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Hello and welcome to another news episode of BFRR, our Bitcoin, fiat and rock and roll podcast that explores the intersection of traditional finance, digital money and digital assets and helps you understand how digital money and assets will evolve in the future. I'm co-host Michael Blaschke and today it is time for another news episode. Today we look back to the month of March and discuss key news in institutional blockchain.

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To this, I am joined by Manuel and Simon Seiter, CFO at Stablecoin, Issuor or Unity. Hi there, guys. Good morning, hi. Hello, hello. Yeah, so there is one housekeeping item. As you know, we all work busy full-time jobs in Treadfy, in tech and in consulting. Nevertheless, we continuously seek to professionalize this podcast and to do so, we collaborate with partners.

01:10

If there is a listener out there who truly appreciates our content and wants to help in further professionalizing this podcast, just reach out so that we can continue working our full-time jobs and nevertheless further professionalize BFRR. Yeah, with that, let's move into the content. We have a full load of content with us today. We're going to cover a market overview. We talk about

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the most interesting news in tokenization of money, specifically stable coins and tokenized deposits. We're going to also cover the tokenization of assets and its underlying market infrastructure. And we specifically zoom in on a German market infrastructure of tokenized assets. All right, let's dive in. Yeah, let's start with the classic market overview at the beginning, where we look at the prices of Bitcoin and ETH and then look at ETFs and most important,

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news that we saw. So much has been continuously challenging for the crypto market. It's been moving sideways and we are still in the fear territory. Fear and greed index sometimes fell into extreme fear still as market sell-offs were continuing to happen. So we are still quite off from the all-time highs, Bitcoin 45 % from its absolute high in 2025 from 126,000 currently trading at roughly 68,000 and

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Ether was also trading sideways between 1900 and 2300, having fallen roughly 30 % over the last six months and roughly 60 % from the overall peak. So it's unclear where the crypto market is heading towards in this macroeconomic turmoil that we currently see, but we're going to follow closely. But quite interestingly on ETFs, looks differently. March broke the streak of continuous outflow over the last months and finally also saw again inflows.

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into Bitcoin ETFs currently stands at 96 billion net assets. That was quite interesting seeing inflows again. On the Ethereum side, similarly, there was an interesting new ETF that was released. BlackRock launched its ICHES Staked Ethereum Trust ETF, which is a debut because there has not been yet any ETFs, ETH ETFs that included Staked ETFs, Staked ETHs. So that is a completely new asset class so far.

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And that had also led to significant inflows of 170 million over the last week's interesting new products here on the Ethereum ETF market. And one news that we also included, which did not match very well into the other categories that we prepared, was a groundbreaking news that the first crypto native firm now has gotten a Fed Master account.

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which is really the first time in crypto history that this has happened. And Kraken Financial, which is a Wyoming chartered bank, has been granted a Federal Reserve Master Account, making the first digital asset bank in US history to gain direct access to the Fed's payment infrastructure. And this is not necessarily to back stable coins or whatever, but rather to participate in traditional payments. So it can now directly connect to US payment rails, including Fedwire, so the high value payment system.

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without relying on intermediary banks. And that is a key change, obviously. It's a special purpose depository institution, basically a full reserve bank that can now hold liquid assets against the client deposits and directly participate in the payment system. Yeah, one comment on the market, Manu. What strikes me regarding that the market update you gave is

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Actually, the profound irony that one of the more consequential regulatory and infrastructure month in institutional DLT history and more about that later is unfolding at a fear and greed reading of 15 because that's actually how serious markets mature. The rails get built during the drawdown, not the euphoria and the firms laying those rails right now.

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are not checking the price of Bitcoin and the Furion greed index why they do so. It's a kind of interesting situation where in Furion greed reading 15 and at the same time regulation infrastructure maturing ever more. agree. And for example, also with ETH, it's interesting because Ethereum network actually the activity hit an all time high, right? also here you would imagine maybe that this is also reflected in the price. This was not the case. So

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You see lots of activity, even though the price range is rather low. The fear and greed index is really, really low. And as you say, we have institutions that come from crypto that now move really into the traditional payment system. So the adoption seems to continue. And we're going to talk further about this, obviously, even though the prices don't go up. And you also mentioned Kraken's direct FedEx says the part that

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doesn't get enough attention from my end there is that Kraken just combined two things that have never coexisted in American banking or in banking at all. That is direct FedExes and full reserve banking, which means it's simultaneously more embedded in the sovereign financial system than most fintechs and structurally safer than any traditional bank it's now competing with. So we cannot understate

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how big the crack news is from my perspective because these two features never coexisted in American bank. Sorry, Sima, I interrupted you there. Oh, good. Maybe to add to that, think what we've seen in the last couple of years is that despite the development of courses, companies keep on, of course, building stuff a lot, even to the extent that in terms of where you don't have to, let's say, compete against...

