



## Circle Internet Group, Inc. (CRCL, HOLD)

## Regulated First-Mover with Long-Term Optionality, Near-Term Valuation Rich

Bo Pei, CFA

[Bo.Pei@ustigersecurities.com](mailto:Bo.Pei@ustigersecurities.com)

## Initiating at HOLD with \$200 PT

(646) 437-6971

We are initiating coverage of Circle Internet Group, Inc. (NYSE: CRCL) with a HOLD rating and a \$200 price target. We view Circle as the first mover in regulation-friendly stablecoins, with USDC as the leading compliant digital dollar. Circle benefits from institutional trust, policy alignment (e.g., GENIUS Act), and strong distribution via Coinbase, banks, and developers. This gives it a solid foundation to capture outsized share as regulation advances. While crypto volatility remains, blockchain is increasingly seen as credible financial infrastructure. We're constructive on Circle's broader vision—particularly in payments and financial rails—but view these as long-term bets requiring ecosystem traction and policy clarity. At current levels, we believe much of this optionality is priced in, leaving the stock expensive at 59x '26E EBITDA.

**We are not concerned with high distribution cost.** Circle's 50% revenue-sharing with Coinbase is often flagged by investors we talked to, but we believe it's strategically sound. Coinbase has played a pivotal role in USDC's scale-up and liquidity, and the structure reduces Circle's go-to-market and compliance costs. Operating leverage has supported margin expansion despite high rev share, and we expect distribution costs to decline as Circle expands into non-crypto-native channels like payments and commerce.

**Interest rate is a major near-term risk.** In the near term, Circle is highly rate-sensitive, with reserve income still contributing ~95% of revenue. Fed easing under a soft landing could support crypto flows and USDC growth, offsetting yield compression. But in a hard-landing scenario, Circle faces a double hit—falling yields and declining circulation—underscoring the importance of diversifying into payments and infra.

**Meaningful TAM opportunities from payment and beyond.** Circle Payments Network (CPN) marks a key growth opportunity, targeting inefficiencies in the \$150T cross-border payments space. Even 1% share at a 5bp take rate could generate \$750M revenue. Over time, CPN could underpin a multi-vertical, blockchain-native financial stack, with stablecoins at the core of re-architected capital markets, payments, and credit systems. While still early, Circle's regulatory posture and tech stack offer real potential.

**GENIUS Act and the digitalization of dollar.** The GENIUS Act represents a regulatory breakthrough. Circle already meets most proposed standards—full-reserve backing, disclosures, AML/KYC—and stands to gain from rising compliance barriers. With USDC at \$61B (~28% share of \$250B stablecoin market), the Act could accelerate share gains in regulated use cases. In bullish scenarios, USDC circulation could exceed \$5.2T by 2035, generating >\$100B in annual income.

**The real threat might be from new entrants.** Long-term threats may come from traditional banks and tech giants—not from Tether. JPMorgan, Citi, Amazon, PayPal, and Meta could issue compliant stablecoins embedded in massive existing user ecosystems. These firms have scale and use cases (remittances, payroll, e-commerce) that Circle must compete with. To maintain leadership, Circle must expand USDC beyond crypto into real-world financial and commercial applications.

**Initiating with HOLD rating and \$200 price target.** We use a sum-of-the-parts approach. We value the reserve income segment at \$36.5B (40x 2026E EBITDA of \$912M) and Circle's emerging businesses (payments, infra, tokenized products) at \$11.7B using a 15–20x EV/sales multiple on \$621M of projected 2028 revenue. Combined, we arrive at a \$48.2B enterprise value, or \$202 per share.

## CRCL - Stock Data (as of 6/24/2025)

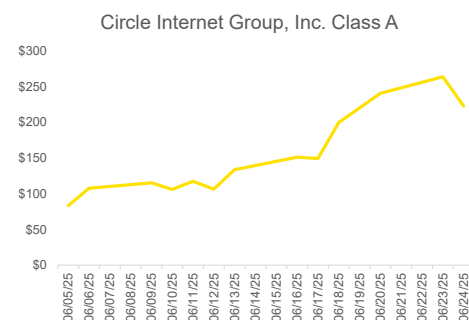
Ticker	CRCL
Rating	HOLD
Current Price (\$)	\$222.65
Target Price (\$)	\$200.00
Enterprise Value (\$mm)	\$54,145
Market Cap (\$mm)	\$54,621
Diluted Shares Outstanding (mm)	245
52-week Price Range	\$64.58 - \$298.99
30-day Avg. Trading Volume (mm)	50.01

## CRCL - Key Metrics (\$Bn, except EPS)

Fiscal Year Ending	Dec-23	Dec-24	Dec-25E	Dec-26E
Revenue	1.5	1.7	2.6	3.2
Revenue Growth	88%	16%	55%	21%
EBITDA	0.4	0.3	0.6	0.9
GAAP Diluted EPS (US\$)	\$0.00	\$0.73	\$1.58	\$2.49
EV/Sales	37.3x	32.3x	20.9x	17.2x
PE	NM	303.8x	140.5x	89.3x

Quarterly Revenue (\$mm)	1Q	2Q	3Q	4Q
2024A	365A	NA	NA	NA
2025E	579A	649E	669E	698E
2026E	721E	763E	801E	864E

Quarterly Diluted EPS (\$)	1Q	2Q	3Q	4Q
2024A	NA	NA	NA	NA
2025E	0.30A	0.39E	0.42E	0.46E
2026E	0.54E	0.60E	0.65E	0.70E



Source: FactSet, US Tiger Securities estimates



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## Company Information

Founded in 2013, Circle Internet Group, Inc. ("Circle") is a global financial technology firm at the forefront of building the new internet financial system. Circle's mission is to raise global economic prosperity through the frictionless exchange of value by leveraging blockchain infrastructure and programmable digital currencies. At the core of Circle's platform is USDC, a fully reserved, regulated U.S. dollar-denominated stablecoin that has become one of the most widely adopted payment stablecoins in the world. As of March 31, 2025, USDC and EURC are available on 20 blockchains with ~\$60B in USDC circulation, facilitating more than \$25 trillion in onchain USDC transaction volume to date.

Circle primarily generates revenue from two key segments:

- **Reserve Income:** Circle earns interest income on the reserves backing USDC and EURC. These reserves are held in highly liquid, price-stable assets, including U.S. Treasuries and cash equivalents. As of 2024, Circle generated \$1.66 billion in reserve income, up from \$1.43 billion in 2023 and \$736 million in 2022. Note that Reserve Income currently contribute the vast majority of CRCL's total revenue, accounting for 95%/99%/99% in 2022/2023/2024.

This revenue stream is highly sensitive to prevailing interest rates. In a rising rate environment, Circle benefits from higher yields on its reserve portfolio, which can significantly increase reserve income with minimal incremental cost. Conversely, in a low or declining rate environment, yield compression on reserve assets can pressure margins and revenue. As a result, macroeconomic policy, especially Federal Reserve interest rate decisions, plays a critical role in Circle's earnings trajectory. The company's Reserve Income surged from \$736 million in 2022 to \$1.66 billion in 2024, driven primarily by rising interest rates. Despite a 33% decline in average USDC in circulation—from \$49.8 billion in 2022 to \$33.3 billion in 2024—the reserve yield increased significantly from 1.48% to 4.98%, reflecting the impact of the Federal Reserve's rate hikes.

Going forward, reserve income will remain a structurally important and rate-sensitive contributor to Circle's financial performance.

- **Other Revenue:** Circle's Other Revenue segment encompasses services that enhance the utility and infrastructure of Circle stablecoins, primarily derived from integration services, transaction services, and various other revenue streams. Integration services involve the technical implementation of Circle stablecoins on public blockchains and are typically paid in digital assets, with revenue recognized at a point in time once the integration is complete. Transaction services include stablecoin-native payment processing, payouts, and ledger management, with revenue recognized over time based on the volume of transactions processed—Circle acts as the principal and reports gross revenues and expenses. Additional revenue sources include fees from managing USYC, a tokenized money market fund, which generate performance and redemption fees; cross-chain transfer and redemption fees, which are earned upon fulfillment; and developer services, which provide APIs, custody solutions, and programmable wallet infrastructure through subscription-based contracts. All together, Other Revenue contributed 5%/1%/1% of total revenue in 2022/2023/2024.

As shown in Figure 1 below, USDC is the second largest stablecoin in terms of circulation, following USDT. As of June 2025, USDC's **fiat-backed stablecoin** market share is 28%, vs. USDT's 70%.

