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US, Hong Kong Legalize Stablecoins Under New Finance Rules

August 3, 2025
— Categories: Finance

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Stablecoins are now legally recognized in both the United States and Hong Kong, marking a major turning point for digital finance. In the US, the bipartisan GENIUS Act (*Guiding and Establishing National Innovation for U.S. Stablecoins Act*), signed into law by President Donald Trump on July 18, 2025, introduces a formal regulatory framework. It mandates that stablecoins must be backed by dollar or dollar-equivalent reserves and comply with antimoney laundering (AML) standards. This law aims to resolve long-standing legal uncertainty and encourages broader adoption of stablecoins by businesses and consumers.

Hong Kong followed with its regulations, which came into effect on August 1, 2025. These rules require stablecoin issuers to obtain operating licenses, reinforcing both investor protection and AML compliance. The move aligns with Hong Kong's ambition to establish itself as a leading centre for cryptocurrency innovation. Though the US and Hong Kong have taken different legal approaches, both aim to strike a balance between encouraging financial innovation and managing systemic risk.

However, despite regulatory clarity, adoption challenges persist. The current Web3 infrastructure remains underdeveloped, limiting the real-world usability of stablecoins. Users often face difficulties when trying to integrate them into everyday transactions, such as payroll systems, cross-border payments, or automated business contracts. Existing tools are often too technical or fragmented for widespread commercial use.

Another barrier is the rigidity of smart contracts, which form the foundation of programmable money. Experts argue that these tools need to evolve to allow for more adaptable and intelligent financial automation. According to Porter Stowell, CEO of W3.io, widespread stablecoin adoption depends not just on legal frameworks but on accessible and user-friendly infrastructure. Businesses, he says, must be able to integrate digital currencies seamlessly into operations without specialized technical knowledge.

Looking ahead, the US Securities and Exchange Commission (SEC) is still consulting with industry leaders, suggesting further rule refinements may be on the horizon. Meanwhile, other markets like Monaco are exploring stablecoin use in areas like luxury real estate, highlighting their growing real-world potential.

In both the US and Hong Kong, stablecoins have cleared their first legal hurdle. The next step is to ensure they are practical, trusted, and easy to use across global markets.