLANA VENTURES
- BIG BRAIN HOLDINGS
- Anatoly Yakovenko, Co-Founder, Solana
- Raj Gokal, Co-Founder, Solana

A3 Sphere bridges traditional finance and digital assets through a diverse partner ecosystem, connecting banks, issuers, and blockchain

Traditional Finance Engagements

FIN Tokenization

Working with a US financial service provider for tokenization of their financial service products to bring their services on-chain

Loan Syndication

Partnering with a private credit facilitator to syndicate loans originated by a tier-1 asset manager

Treasury Solution

Collaborating with a Canadian financial institution to design innovative, volatility-hedging credit solutions for treasury assets

Payment Engine

Serving as the core payments engine for a leading super app in collaboration with a UAE Sovereign Wealth Fund

Commodities

Partnering with the world's 4th-largest commodity house *(~$200B)* to support real-time settlement and launch a perpetuals exchange

RWA Tokenization

Tokenizing mining assets and operations with a UK-based asset manager *($10B AUM)*

RWA Tokenization

Supporting on-chain pension asset management in Africa through partnership with the national pension funds

Digital Assets Engagements

On/Off Ramp

Providing the largest Eastern European exchange fiat-crypto on/off ramp infrastructure, enabling broader retail and institutional access in the region

Global Liquidity

Collaborating with Brazil's largest exchange to channel international trading flows, positioning the platform as a hub for LATAM crypto volume

Tholos

Sphere has partnered with Tholos to embed on/off-ramps into its MPC wallet app, enabling organizations to securely custody and move digital assets with minimal counterparty risk.

Aptos Foundation

SpherePay has integrated Aptos to deliver sub-second, low-cost stablecoin payments for global disbursements, liquidity flows, and platform transfers.

Polygon Labs

Sphere has partnered with Polygon Labs to enable zero-fee on/off-ramps, making it easier for users to move funds and capture Polymarket gains.

Helium

Sphere Labs partnered with Helium to launch the Helium Data Credits Portal, enabling users to pay for IoT and mobile network usage seamlessly via fiat or HNT on Solana..

Utila

Sphere and Utila have partnered to deliver secure, compliant stablecoin-powered cross-border payments by combining Utila's MPC wallet infrastructure with Sphere's global settlement platform.

NEXO

Sphere and Nexo have partnered to deliver near-instant, cost-efficient cross-border settlements, starting in Latin America to help businesses manage FX risk and streamline treasury operations.