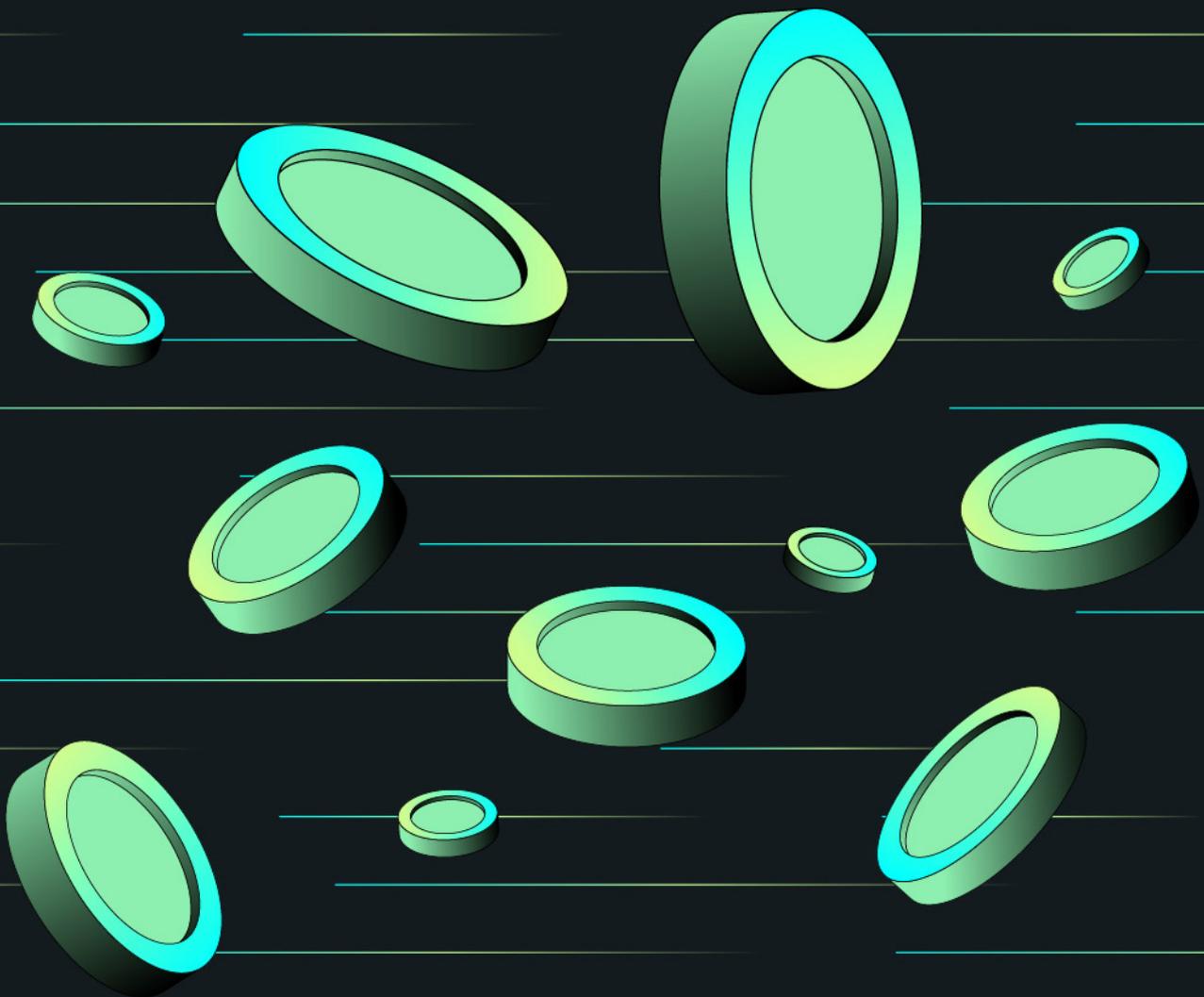


How to safely issue and bank stablecoins

Stablecoin compliance and financial crime risk
management for stablecoin issuers and financial institutions



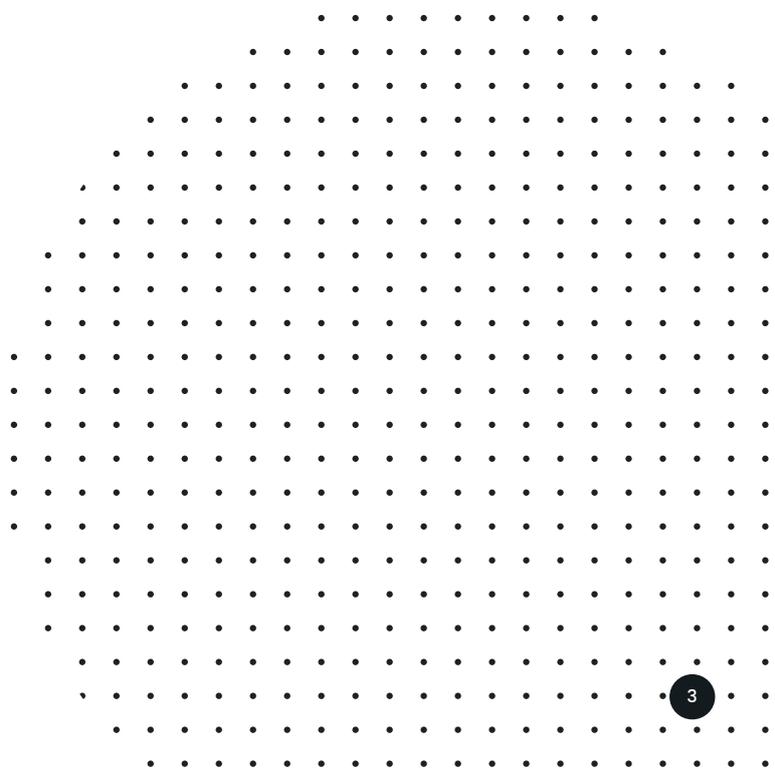
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Introduction

Stablecoins represent a fundamental shift in how money moves through the global financial system. Designed to maintain a stable value through various mechanisms, they enable near-instantaneous, low-cost, cross-border transactions while maintaining price stability.

The stablecoin market is growing exponentially, with total market capitalization over \$300 billion at the time of writing. Major financial institutions are now exploring stablecoin integrations, while payment providers are building infrastructure to support these digital assets at scale.

For businesses entering this space, the opportunity is significant. Issuers who build robust stablecoin ecosystems will become essential infrastructure providers for the next generation of finance. Financial institutions offering services to these issuers, from reserve asset management to settlement accounts, can establish early positions in a rapidly expanding market.



How to stay compliant in the stablecoin ecosystem

Success in stablecoins depends on your business' ability to manage financial crime risks and meet regulatory obligations. Regulatory frameworks are now in place across major jurisdictions.

The United States, European Union, Hong Kong and other markets have established regulatory regimes with specific operational standards for stablecoin issuers. These frameworks mandate anti-money laundering and counter-financing of terrorism (AML/CFT) measures and sanctions compliance requirements. Private sector guidance adds another layer of expectations. The Wolfsberg Group has [published principles](#) for financial institutions working with stablecoin issuers, setting out risk-based standards for operationalizing regulatory requirements.

Blockchain data reveals the specific risks firms must address. Elliptic's research shows that stablecoins play an expanding role in sanctions evasion: Russian entities create their own tokens to circumvent financial restrictions while Iranian actors fund proxy groups like the Houthis. Stablecoins also increasingly appear in money laundering schemes connected to fraud, drug trafficking and other crimes.

Stablecoin issuers and financial institutions need to understand these patterns to design appropriate risk-based controls. Fortunately, they don't need to build compliance frameworks from scratch. Established financial crime risk management principles apply directly to stablecoins, while blockchain monitoring platforms like Elliptic provide the visibility needed to detect and prevent illicit activity on-chain. **E**

What does this report cover?

This Elliptic report provides a compliance and risk management blueprint for stablecoin issuers and financial institutions, including:

- 01.** Emerging regulatory requirements and financial crime risk management standards across key jurisdictions
- 02.** Financial crime trends and typologies affecting stablecoins, with specific risk categories for compliance teams to prioritize
- 03.** Recommendations for integrating blockchain monitoring capabilities, including Elliptic's Ecosystem Monitoring (EM), asset-level analytics capabilities and Issuer Due Diligence (IDD) solutions, into stablecoin risk management frameworks.

CHAPTER 1

Understanding the stablecoin regulatory landscape and risk management standards

Regulatory requirements for stablecoin issuers are now being implemented across major jurisdictions.

While specifics vary, most regulatory regimes share common requirements. Stablecoin issuers must:

- 01.** Obtain a license or registration from a specified supervisory body
- 02.** Fully back stablecoins with adequate reserves held at a licensed financial institution
- 03.** Disclose information about the composition of reserves backing their stablecoin
- 04.** Honor the redemption rights of token holders at par
- 05.** Comply with AML/CFT and sanctions measures

This section describes current AML/CFT and sanctions-related regulatory requirements and risk management standards for issuers and financial institutions. While regulatory regimes are still evolving, fundamental principles already exist to serve as the foundation for compliance teams' internal risk management frameworks.

The Annex to this report includes a table summarizing the current status of financial crime-related regulatory developments across key jurisdictions and relevant bodies.

Regulatory standards for issuers

Regulatory frameworks worldwide require stablecoin issuers to apply AML/CFT and sanctions compliance requirements aligned with Financial Action Task Force (FATF) standards. In its [2020 report](#) on stablecoins and subsequent guidelines, the FATF indicated that stablecoin issuers face these compliance obligations when they carry out activities of virtual asset service providers (VASPs) or financial institutions. Obligations include:

- 01.** Performing Know Your Customer (KYC) checks on customers and verifying their identity on a risk-sensitive basis
- 02.** Conducting due diligence on VASP counterparties
- 03.** Conducting enhanced due diligence (EDD) on high-risk customers and counterparties
- 04.** Ensuring compliance with [the Travel Rule](#) by collecting and transmitting relevant originator and beneficiary information where relevant
- 05.** Undertaking ongoing, risk-based monitoring of customers' transactions on the blockchain
- 06.** Filing suspicious activity reports (SARs) and/or suspicious transaction reports (STRs) to relevant authorities

The FATF's 2020 report also noted that issuers or related governance bodies "are in a unique position to undertake [financial crime] risk mitigation, as they determine the functions of the so-called stablecoin, who can access the arrangement and whether AML/CFT preventive measures are built into the arrangement."

Furthermore, the FATF has indicated that it will produce a targeted report on stablecoins in the first quarter of 2026, which will further consider risks associated with stablecoins, with a view to developing appropriate mitigating measures.

Jurisdictions differ on specific requirements and thresholds, but these fundamental components form the basis of financial crime compliance expectations for issuers in jurisdictions that have established or are establishing regulatory frameworks. See Table 1 in the Annex for a summary of current regulatory measures in select jurisdictions.