So far, the demand for stablecoins has been closely tied to the broader crypto market cycle, with circulation volumes exhibiting strong procyclical behavior. During crypto bull markets, heightened trading activity, rising asset prices, and increased capital inflows into digital assets drive greater demand for liquidity, collateral, and onchain settlement—all of which fuel the adoption of stablecoins including USDC. In these periods, USDC serves as a trusted, dollar-denominated medium of exchange, widely used across centralized exchanges, DeFi protocols, and trading platforms. As a result, USDC circulation typically expands rapidly in bull markets, reflecting its role as foundational infrastructure for crypto-native capital markets.

Conversely, in bear markets, when asset prices decline and trading volumes contract, demand for USDC tends to fall as capital exits the ecosystem. This cyclical dynamic was evident in recent years: average USDC in circulation peaked during the late 2021–early 2022 bull run, then declined meaningfully through 2023 amid market drawdowns and deleveraging. Therefore, while Circle benefits from recurring reserve income tied to outstanding USDC balances, **the absolute size of USDC circulation—and thus its revenue base—is inherently influenced by crypto market sentiment and risk appetite.**



However, it's worth noting that this dynamic may evolve or become less pronounced over time as new use cases—such as payments—begin to drive a larger share of stablecoin demand.

Note that in Figure 1, USDC in circulation showed a sharper decline compared with USDT during the 2022 bear market. The collapse of FTX in November 2022 marked a major inflection point in the crypto market, significantly impacting stablecoin demand and particularly affecting USDC. As trust in centralized platforms deteriorated, investors became more cautious about counterparty risk and liquidity quality. While both USDC and USDT experienced redemptions during the initial shock, USDC saw a more pronounced decline in circulation. This was largely due to USDC's closer integration with DeFi protocols and regulated onchain finance, where redemption and unwinding of leverage occurred rapidly and transparently.

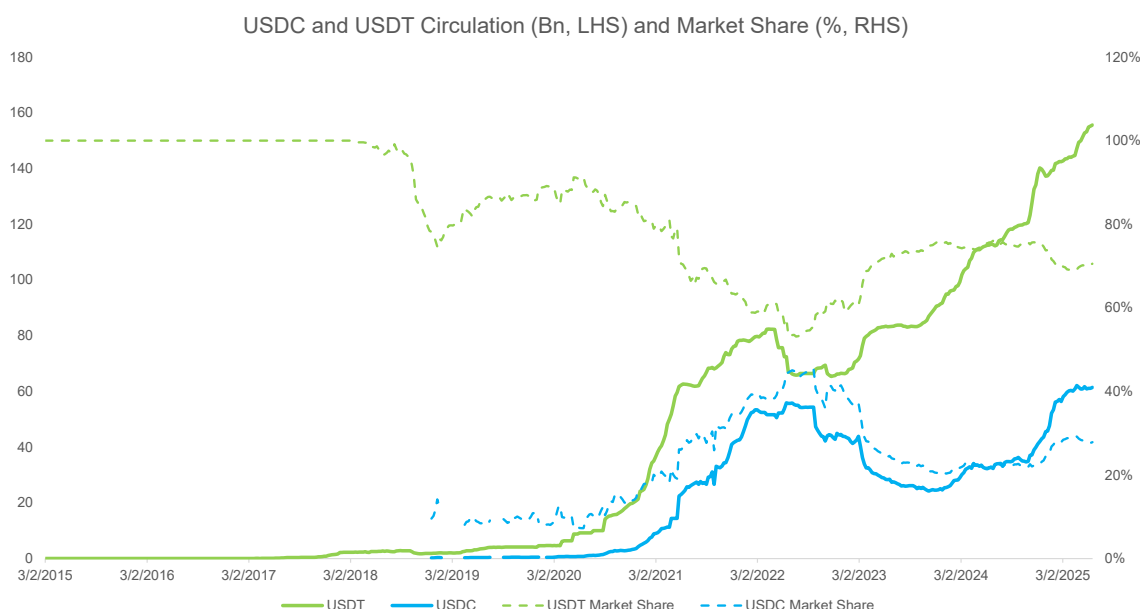
In contrast, USDT maintained stronger demand, particularly in offshore markets and centralized exchanges where it remains the dominant quote and settlement asset. USDT's relative resilience can be attributed to its entrenched role in high-frequency trading and cross-border arbitrage, as well as its broader use in jurisdictions with limited access to traditional USD banking.

In addition, the collapse of Silicon Valley Bank (SVB) in March 2023 had a disproportionate impact on USDC compared to USDT, exposing vulnerabilities in fiat-backed stablecoin operations tied to the traditional banking system. At the time, Circle held approximately \$3.3 billion of USDC reserves at SVB, representing about 8% of the total backing for the stablecoin. When news of SVB's insolvency broke, it triggered widespread fear over the solvency of USDC itself, leading to a temporary depegging—USDC fell to as low as \$0.88 on some exchanges.

In contrast, USDT was largely insulated from the direct effects of the SVB collapse, as Tether does not rely heavily on U.S. commercial banks and primarily holds its reserves in U.S. Treasury bills and other liquid instruments. As a result, USDT demand actually surged during the crisis as traders rotated out of USDC and into what they perceived to be a safer or more stable alternative under the circumstances.

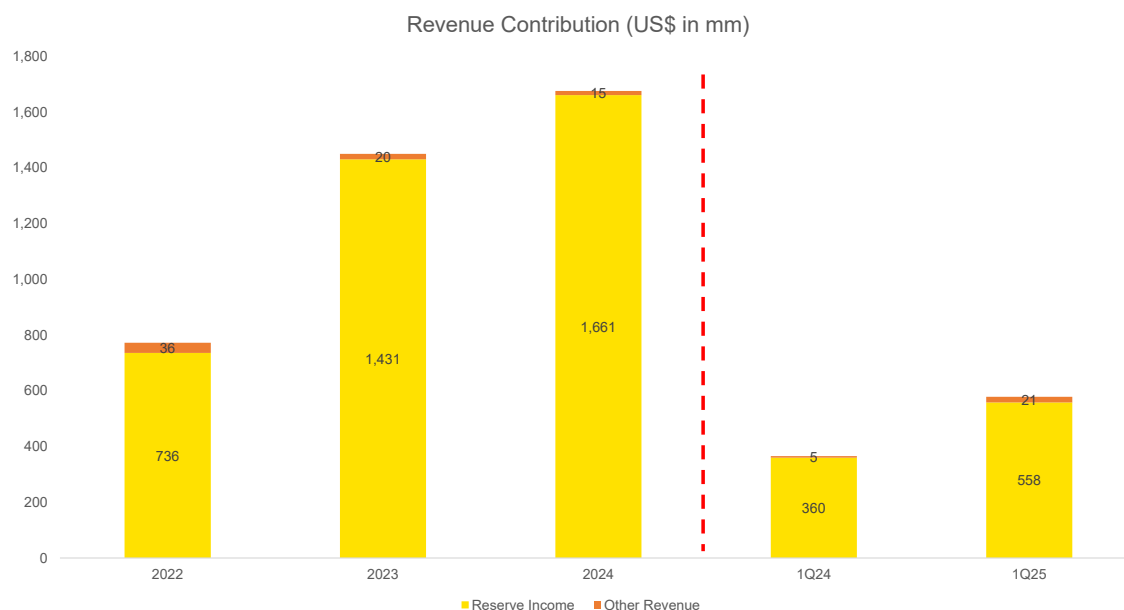
This episode underscored the market's sensitivity to reserve transparency and banking counterparties. Although Circle quickly reassured users and regained the peg within days after regulators guaranteed SVB deposits, the event dented short-term confidence in USDC and contributed to a decline in its circulation. It also highlighted the trade-off between regulatory compliance and exposure to traditional financial system risks, particularly during periods of systemic banking stress.

