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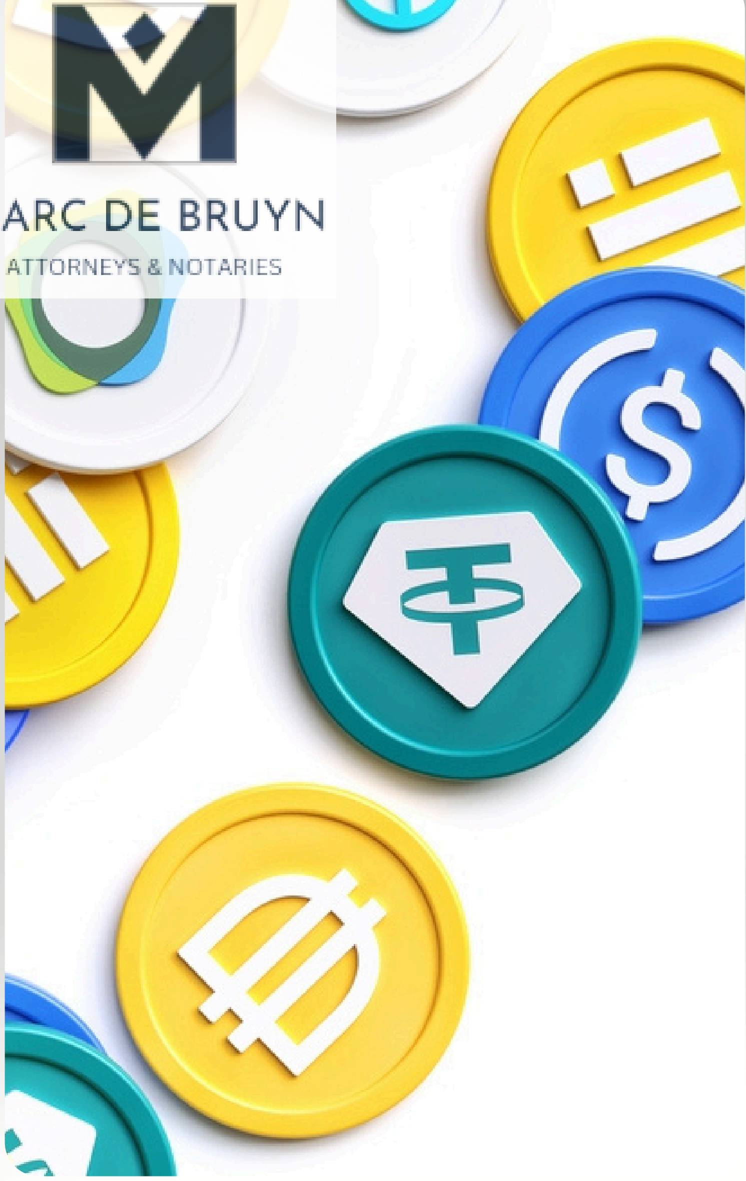

THE YUAN AWAKENS: CNH STABLECOINS TARGET AFRICA'S FINANCIAL FRONTIERS

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➡️ **Strategic new brief: Chinese Stablecoins and RMB liquidity in emerging markets ...**

MDBLaw is advising prospective stablecoin issuers from China preparing to launch yuan-pegged stablecoins backed by RMB reserves into the African market. This marks a significant shift in the global stablecoin landscape. While Tether (#USDT) and Circle (#USDC) continue to dominate, **#CNHstablecoins** offer institutional players a new option for FX diversification and geopolitical leverage.

Global Stablecoin Trends and RMB Entry ✓

Stablecoin transaction volumes reached $27.6 trillion in 2024, surpassing Visa and Mastercard combined. As of March 2025, the top 10 stablecoins hold $221.2 billion in market cap, with USDT and USDC accounting for over 90%. China's entry into this space, via RMB-backed models, introduces new settlement vectors and challenges dollar hegemony.

Stablecoins in Emerging Markets ✓

Stablecoins are digital assets pegged to fiat currencies and designed for price stability. In emerging markets, they enable frictionless trade, salary disbursements and currency stability, often without a bank account. Companies like #SpaceX and #ScaleAI already use stablecoins in Africa to bypass FX volatility and banking delays.

Regulatory Developments in China and Hong Kong ✓

Over the coming months, we will unpack CNH stablecoin design features vs USD features, bank-centric vs market-centric issuance models, different regulatory frameworks and best governance and use cases.

Strategically, CNH stablecoins are being positioned for Belt and Road corridors, offering digital alternatives to dollar-based flows. In SA newspapers, (China's Belt and Road shifts focus to Africa with record-breaking investments) China's BRI transactions with Africa reached $39 billion in H1 2025, outpacing all other regions and reflecting the Asian superpower's global infrastructure foreign policy pivot towards African states.

Regulatory frameworks are also evolving. China has yet to formalize a national stablecoin law, but Hong Kong has moved ahead with its stablecoin licensing regime with effect 1 August 2025.

South African Regulatory Landscape for Stablecoin Issuers ✓

Stablecoin issuance in South Africa remains outside the scope of formal regulation under the Financial Advisory and Intermediary Services (FAIS) Act and the FIC Act.

However, in light of recent legislative developments, particularly the GENIUS Act, we will continue to advocate for a **self-regulation of stablecoin issuers** incorporating standards in line with **international standard-setting bodies (SSBs)** such **independent auditing**, **segregation of reserve assets** and **redemption at par on demand with the issuer**.

🔎 We will further examine the South African context through the lens of the Financial Intelligence Centre (FIC) Act, CASP licensing under the FSCA, and FAIS implications for advisory and intermediary functions. Key regulatory and operational gaps to be addressed include **governance**, **financial soundness**, **AML/CFT compliance**, **reserve asset management and custodial logic**, **blockchain protocols** (such as coin transfer and validation mechanisms), **secure storage** and **user interaction flows**.

These dimensions will be unpacked as we collaborate with CNH-denominated stablecoin issuers to build compliant, corridor-specific models tailored to African markets, ensuring scalability and alignment with emerging global best practices.

📢 Stay tuned … this is just the beginning!

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IFWG South African Stablecoin Landscape Diagnostic.pdf

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