Ongoing monitoring obligations

Regulatory bodies and industry guidance, including those issued by the FATF and the [Hong Kong Monetary Authority \(HKMA\)](#), indicate that stablecoin issuers should establish risk-based policies, procedures and controls aligned to risk factors specific to their business model and operations. This should account for factors documented in the issuer’s enterprise risk assessment, which may include:

01. The nature and purpose of the stablecoin arrangement (its use case)
02. The risk profile of the issuer’s customers and related factors, such as customers’ geographical location
03. The size of the stablecoin ecosystem, including transaction volumes and values
04. Whether the issuer partners with high-risk VASPs as part of “[burning/minting](#)” arrangements
05. Whether the stablecoin is available for trading via exchanges or other VASPs located in sanctioned jurisdictions
06. The nature of the blockchain(s) on which the stablecoins is issued (level of transactional transparency, transaction processing speeds, etc.)
07. Whether the stablecoin is widely available for trading through decentralized finance (DeFi) services such as decentralized exchanges (DEXs) and bridges that feature in [cross-chain money laundering typologies](#)

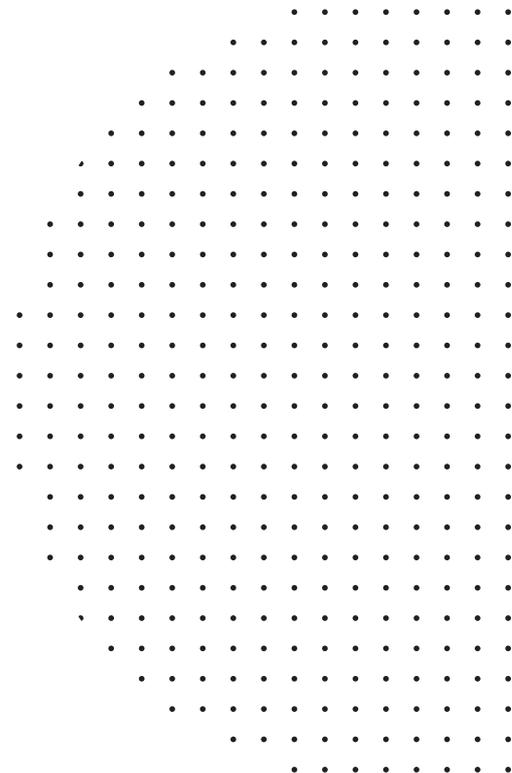
Risk assessment findings should inform the issuer’s design of its ongoing monitoring controls, including monitoring frequency, technology solutions used to conduct monitoring and the nature of monitoring rules and thresholds. Regulatory and industry guidance indicate that issuers’ controls should include the ability to monitor for:

• **Risks among its customers’ (or partners’) transactions.**

The issuer should be able to identify when a customer (or partner) has engaged in unusual, complex or high-risk transactions, including those based on known money laundering typologies.

• **Risks across its wider token ecosystem.**

The issuer should be able to identify risks across the broader network of token holders that may create compliance obligations for the issuer or otherwise impact its risk profile.



Direct customer monitoring

When it comes to monitoring direct customer transactions, stablecoin issuers' obligations are similar to those of other regulated entities, such as cryptoasset exchanges and other VASPs.

Issuers must demonstrate that they have conducted due diligence on their customer when they enter into a business relationship with them and must conduct transaction monitoring for transactions between themselves and their direct customers. This means they must be able to identify when customers' on-chain activity deviates from normal patterns, demonstrates unusual characteristics or includes indicators of high-risk or prohibited activity.

Solutions like Elliptic Lens and Navigator enable issuers to [screen wallets and transactions](#) in real time, identifying exposure to high risk activity involving their customers, including:

01. Exposure to wallets associated with services, such as dark web markets, scams and cybercrime
02. Exposure to wallets involving parties on sanctions lists or located in sanctioned jurisdictions
03. Transactions involving high-risk VASPs
04. Transactions involving obfuscating services, such as mixers, privacy wallets and bridges
05. Behavioral indicators that feature common red flags, such as attempts to move funds through large numbers of intermediary wallets (or "hops"), a money laundering technique known as a peeling chain

Indirect or ecosystem risk

Regulators also expect that stablecoin issuers should be able to obtain an understanding of risks across their broader token network, beyond the interactions they have with their direct customers. In its [AML/CFT guidelines](#) for stablecoin issuers, the HKMA notes that beyond monitoring direct customer activity, an issuer "has a responsibility for maintaining effective functioning of its stablecoins and guarding against the risk of their misuse for unlawful purposes. Ongoing monitoring of stablecoins in circulation is crucial for the licensee to discharge its AML/CFT responsibilities."

One way in which issuers can identify such risks is by using aggregated asset-level analytics based on blockchain data from across the entire

stablecoin network. Elliptic's [asset analytics dashboards](#) offer issuers macro-level insights about ongoing trends in high-risk and illicit activity across their stablecoin network, allowing them to take proactive steps to design controls aimed at mitigating emerging or potential risks.

These asset-level dashboards include insights based on aggregated data related to, for example:

01. How frequently sanctioned parties engage in transactions involving the issuers' stablecoin, even when those parties are not direct customers or partners of the issuer
02. Whether the stablecoin is increasingly being sent through cryptoasset mixers, bridges or other obfuscating services
03. Whether the token is traded primarily on regulated exchanges or via higher-risk services, such as coinswaps and DEXs

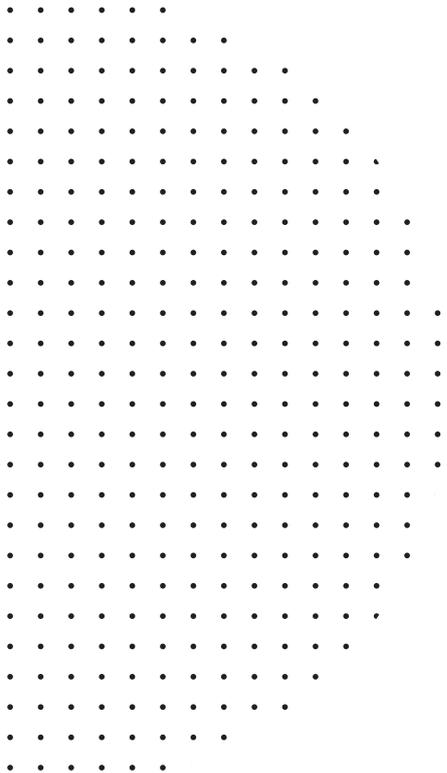
Another complementary way issuers may identify risks within their broader stablecoin network is to monitor wallets and transactions for specific activity involving their stablecoin, even where that activity does not include their direct customers.

With Elliptic’s Ecosystem Monitoring capabilities, issuers can receive real-time alerts when high-risk or blacklisted actors attempt to engage in activity anywhere within their broader stablecoin network, allowing them to take immediate action in response. Using Elliptic’s Risk Engine, issuers can configure monitoring parameters to ensure they identify the highest risks they care about most – such as sanctions-related risks – reducing noise from false positives and ensuring they direct time and resources to prioritized areas of concern.

Based on these insights, and where issuers have smart contract functionality, they may freeze wallets controlled by sanctioned parties, collaborate with law enforcement agencies to identify and freeze wallets associated with money laundering activity or reassess their relationships with VASPs or other high-risk counterparties.

The use of both asset-level dashboards and Ecosystem Monitoring alerts to identify risks across their wider token network serves several important functions for issuers’ compliance teams, including:

- **Robust management information (MI):** Aggregated asset-level analytics can provide relevant senior management and risk committees with valuable insights into the effectiveness of existing compliance arrangements and areas of emerging risk, improving top-down governance.
- **Improved regulatory outcomes:** By demonstrating that they have appropriate arrangements in place for identifying risk across their broader stablecoin network, issuers can provide confidence to their regulators, improving the likelihood of obtaining necessary licensing and registration approvals, and reducing the likelihood of facing regulatory censure.
- **Proactive sanctions compliance:** Issuers who configure monitoring systems to identify activity involving sanctions actors across their stablecoin network can ensure robust compliance with economic and financial sanctions measures.
- **Enhanced SAR reporting and law enforcement engagement:** Issuers may also use wallet and transaction level alerts to file suspicious activity reports (SARs) on suspected illicit activity involving their stablecoin, providing law enforcement with valuable intelligence. These insights also enable issuers to be more responsive to requests from law enforcement about specific wallets and transactions involving their stablecoin. Issuers who are proactive in monitoring illicit activity across their stablecoin network, and who work effectively with law enforcement, are also likely to improve their reputation and legitimacy in the eyes of investors and customers.



Regulatory standards for financial institutions

Banks and other financial institutions that partner with or provide services to stablecoin issuers must identify and manage the financial crime-related risks posed by these relationships. Financial institutions may provide several services to issuers:

01. Operating accounts for the issuer’s business expenses and operating transactions
02. Reserve management services that involve holding the fiat currency reserve assets backing the issuer’s obligation to honor the redemption rights of stablecoin holders
03. Client settlement accounts that allow the issuer to receive or disburse fiat currency funds during the issuance and redemption process

In September 2025, the Wolfsberg Group released [guidance](#) on the provision of banking services to fiat-backed stablecoin issuers, setting out principles banks should consider for risk management arrangements.

The Wolfsberg Group makes clear that banks can draw upon their existing compliance and risk management arrangements when dealing with stablecoin issuers and leverage established standards, such as its long-standing [guidance](#) on managing risks in correspondent banking relationships.

According to Wolfsberg, a bank’s risk management arrangements for issuers should identify whether the issuer relationship falls within the bank’s risk appetite and whether the issuer behaves in a manner consistent with its own stated risk profile. To determine this, banks should assess:

- Where the issuer is licensed or registered, and the nature of the regulatory regimes for stablecoin issuers in those jurisdictions
- The issuer’s financial crime compliance, governance and risk management arrangements
- Whether the issuer conducts due diligence on the blockchains where it issues its token to understand associated financial crime risks, and the nature of those due diligence arrangements
- The risk profile of the issuer’s customers and partners, such as whether the issuer partners only with low-risk VASPs or with higher-risk VASPs
- Whether the issuer has established arrangements for effective and timely engagement with law enforcement
- The nature of financial crime training and awareness arrangements the issuer provides to its employees
- The nature of blockchain monitoring controls, such as wallet screening and Ecosystem Monitoring, that the issuer has implemented to meet regulatory obligations and identify activity that falls outside its risk appetite

Once the bank onboards an issuer, it should establish ongoing monitoring arrangements to verify that the issuer operates in line with its stated risk profile and identify any deviations that may require the bank to reassess its relationship with the issuer.