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pure investment cases in the crypto space. it's, let's say, financially more attractive to invest in Bitcoin and speculate on its growth rather than putting the money that you've raised to build stuff actually and to build our products. So in these phases actually, there historically has been always been more built in times of a bear market. And I would say we still have a bear market.

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And what we've also seen is that when initially we thought that the merging of, em let's say, DeFi and Treadfile, to put it very simple, which is not the true description, but easier to say,

has not been the case by only traditional players moving into the DeFi space, which takes a lot of time. But instead, and we have seen that constantly, new players moving into the existing one. We had seen that, for example, with Bit.

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Panda extending towards asset investments in Europe. We have seen that with Ripple moving into traditional payments as well heavily. Bybit that now offer like huge incentives to go into credit card schemes. So I think especially with regards to established institutes, if you are working in a traditional institute, you should be not worried.

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And this is something that we always discussed internally, by the way, when discussing digital asset strategies, that you will not gain new business in the crypto world, but you should fear of losing existing business that you have today because these new competitors can build it on new infrastructure and will target your existing markets.

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I agree. And this is uh a precedent here, I Kraken also moving into traditional assets and now into connectivity into traditional payments. Yeah. And to add on one thought, probably one last thought on Kraken for me, beyond the exciting unprecedented news, the deeper story is really about correspondent banking itself, which has been the hidden tax on crypto for a decade now. So every fiat on RAM.

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every institutional settlement, every wire has been routed through a gatekeeper could and sometimes did pull the plug. And that leverage is now gone at least for Kraken in a way that's genuinely irreversible. What I think is the sickness for the industry is less about Kraken specifically and more about the Wyoming SPDI chart that becoming a serious template because if the Fed will grant a master account to a full reserve

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digital asset back once, the legal and political logic for denying it to the next applicant gets considerably harder to sustain. So there is no more argument to don't give additional access to other players. So really the gates have been opened. And I think we will see this also with other stablecoin focused players. Why don't we look into the next section with lots of exciting news on stablecoins again, Michi.

10:37

Definitely. Let's talk about stable coins. with Simon, we have a distinguished representative and CFO of the stable coin space with us. That is AllUnity. What we're seeing right now in early 2026 is at least four jurisdictions moving simultaneously, each choosing a version of the one and same answer. How to build stable coins? Regulated, reserve backed.

11:05

institution led stablecoins are the model that central banks and regulators will accept respectively in the different jurisdictions. And I want to walk you through two European developments and two from Asia and the Middle East because together they paint a picture of where the global stablecoin landscape is heading in my opinion. And from our European perspective, I think the most consequential stories are actually happening right here in Europe.

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Interestingly, the first one is Allunity. So let's start with it. If you're not familiar with them, Allunity is a Frankfurt based regulated e-money institute, a joint venture between DWS, Flow Traders and Galaxy Digital. They already issued Euro Allunity, a Mycar compliant Euro stablecoin. Now they've announced a Swiss franc stablecoin labeled as Swiss Franc Allunity or CHFAU.

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Simon, may want to enlighten us how you exactly pronounce these labels. Yeah. And they're calling this Europe's first fully micro-compliant Swiss franc denominated stablecoin. Yeah. So fun fact. I think it's fair to say that even though in public, internally, we call it chevau, which is however, just, I think something that is like also a bit of German based in public. would also rather call it a CAFAU. Okay.

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That's a mouthful, but let's just do that. To me, a few things stand out here and then maybe Simon, you want to comment first is the speed. So Allunity at least says they move from concept to launch readiness in approximately two months. That's what I captured in the news. And to me, that is a demand signal. So banks, corporates and treasuries have been knocking on the door, I guess, asking for a regulated ditches with Frank. They can actually use for institutional settlement and treasury operations. And

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Of course, the franc, myself living in Switzerland, is one of the world's most trusted reserve currencies. until now, simply was no regulated digital representation of it that met institutional requirements. What stands out to me second is its design. So Swiss franc AU is 100 % reserved in Swiss franc denominated assets with proof of

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reserves and full regulatory reporting under MiCA. It's a regulated electronic money token, the same category as EuroAU that comes with a statutory redemption right at par value at any time. That matters enormously for institutional trust. And what stands out to me third is this is more of a strategic point I want to highlight. Allunity is explicitly building a multi-currency, always on a digital money framework.

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A euro was currency number one, Swiss franc is currency number two. And if you read between the lines of what our Unity CEO Alexander Hübner has said about banks, corporates and enterprise clients demanding programmable money debt, quote unquote, moves instantly, securely and transparently, end of quote, within regulatory frameworks. So if you read between the lines, this is not a company building one product.

