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MiCA's First Significant Stablecoin: USDC Enters New Supervision as EBA Takes Direct Prudential Oversight

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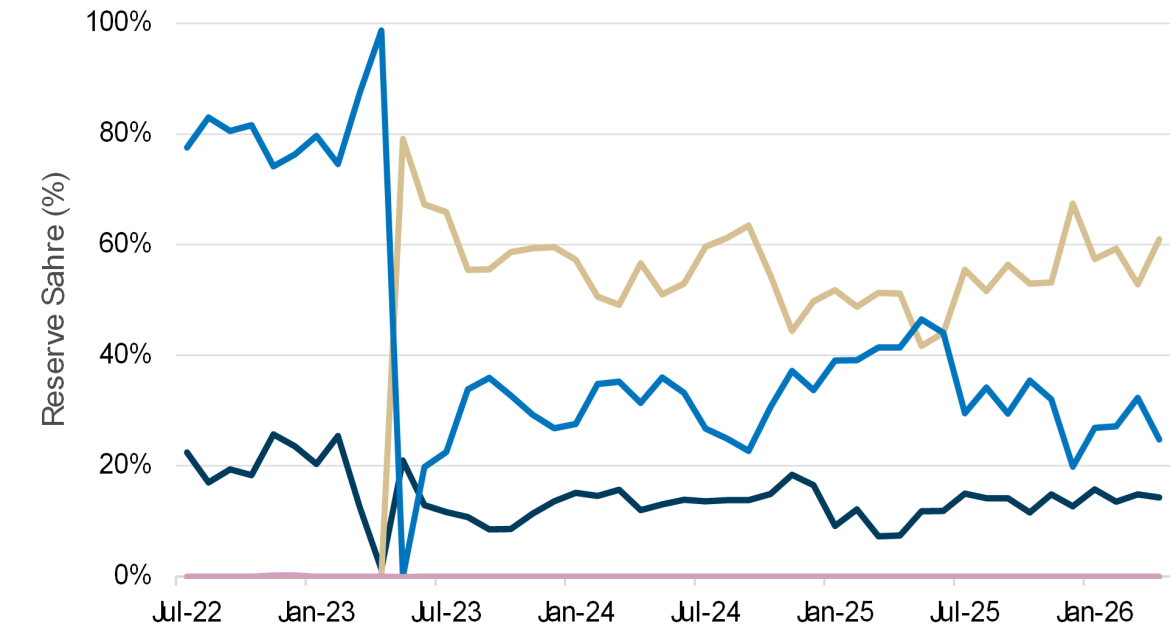
MiCA's First Significant Stablecoin: USDC Enters New Supervision as EBA Takes Direct Prudential Oversight

27 November 2026

Executive Summary

- The European Banking Authority has classified USDC, issued in the European Union by Circle Internet Financial Europe SAS, as the first significant e-money token under MiCA, out of 45 notified EMTs.
- From 12 November, USDC has entered dual supervision with the EBA directly overseeing own funds, reserve assets, liquidity requirements and recovery and redemption plans, while France's ACPR retains oversight of governance, qualifying holdings, fit-and-proper assessments, outsourcing and conflicts of interest.
- The classification shifts stablecoin oversight from a primarily national model to a scale-based EU framework, in which greater market significance triggers more intensive prudential supervision.
- The EBA's focus on reserves, liquidity and capital and recovery plans addresses the central stablecoin risk of whether an issuer can redeem holders at par during a market shock or surge in redemptions.
- The EBA-NYDFS MoU supports cross-border information exchange and crisis coordination, but it is a non-binding cooperation framework rather than a single transatlantic rulebook.
- The classification could increase Circle's capital, liquidity and compliance costs while raising supervisory expectations for large stablecoin issuers, making regulatory coordination between EU and US authorities critical.

Key Picture: USDC Reserve Composition and EBA Prudential Oversight



Source: GW

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1. A New Supervisory Milestone

On 14 October 2026, the European Banking Authority (EBA) classified the USDC, issued in the European Union (EU) by Circle Internet Financial Europe SAS, as the EU's first significant e-money token (EMT) under the MiCA. Of the 45 EMTs notified under MiCA, USDC is now the first to receive this significant classification and from 12 November 2026, has entered MiCA's dual-supervision framework. Consequently, the EBA now assumes direct responsibility for the issuer's funds, reserve assets, liquidity requirements and recovery and redemption plans, while France's Autorité de Contrôle Prudentiel et de Résolution (ACPR) retains oversight of governance, qualifying holdings, fit-and-proper assessments, outsourcing and conflicts of interest. Furthermore, since the USDC is issued in the EU by Circle Internet Financial Europe SAS and in the USA by Circle Internet Financial LLC, the EBA has also signed a memorandum of understanding (MoU) with the New York State Department of Financial Services (NYDFS) to facilitate cooperation and information exchange on cross-border stablecoin activities.[1]

This development is beyond a routine compliance designation and marks a structural shift in Europe's stablecoin regime i.e., as a token's scale and risk profile grow, supervision will accordingly grow from primarily national oversight to direct EU-level prudential oversight. Hence, the EBA's role is no longer limited to setting standards and is now an active supervisor of the financial resilience of a major stablecoin issuer.