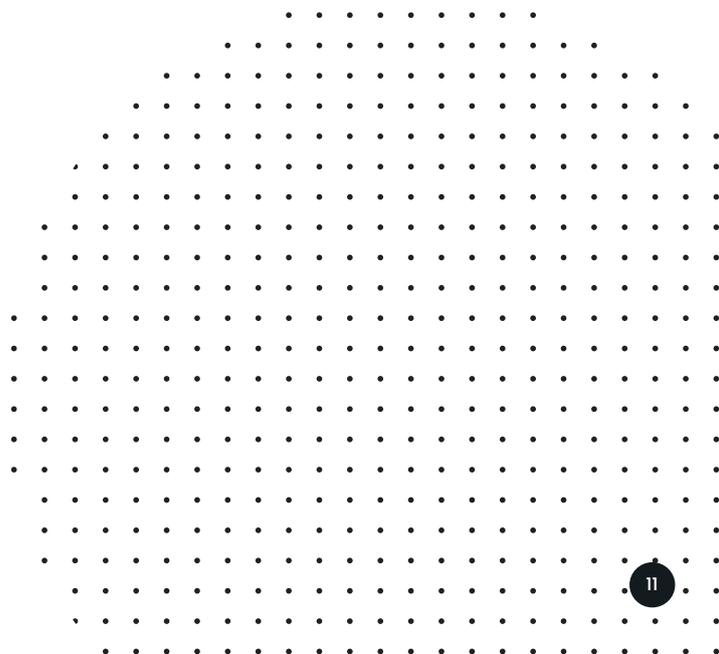
In many cases, financial institutions that service or partner with stablecoin issuers will not interact directly with the issuer's stablecoin. Their provision of services will be limited to fiat currency-denominated services. Nonetheless, Wolfsberg indicates that blockchain-based transactional information can be important to identify if an issuer operates in a manner aligned with an institution's expected risk profile.

For example, a bank may provide an issuer with a fiat currency settlement account to make payments to customers seeking to redeem tokens. When the issuer makes redemption payments to a customer from its settlement account, it will concurrently "burn" the corresponding value in tokens, so the number of tokens in circulation remains equal to the issuer's reserves.

In such cases, the bank will perform standard fiat-currency transaction monitoring on incoming and outgoing transactions on the settlement account to identify potentially unusual or suspicious activity and to verify that the issuer transacts in line with expectations. But the bank may also monitor certain transactional information from the underlying stablecoin's blockchain to ensure the issuer's activity aligns with its expected risk profile.

Using blockchain analytics platforms like Elliptic, the bank can obtain insights about the wallets that the issuer uses when issuing tokens to its customers and partners, or when receiving tokens as part of the issuance and redemption process. These on-chain insights enable the bank to validate and monitor the identity of the counterparties the issuer transacts with during issuance and redemption, and help it determine whether the issuer's use of those wallets is consistent with its purported risk profile and intended use of its reserves.

When implementing these monitoring arrangements, Wolfsberg stresses that banks should take a risk-based approach that reflects the issuer's risk profile. In lower-risk situations, banks may only need to assess high-level, aggregated on-chain insights that inform them of any significant deviations in the issuer's on-chain behavior relative to its risk profile. In higher-risk situations, a bank's compliance team might need to examine specific on-chain transactions the issuer has undertaken. **E**



CHAPTER 2

Understanding financial crime risks

Issuers and financial institutions need to understand stablecoin-related risks before they can manage them. This section outlines the key financial crime risks compliance teams should consider.

Why criminals use stablecoins

Stablecoins are used for a wide range of legitimate purposes, and the emergence of regulatory regimes for stablecoins provides a foundation for their continued legitimate use at scale. In recent years, however, criminal misuse of stablecoins has grown. Criminals favor stablecoins because they make illicit operations more efficient and less risky compared to other cryptoassets. Stablecoins are attractive to criminals because of their:

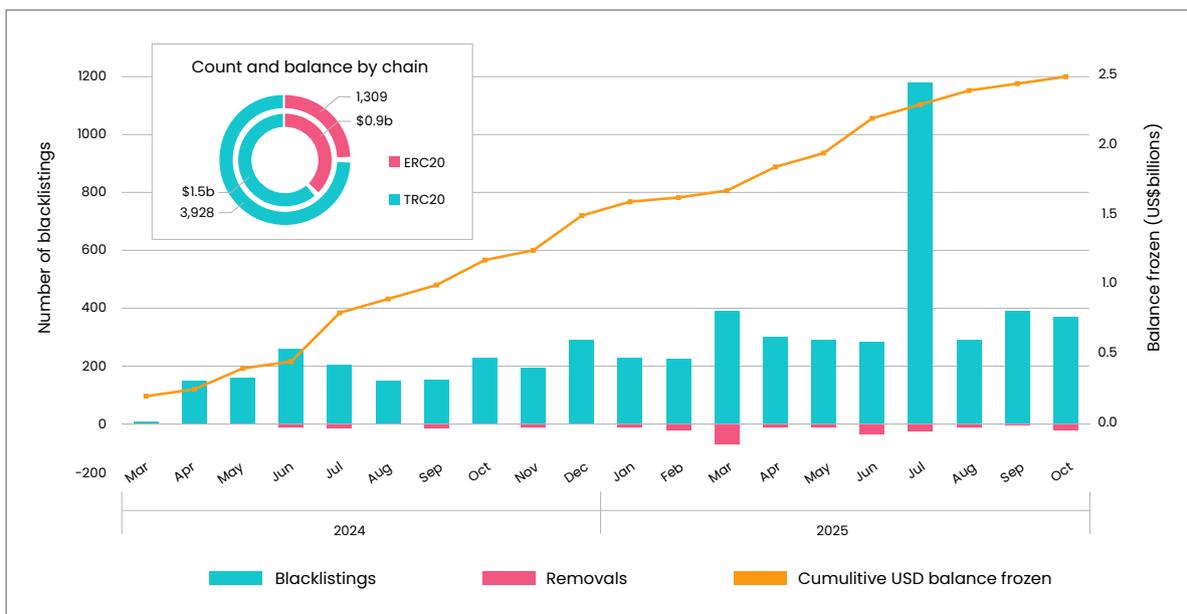
- **Stable value:** Bitcoin and other cryptoassets fluctuate heavily in value. Stablecoins don't. When criminals need to store illicit funds in crypto for a prolonged period, stablecoins' price stability protects their holdings.
- **Widening global acceptance:** Exchanges that handle stablecoins operate in jurisdictions worldwide. High trading volumes make it easier to hide illicit transactions in daily activity.
- **Cross-border interoperability:** Stablecoins move volume across borders without having to clear those transactions via the global correspondent banking system. This is particularly valuable for transnational crime. Similarly, sanctioned actors can find stablecoins useful for cross-border transactions involving goods and services commonly priced in major currencies like the US dollar or euro.
- **Multiple access points:** Criminals can buy stablecoins through mainstream exchanges, cryptoasset ATMs, unlicensed over-the-counter (OTC) brokers and instant swap services (also called "coin swap services"). Elliptic has found OTC brokers offering stablecoins in Iran, Gaza, Cambodia and Russia. Obfuscation services, like mixers and privacy wallets, also operate in stablecoins.
- **Fast settlement:** Stablecoins operate on blockchains that process transactions within seconds or minutes, enabling criminals to move funds quickly and reduce exposure to detection or interdiction.

Token blacklisting

Token blacklisting allows stablecoin issuers to prevent tokens in specific wallets from being transferred. When an issuer blacklists a wallet, the stablecoins in that wallet cannot be sent, traded or redeemed. In some cases, issuers may also “burn” (destroy) the blacklisted tokens. Issuers typically blacklist wallets in response to law enforcement requests or when they identify wallets associated with sanctions violations or other illicit activity.

Tether and Circle (the issuers of, respectively, USDT and USDC) have blacklisted around 5,700 wallets as of late 2025. Of these, 75% are USDT wallets on the TRON blockchain (where USDC stopped operating in February 2024). The rest are Ethereum Virtual Machine (EVM)-compatible wallets.

Elliptic estimates that these blacklisted wallets held approximately \$2.5 billion at the time of blacklisting, with two-thirds on Tron. The chart below shows blacklisting activity since March 2024.



Number of USDT/USDC TRON/ETH blacklistings per month

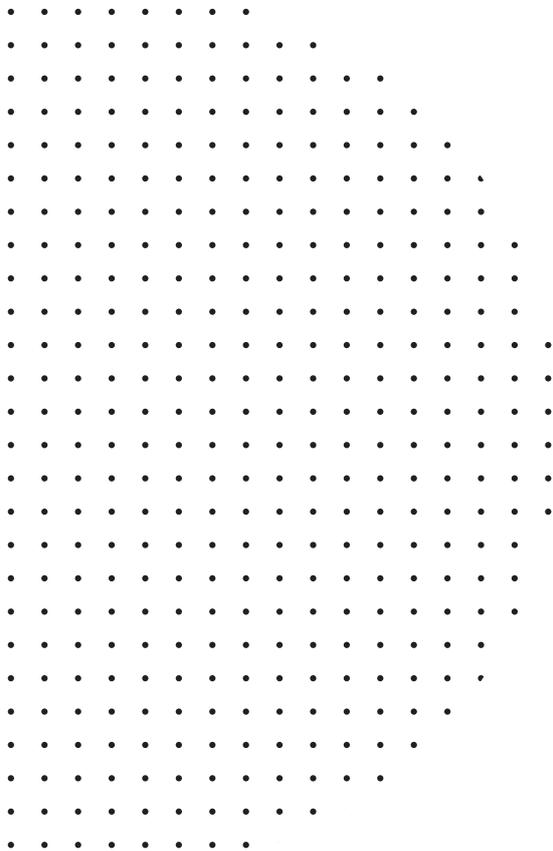
We estimate that the entities behind these wallets (excluding mainstream virtual asset services) have facilitated over \$185 billion in transactions. The biggest offenders include:

- Huione Pay (Cambodian payments service and cyber scam enabler)
- Garantex (sanctioned Russian exchange)
- A7A5 (Ruble-backed stablecoin and associated sanctioned exchanges)
- Wallets from the \$1.5 billion Bybit exploit (North Korea)
- Islamic Revolutionary Guard Corps (Iran)
- JPEX (collapsed Hong Kong crypto trading platform)

Below, we offer case studies that illustrate these financial crime risks, including scams and scam enablers, sanctioned entities, major hacks and Russia-based illicit activity (including foreign electoral interference, military fundraising and sanctions evasion).