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To me, Allunity is a company building the rails for European digital commerce, settlement by settlement and currency by currency. So I hope my reading between the lines here is correct. I mean, Michael, you're an expert. So obviously you're not far away from the truth. No, thanks for the flowers at first. I highly appreciate it. And indeed, what we are aiming for and building for, of course, is

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sovereignty for European payments in the new world, to put it in one sentence. And does this mean that we only do the euro? Obviously not. At first, because there are other currencies in Europe and we've started now um expanding towards this with the Swiss franc. Second, m of course, sovereignty in payments also especially is possible if you're not only handle

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able to handle domestic payments and this we have also said from the beginning on, but cross-border payments. And cross-border payments to large extent also include FX components, so foreign currencies. So the ability to do a payment out of Europe towards another currency region and to off-ramp also is of course part of payment sovereignty, especially as stablecoins are a very interesting means of payments for cross-border cases.

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Due to the lack of infrastructure that goes cross border in traditional payment systems or let's say at least the inefficiencies of doing so. And so for that reason, indeed as you said in the beginning, it was driven by client demand, which is for us a very positive signal. And also I would call it to be honest a natural client demand. What we see in stable coins, beside growth and volumes is especially for regulated and Euro stable coins.

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that still a lot of volume is being bought. Let's say it out bluntly. eh So you can create volume in these markets, it will just cost you a lot. This is however, of course, not really sustainable. And something where we decided we don't go this path, but we rather look out for natural growth by clients because we think it's just more sustainable. Short term, it looks worse. That's also part of the truth.

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mid to long term, however, we think it provides more success. And we see now a proper market pickup already in the first weeks in the Swiss market, which is really good, because indeed the product is valuable for the clients in Switzerland and especially for non-bank financial institutions, how I would call it, which is interesting because when you start

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doing business you have a lot of ideas in mind how your product can be applied and what advantages it could bring with. But ultimately always the market will tell you the truth and the market will tell you what is the best way how it can be used because clients actually ask for it. And what I see as a use case for non-bank financial institutions is what I would call vertical integration. So

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Right now, of course, non-bank financial institutions already deal a lot with financial products and payments is always a big part of financial products, even if you do it yourself or somebody else. But what we've seen in a lot of industries is that a lot of companies profit from vertical integration. So like moving upward down the value chain and thereby gaining efficiencies. And stable coins can be, I think, way

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how they can integrate payment closer to their existing business processes. Simply at first because you can program it. That's a very simple technical reason. But also because the stablecoin payment can be done without using a provider. You just use the issued instrument without dependencies in any way. So thereby, of course, you have a kind of issuer dependency in terms of counterparty risk.

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Yes, indeed. But besides the counterparty risk, you can do the payment without relying on a provider and thereby you can integrate it in your business process. I think every industry that does economic transactions can profit from that, but especially non-bank financial institutions profit quicker because they can integrate this quicker and they don't have compared to banks, for example, existing payment rails themselves that they could integrate with.

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Yeah, thanks, Simon. It's so precious to get your life perspective on this with Frank's stablecoin launch. Now, alongside all unity, we have what I think is the biggest institutional DLT story in Europe right now. And it has not received nearly enough coverage outside specialist circles. So outside our circles, that's BBVA that recently joined Kivalis, a new joint venture formed by 12.

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major pan-European banks to issue a shared Micah compliant Euro stablecoin. I Quivalis in itself is not in use. BBDA's joining of the consortium also happened early in Q1. What's new

is that Quivalis is by now in advanced talks with crypto exchanges, market makers and liquidity providers as it prepares for rollout in the second half of the year. We have reported about

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Kivalis extensively here at the Polkars. What I want to unpack a bit from a monetary theory perspective is that what Kivalis is trying to create is essentially a form of commercial bank money token, a tokenized claim on bank reserves, but issued collectively by a banking consortium rather than by any single institution like Allunity. So I enjoy comparing those two cases. So this is a fundamentally

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different model from say a crypto native stablecoin issue. comes with the full weight of European banking regulation, micro compliance, sovereign reserve backing, and the distribution network of 12 pan-European institutions. So the trade-off for me here is speed. They target age or half, two of 2026 as the earliest. And on the other hand, governance complexity. So if you will, speed is slow.

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because governance complexity is high. But the durability and trust architecture is arguably stronger than anything a single fintech issue can offer, I suppose. Yeah, so what I want to highlight here is the contrast between Kybalis and or Unity. These are both pursuing Mica-compliant EUR stablecoins, but through completely different organizational models. Or Unity is fintech-led, nimble.

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backed by a market maker and an asset manager and a crypto firm, and they can launch a new currency in two months, as you just proved with your Swiss franc stablecoin. In turn, Kivalis is bank led, consensus driven with 12 institutions that need to agree on everything from governance to tokenomics. neither model is wrong. I'm not uh evaluating the models, but together, these two models tell you that Europe has decided stablecoins will be

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regulated, reserved and institution backed. And there is room for both models to exist under Mica. I would maybe jump on that as we mentioned as well. And I would agree, Michael, it's very two different models. So QVALIST is very much banking focused, which is also uh fair, completely fair. And especially, of course, banks that need stable coins, probably especially will join QVALIST and then use the QVALIST stable coin.