2. What the EMT Classification Means

Under MiCA, the EBA annually assesses asset-referenced tokens (ARTs) and EMTs such as USDC to determine whether they meet the criteria to be classified as "significant".[2] In practical terms, a token becomes significant when its scale, use and interconnectedness reaches a point where its failure or disruption has consequences beyond its immediate holders. For this, MiCA sets quantitative thresholds for three criteria, while Commission Delegated Regulations (EU) 2024/1506 specifies the indicators used for the two qualitative criteria. An ART or EMT is deemed significant if it meets at least three of the applicable criteria.[3] [4]

This two-tiered approach operates on the logic of proportionality reflecting the underlying financial stability risks posed by stablecoins of varying scales. A small, locally used stablecoin may present limited systemic risk, but a widely held token that is frequently used in payments or deeply embedded in crypto and financial-market infrastructure can transmit stress through redemption pressure, reserve sales and counterparty exposures.[5] The "significant" classification therefore recognises its scale and usage and triggers an enhanced oversight commensurate with its potential impact. However, "significance" is not necessarily permanent as EBA makes assessments on an annual basis whether a token should be classified as significant or continues to meet the applicable criteria, making this a dynamic supervisory status rather than a one-off qualification.

Importantly, USDC's designation sets a precedent of converting MiCA's supervisory escalation mechanism into practice. It is the first of 45 notified EMTs to be classified as significant, establishing a concrete example for other issuers of how scale of their token can change their supervisory relationship with EU authorities.

Here, the key takeaway is that the EU is not treating all stablecoin identically. Instead, MiCA creates a graduated regime in which supervisory intensity increases with scale, interconnectedness and potential financial-stability impact.

3. The Supervisory Split: The EBA and ACPR

Because USDC is issued by an e-money institution, the EBA and the relevant competent authority now have joint supervision where the EBA focuses on the additional requirements that apply to significant EMTs, particularly liquidity and own funds, while the national authority remains involved in the wider supervisory relationship.[6] For the USDC, the practical division of responsibilities is explicit i.e., direct supervisory responsibility for own funds, reserve assets, liquidity requirements and recovery and redemption plans transfers from France's ACPR to the EBA.[7] These areas form the financial core of stablecoin supervision i.e. capital buffers absorb losses and

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support operational resilience, reserves underpin the token's redeemability, liquidity determines whether the issuer can meet redemption demand under stress and recovery and redemption plans test whether it can continue operating or wind down in an orderly manner.[8]

The division is coherent in principle, with EBA responsible for balance-sheet resilience and failure preparedness, while the ACPR retains responsibility for organisational integrity – how the issuer is governed, who controls it, who runs it, and how third-party relationships and conflicts of interest are managed. But dual supervision also creates a coordination challenge. The EBA and ACPR must share information, align supervisory expectations and avoid both regulatory gaps and duplicated demands on Circle. MiCA anticipates this by requiring the EBA to work closely with other competent authorities and by establishing supervisory colleges for issuers of significant ARTs and EMTs which facilitate cooperation, information exchange and non-binding opinions on specified matters.[9] [10]

Here, the most important measure of success will be if the two authorities can produce a single, coherent view of USDC's risks especially where governance weaknesses could affect reserves, liquidity or redemption capacity.

4. Why Prudential Oversight Matters

The importance of the EBA's new mandate lies in what stablecoins actually are once they reach a certain scale. An e-money token such as the USDC is not simply a crypto asset traded on an exchange, rather a claim on an issuer that is expected to be redeemable at par. In that sense, it combines features of a money-market instrument, a payment instrument and a liability backed by reserve assets. Its credibility therefore depends less on market sentiment than on whether the issuer can meet redemption requests promptly, even during a period of market stress.[11] [12] The EBA's direct oversight of USDC is designed to address precisely that vulnerability.