Core emerging typologies include the creation and issuance of bespoke stablecoins that cannot be blacklisted for illicit activity and the use of:

- Stablecoins for sanctions evasion-as-a-service
- Stablecoins for financing war and conflict
- Decentralized services to swap proceeds of crime from freezable stablecoins to unfreezable ones to avoid blacklisting
- High-risk and sanctioned virtual asset services as on-ramps, exchanges and off-ramps for stablecoins. **E**



CASE STUDY

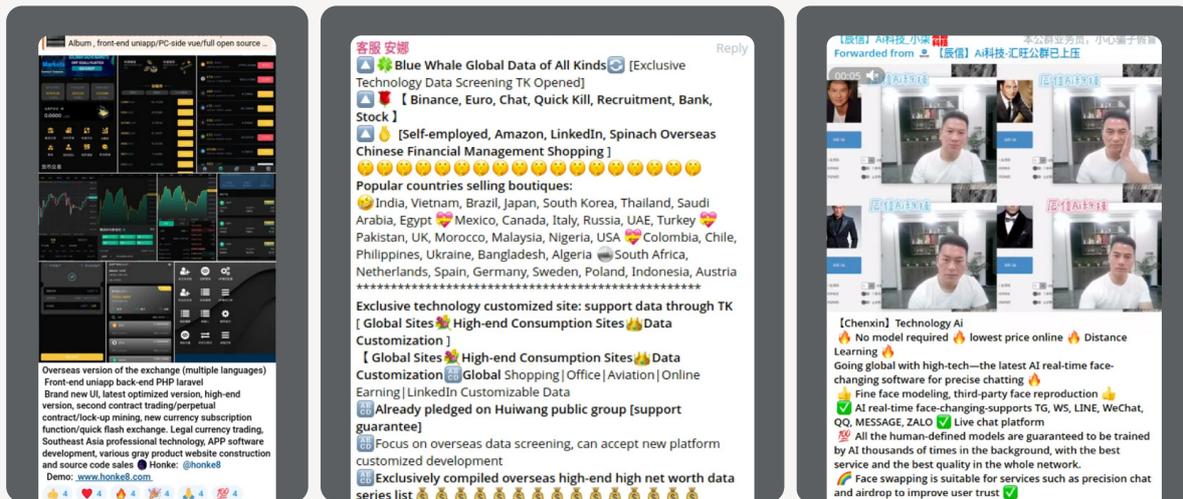
Scams and scam-enablers

Since 2020, industrial-scale cyber scam operations in Southeast Asia have stolen billions of dollars from victims through “pig butchering” and other illicit activity. These operations run out of dedicated compounds in Cambodia, Myanmar and Laos, often staffed by victims of labor trafficking and operated by sophisticated organized crime groups.

Scammers and their organized crime groups use stablecoins across three stages of the industrialized cyber scam process:

- 01. Infrastructure and logistics
- 02. Running the scam
- 03. Laundering the proceeds

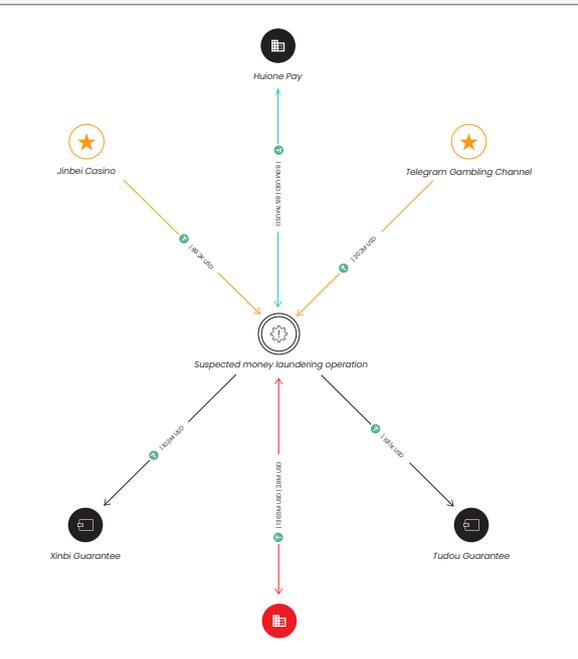
Infrastructure and logistics: Elliptic has exposed a wide range of illicit online marketplaces that sell goods and services to scammers, including scam investment web interfaces, contact details of high-net-worth individuals, money laundering services and AI deepfake and chatbot tools.



From Elliptic’s earlier research: Guarantee marketplaces on Telegram offering scam web interfaces, stolen data of high-net-worth individuals and AI face-changers for stablecoin payments.

Laundering the proceeds: Scam proceeds then move through networks of complicit OTC brokers, online gambling sites and payment services like Huione Pay. Guarantee marketplaces also provide money laundering services, with numerous public groups offering to act as “motorcades” (i.e., money mules) to layer scam proceeds.

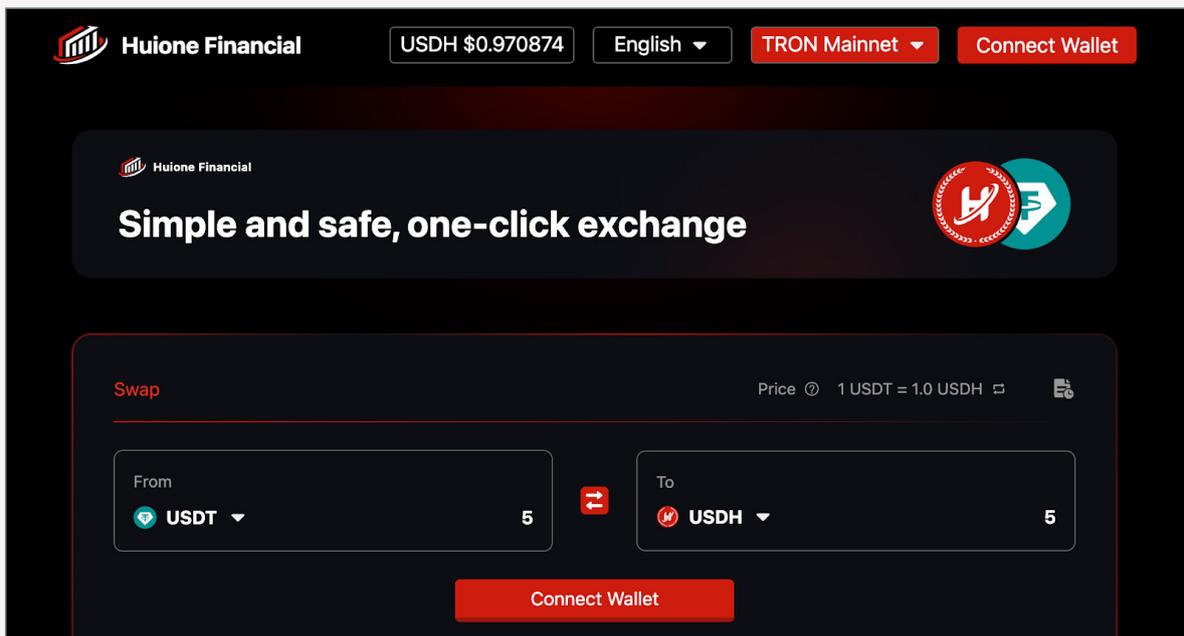
Stablecoins again feature heavily. They move across borders easily and virtual asset services across Southeast Asia accept them, especially no-KYC OTC brokers. Their prolific use of the Huione Group to launder the proceeds of cyber scams led Tether to blacklist key wallets, as well as its designation by FinCEN as a Primary Money Laundering Concern under section 311 in May 2025.



Left: a USDT OTC broker in the Golden Triangle Special Economic Zone, Laos, an area known for cyber scam centers. **Right:** Elliptic Investigator graph showing a suspected stablecoin-only money laundering operation receiving funds from Cambodia’s Huione Pay, the sanctioned Jinbei Casino in Sihanoukville (Cambodia) and an online gambling channel.

As scrutiny has grown and major issuers have blacklisted more wallets, Southeast Asia's cyber scam ecosystem has adapted. Huione Group released its own blockchain infrastructure and stablecoin to avoid blacklisting. This stablecoin (USDH) promotes that it cannot be frozen for those who are "worried about receiving black money" (despite their smart contract allowing for freezing functionality). Huione is also associated with a new blockchain project, Xone Chain, though it recently denied involvement.

USDH exists on Ethereum, TRON and BNB Smart Chain, but isn't in mainstream use yet. It has few holders and minimal transaction volume. Recent communications suggest that both Huione and Xone Chain infrastructure remain in development. **E**



A tool designed to swap USDT to USDH, though currently it does not have operational wallet connect functionalities.

CASE STUDY

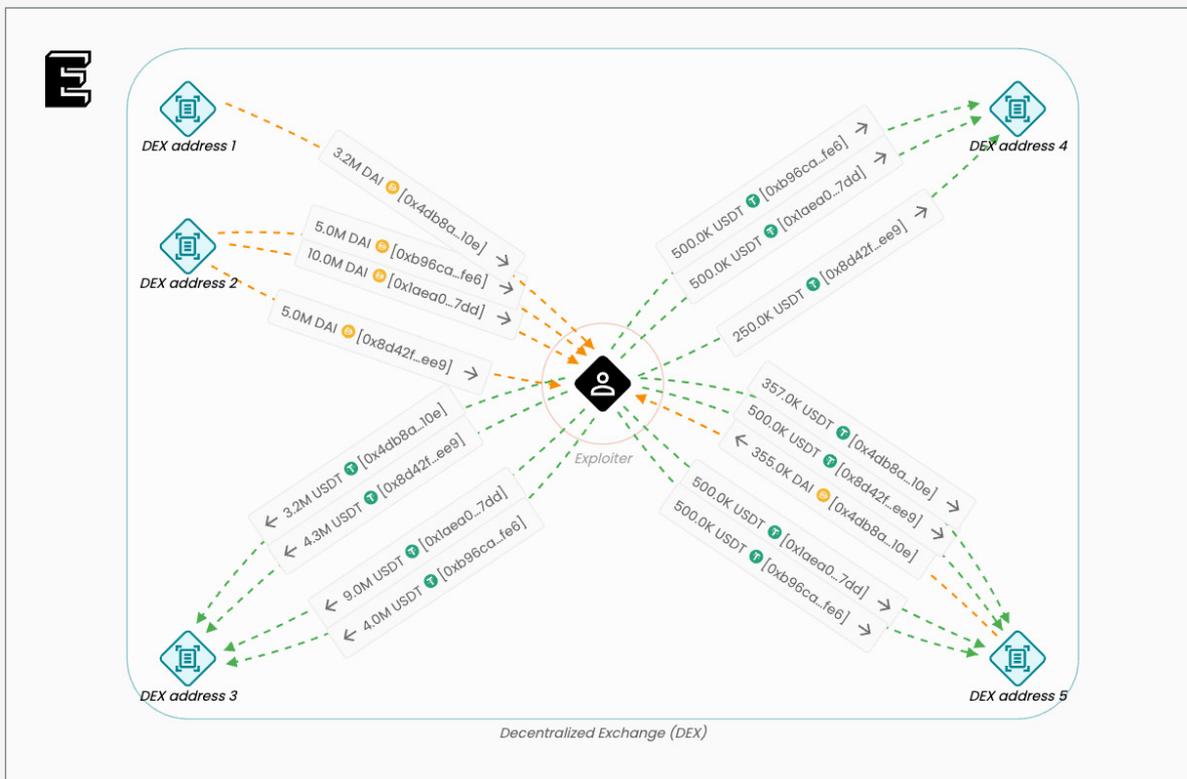
Major hacks and thefts

Hackers routinely steal stablecoins during large-scale attacks on DeFi platforms and exchanges. Examples include the [\\$1.5 billion Bybit hack](#) in February 2025 and numerous other exploits attributed to North Korea.

Because mainstream stablecoins can be frozen, hackers are vulnerable to blacklisting if they hold stablecoins in known wallets. To avoid this, they typically move stablecoins out of their wallets as quickly as possible. Our [2025 state of cross-chain crime report](#) covers this pattern in detail.