Figure 1: USDC and USDT in Circulation (\$ in Billions) & Stablecoin Market Share



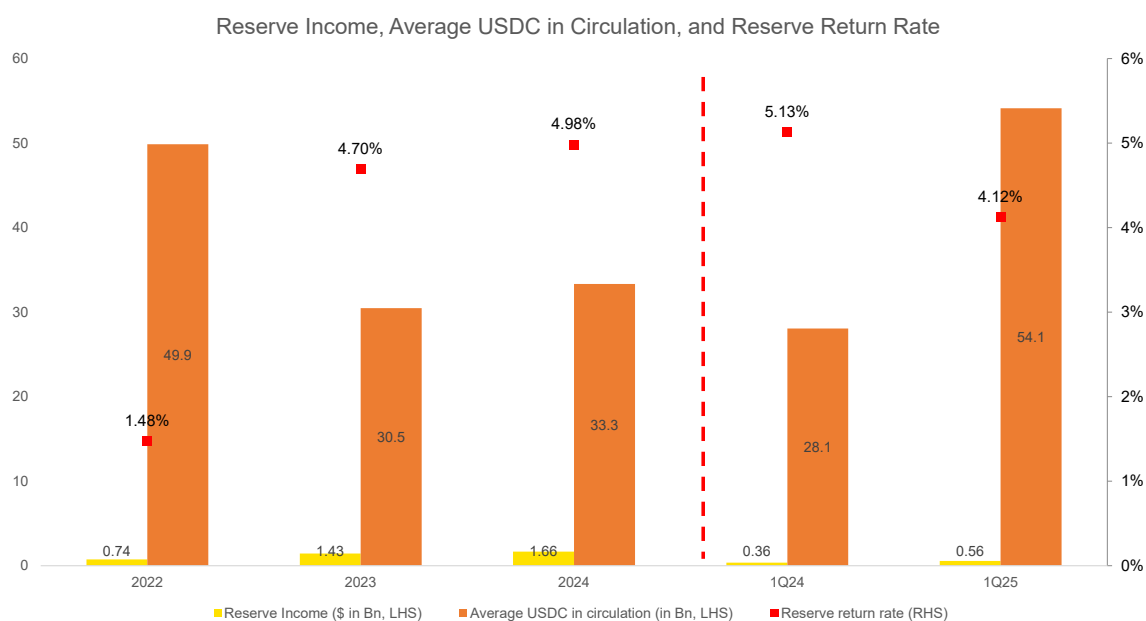
Source: CoinMarketCap, US Tiger Securities Research

**Figure 2: CRCL Generates Vast Majority of Revenue from Reserve Income (US\$ in mm)**



Source: Company reports, US Tiger Securities Research

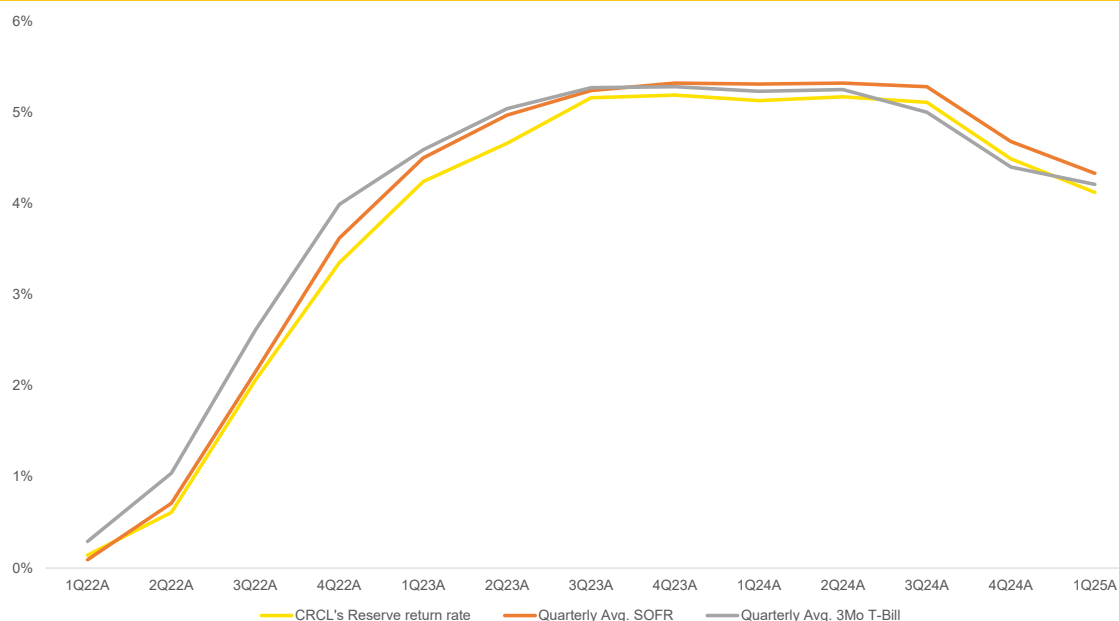
**Figure 3: CRCL's Reserve Income Is Driven by Both USDC Circulation and Reserve Return Rate**



Source: Company reports, US Tiger Securities Research



Figure 4: ... and the Reserve Return Rate Closely Tracks the Prevailing Short-term Risk-free Rates



Source: Company reports, US Tiger Securities Research

## Distribution Costs: Structure, Trends, and Financial Impact

Distribution costs are CRCL's biggest cost component. Distribution and transaction costs (the latter is unmeaningful) accounted for 60.3% of total revenue and 60.9% of reserve income in 2024.

Circle's distribution costs are primarily driven by its revenue-sharing arrangements with Coinbase, which significantly influence the company's profitability. Historically, prior to August 2023, distribution costs were determined by a pro-rata split based on the volume of USDC distributed and the amount of USDC held on Circle's and Coinbase's respective platforms. Simply put, the more USDC held on Coinbase, the larger the share of reserve income allocated to Coinbase.

In August 2023, Circle and Coinbase restructured their partnership under a new Collaboration Agreement that introduced a more formulaic approach. Under this agreement:

1. **Payment Base** is calculated daily as reserve income net of external management fees and other allowable expenses.
2. From the payment base:
  - Circle retains an **Issuer Retention Fee** (low double-digit to high tenth of basis points, depending on circulating USDC), which compensates Circle for its operating costs tied to reserve management, compliance, treasury, and regulatory functions.
  - The remaining payment base is allocated between Circle and Coinbase based on the **proportion of USDC held on each party's custodial platform**.
  - After this allocation, Coinbase receives **50%** of the residual amount as additional compensation for its broader role in growing USDC adoption.
  - Additional payments may also be made to other distributors or ecosystem participants as Circle expands its distribution network.

See Figure 5 for a visualization of the process, using 2024 as an example.

Figure 5: Circle's Distribution Cost Structure (2024 Example)



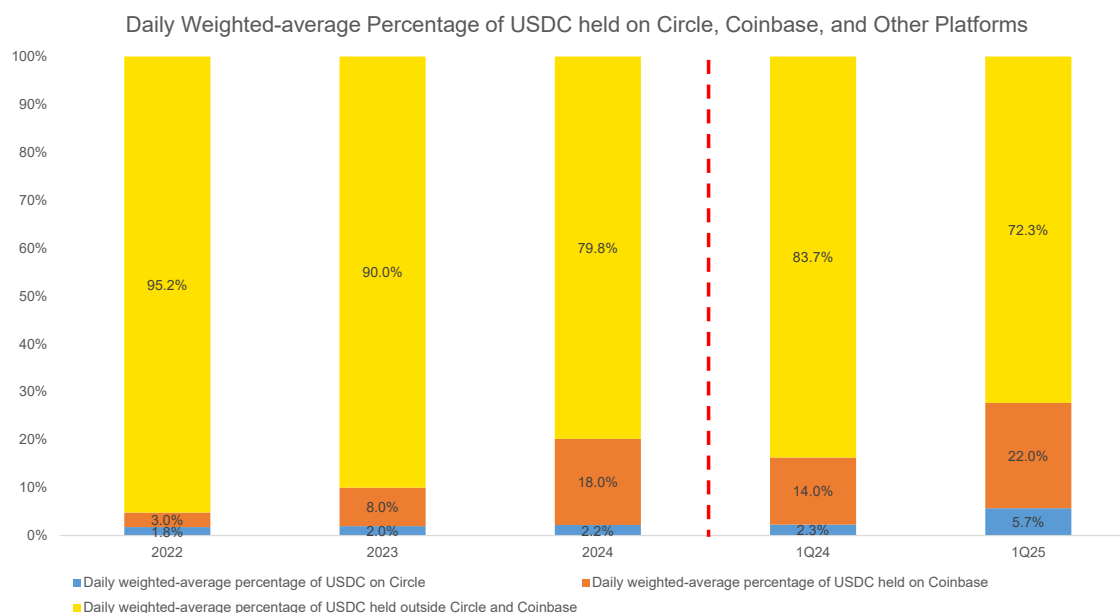
Source: Company reports, US Tiger Securities Research

As a result, the more USDC Coinbase holds in its platforms, the higher Circle's distribution cost. Between 2022 and 2025, Coinbase's share of USDC holdings has grown significantly—from roughly 3% of circulating USDC in 2022 to approximately 22% by Q1 2025 (based on daily weighted averages). This increase has led to rising distribution costs over time, with Coinbase's growing platform share capturing a larger portion of Circle's reserve income.