Reserve adequacy is the primary safeguard against stablecoin instability. A stablecoin issuer must hold assets sufficient to meet its outstanding token liabilities. If reserves are insufficient, poorly valued, concentrated or illiquid, confidence in redeemability can deteriorate rapidly.[13] The EBA's direct supervision of reserve assets therefore shifts attention from whether an issuer has a reserve policy on paper to whether its reserve portfolio can actually support redemptions in real time. Here, liquidity risks are also closely connected. A sudden increase in redemption demand can expose a mismatch between liabilities that holders expect to redeem immediately and reserve assets that cannot be converted into cash quickly or without a loss of value. This is the classic bank run dynamic where holders may redeem not because an issuer is insolvent, but because they fear others will redeem first.[14] [15] For a significant EMT, the EBA's focus on liquidity is intended to ensure that the issuer maintains sufficient capacity to absorb such pressure rather than relying on favourable market conditions.

Furthermore, operational and recovery risk is equally important. Stablecoin issuers depend on technology, custody arrangements, banking relationships, market infrastructure and third-party service providers. A cyber incident, counterparty failure or broader market disruption could impair an issuer's ability to process redemption or maintain normal operations. Recovery and redemption plans are therefore not administrative formalities, they are contingency frameworks that determine whether an issuer can restore services, meet holder claims or wind down in an orderly way.[16] [17] The EBA's supervision of these plans makes continuity and orderly failure central parts of stablecoin regulation.

Lastly, a major stablecoin may be connected to exchanges, payment firms, DeFi protocols and corporate treasuries and stress at the issuer's end can therefore spread through trading venues, collateral markets and payment channels, potentially affecting participants well beyond direct USDC holders.[18] [19] [20] This interconnectedness explains why MiCA treats significant EMT's differently as the additional requirements are intended to address the greater risks that such tokens may pose.

In this context, the EBA's approach makes resilience a continuing supervisory matter than a condition assessed only at authorisation. MiCA also establishes reporting obligations for issuers and crypto-asset service providers

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under the specified conditions.[21] Issuers submit reports directly to the EBA through a shared technical platform, while crypto-asset service providers submit daily data on tokens held to the issuers for aggregation.[22] This data architecture gives supervisors a more timely view of issuance activity, token holdings and potential risk concentrations, supporting both the significance assessment and coordinated supervision.

5. The EBA-NYDFS MoU

USDC's cross-border structure makes supervisory cooperation particularly important. A problem with reserve assets, liquidity, or redemption in one jurisdiction could therefore affect holders, trading venues and counterparties in the other, especially where the same token is issued and used across both markets.[23] [24] Addressing this concern, the EBA and the NYDFS signed an MoU to facilitate cooperation and information exchange on cross-border stablecoin activities.[25]

The MoU establishes a framework for exchanging supervisory and confidential information, coordinating in emergency situations, monitoring market and regulatory developments, and supporting the orderly functioning and integrity of stablecoin markets. Its practical scope extends well beyond a general commitment to dialogue as under the agreement, the authorities may share information on authorisation changes, token circulation and hold numbers, risk analyses, compliance assessments, reserve assets, own funds, liquidity management, stress tests, outsourcing, business-model changes and planned expansion. The agreement also creates operational channels for information exchange through secure electronic channels, participation in or assistance with investigations and on-site inspections across jurisdictions, and notification of material infringements that may affect stablecoin holders, market participants or financial markets in the other jurisdiction. In an emergency such as serious financial or operational difficulties or a major ICT security incident, the authorities are expected to inform each other promptly and seek coordinated responses where possible.[26]

The MoU is therefore a meaningful step toward a transatlantic stablecoin supervisory network; however, it is important to note that it is explicitly a statement of intent rather than a legally binding or enforceable agreement, and it does not override either authority's domestic laws or supervisory discretion.

6. Conclusion

For Circle, the classification may impose a tangible regulatory cost evident in Circle's disclosure that Circle France could face increased capital, reserve, liquidity and other prudential requirements under MiCA, potentially requiring additional EU capital or liquidity, raising compliance costs, or adversely affecting its business and financial condition.[27] For market, this sends a message that scale will bring closer scrutiny where significant EMT issuers will need stronger treasury, liquidity, risk and recovery capabilities, while well-reserved, supervised stablecoins may become more attractive to EU institutions and regulated firms.

Hence, the key question is whether the EBA and ACPR can coordinate without ambiguity, and whether the EBA-NYDFS MoU delivers timely information sharing and genuine crisis coordination. Success will further depend on whether other major issuers become significant and whether EU and US authorities align expectations on reserves, redemption and crisis management.

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