For example, the Mixin Network, a Hong Kong-based cross-chain peer-to-peer service, was exploited for approximately \$200 million in September 2023. The theft included \$23.6 million in USDT, which Elliptic [estimated](#) constituted 93% of Mixin’s USDT reserves.

Likely anticipating that Tether could blacklist the funds, the hacker swapped all the USDT for DAI within hours. DAI, unlike USDT, cannot be frozen. The funds have not moved since. The hacker made these swaps via a DEX, shown in the Elliptic Investigator graph below. 



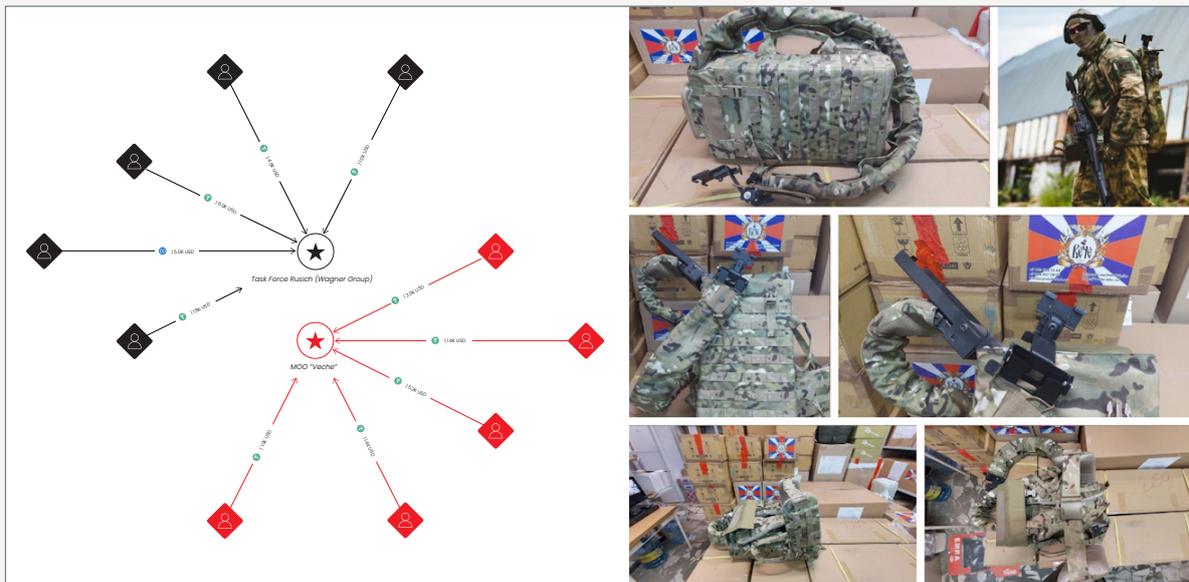
From Elliptic’s earlier research: Guarantee marketplaces on Telegram offering scam web interfaces, stolen data of high-net-worth individuals and AI face-changers for stablecoin payments.

CASE STUDY

Russia-based military fundraising, sanctions evasion and foreign electoral interference

Russia and neighboring countries under its influence host high-risk VASPs and entities involved in foreign electoral interference, sanctions evasion and financing Russia’s invasion of Ukraine. These risks have grown since the start of the invasion, after comprehensive sanctions hit Russian assets in February 2022.

Military fundraising: Several fundraisers, including some sanctioned and affiliated with the Wagner Group, operate stablecoin donation addresses and promote them on social media. These groups use donations to procure drones and other military equipment or provide training for Russian soldiers and mercenaries fighting in Ukraine. Our [Crypto in Conflict](#) report, published a year after the full-scale invasion, contains more insights into these entities.



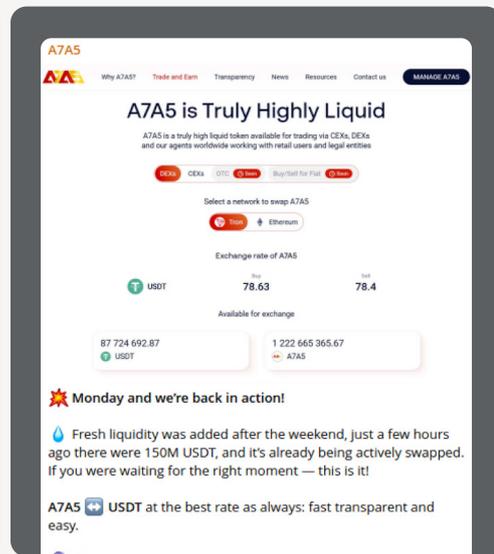
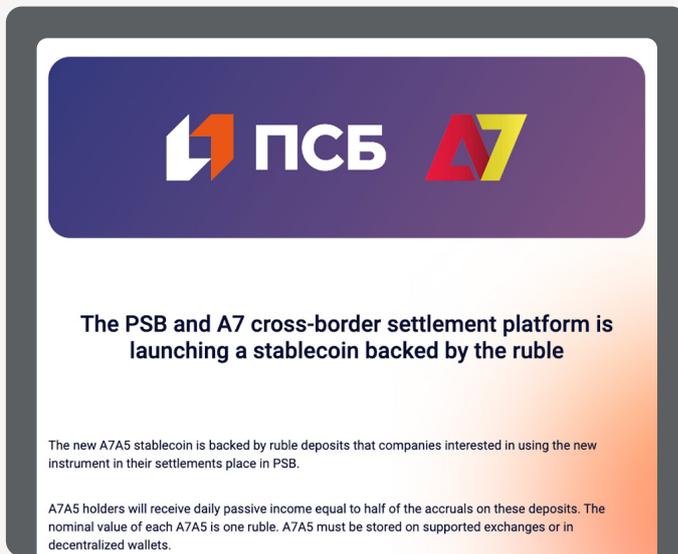
A sample of stablecoin donations made to two sanctioned Russian military fundraisers, namely the Interregional Public Organization (MOO) “Veche” and the Wagner Group-affiliated Task Force Rusich. A selection of military equipment claimed to be procured by MOO “Veche” through donations is shown on the right.

Sanctions evasion via bespoke stablecoins:

As sanctions have grown and mainstream stablecoin issuers have blacklisted more wallets, several Ruble-backed stablecoins were launched to bypass financial restrictions. One is A7A5, launched in Kyrgyzstan in January 2025 and available on TRON and Ethereum.

A7 LLC created A7A5 to help Russian businesses impacted by western sanctions with cross-border payments. The UK and the EU sanctioned A7 in May and July 2025, respectively. A major shareholder of A7 is the sanctioned Russian state-owned bank Promsvyazbank (PSB), which serves Russia’s defense sector and holds the assets backing A7A5’s value.

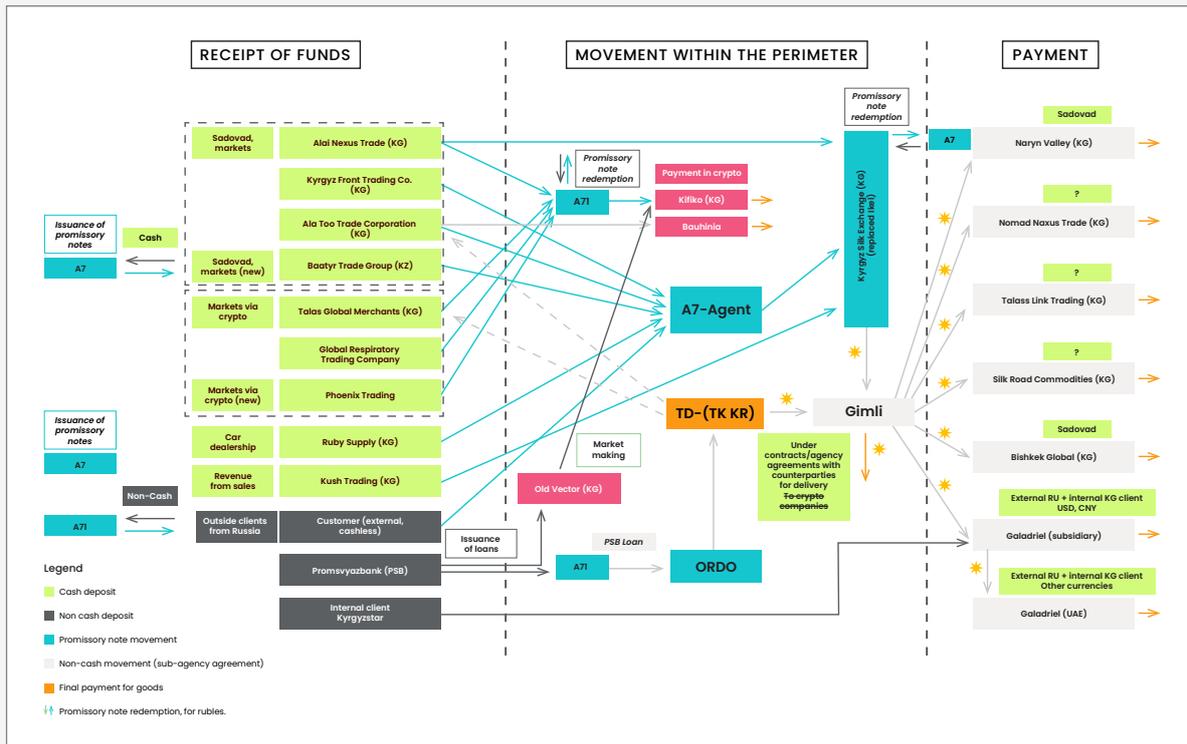
Over \$1 billion flows through A7A5 daily. As of November 2025, approximately 32,000 crypto accounts held A7A5. Key liquidity providers include the high-risk crypto exchanges Meer, Grinex, Bitpapa and (before seizure) Garantex. A7A5’s DEX and several mainstream DEXs also provide liquidity pools letting users anonymously exchange A7A5 for USDT. Elliptic’s analysis of leaked A7 documents revealed how \$2 billion USDT was spent at exchanges to build liquidity and promote A7A5 listings.



Left: A press release announcing the launch of A7A5 by Promsvyazbank and A7. **Right:** A7A5’s issuer announces the provision of new USDT liquidity on its DEX.

A leaked internal presentation slide titled “Internal settlement scheme of Group A7” shows how payments from Russia flow through various

companies, primarily in Kyrgyzstan, a close Russian ally. The slide shows the use of cash, promissory notes and cryptocurrency to exchange value.



Translated from a Russian language slide, titled "internal settlement scheme of Group A7"

A7A5 isn't the only Ruble-backed stablecoin. But, like Huione's USDH, it shows how custom stablecoins enable sanctions evasion-as-a-service. State-backed actors like PSB can provide the liquidity needed to sustain these operations at scale.

Foreign electoral interference: Leaked chats from A7 in September 2025 revealed how Moldovan-sanctioned fugitive Ilan Shor, a pro-Russian businessman and major stakeholder in A7, used stablecoins to support pro-Russian candidates in Moldova's October 2025 parliamentary elections.