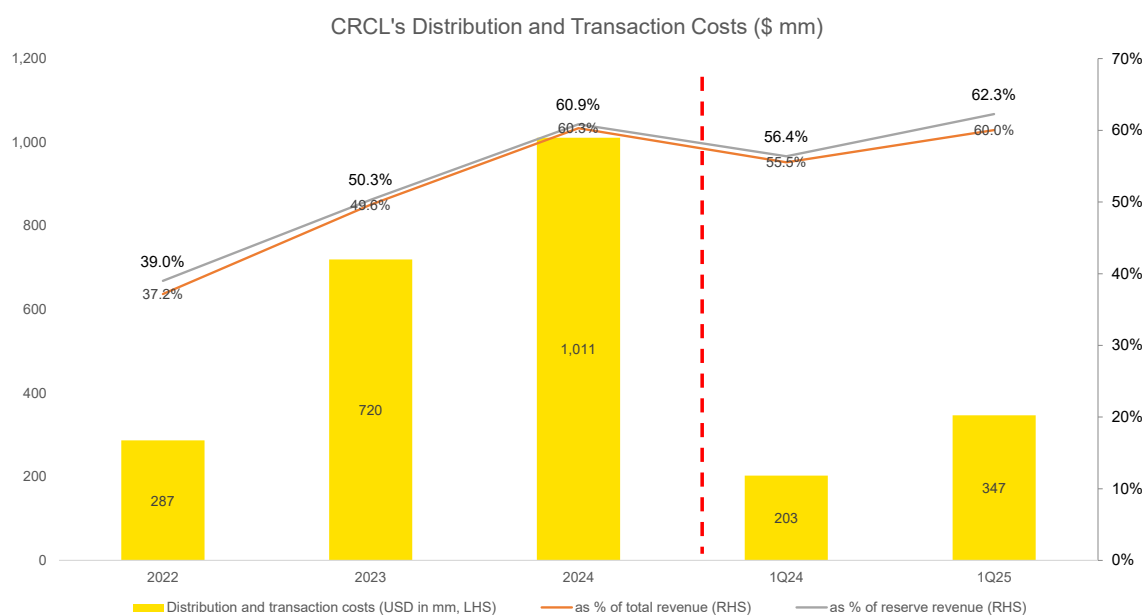


Figure 6: Coinbase's Share of USDC Holdings Has Grown Significantly



Source: Company reports, US Tiger Securities Research

Figure 7: CRCL's Distribution and Transaction Costs & as a Percentage of Total Revenue/Reserve Income



Source: Company reports, US Tiger Securities Research

## Other Revenue/Products

Given Circle's current concentration in reserve income, diversifying its revenue streams remains a strategic priority to ensure more resilient earnings across different market and rate environments. As such, it is useful to break down Circle's Other Revenue/products to better assess both existing revenue drivers and the evolving composition of this category.

In addition to USDC and EURC, Circle continues to expand its product suite to both strengthen the utility of its stablecoin network and diversify its revenue profile. While these Other Products currently contribute a modest portion of total revenue—



approximately 1% in 2024 and 4% in Q1 2025—they represent important building blocks for Circle's long-term growth strategy.

## Developer Services

Launched in August 2023, Developer Services represents Circle's most ambitious infrastructure expansion to date. Through a suite of API-first, enterprise-grade blockchain services, Circle enables developers to embed USDC-native capabilities directly into their applications without requiring deep blockchain expertise. Key Developer Service products include:

- **Circle Wallets:** Custody and wallet infrastructure with programmable wallets supporting secure asset storage and transaction orchestration.
- **Circle Contracts:** Pre-built smart contract modules enabling rapid deployment of tokenization and DeFi applications.
- **Circle Paymaster:** Simplifies the user experience by allowing gas fees to be paid in USDC across supported chains.
- **Cross-Chain Transfer Protocol (CCTP):** A permissionless interoperability protocol allowing USDC to move seamlessly across blockchains, breaking down liquidity fragmentation across ecosystems.

The Developer Services offering was accelerated through Circle's 2022 acquisition of Cybavo, a wallet infrastructure and blockchain security company, whose technology now underpins much of Circle's developer-facing platform.

## Integration Services

Integration Services revenue is generated by supporting third-party blockchain networks in adopting and implementing native USDC issuance. Circle provides technical support, smart contract integration, and Circle Mint onboarding for these networks. As more blockchains seek native USDC support\* to grow their DeFi and payment ecosystems, integration services will likely continue to be a modest but recurring revenue stream for Circle, while also expanding USDC circulation across chains.

*\* To attract liquidity, enable seamless cross-chain interoperability, and drive adoption of onchain payments, DeFi, and real-world asset tokenization. Native issuance ensures faster settlement, lower transaction costs, and deeper integration with Circle's compliance infrastructure, making the chain more attractive to both developers and users.*

## Tokenized Funds (USYC)

Through its January 2025 acquisition of Hashnote, Circle entered the rapidly growing market for tokenized money market funds (TMMFs). The flagship product, USYC, provides on-chain access to U.S. Treasury-backed short-duration yields, allowing institutional traders to seamlessly move between yield-bearing collateral (USYC) and transaction-ready liquidity (USDC) across multiple public blockchains. This product enhances Circle's ability to serve the growing demand for capital efficiency and collateral optimization in digital asset markets, while also offering a differentiated fee-based revenue stream less dependent on short-term interest rates. According to RWA.xyz, USYC is one of the largest onchain TMMFs in terms of assets under management, with approximately \$663.7 million in assets under management as of March 31, 2025.

## Circle Payments Network (CPN)

In May 2025, Circle launched the Circle Payments Network (CPN) — a major strategic initiative aimed at bringing regulated stablecoins into the global payments infrastructure. CPN connects eligible financial institutions — including banks, neo-banks, payment service providers, digital wallets, and virtual asset service providers — to facilitate real-time settlement of cross-border and domestic payments using USDC and EURC.

Unlike traditional payment rails, CPN is built on smart contract infrastructure and modular APIs, enabling real-time, programmable settlement and seamless interoperability across global markets. The network is designed to support a wide range of use cases such as supplier payments, B2B treasury transfers, payroll, remittances, capital markets settlement, and onchain financial applications.

Critically, CPN is governed by a robust compliance framework, requiring participants to meet strict licensing, AML/CFT, financial risk management, and cybersecurity standards, helping address key regulatory concerns associated with stablecoin adoption in the banking sector.



At launch, Circle partnered with 29 design partners, including major global financial institutions, to co-develop CPN architecture and ensure its alignment with the operational and compliance needs of regulated financial markets. Over time, CPN could serve as a key enabler of stablecoin-based wholesale payment systems, expanding Circle's addressable market far beyond crypto-native use cases into broader traditional financial institution (TradFi) adoption.

## Discontinued Non-Core Products

As Circle sharpens its focus on its core stablecoin network and infrastructure strategy, it has exited several legacy businesses:

- **Transaction Services (deprecated 2024):** Circle previously offered payment facilitation services for Web3 merchants, including credit and debit card processing. These services have been discontinued.
- **Circle Yield (terminated 2022):** An institutional lending product that allowed accredited investors to lend USDC for yield, collateralized by Bitcoin. The product was fully wound down with no remaining exposures.
- **SeedInvest (divested 2023):** An equity crowdfunding platform offering internet-based capital formation for startups. Operations have been discontinued.

Collectively, these discontinued products contributed a declining share of total revenue (less than 1% in 2024) and are no longer material to Circle's ongoing financial performance.

## What is a Stablecoin and Why People Use Stablecoins

### The Role of Stablecoins

At its core, a stablecoin is a type of digital asset designed to maintain a stable value, typically pegged to a fiat currency such as the U.S. dollar. Unlike traditional cryptocurrencies (such as Bitcoin or Ethereum), which experience significant price volatility, stablecoins aim to provide the benefits of blockchain technology—speed, transparency, programmability—while offering the price stability required for payments, savings, and institutional transactions.

Stablecoins are typically backed 1:1 by reserve assets such as cash, U.S. Treasury bills, or short-term high-quality liquid assets. This full-reserve backing allows users to redeem stablecoins at par value with high confidence, making them attractive for both retail and institutional users who want exposure to digital dollars without being exposed to crypto price swings.