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We are focused, as we have shown, on payments and on cross-border and also multi-currency approach. So it's for me really two different profiles and I will not talk bad about competition. So yeah, all the best and that's totally fair and I think the market will be large enough. And especially for Europe, I think what is really, really important that holds for the whole crypto industry, that holds for the European crypto industry,

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that holds for the stablecoin industry and also for the European stablecoin industry. Instead of banging our heads against each other, the goal is to increase the total market and show that the product itself works. So will all unity be successful if it is three times larger than Quivalis? That's not our goal. I mean, I don't have in my business case a number where I say I have three times the volume of Quivalis or something like that.

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The goal is that I reach a specific volume. And the volume is also not dependent on Quivalis but on the market. And especially on the European market as we are focusing on European sovereignty. So pushing the European market is something that helps my business case. If

Quivales pushes the adoption of stablecoins it helps my business case. Very simple. And that to be honest we have really experienced.

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the banks got more open towards stablecoins. And of course banks will now have a higher focus on implementing infrastructure, wallet infrastructure for example, enabling treasuries to use stablecoins, of course with the intention to use krivales, but what happens is, it supports the development of the market. And that is something that we as an issuer also profit from. And even though our profiles are different,

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we should stick together to promote the market and especially help corporates develop the infrastructure that is necessary to use stablecoins. And banks will play an absolutely cornerstone role in doing this simply because all the corporates already have banking relations and they want to leverage these banking relations. And it starts with user management.

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If I already have a user management within my treasury department of my company, I have configured that already with my bank, I want to reuse it also for doing stablecoin payments pretty sure. I don't want to set up a separate system where I have to reconfigure or double configure the user management for my stablecoin payments. So banks will play an extremely crucial role. Quivalis has opened up

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the topic for a lot of banks and they are more open to provide the infrastructure now. That's very positive, will support the market and also us as an issuer. All right. Let's complete our trip around the world and move quickly to UAE and Hong Kong. So moving to the Middle East, UAE has registered USDU issued by Universal Digital International Limited as the country's first

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US dollar backed stablecoin under the central bank's payment token services regulation reserves are held at UAE-based banks, that is, Emirates, uh NDB, and Mashrek, and the framework imposes clear disclosure and custody standards. What's important to understand about the UAE model is what it explicitly excludes. So USDU is not

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positioned as a retail payment instrument or replacement for cash, the framework draws a hard line between domestic payment use and foreign payment tokens. So cross border settlement, digital asset transactions, regulated financial use cases. Yes, everyday consumer payments. No, at least not yet.

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This is a deliberate design choice of any stablecoin issuer and it reflects a lesson regulators globally are drawing from the failures of the past, think. So reserve, opacity and governance gaps are what can destroy trust in stablecoins. And the UAE is saying, we will allow stablecoins in the system, but we will define their lane.

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Precisely. So for institutions operating across the Middle East, Africa and Asia that rely on dollar settlement and face friction in correspondent banking, this is genuinely useful infrastructure. For retail users hoping for a consumer digital dollar in the UAE, this is not that, at least yet. And then there is Hong Kong, the Hong Kong

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monetary authority stablecoin licensing regime formally went live at the end of January 2026 with 36 firms having submitted applications by end of September 2025. Licensees are

now expected to be issued in Q1 2026 and early reportings in March suggest HSBC and Standard Chartered are among

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the first expected issuers, which aligns with HTMA's explicitly stated preference for bank led issuers like Kybalis in Europe. So you might ask yourselves, what does all of this add up to? I think we're watching a global regulatory consensus crystallize here in almost near real time. So whether you're in Frankfurt with Simon or Amsterdam uh at

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Kivales, Dubai, Hong Kong. The answer to the question, how do we handle stable coins is converging on the same or similar model. That is full reserve backing, central bank or central bank adjacent oversight, institution led issuance of stable coins at narrow but well-defined use cases for the stable coin to start.

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That's at least my interpretation of what's going on here. I hope you agree. Yeah, we see more adoption also in other areas, right? So for example, traditional PSPs that also seem to adhere to this notion, for example, credit card firms, right? So MasterCard and Visa, they've also continued to expand their stablecoin offering or crypto offering in general. And Stripe and Paradigm, they've now also launched their Tempo blockchain, which is also really focusing on

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payments adoption of stablecoins and in this case also a completely new machine payments protocol for AI agents. So also the traditional world is adopting further. So a couple of news that I brought with is that MasterCard acquired BVNK for up to 1.8 billion. This is a massive deal. So BVNK was in a bitter competition, I would say over the last months, right? With Coinbase and MasterCard. Visa had originally invested in them as well.