In the leaked chats, software developers discuss projects like the "Taito" app to manage and pay political activists. In August 2025, Moldovan police warned that Taito was being used for illegal electoral financing and voter bribery. Other projects include "Callcenter", an app used for conducting political polling in Moldova. Recent reports allege that a Shor-linked network has engaged in illegal polling.

The leaked chats show that the infrastructure for these projects is paid for in USDT. This helps ensure operations continue despite sanctions on Shor and his companies.

You can read further about our research into Russian military fundraising and A7A5 here:

- [Our 2023 Crypto in Conflict report](#)
- [Our investigation into the rise of the A7A5](#)
- [Our investigation into the A7 leaks and foreign electoral interference.](#) **E**

CHAPTER 3

How to incorporate on-chain monitoring into your compliance and risk management framework

This chapter describes the practical steps that compliance teams at issuers and financial institutions can take to incorporate blockchain monitoring into their compliance and risk management frameworks for stablecoin-related activities. Successful risk management requires two steps:

- Identifying and defining key risk factors
- Using blockchain analytics solutions

Identifying and defining key risks factors and tolerance levels

Once compliance teams understand the financial crime risks of stablecoin-related activities, they can take steps to define their tolerance for accepting those risks, which becomes the basis for control design.

Assessing risk and defining risk appetite draw on established compliance and risk management approaches that regulated firms already use, and can translate directly to activity involving stablecoins. This process forms the foundation for how a compliance team uses on-chain monitoring solutions like Elliptic's to manage stablecoin risks.

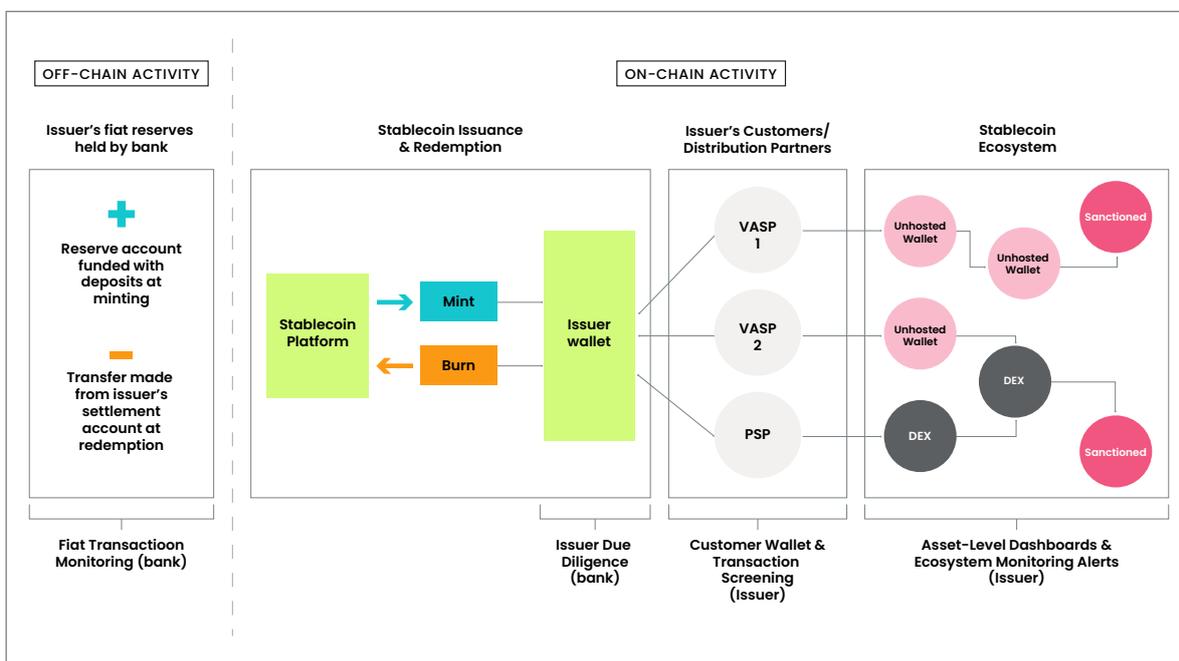
The below table is a non-exhaustive list of risk factors that issuers and financial institutions should consider when designing their risk management framework.

RISK FACTOR	KEY CONSIDERATIONS
Product and service	<ul style="list-style-type: none"> • What is the stablecoin's nature and intended purpose? Is it intended for retail use, institutional use or both? Is it primarily for use cases like payments, remittances or a range of uses? • What is the current and anticipated total value of tokens in circulation? • Which fiat currency (or currencies) back the stablecoin? • For financial services offered to an issuer, what services are provided? Basic operating accounts? Safekeeping services and settlement accounts? Reserve management and advisory services?
Geographical	<ul style="list-style-type: none"> • Where is the issuer headquartered? • Where is the issuer registered or licensed? • In which jurisdictions does it issue its stablecoin?
Customer/Counterparty	<ul style="list-style-type: none"> • Who are the issuer's customers and counterparties? What is their risk profile? • Are they financial institutions, payments firms, VASPs or a combination? • Are they located in low-risk jurisdictions or high-risk jurisdictions? • Are they subject to regulation and compliant with AML/CFT measures?
Transaction	<ul style="list-style-type: none"> • What is the expected frequency and value of the issuer's activity, both in fiat currency and on-chain?
Technology	<ul style="list-style-type: none"> • Is the stablecoin issued on an open, public blockchain or on a private, permissioned ledger? • What are the features of any blockchains where the stablecoin is issued, such as transaction speed and the level of transaction transparency? • Can the stablecoin be used easily in DeFi applications and moved across blockchains, through services such as cross-chain bridges? • Has the issuer developed freezing capabilities for its stablecoin? Does it have policies and procedures to freeze its stablecoin in response to law enforcement and judicial requests?

Using blockchain analytics solutions

Once issuers and financial institutions assess and define their risk appetite and tolerance levels for stablecoin-related activity, they can add the appropriate blockchain analytics solutions to measure and control their exposure to those risks.

For issuers, this means implementing monitoring capabilities to assess both activity involving their direct customers, as well as risks across their entire token network. For banks and other financial institutions working with issuers, this involves monitoring the issuer's on-chain activity to conduct issuer due diligence (IDD).



The above image demonstrates where stablecoin issuers and financial institutions apply ongoing monitoring arrangements for financial crime risk detection. In this example, a bank provides an issuer with reserve asset safekeeping services and a fiat-currency settlement account.

The bank applies its standard transaction monitoring controls to the issuer's fiat currency accounts, but can use IDD capabilities to monitor on-chain activity involving the issuer's wallet addresses used for issuing and redeeming tokens.

The issuer, in turn, conducts on-chain wallet and transaction-level screening on transactions involving its direct customers and partners, which in this case include VASPs and a payment services provider (PSP). But it also utilizes asset-level dashboards and Ecosystem Monitoring alerts on a risk-sensitive basis across its broader token network.

Blockchain monitoring for issuers

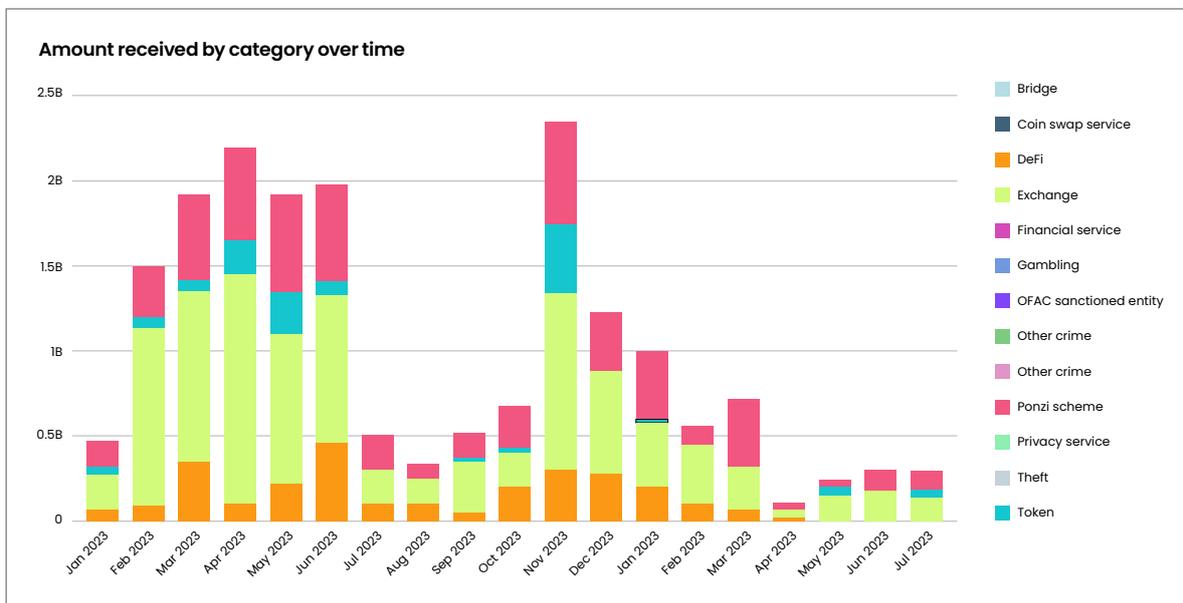
Consistent with existing regulatory expectations and industry guidance, issuers should use cryptoasset wallet and transaction screening solutions like Elliptic Lens and Navigator to conduct ongoing monitoring on activity involving their direct customers. These solutions should, at minimum:

- Identify any direct exposure to cryptoasset wallets associated with high-risk actors, including sanctioned persons
- Flag customer and partner transactions that involve indirect exposure to high-risk actors' wallets through multiple intermediary wallets (or hops)
- Identify on-chain red flag indicators of illicit activity based on known typologies of illicit activity, such as sanctions evasion, fraud and money laundering

Where issuers observe that their direct customers are engaging in activity of concern they can take appropriate action, such as filing SARs and evaluating the appropriateness of the customer relationship, taking action to end customer relationships that they deem to present unacceptable risks.

To identify and control risks across their broader stablecoin ecosystem, issuers need on-chain insights into two categories:

01. Asset-level due diligence insights that show emerging risks and trends across the issuer's stablecoin ecosystem, enabling effective top-down due diligence governance of risks.
02. Wallet and transaction-level monitoring insights that alert the issuer's compliance team to high-risk activity across their stablecoin ecosystem.