Today, stablecoins are widely used for:

- **Payments and remittances:** allowing instant, low-cost cross-border transfers without the need for correspondent banks.
- **Trading and settlement:** providing on-chain dollar liquidity for cryptocurrency exchanges, DeFi platforms, and tokenized asset trading.
- **Treasury management:** enabling corporates to hold programmable digital dollars for internal fund transfers, payroll, and vendor payments.
- **DeFi collateral:** serving as trusted collateral for lending, borrowing, and liquidity provisioning in decentralized financial markets.
- **Tokenized real-world assets (RWA):** serving as the settlement layer for future tokenized securities, funds, and financial instruments.

### What is a Blockchain?

A blockchain is a distributed digital ledger that records transactions in a secure, tamper-resistant, and decentralized manner. Instead of relying on a central authority, blockchains operate through a network of independent nodes (computers) that



maintain a shared version of the ledger. Once data is recorded on the blockchain, it is immutable and transparent, making it ideal for verifying ownership, executing transactions, and recording contractual agreements without intermediaries.

Key features of blockchains:

- Decentralization: No single party controls the system.
- Transparency: All participants can audit transactions.
- Security: Cryptography ensures data integrity.
- Immutability: Once confirmed, data cannot be altered retroactively.

## **What is a Smart Contract and Smart Contract Chains**

A smart contract is a self-executing software program stored directly on the blockchain. It automatically enforces the rules and outcomes of a digital agreement when predetermined conditions are met, without the need for manual intervention or third-party enforcement.

For example:

- A smart contract could automatically release payment to a vendor once goods have been delivered and verified.
- It could facilitate an on-chain lending protocol where collateral is programmatically locked, monitored, and liquidated if conditions are breached.

Smart contract chains are blockchains that are specifically designed to support these programmable applications. These chains provide the computational environment necessary for executing smart contracts natively on-chain. Examples include: Ethereum, Solana, Avalanche, Polygon, Base and other L2 rollups.

Because smart contract chains support decentralized applications (dApps), they form the foundation for decentralized finance (DeFi), NFTs, tokenization, payments, and countless Web3 applications.

## **Smart Contract Chains vs. Non-Smart Contract Chains (e.g. Bitcoin)**

The Bitcoin blockchain is the original and best-known blockchain, but it is not a smart contract chain in the traditional sense. Bitcoin's blockchain is designed to serve primarily as a decentralized store of value and peer-to-peer payment system, but it has very limited programmability. Transactions on Bitcoin are relatively simple: they move Bitcoin from one address to another, but do not execute complex code or applications on-chain.

In contrast, smart contract chains like Ethereum are fully programmable. Developers can build complex financial applications, automated trading protocols, token issuance platforms, and cross-chain interoperability solutions directly on the blockchain itself. This programmability is what enables stablecoins like USDC to exist, operate, and circulate natively across multiple blockchains.

## **Why Stablecoins + Smart Contract Chains are Powerful**

By combining the price stability of stablecoins with the programmability of smart contract chains, stablecoins like USDC unlock entirely new use cases that traditional fiat systems cannot offer:

- Always-on, global dollar liquidity available 24/7/365
- Instant settlement across borders without correspondent banking
- Programmable payments for automated financial operations
- Seamless integration into decentralized lending, trading, and tokenized capital markets

This combination is increasingly being recognized not only by crypto-native users, but also by global financial institutions, fintechs, enterprises, and central banks, many of whom view stablecoins as a critical foundational layer for the next generation of financial infrastructure.



## Investment Thesis

We are initiating coverage of Circle Internet Group, Inc. (NYSE: CRCL) with a **HOLD** rating and a **\$200** price target.

We like CRCL for being the first mover in regulation-friendly stablecoins, with USDC as the leading compliant digital dollar. Circle benefits from institutional trust, policy alignment (e.g., GENIUS Act), and entrenched partnerships (Coinbase, banks, developers). This foundation should allow Circle to capture outsized market share as regulatory clarity improves. While crypto volatility remains, blockchain is increasingly recognized as a credible finance infrastructure. We are also constructive on Circle's broader vision—particularly in blockchain-powered payments and financial infrastructure—but we view these as longer-term, higher-risk opportunities that require both regulatory support and ecosystem adoption to materialize. At current levels, we believe the stock reflects much of this optionality, leaving the valuation (59x '26E EBITDA) stretched. We also remain mindful that the vast majority of near-term revenue is still derived from reserve income, which is highly sensitive to interest rate movements and subject to macroeconomic volatility.

**We are not concerned with high distribution cost.** Circle's high distribution cost structure—driven primarily by its 50% revenue-sharing agreement with Coinbase—may seem steep, but it reflects a deliberate and strategically sound choice. Coinbase, as USDC's original co-developer and largest distribution partner, plays a critical role in maintaining liquidity, facilitating fiat on/off ramps, and driving both retail and institutional adoption. This relationship not only jump-started USDC's initial scale but continues to reduce Circle's go-to-market friction and compliance burden. The economics are justified by the network nature of stablecoins, where liquidity, velocity, and platform stickiness are paramount. Importantly, Circle's scalable infrastructure and strong operating leverage have enabled profit margins to expand even as distribution costs remain high. Looking ahead, as Circle diversifies its distribution beyond Coinbase and as non-crypto-native use cases—like payments and cross-border commerce—gain traction, overall distribution costs as a percentage of revenue are likely to decline structurally. This evolution should support ongoing margin expansion while reinforcing USDC's position as a leading global digital dollar.

**Interest rate is a major near-term risk.** While Circle is actively diversifying its revenue base, the company remains highly exposed in the near term to fluctuations in short-term U.S. interest rates, as reserve income still represents the bulk (95%) of its top line. This exposure creates two distinct outcomes depending on the nature of monetary easing. In a soft-landing scenario—where the Fed gradually cuts rates amid healthy economic conditions—crypto markets typically benefit from improved sentiment and capital flows, potentially increasing USDC circulation and offsetting lower yields. However, in a hard-landing scenario triggered by recession, Circle would face a dual headwind: compressed reserve income and declining stablecoin demand. This underscores the importance of Circle's longer-term strategy to grow alternative revenue streams such as payments and infrastructure services, which will be essential to mitigate macro-driven volatility and reduce dependence on interest rate cycles.

**Meaningful TAM opportunities from payment and beyond.** The Circle Payments Network (CPN) marks a pivotal strategic expansion for Circle, targeting the vast inefficiencies in global cross-border payments through a compliance-first, blockchain-native infrastructure. While still in early commercialization, CPN aspires to become a foundational protocol layer for global financial transactions—offering real-time settlement, reduced costs, and enhanced programmability by connecting regulated financial institutions across jurisdictions. With a massive TAM exceeding \$150 trillion in payment flows, even modest market share gains could yield substantial recurring revenue independent of interest rates. Over time, CPN could evolve into a multi-vertical platform serving consumer, business, and institutional payments, thereby transforming Circle's revenue mix. More broadly, we view CPN as a cornerstone in Circle's vision to build the infrastructure for blockchain-powered finance—where stablecoins like USDC become core to re-architecting legacy systems in banking, credit, asset management, and capital markets. While full-scale realization remains a long-term endeavor, Circle's regulatory positioning, ecosystem partnerships, and technology stack give it a credible path to becoming a key infrastructure layer in the digital financial system.

**GENIUS Act and the digitalization of dollar.** The GENIUS Act of 2025 marks a pivotal regulatory inflection point for the U.S. stablecoin market, introducing the first comprehensive federal framework to define, license, and supervise fiat-backed stablecoins like USDC. Circle, already compliant with most of the proposed standards, stands to benefit disproportionately as the regulatory clarity strengthens its institutional positioning, particularly in cross-border payments, tokenized capital markets, and treasury infrastructure. With global stablecoin circulation nearing \$250B and USDC currently holding ~\$61B (~28% share), the Act could catalyze USDC's penetration in regulated markets while raising the bar for offshore competitors like USDT. In bullish scenarios, driven by the digitalization of USD, USDC's circulation could grow over 74x to \$5.2T by 2035, supporting over \$100B in annual reserve income—underscoring how regulation, not technology, may now be the gating factor for stablecoin mass adoption and a multi-trillion-dollar digital dollar economy.

**The real threat might be from new entrants.** While USDC leads the regulated stablecoin market, its most significant long-



term threat may come not from crypto-native rivals like Tether, but from traditional banks and tech giants entering the space under emerging regulatory frameworks like the GENIUS Act. Large financial institutions (e.g., JPMorgan, Citi, Bank of America) and major tech platforms (e.g., Amazon, PayPal, Meta) are well-positioned to launch compliant stablecoins deeply embedded in existing payment rails, ecosystems, and consumer applications. For instance, JPM is piloting tokenized deposits on Coinbase's Base network, while PayPal has already introduced PYUSD. These players benefit from massive built-in distribution and real-world use cases—e-commerce, payroll, remittances—which may drive stablecoin demand faster than Circle's infrastructure-first approach. Circle still holds key advantages in compliance, brand trust, and developer tooling, but to defend its lead, it must rapidly expand USDC's utility beyond crypto and establish strong footholds in mainstream financial and commercial applications.