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And yeah, BVNK is, you could argue, one of the leading stablecoin orchestration infrastructures that are used to bridge the gap basically between the existing world and stablecoins. They're operating across 130 plus countries, really do the plumbing between the financial world, the existing financial world and the new unshared world to go into on and off ramping, to orchestrate stablecoin payments and so forth. So that was

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quite interesting. The deal is not done yet. It's expected to close before the end of 2026, subject to regulatory approval, obviously, but a big signal to the market that MasterCard really wants to go deeper into stable coins. 1.8 billion is one of the biggest acquisition after the 1.2 billion acquisition of Bridge by Stripe earlier in 2025. yeah, MasterCard has also announced their crypto partner program.

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where they brought together more than 85 companies under one collaborative framework where they want to partner on stable coins, on crypto cards, on very different areas. And they really positioned themselves as the standard and trust layer connecting basically the crypto world and the existing card-based world where MasterCard obviously has a big advantage to be accepted.

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or their rails being accepted at merchants and at the checkout corner. yeah, Circle, Fireblocks, Metamask, Ripple, Solana, were all part of that. PayPal, Kraken. So long, long list. You can look through that. Also quite an interesting announcement. Only a couple of days prior to the announcement to acquire BVNK. Visa also expands their crypto card or their stablecoin card program together with Bridge.

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oh more than 100 countries. So we've been talking about the bridge acquisition of Stripe and that they also offer their stablecoin accounts in more than 100 countries already. now Visa really also partners with them even more extensively to allow those users of Stripe's full stack suite to use basically stablecoins as an alternative to bank accounts. And then basically to spend those stablecoin balances with Visa cards everywhere where Visa cards are.

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and accepted and don't forget that in, for example, the US, still also B2B transfers are happening via stable coins. And I think this is also where they position themselves, right? You hold basically stable coins as an alternative money to deposits at banks and then use these Visa cards to spend those stable coins, thereby basically creating like a stable coin new bank where you can then also use those Visa cards. So.

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A continued collaboration between Visa and Bridge here in this example. quite interesting where this also leads towards. Yeah. And then the last news, I mentioned it already against Stripe here with Paradigm, they launched the Tempo blockchain. As a reminder, the blockchain infrastructure war is still ongoing with these new corp chains as they're called, Where corporates also create their new infrastructure.

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Here uh a layer one, a completely separate new infrastructure and blockchain network that is really focused around payments adoption. And um now also combining this with a machine payments protocol for AI agent payments that can service autonomously without human side off at each step. What's quite interesting how it works. So it introduces basically sessions where an agent authorizes a spending cap.

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once and then these micro payments are streamed continuously as it consumes services like data, computer, API calls. So you ultimately as a human authorize a uh maximum amount that can be spent. Well, then the AI agent can spend autonomously via stable coins on this protocol. So quite some interesting adoptions from these more traditional players. I don't know whether you also have a view, Simon and Michael.

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on these interesting developments. Yeah, the master cut in these moves to me tell a quiet but kind of definitive story about how the stablecoin disruption thesis actually resolved. Not with legacy rails being replaced, but with legacy rails acquiring the bridge layer and essentially absorbing the threat, which means the competitive mode and payments ultimately belong

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to distribution and trust all along, not the protocol. The detail I can't stop thinking about is Visa already being inside MPP because the moment Visa extends a new open standard to its global network on day one, that's not an endorsement. It's just a power move to ensure the agentic economy still runs through Visa's infrastructure rather than around it.

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uh And the MPP versus X402 race is arguably, to me, is the most consequential standards battle in payments since the card network wars, because whoever wins doesn't just capture human transactions, they capture the autonomous spending of every AI agent that will be running continuously at a scale no human payment system was ever designed for. So, yeah, that's what...

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essentially what I found most interesting in these Treadfire players moves. I think what is really interesting for us is also Tempo. Tempo is a clearly payment focused em protocol with a large backing. For us, that's a really, really interesting protocol, to be honest, without saying too much. Then of course, the whole agentic payment stuff is also incredibly interesting for stable coins, I would say.

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openness towards something like the standards that you have described. I mean, from my perspective, maybe even more on the X4.02 side, basically. But that is something that is incredibly valuable. Yeah. But next to all these exciting stablecoin news, there's also uh news around the terms of tokenized money and tokenized deposits, but then also the regulatory developments around stablecoins.

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So very quickly, Citi, m again, the head of partnerships and innovation, they came out with a very clear institutional position that tokenized deposits and not stablecoins are the right form of on-chain money for banks. So here again, now a uh divergent view from a bank, from a major bank. They basically obviously fear the outflow of deposits into stablecoins, but rather want to push tokenized deposits. Interestingly enough, they said, or he said, that

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they see complementary roles between tokenized deposits and stablecoins. Instead, when money leaves the bank's networks and goes into the external ecosystem, that's where stablecoins can come in as a connecting tissue, not a competition, which is quite interesting because this is usually the role that central bank money plays, right? Where you would settle via clearing and settlement systems. Here, Citi outlined that this could be a...