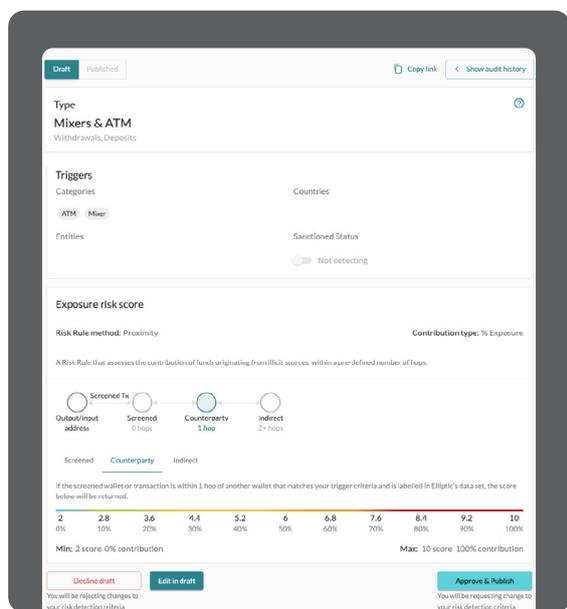


The above dashboard from Elliptic's Ecosystem Monitoring solution shows examples of a token's asset-level exposure to different types of entities and risk categories over time.

For asset-level due diligence, the issuer needs access to data showing ongoing trends in both licit and illicit activity across their token ecosystem. Elliptic’s solutions for stablecoin issuers include asset analytics dashboards that visualize the stablecoin’s transactional activity over time and exposure to high-risk categories and entities. These dashboards include regular reporting on aggregated stablecoin volumes, showing:

- Any indicators of increased usage among sanctioned or other high-risk actors
- Trends indicating whether total value of stablecoin transactions flowing to/from VASPs is increasing or decreasing
- Whether the stablecoin is increasingly being sent to/from other blockchains via services like cross-chain bridges

Using these insights, an issuer’s compliance team can take proactive steps to address emerging risks. For example, an issuer may freeze wallets associated with sanctioned persons, or work proactively with law enforcement to identify wallets associated with other illicit activity.



The above image from the Elliptic Risk Engine demonstrates how an issuer’s compliance team can use configurable risk rules, so they’re alerted to the highest priority risks.

Similarly, if an issuer identifies increasing transactions involving services, such as high-risk VASPs or cross-chain bridges, they can use these insights to assess if they want to modify their direct customer monitoring arrangements in line with their risk appetite.

For wallet and transaction-level risks across their broader token network, issuers should utilize solutions such as Elliptic’s Ecosystem Monitoring capabilities that provide proactive risk alerts on stablecoin activity of significant concern.

Critically, an issuer’s use of blockchain analytics solutions to receive Ecosystem Monitoring alerts should be configured on a risk-sensitive basis to prioritize identifying the highest risks it faces — such as sanctions risks. This is especially important when attempting to identify risks across the entire token network, as an inadequately configured risk detection solution may produce an unmanageable volume of alerts. When considering whether to implement Ecosystem Monitoring alerts, an issuer’s compliance team should consider whether the solution:

- Offers sufficient flexibility in configuring monitoring alerts to address the issuer’s specific risk profile and reduce the likelihood of false positive alerts
- Includes the ability to identify behavioral indicators of on-chain activity relevant to the issuer’s risk profile, and whether the solutions provider updates these detection capabilities based on evolving understanding of criminal typologies
- Can reliably identify indirect exposure to illicit actors through multiple hops, including where funds are transferred across blockchains or swapped for different assets (Solutions that stop tracing for exposure at a predefined number of hops are unlikely to satisfy regulatory expectations for identifying indirect exposure among customer transactions.)

CASE STUDY

Ecosystem Monitoring in action

Elliptic's [partnership with Banking Circle](#) demonstrates how issuers can leverage Ecosystem Monitoring for successful regulatory compliance and risk management.

Banking Circle is a fully licensed correspondent bank that specializes in providing fast, efficient access to digital financial services. In August 2024, it launched EURI, one of the first euro stablecoins compliant with the Markets in Crypto Assets Regulation (MiCA).

With the launch of EURI, Banking Circle needed to ensure comprehensive compliance, while also providing an innovative digital money solution. The stablecoin, designed to offer 24/7 access to digital money with out-of-hours settlement capabilities, required robust monitoring and risk management systems to prevent exposure to illicit actors and ensure Banking Circle's compliance with MiCA and other regulatory requirements.

To support its launch of EURI, Banking Circle used Elliptic's Ecosystem Monitoring, screening solutions and bespoke training to:

01. Implement comprehensive Ecosystem Monitoring for EURI
02. Screen wallets effectively for regulatory compliance
03. Monitor ongoing risks from a financial crime perspective
04. Drive operational efficiency without requiring additional resources
05. Make faster, data-driven decisions. 

Issuer Due Diligence (IDD) for financial institutions

For financial institutions working with issuers, on-chain monitoring solutions should focus on identifying whether an issuer is operating in line with its expected risk profile. Elliptic's [Issuer Due Diligence](#) solution — the first purpose-built blockchain monitoring capability designed specifically for banks providing services to issuers — enables financial institutions to evaluate and monitor issuer wallet risk. More specifically, it:

- Allows the financial institution to build bespoke clusters to assess risk. For example, it captures on-chain data from relevant issuer wallets, such as the wallets used for issuance and redemption, and settlement or deposit wallets of the issuers' customers
- Provides accurate insights into on-chain activity that measures the issuer's actual behavior against expectations
- Keeps the bespoke cluster data separate from Elliptic's wider dataset, so the data stays private to the financial institution

The on-chain data that matters for IDD depends on the risk factors present, as Wolfsberg’s guidance makes clear. As a practical example, consider a case where a bank wants to provide reserve safekeeping and settlement accounts for a stablecoin issuer. The bank’s off-chain due diligence finds that the issuer:

- Has a license in the jurisdiction where it will launch the stablecoin
- Will initially only provide minting/burning services to licensed or registered VASPs in that jurisdiction
- Has no significant adverse media
- Has invested in AML/CFT and sanctions compliance, with documented policies and procedures
- Lists its stablecoin on more than a dozen blockchains
- Uses blockchain analytics for monitoring both their direct customer activity, as well as activity across their broader token network

The bank’s compliance team decides this issuer is low risk, but they want to confirm that their off-chain findings match the issuer’s on-chain activity. At a minimum, the bank should use blockchain analytics like Elliptic’s IDD to monitor the wallets the issuer uses for issuance and redemption activities with its approved VASPs.

This doesn’t mean the bank should check every transaction for suspicious activity. Instead, where appropriate to the level of risk, it can use aggregated on-chain insights about the issuer’s specified wallets to cover all blockchains where the stablecoin exists and identify trends in the issuer’s on-chain activity on a regular (e.g. monthly) basis. This will help the bank spot any major changes in the issuer’s on-chain behavior.

Aggregated data can reveal:

- Indications that the issuer is transacting with new VASP partners that are higher risk
- Exposure to sanctioned or high-risk actors (direct or indirect)
- Transaction volumes and values that don’t match the issuer’s reserve size

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When the bank spots concerning activity, it can ask the issuer for more information, after which it can assess the impact on the issuer’s risk profile.

Sometimes, the bank may need more detail to verify whether the issuer’s explanation for its activity is consistent with on-chain data. The bank’s blockchain analytics solution should allow its compliance team to selectively review specific transactions, when needed.

For example, the bank’s aggregated on-chain data may show that an issuer’s wallet had exposure to sanctioned actors last month. The bank asks for an explanation, and the issuer responds: “This was indirect exposure to a sanctioned party we don’t interact with directly. One of our approved counterparties sent us funds. Those funds contained a small amount passed through a sanctioned actor’s wallet. This is coincidental, not sanctions evasion.”

So the bank reviews the specific on-chain transactions and the data shows:

01. The transactions were deposited into the issuer’s wallet
02. The exposure was indirect
03. Only very small amounts were involved
04. These small amounts had been pooled with much larger balances in intermediary wallets, before reaching the issuer

This validates the issuer’s explanation. The activity seems legitimate. In the following months, the bank checks aggregated wallet activity again:

- **Scenario 1:** No significant or increasing exposure to sanctioned parties. The bank stays confident that the issuer is low risk. No further review is needed.
- **Scenario 2:** Exposure to sanctioned entities has grown steadily. This contradicts the issuer’s previous statements. The bank conducts further review and may reassess the relationship.

By streamlining issuer onboarding and oversight, Elliptic’s IDD solution enables banks to confidently hold reserve assets for stablecoin issuers, while meeting compliance expectations and protecting their reputational and financial integrity. **E**

Conclusion

Stablecoins represent a fundamental shift in how money moves through the global financial system. With over \$300 billion in market capitalization, they're becoming essential infrastructure for the next generation of finance. For stablecoin issuers and the financial institutions that support them, the opportunity is significant. But success depends on effective financial crime risk management.

As this report shows, stablecoins present financial crime risks that compliance teams need to address. Some jurisdictions have seen the emergence of bespoke stablecoins designed to circumvent mainstream controls, such as Russia's A7A5 and Cambodia's USDH. Stablecoins also appear in money laundering schemes, sanctions evasion activity and large-scale exploits, where hackers quickly convert stolen funds to avoid blacklisting.

These risks are manageable. Issuers can blacklist stablecoin wallets in response to regulator obligations or law enforcement actions, making funds unavailable to illicit actors. The key is having the right monitoring capabilities in place to identify and respond to emerging risks and design appropriate controls.

Regulatory frameworks across major jurisdictions provide a starting point for operationalizing compliance controls. The FATF, HKMA and Wolfsberg Group have articulated standards for both issuers and financial institutions. These standards require two types of monitoring:

For issuers, asset-level dashboards and Ecosystem Monitoring alerts provide visibility across the entire token network: identifying when sanctioned parties interact with the stablecoin, tracking exposure to high-risk services, like mixers and bridges, and revealing whether the token is traded primarily on regulated or high-risk exchanges. In addition to monitoring for direct activity involving their customer, issuers can ensure robust regulatory compliance and risk management by obtaining these wider insights about their broader stablecoin network.

For financial institutions, issuer due diligence enables banks to verify that issuers operate in line with their stated risk profiles: monitoring the wallets used for issuance and redemption, spotting exposure to sanctioned actors and identifying transaction patterns that don't match the issuer's reserve size.

Elliptic's specific solutions designed for stablecoin risk management, including asset-level dashboards and [Ecosystem Monitoring](#) alerts, give issuers the capabilities they need to meet regulatory requirements and expectations. They offer flexible asset analytics that visualize exposure trends over time, and provide real-time alerts when high-risk actors interact with the ecosystem. With configurable risk rules through the Elliptic Risk Engine, issuers can receive alerts focused on the risks that matter most to their operations.

Elliptic's [Issuer Due Diligence](#) solution enables financial institutions to confidently provide services to stablecoin issuers. Built in collaboration with global financial institutions, it provides aggregated insights into issuer wallet activity across all blockchains, identifies indirect exposure through multi-hop attribution and streamlines both onboarding and ongoing oversight through enterprise-grade dashboards.

All these capabilities are backed by Elliptic's blockchain intelligence platform, which comprises over 100 billion data points and covers emerging assets like USDH and A7A5, the bespoke stablecoins that require heightened scrutiny.

Whether you're a stablecoin issuer building the future of finance or a financial institution supporting this transformation, Elliptic can help you manage financial crime risks and meet regulatory obligations. To learn more about how we can help, [contact us today](#).