**Initiating with HOLD rating and \$200 price target.** We value Circle using a sum-of-the-parts (SOTP) approach to reflect both its rate-sensitive, cash-generative reserve income core and the longer-term upside of emerging product lines. For the reserve income segment, we forecast \$912M in 2026E EBITDA, supported by \$108B in average USDC circulation and 3.12% reserve yield. Benchmarking against peers like Coinbase and Robinhood, we assign a 40x EV/EBITDA multiple, yielding a \$36.5B valuation. For Circle's "Other" businesses—payments, developer infrastructure, and tokenized financial products—we project revenue scaling to \$621M by 2028. Applying a 15–20x sales multiple and discounting to present value, we arrive at a \$11.7B valuation. Combined, our analysis supports a total enterprise value of \$48.2B, or \$202 per share.

**Key Investment risks.** **1) Valuation:** Share price is now ~7x IPO; much upside is expected in future optionality; **2) Macro & Crypto Dependence:** Reserve income sensitive to rate cuts and bear markets; **3) Emerging Competition:** Big tech, banks, and non-crypto issuers could challenge CRCL in payments and financial rails.; **4) Execution:** Success in CPN, developer tools, and tokenization is essential to support current valuation.



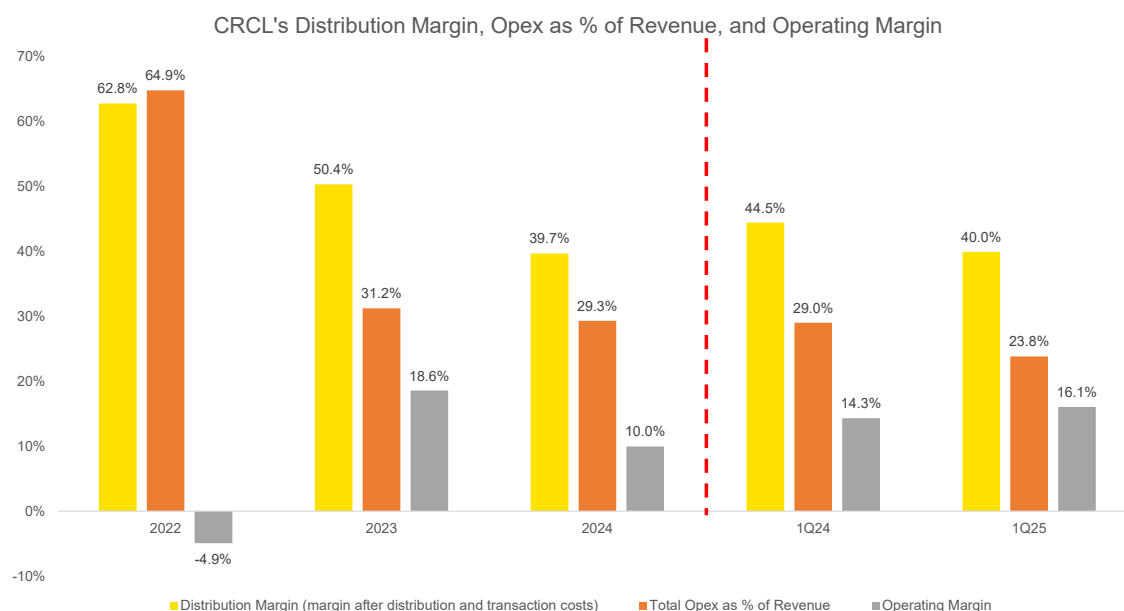
## Strategic Rationale for High Distribution Cost Structure

While the 50% revenue sharing arrangement with Coinbase represents a significant portion of Circle's distribution costs, Coinbase holds a uniquely strategic position within the USDC ecosystem that partially justifies this economics. As Circle's original co-founding partner in the development of USDC, Coinbase has played a central role in the initial launch, liquidity provision, early adoption, and global distribution of the stablecoin since inception.

Today, Coinbase remains one of the largest custodial platforms for USDC, offering deep fiat on/off ramps, integrated wallet infrastructure, and substantial retail and institutional user bases, all of which help drive USDC's usage, velocity, and circulation. Moreover, Coinbase's regulatory posture and direct retail engagement significantly reduce Circle's customer acquisition costs, compliance overhead, and fiat conversion risks in many jurisdictions. The collaboration agreement effectively aligns incentives by compensating Coinbase for its contribution in expanding USDC's global footprint and maintaining the token's liquidity depth across both centralized and decentralized venues. While the revenue share is substantial, it reflects Coinbase's ongoing role not just as a distributor, but also as a critical network node in the USDC adoption flywheel, contributing to ecosystem stickiness, transaction volume, and ultimately the defensibility of Circle's stablecoin platform.

In our view, while Circle's high revenue-sharing arrangement with Coinbase results in elevated distribution costs, the strategy remains economically rational given the network-driven nature of the stablecoin business and Circle's highly scalable operating model. First, Circle enjoys significant operating leverage: its core cost base—reserve management, compliance, treasury, R&D, and platform infrastructure—scales sub-linearly relative to circulation growth. As a result, despite distribution costs rising as a percentage of reserve income, Circle's absolute profit margins have continued to expand alongside USDC circulation growth and higher reserve yields. Second, stablecoins exhibit classic network effect characteristics—widespread adoption, liquidity depth, and multi-platform integration reinforce each other over time. Given the likely winner-take-most industry structure, where only a handful of trusted, regulated stablecoins are expected to dominate at scale, it is strategically sound for Circle to aggressively reinvest early reserve income to secure distribution channels, deepen ecosystem integration, and cement USDC's position as a leading global standard for digital dollars. This approach allows Circle to build long-term competitive moats in wallet integrations, cross-chain operability, compliance standards, and enterprise adoption, ultimately driving defensibility and monetization opportunities far beyond its current revenue-sharing obligations.

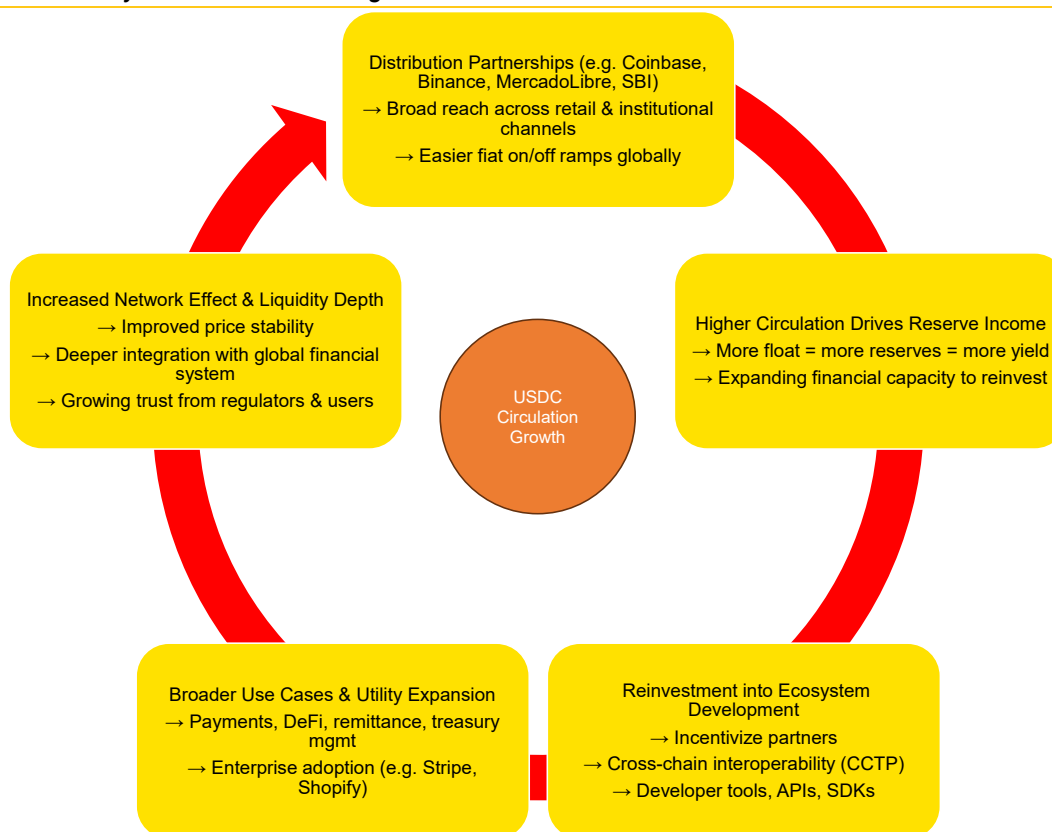
**Figure 8: CRCL's Profitability Has Been Improving Despite Increasing Distribution Costs Ratio**