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potential use case for stablecoins in the future to settle between different bank tokenized deposit networks. As we discuss for years in this podcast, this is still the missing piece, the settlement between the different tokenized deposit systems, arguably understandable that Citi wants to push also their own Citi token service platform instead of going all in on stablecoins. um Banks have been fighting over the last months as well in Congress and um with the

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regulators on whether stablecoins now can or shall be uh enabled to pay yield and also whether there should be an indirect insurance or deposit insurance coverage of stablecoins. Those two news I also wanted to quickly highlight. In uh the Genius Act, it was rather clear that the issuer cannot pay yield on stablecoins, but the Clarity Act

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which is the much broader market structure bill, that was still open whether intermediaries can still pay interest. And this fight seems to have been lost now by the stablecoin industry that also intermediaries and other distributors basically are not able to pay yield or any benefits to the holder of those stablecoins. It's not yet completely final, but from what you can read in the media is

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that a battle seems to have been lost by the stablecoin industry. So very similar to the markets and crypto assets regulation in Europe, where basically no yield or no rewards can be paid on any stablecoin holdings unless you basically give it away and lend it out, right? But uh not that you simply hold it and therefore indirectly from the distributors, from the intermediaries or even directly from the issuer can receive.

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So that was quite some interesting news. then there was the deposit insurance debate as well. So there's uh the possibility in the US also to gain indirect deposit insurance. They call

it pass-through deposit insurance on other instruments, right? Which are basically backed by deposits. And that seems to be off the table as well.

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such that stablecoins, even though they are at least partially backed by deposits, you can, if you want to, also back them 100 % by deposits, will not be eligible for this pass through insurance. what is painted um out now in this new legislation in the US as well is that it's really a new form of money similar to how electronic money in Europe has been regulated, which is not covered by deposit insurance and must not pay.

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interest and yield on the holdings. The last news um before then going um wrapping that part up and going into another part is a new ambitious development in the US by US regional banks, which is the CARI network. So a group of US regional banks went public with a blockchain project that's been quietly forming since September 2025 to build basically a shared ledger.

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network, the Karin network that runs on ZK Syncs Peridium, in this case, Ethereum layer 2, but a private permissioned Ethereum layer 2. So a bit different to what we see in the market at the moment with public permissioned Ethereum layer 2 systems. And each bank would issue their tokenized versions of their own deposits that depositors hold with them on the shared ledger. And um ultimately then the uh

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transfer happens on the ledger, but the settlement is also still deferred on a net basis via traditional rails. So you ultimately split the transfer of the deposit. Ultimately, you record an interbank liability on this shared ledger and then you net the interbank liabilities and then settle via existing networks. How the settlement will work has not been announced yet, but yeah.

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They likely then also tap existing settlement systems um for a settlement. who's involved? Huntington Bank, shares, First Horizon, M & T Bank, Key Corp and Old National. Those are names that usually are not that familiar or don't sound familiar to many outside of the US, but they have 600 billion in deposits. So it's not that this is nothing.

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And yeah, it's an interesting new development and next to, let's say those shared ledger initiatives that we see in the market like Patio or, you know, the idea of the Agora network here now another network of regional banks. Yeah. What's crystallizing across all these stories is that regulators and incumbents to me have effectively agreed on a containment strategy for stable coins.

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So FDIC insurance stays inside the banking perimeter, yield gets legislated away at the edges and CT gets to call tokenized deposits the responsible choice, which is less a level playing field and more a coordinated institutional defense of the deposit franchise in my reading. So the yield fight and congruence

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is the tell because the reason banks are fighting so hard over activity-based rewards versus interest on balances is that they know the stablecoin threat was never really about programmability. It was always about the rate and whoever can pay yield at scale on liquid digital dollars wins the deposit war. What I find genuinely fascinating about Citi's framing of stablecoins as interbank

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connective tissue is that it's actually a more radical idea than it sounds because if stablecoins settle value between banking networks rather than central bank money through traditional clearing quietly restructured the plumbing of the global financial system without anyone calling it a revolution. But yeah, for me, all of this is a coordinated institutional defense of the banking deposit.

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franchise and yeah, I hope it's not uh entirely over yet this fight and maybe Simon, you have as a stable coin issue, you have uh an opinion too about whether this is institutional defense or whether the customer's best interest is at their hearts. Always. Yeah, always. Of course, it's uh the heart to the customers and anthropic ideas. Yeah.

