



Multi-jurisdictional stablecoins

Risks and recommendations



What is a multi-jurisdictional stablecoin?

It is a stablecoin issued from multiple jurisdictions by the same entity or by affiliate entities. Tokens can be redeemed in different jurisdictions, raising some particular issues.



Risks of multi-jurisdictional stablecoins

- Liquidity risks
- Operational complexity
- Regulatory challenges



Liquidity and reserve management challenges

Co-issuers may be liable for all tokens but hold only partial reserves. Reserve rebalancing across jurisdictions can be complex due to regulatory differences.



Regulatory arbitrage risks

Issuers may exploit jurisdictions with lenient regulations. Unequal redemption obligations can lead to financial instability.



The importance of cross-border cooperation

Strong international collaboration is key to mitigating risks. Aligning regulatory frameworks can ensure stability.



Next steps

- Implement FSB recommendations across jurisdictions
- Continue vulnerability assessment
- Align redemption rights, reserve requirements, and governance frameworks
- Foster transparency and data sharing
- Strengthen international supervisory cooperation