Source: Company reports, US Tiger Securities Research



Figure 9: USDC Network Flywheel — Reinforcing Moat



Source: US Tiger Securities Research

Moreover, while the current revenue-sharing agreement with Coinbase results in a relatively high distribution cost ratio, we believe Circle's overall distribution costs as a percentage of revenue are likely to decline structurally over time. First, as USDC adoption continues to scale globally, Circle is increasingly forming new distribution partnerships with additional exchanges, fintechs, and enterprise platforms (e.g., Binance, Mercado Libre, Nubank, SBI, Stripe). These new agreements are expected to feature more diversified and commercially favorable economics compared to the legacy Coinbase partnership, helping reduce blended distribution cost rates. Second, as Circle drives growth in non-trading use cases—such as cross-border payments, remittances, merchant settlements, and enterprise treasury management—a larger portion of incremental USDC circulation is likely to be generated independently of revenue-sharing distribution channels, allowing Circle to capture a greater share of reserve income on marginal dollar growth. Over time, as the network scales and use case mix diversifies, we expect Circle's take-rate to improve, supporting continued margin expansion despite the structurally important role Coinbase will continue to play in the USDC ecosystem.

## Interest Rate Sensitivity: Key Risk and Natural Hedge Dynamics

Despite its ongoing efforts to diversify revenue streams, Circle's financial performance in the near-to-intermediate term remains heavily dependent on reserve income, which is directly linked to prevailing short-term U.S. interest rates. As of today, reserve income represents the vast majority of Circle's total revenue, driven by the yield earned on the fully-backed reserves supporting USDC and EURC. As a result, changes in monetary policy — particularly Federal Reserve interest rate decisions — have a material impact on Circle's earnings trajectory.

If the Federal Reserve moves into a rate cutting cycle, Circle faces two potential scenarios with very different implications:

### 1. Soft Landing Rate Cuts — Partially Self-Hedged Outcome

In a scenario where the Fed reduces rates gradually as part of a controlled soft landing — for example, cutting rates in response to moderating inflation while the real economy and labor markets remain healthy (most economists current base case) — risk assets including equities, credit, and crypto assets tend to perform strongly. In this environment:





- While Circle's reserve yields would decline, reducing reserve income,
- Crypto market activity, capital flows, and investor sentiment would likely improve,
- Resulting in higher USDC circulation, trading volumes, DeFi activity, and payments adoption.

Thus, stronger stablecoin demand could partially offset or even more than offset the impact of lower yields, providing Circle with a natural hedge to declining interest rates under soft-landing conditions.

## 2. Hard Landing Rate Cuts — Full Exposure Scenario

In a more adverse scenario where the Fed is forced to cut rates aggressively in response to recessionary conditions, sharp declines in risk asset prices (including crypto) would likely follow. Under this outcome:

- Reserve yields would compress rapidly, reducing reserve income,
- At the same time, crypto trading volumes, asset prices, and overall stablecoin demand would likely contract,
- Leading to both lower yields and shrinking USDC circulation, creating a double headwind for Circle's revenue and profitability.

This dual exposure makes Circle vulnerable to a hard landing rate cut scenario, which would simultaneously pressure both reserve income and stablecoin network usage.

In short, while Circle benefits from some built-in countercyclicality when rate cuts are driven by favorable market dynamics, its business remains exposed to downside risk if macroeconomic conditions deteriorate sharply. Over the long run, Circle's success in scaling its non-interest revenue — including payments, developer services, tokenized funds, and infrastructure services — will be critical to reducing its sensitivity to monetary policy cycles.

## Circle Payments Network (CPN): Circle's Next Major Strategic Expansion

While still in the early stages of commercialization, we believe payments represent the largest long-term TAM opportunity for Circle beyond reserve income—and potentially even exceeding it over time. As global payment flows increasingly shift toward blockchain-based settlement, Circle is well-positioned to capture meaningful revenue from transaction fees, network services, and platform infrastructure at global scale.

We'd note that, in the early stages, CPN will primarily focus on cross-border payments, which represent one of the most compelling near-term opportunities for stablecoin-based infrastructure. The global cross-border payment market remains highly fragmented, expensive, and inefficient — plagued by multiple intermediaries, lengthy settlement times, and high foreign exchange costs. According to the World Bank, global remittance costs still average over 6% per transaction, with significant delays and friction for both individuals and businesses.

By starting with cross-border flows, Circle is addressing a pain point that is both large in scale and poorly served by existing infrastructure, where stablecoins can offer immediate, tangible improvements in speed, cost, and transparency. Furthermore, cross-border payments are naturally multi-currency and multi-jurisdictional, making them well-suited for a compliance-first, programmable network like CPN that can orchestrate fiat-to-stablecoin and stablecoin-to-fiat conversions across regulated financial institutions globally. This segment also allows Circle to leverage its strong regulatory positioning and existing partnerships with both traditional financial institutions and digital asset firms to drive early network adoption.

### CPN's Vision: Building an Internet-Native Global Payment Infrastructure

The Circle Payments Network (CPN), launched in May 2025, represents one of Circle's most ambitious product expansions, aimed at transforming stablecoin adoption beyond crypto-native use cases into the global regulated payment system. CPN aspires to serve as a new protocol layer for real-time, cross-border settlement, combining the programmability of blockchain with the compliance standards of traditional financial institutions.

At its core, CPN is designed to address the persistent inefficiencies, costs, and fragmentation that plague today's global payments infrastructure, particularly in cross-border transactions. Existing systems like SWIFT, correspondent banking, and domestic clearing systems (ACH, SEPA, PIX, UPI) remain siloed, expensive, and slow—often requiring multiple intermediaries, high FX spreads, and multi-day settlement windows. CPN offers a modern, always-on alternative powered by



regulated stablecoins (USDC and EURC), allowing financial institutions to settle global payments in near real-time at materially lower cost.

Figure 10: CPN's Ecosystem – Structure, Participants, and Use Cases



Source: [www.circle.com/cpn](https://www.circle.com/cpn)