ANNEX

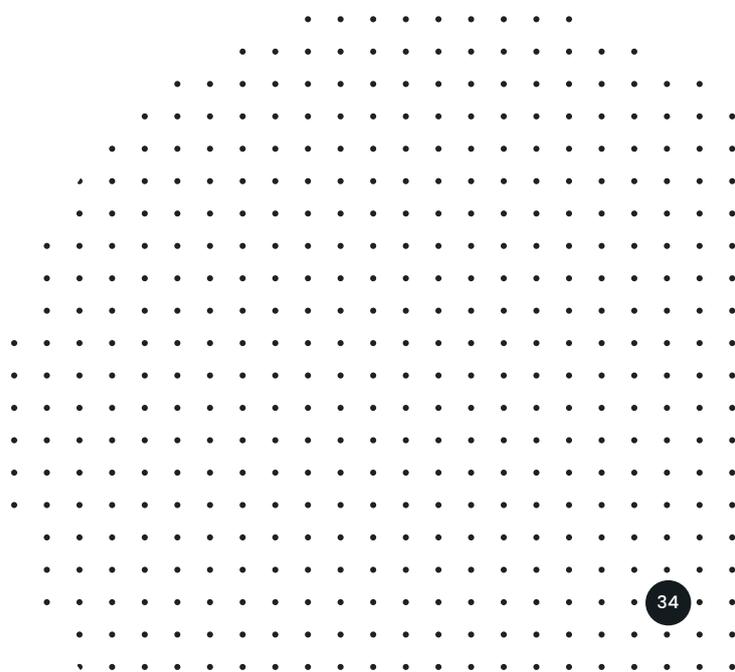
Current status of financial crime regulation and guidance on stablecoins

Americas	
JURISDICTION	RELEVANT MEASURES / GUIDANCE
United States	<p>The US Treasury Financial Crime Enforcement Network’s (FinCEN) interpretive guidance (May 19, 2019) on the application of its regulations to certain business models involving virtual currencies: https://www.fincen.gov/sites/default/files/2019-05/FinCEN%20Guidance%20CVC%20FINAL%20508.pdf</p> <p>The Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act (July 18, 2025) https://www.regulations.gov/document/TREAS-DO-2025-0070-0001</p> <p>US Treasury Request for Comment on Innovative Methods to Detect Illicit Activity Involving Digital Assets (August 18, 2025): https://www.regulations.gov/document/TREAS-DO-2025-0070-0001</p> <p>The US Treasury’s Advanced Notice of Proposed Rule Making (September 19, 2025) on GENIUS Act Implementation: https://www.federalregister.gov/documents/2025/09/19/2025-18226/genius-act-implementation</p>
New York State	<p>New York Department of Financial Services (NYDFS) guidance on the use of blockchain analytics (April 28, 2025): https://www.dfs.ny.gov/industry_guidance/industry_letters/il20220428_guidance_use_blockchain_analytics</p> <p>NYDFS Guidance on issuance of USD-backed stablecoins under BitLicense and Trust Charter regimes (June 8, 2022): https://www.dfs.ny.gov/industry_guidance/industry_letters/il20220608_stablecoin</p> <p>NYDFS letter to banking organizations on the use of blockchain analytics (September 17, 2025): https://www.dfs.ny.gov/industry_guidance/industry_letters/il20250917-blockchain</p>

Europe, Middle East, and Africa	
JURISDICTION	RELEVANT MEASURES / GUIDANCE
European Union	<p>Markets in Cryptoassets (MiCA) Regulation (entered into force in June 2023, effective for stablecoin issuers from 30 June 2024) https://eur-lex.europa.eu/eli/reg/2023/1114/oj</p> <p>Transfer of Funds Regulations (TFR) (entered into force in June 2023, effective for stablecoin issuers from 30 June 2024): https://eur-lex.europa.eu/eli/reg/2023/1113/oj/eng</p>
United Kingdom	<p>Financial Services and Markets Act 2023: https://www.legislation.gov.uk/ukpga/2023/29/contents/enacted</p> <p>Financial Conduct Authority (FCA) consultation on stablecoin issuance and cryptoasset custody (May 28, 2025): https://www.fca.org.uk/publications/consultation-papers/cp25-14-stablecoin-issuance-cryptoasset-custody</p> <p>Bank of England</p>
United Arab Emirates	<p>Virtual Assets Regulatory Authority of Dubai (VARA) regulations (2023): https://rulebooks.vara.ae/rulebook/virtual-assets-and-related-activities-regulations-2023</p> <p>Central Bank of the UAE, Payment Token Services Regulation (August 31, 2024): https://rulebook.centralbank.ae/en/rulebook/payment-token-services-regulation</p> <p>VARA Virtual Asset Issuance Rule Book (May 19, 2025): https://rulebooks.vara.ae/sites/default/files/en_net_file_store/VARA_EN_293_VER20250519.pdf</p> <p>Financial Services Regulatory Authority (FSRA) or Abu Dhabi Global Market (ADGM) consultation on proposed regulatory framework for fiat-referenced tokens (September 9, 2025): https://adgmen.thomsonreuters.com/sites/default/files/net_file_store/Consultation_Paper_9_of_2025.pdf</p>

Asia-Pacific	
JURISDICTION	RELEVANT MEASURES / GUIDANCE
Hong Kong	<p>Hong Kong Monetary Authority (HKMA) discussion paper on cryptoassets and stablecoins (January 2022): https://www.hkma.gov.hk/media/eng/doc/key-information/press-release/2022/20220112e3a1.pdf</p> <p>HKMA consultation conclusions on the proposed legislation to implement a regulatory framework for stablecoins (July 2024): https://www.hkma.gov.hk/media/eng/doc/key-information/press-release/2024/20240717e3a1.pdf</p> <p>Hong Kong Stablecoin Bill (effective from August 1, 2025) https://www.legco.gov.hk/yr2024/english/bills/b202412064.pdf</p> <p>HKMA guidelines on AML/CFT for licensed stablecoin issuers (August 2025): https://www.hkma.gov.hk/media/eng/doc/key-functions/banking-stability/aml-cft/Guideline_on_Anti-Money_Laundering_and_Counter-Financing_of_Terrorism_For_Licensed_Stablecoin_Issuers_eng.pdf</p>
Singapore	<p>Monetary Authority of Singapore (MAS) consultation on proposed regulatory approach for stablecoin-related activity (October 26, 2022): https://www.mas.gov.sg/-/media/mas-media-library/publications/consultations/pd/2022/consultation-on-stablecoin-regulatory-approach_finalised.pdf</p> <p>MAS response to the public consultation on the propose regulatory approach for stablecoin-related activities: https://www.mas.gov.sg/-/media/mas-media-library/publications/consultations/pd/2023/response-to-consultation-on-stablecoins-regulation_15aug2023.pdf</p> <p>MAS Notice PSN02 on the prevention of money laundering and countering the financing of terrorism for digital payment token services (took effect on June 28, 2021, last amended on June 30, 2025): https://www.mas.gov.sg/regulation/notices/psn02-aml-cft-notice---digital-payment-token-service</p>
Australia	<p>Australian Securities and Investments Commission (ASIC) updated guidance on financial products and services, including stablecoins (October 29, 2025): https://www.asic.gov.au/about-asic/news-centre/find-a-media-release/2025-releases/25-250mr-updated-asic-guidance-supports-digital-asset-innovation-and-boosts-investor-protection/</p>
Japan	<p>Japan Financial Service Agency (JFSA) notification on Travel Rule obligations for cryptoassets and stablecoins (May 26, 2023): https://www.fsa.go.jp/en/newsletter/weekly2023/540.pdf</p> <p>JFSA amendments to the Payment Services Act to provide for the licensing of authorized stablecoin issuers (May 26, 2023): https://www.fsa.go.jp/news/r4/sonota/20230526/20230526.html</p>

Global organizations and industry bodies	
JURISDICTION	RELEVANT MEASURES / GUIDANCE
Financial Action Task Force	<p>FATF updated guidance for a risk based approach on virtual assets and virtual asset service providers (October 28, 2021): https://www.fatf-gafi.org/content/dam/fatf-gafi/guidance/Updated-Guidance-VA-VASP.pdf.coredownload.inline.pdf</p> <p>Report to the G20 on so-called stablecoins (July 7, 2020): https://www.fatf-gafi.org/en/publications/Virtualassets/Report-g20-so-called-stablecoins-june-2020.html</p> <p>FATF targeted update on the implementation of the FATF standards for virtual assets (June 26, 2025): https://www.fatf-gafi.org/content/dam/fatf-gafi/recommendations/2025-Targeted-Update-VA-VASPs.pdf.coredownload.pdf</p>
Wolfsberg Group	<p>Guidance on the provision of banking services to fiat-backed stablecoin issuers (September 8, 2025): https://wolfsberg-group.org/resources/204/</p>



Glossary

Asset-level due diligence: The use of aggregated blockchain data by stablecoin issuers to obtain insights into high-level trends about risks across their entire stablecoin network.

Burning: The destruction or withdrawal from circulation of stablecoin tokens by the issuer when a user requests to redeem their tokens for fiat currency. Burning decreases the total supply of stablecoin tokens in circulation, ensuring that the number of tokens remains on par with the value of the issuer's reserve assets

Cross-chain bridge: A blockchain-based service that allows users to move funds across different chains while ensuring that those funds remain denominated in the original asset. For example, with a bridge, a user's Bitcoin can be sent from the Bitcoin blockchain to the Ethereum blockchain, where the funds will be represented as Wrapped Bitcoin.

Decentralized exchange (DEX): A smart-contract based service that enables users to swap cryptoassets peer-to-peer without the presence of a centralized intermediary broker or custodian

Ecosystem Monitoring: The use of blockchain analytics by stablecoin issuers to generate alerts on high risk wallets and transactions across their broader token ecosystem, beyond any monitoring they may conduct on their immediate customers and partners.

Issuer Due Diligence (IDD): The use of blockchain analytics data by financial institutions to enable them to monitor on-chain activity associated with a stablecoin issuer

Minting: The creation of new stablecoin tokens by the issuer upon receipt of an equivalent value of fiat currency from a user; minting increases the total supply of stablecoin tokens in circulation, ensuring that the number of tokens remains on par with the value of the issuer's reserve assets

Peeling chain: A process, commonly used as a money laundering technique, that involves a cryptoasset user repeatedly sending small amounts of funds to new intermediary wallets with the aim of obfuscating the original source of funds

Reserve assets: The fiat currency-denominated assets that a stablecoin issuer holds to back the value of the tokens they issue. Under relevant legal and regulatory standards, reserve assets should be comprised of high-quality, liquid assets such as cash held on deposit at insured institutions, short-term government securities and money market funds. Reserve assets must also be held separately from the issuer's corporate and operating funds.

ELLIPTIC

Elliptic is recognized as a WEF Technology Pioneer and backed by investors including J.P. Morgan, Wells Fargo Strategic Capital, SBI Group, Santander Innoventures and HSBC

Founded in 2013, Elliptic is headquartered in London with offices in New York, Washington D.C., Dubai, Singapore and Tokyo.

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