44:22

No, but just kidding. Of course they defend because they see now that there is significant volume. And from a business perspective, I totally understand. I've been there as well. I did it before. It's part of the business. That's totally fine. But for me, the question is simply what can we do as an issuer? How can we provide value? And very simple. If we solve with the product problems of

44:50

clients as of today to uh a large extent, they will favor doing it and holding liquidity in the stablecoin because it solves their problems instead of optimizing yield. Maybe we see that as of today already. People hold a bit of liquidity, for example, in PayPal. And people hold liquidity in inefficient means, more retail clients than institutional clients. Fair enough. Institutional clients optimize for yield, of course. But still,

45:19

If for example a stablecoin can offer a much quicker turnaround and the velocity of capital increases to an extent that enables an overall heavily decreased need for liquidity. So that means basically doing more business with less money. Gaining more yield on the less money is not as important as using less money for more business. To put it very very simple. And so

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while we are currently fighting over yields, indeed. This might really change if the usability of the money is really, really different. And if I can use this form of money much better with more economical value, for example, also avoiding maybe time to go cross border, the value created through the higher efficiency in payments is much higher.

46:17

than the potential loss of yield. All right. Let me now take you very briefly through what I genuinely think is among the more consequential two-week stretches in the history of institutional tokenization. I don't use that kind of language lightly on BFRR. In the space of roughly two weeks in March, three things happened in the United States that, taken together, shift

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the rules of the game for tokenized securities. One, you have a landmark joint taxonomy from the SEC and CFTC declaring that most crypto assets are not securities. And just think back like two years under a Gary Gensler SEC guidance where this exact question was heavily debated. Then two,

47:12

You have the SEC green lighting NASDAQ to trade and settle stocks in tokenized form through the DTC settlement infrastructure. And third, you have the Federal Reserve, the FDIC, and the OCC jointly clarifying that tokenized securities get the exact same capital treatment as conventional securities under US banking rules.

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So there's a lot to unpack. Today, we don't have the time to do so in detail. I would simply say as a summary, the US regulatory dam is breaking on tokenized securities at least. And in my reading of the media landscape, that was rather underreported that there is really a dam breaking on tokenized securities. Let me very briefly double click on item number one.

48:09

the joint taxonomy because it's the regulatory foundation that makes everything else possible. So on March 17th, the SEC and CFTC jointly released 68 pages of guidance that does something the previous SEC leadership explicitly refused to do for years. It draws clear lines.

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SEC Chair Paul Adkins speaking at the DC Blockchain Summit put it bluntly, and I want to quote him directly here because the quote is really remarkable. So quote unquote, we are not the securities and everything commission anymore. So that is a deliberate inversion of Gary Gansler's approach and it signals a philosophical reorientation of the agency that has real durable consequences through this taxonomy now.

49:01

Yeah, definitely remarkable how quickly that has changed and that there is now also the regulatory clarity for those players to really go ahead and uh issue those tokens that represent not only bonds like we've seen in the past in Europe and in Germany, but rather also now stocks where Nasdaq also partners with Kraken on their X-stocks project and so forth. And the cash lag uh is going to be interesting, right? So what's going to be used? I think this will be the next big announcements.

49:31

where then likely stable coins will also be uh implemented in those platforms. So definitely groundbreaking, as you say. Yeah. And other news in that space were also money market funds where also interesting news have been happening or have been announced. So Amundi, m Europe's, especially in Europe now, Amundi Europe's largest asset manager just went live with m SAFO, which is a tokenized um money market fund that is em

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Interestingly enough, not directly a tokenized money market fund as we know, but rather the collateral total return swap that we see on the market. It's not only a passive fund wrapper, but it's rather a direct representation of this fund. Amundi now also pushing for this market, which so far they have not been engaging in. And then there's Spyco.

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which is another rising star here in Europe, which has been uh growing its asset under management over the last months quite significantly when it comes to tokenized money market funds. It hit now \$1 billion uh with assets under management in various different areas. So Spyco Euro, which invests in French treasury bills, 640 million asset under management.

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and Spyco dollars that are invested in US treasury bills, Spyco pounds in UK treasury bills, and Spyco cash and carry that invest in cash and carry trades. collectively, we're on aggregate 1 billion now under assets under management, which is also very impressive and chasing BlackRock and Circle. BlackRock's Biddle fund, still the biggest fund, then Circle's use YC, and then as a third player, Spyco has now

51:27

even grown out Franklin Templeton's Benji. And then last but not least, Northern Trust has also launched their first tokenized money market share class, which is also a continued

push into this tokenized money market area from traditional players. Yeah. And as the last part of this today's podcast, which was already quite full,

51:54

We've also brought a very brief update on the German market. Clearly here in interest of this podcast to bring the German and European perspective into the world. Börse Stuttgart Digital, which is a major player in Germany for quite some years and has been expanding its offering into the crypto world. They um plan now to merge with Tradias. what's Tradias? Well, Tradias is one of the most successful market maker here also from Frankfurt.

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that already powers the crypto connectivity for major new brokers and banks here in Europe. enabling over 30 million Europeans to trade cryptos through their bank ultimately. And they are planning to combine the entities. I think it's already quite fostered. The new entity would have like 300 employees headquartered in Frankfurt and Stuttgart providing a complete B2B2C crypto infrastructure for trading.

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but then also for market making of crypto products. So congratulations to this plan and the merger. I think it makes a lot of sense and yeah, good news for a major German or European player in this space. And another interesting announcement was Börse Stuttgart with Nasdaq. So they also want to partner. So in this case here,

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to the subsidiary of Börse Stuttgart, which is Ceturion, which is a pan-European tokenized settlement venue under the DLT pilot regime. So NASDAQ, the major trading facility for MTFs around, not MTFs, for trading markets and settlement markets around the world, they are partnering now with Ceturion on DLT marketplaces.

53:44

And also another clear view that this traditional financial infrastructure is merging towards the new infrastructure to trade. In this case here, really digital securities where Ceturion plays in. Then last but not least, the last news that we also wanted to highlight here is Deutsche Börse's 360T, which is the globally active FX trading platform. They now partner with Bitpanda.

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So 360T really connects over 3000 institutional buy side firms globally with 200 plus liquidity providers. And they now announced that Bitpanda will join them as a liquidity provider for crypto. 360T has a digital asset service platform 3DX, which is really focusing on crypto here. It's a MiCA regulated trading venue and they now partner with Bitpanda.

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one of the leading European crypto trading platforms from Austria. So congratulations to both sides as well. I was a bit surprised of how much Deutsche Börse really has now, right? Also 360T with their 3DX platform focusing on crypto trading. Clearstream also has some initiatives. There's 360X as well as a DLT pilot regime regulated marketplace.

55:12

Quite some interesting developments here as well from the Clearstream ecosystem. Mrs. Simon, anything else that you are thinking or want to contribute to these news as well? I think it's good that they're moving. And I think what they also like, what was a bit of a subtle announcement is that they also now want to build digital CSD. I mean, that's something that I personally have been pushing towards at least for a while. So while it took...

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some years, I'm happy to see it coming. Yeah. All right, then I think we can go ahead, wrap things up into the knowledge bites then. Good. Yeah. With that, we've extensively covered both the tokenization of money with a heavy focus on stablecoins today, but also the tokenization of assets with the US regulatory dam.

56:04

breaking at least on tokenized securities by now and the money market fund updates Manuel just gave. As always, we of course also bring knowledge bites. So the most interesting pieces or artifacts that at least we found highly interesting. The one I brought this week is by Galaxy Digital Research, more specifically from the Galaxy Brains podcast.

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cast episode 214 labeled the great convergence of crypto and TREADFY. That's a comprehensive analysis of institutional DLT adoption, including the tension between incumbent banks building crypto products while simultaneously lobbying against regulatory clarity and against stablecoin yields as we learn today. Yeah. How about you, Mann? Yeah, I brought with me a very interesting podcast with Michael Every.

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who was working for ABN Amro in research basically. And he talks about the US economic statecraft and stable coins. And these were two podcasts where I heard them. One was in Beyond the Obvious with Daniel Stelter. It's a German podcast, but then also with Macrovoices. And you will find the Macrovoices podcast also linked in the show notes. It's fascinating because he really paints a completely new picture on

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why the US is now accelerating also from a state sponsored level on stable coins and what that could actually mean for global trade. So it's about plumbing of the financial system, not only from a payments perspective, but also from a debt perspective, from a geopolitical perspective. So it's an absolute fascinating discussion and conversation. So I can highly recommend that. Simon, what did you bring? Yeah, funny enough, also a Galaxy Digital article, basically.

57:58

And that is about not only and please I would never call myself like an AI expert or whatsoever, but still I find it interesting that they look at not only AI agents doing payments, but doing investments. And that's really interesting, I think, simply because it shows how already in the past, agents managed to gain capital and allocate capital. Maybe not yet in the most efficient way, to be honest, because they basically pumped mean coins. Yeah.

58:28

and protocols behind. however, it shows that em we will see agents as actors in capital markets. And of course here stable coins are very, very useful. We have discussed before, which has also picked up the X4.2 protocol, which basically enables these kinds of payments where existing HTTP also protocol layers basically. uh

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But if you look at it, the stablecoin is a kind of connectivity also towards capital markets in one way, because through the reserve backing, you have also interference with capital markets. And on the other side, of course, it's a tool to gain and allocate capital and to not only decide upon, let's say, articles and payments or whatsoever, but really on investments. And thereby, question is, and I think that's fair to say, if you really do it in a structured approach, I think it could also be possible, of course,

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to leverage them to do classical market function because also market maker decisions are something that can be autonomized, I think. But for that, you need not only autonomized payments, but also autonomized investment decisions. Brilliant stuff. Thank you for your

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knowledge bites. With that, let's close March 2026. new summary. If you enjoy the podcast, please recommend and rate us. That helps us the most.

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to the world. Thanks for listening. Thanks both.