### Architecture: A Coordination Layer, Not Just a Payments Rail

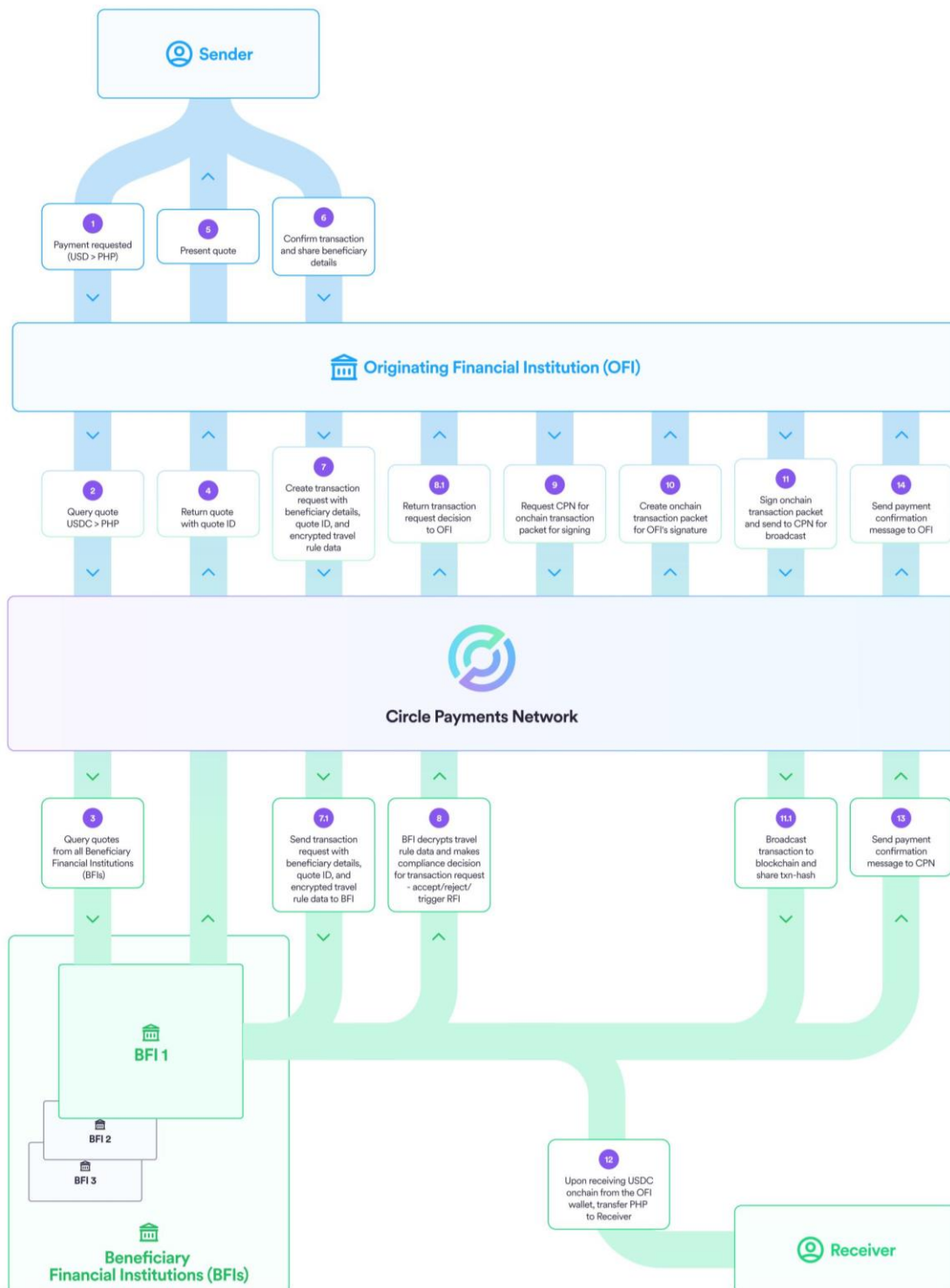
Importantly, CPN is not simply a payment rail, but a compliance-first, orchestration protocol that coordinates payment flows between financial institutions:

- **Participants:** CPN connects a global network of licensed financial institutions, including banks, neobanks, payment service providers (PSPs), virtual asset service providers (VASPs), and digital wallets. These are categorized as either:
  - Originating Financial Institutions (OFIs): initiating payment requests on behalf of senders.
  - Beneficiary Financial Institutions (BFIs): receiving and off-ramping funds for beneficiaries.
- **Governance:** Circle serves as the network operator, governing body, and infrastructure provider, setting compliance standards, issuing credentials, and managing ongoing risk and performance monitoring.
- **Technology Stack:** CPN uses a hybrid architecture combining offchain API orchestration with onchain settlement via smart contracts. Over time, CPN is expected to fully transition into an onchain smart contract coordination layer.
- **Multi-chain Support:** Leveraging Circle's Cross-Chain Transfer Protocol (CCTP), CPN enables native settlement across multiple public blockchains, ensuring interoperability and fast, secure cross-chain transfers.



- **Confidentiality Layer:** CPN introduces selective transparency features to preserve transactional privacy while maintaining auditability for regulators and counterparties.

Figure 11: An Example of B2B Cross-Border Payments Orchestrated by CPN



Source: [www.circle.com/cpn](https://www.circle.com/cpn)

### Use Cases: Broad Utility Across Consumer, Business & Institutional Payments

According to Circle, CPN is designed to power a wide range of high-value, real-world use cases:

Please find US Tiger' Analyst Certification and other Important Disclosures at the end of this report.



- **Consumer Payments:** Remittances, micropayments, e-commerce, subscriptions
- **Business Payments:** Supplier payments, payroll disbursements, trade finance, treasury management
- **Institutional Payments:** Capital markets settlement, cross-border B2B transactions, foreign exchange
- **Government & Humanitarian:** Aid disbursements, disaster relief, cross-border welfare payments
- **Future Use Cases:** AI-powered autonomous payments, real-time programmable payments

This wide applicability allows Circle to address multiple high-value global pain points — from improving capital efficiency for businesses to lowering fees for migrant workers sending remittances.

## **Economic Model: Early-Stage Monetization with Long-Term Platform Leverage**

The CPN revenue model is designed to align incentives across network participants while creating scalable monetization opportunities for Circle:

- **Network Fees:** Tiered basis-point fees on transaction volume to cover core network operations.
- **Payout Fees:** Paid to BFI's for facilitating fiat off-ramp and local disbursements.
- **FX Spreads:** Competitive, market-based FX pricing on cross-border currency conversion.
- **Modular Services:** Over time, Circle and third-party providers will offer additional services through a curated marketplace — including fraud detection, credit, escrow, risk management, compliance, and advanced billing — generating additional recurring SaaS-style revenue streams.

As the network scales, Circle expects to reinvest portions of these fees into network growth, partner incentives, infrastructure upgrades, and developer ecosystem expansion.

## **Bridging the Gap: Why Crypto Payments Have Not Yet Gone Mainstream — and How CPN Solves It**

Despite the technological promise of crypto payments, regulatory and compliance challenges have been a major barrier to mainstream adoption. Traditional payment systems operate within well-defined legal and regulatory frameworks, with strict requirements around AML (Anti-Money Laundering), CFT (Countering the Financing of Terrorism), sanctions compliance, KYC (Know-Your-Customer), and consumer protection. Many crypto-native payment solutions have struggled to meet these standards at scale, limiting their adoption by regulated financial institutions and large enterprises that must adhere to strict compliance obligations.

CPN's design directly addresses this structural problem by embedding regulatory compliance into the core network architecture. Rather than bypassing existing financial oversight, CPN partners exclusively with licensed and regulated financial institutions — including banks, payment service providers, and virtual asset service providers — who remain responsible for customer onboarding, transaction monitoring, and local regulatory obligations. Circle, as network operator, enforces strict eligibility criteria, credentialing, and continuous oversight to ensure that all network participants meet global AML/CFT and sanctions requirements.

By combining the speed, programmability, and global reach of blockchain settlement with the compliance infrastructure of regulated financial institutions, CPN offers a scalable solution that allows participants to leverage the full benefits of stablecoin payments while operating safely within regulatory frameworks. This hybrid model enables Circle to unlock institutional and enterprise adoption where most crypto-native solutions have previously fallen short.

## **Strategic Implications for Circle's Long-Term Model**

While still early in its commercialization, CPN represents a critical strategic initiative that could:

- Substantially expand Circle's total addressable market beyond crypto trading into mainstream global payments.
- Create non-interest, recurring fee revenue streams, reducing Circle's dependency on interest rates over time.
- Deepen Circle's institutional relationships with global banks, PSPs, and fintechs.
- Further entrench USDC as the dominant digital dollar standard for both crypto-native and TradFi applications.



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## Sizing CPN's Total Addressable Market (TAM)

In the early stage, CPN is primarily targeting the global cross-border payments market, which remains one of the largest and most structurally inefficient segments in global finance. According to McKinsey, global cross-border payment flows (including B2B, remittances, treasury, and capital markets settlement) exceeded \$150 trillion annually as of 2023, generating approximately \$250 billion in revenue for existing intermediaries.

Today's cross-border transactions involve multiple layers of correspondent banks, FX brokers, payment processors, and compliance service providers — resulting in average transaction costs that often range from 50bps to over 6%, depending on the transaction type and corridor (with remittance fees particularly high in emerging markets).

By comparison, CPN's network model — which directly connects regulated financial institutions while leveraging blockchain-based settlement rails — has the potential to dramatically reduce frictional costs while still monetizing at a modest but scalable fee structure. Based on CPN's stated fee design, we estimate:

- **CPN Take Rate:** likely to fall within the 1–10 basis point range (see the next section for our pricing comparison of different cross-border payment providers), depending on transaction type, corridor, and FX complexity.
- Even at the low end of this range, CPN can capture meaningful revenue due to the enormous underlying volume opportunity.

For illustration, if CPN captured just:

- 1% market share of \$150T global cross-border volume = \$1.5T in volume.
- At an average take rate of 5bps, that translates into \$750 million in annual network revenue potential — before accounting for additional marketplace, SaaS, and service-layer monetization.

Importantly, these economics would allow CPN to price dramatically below incumbent cross-border providers (e.g. SWIFT, Western Union, traditional banks), creating a clear cost advantage for institutions while scaling revenue through volume rather than high fees.

Moreover, over time, CPN's opportunity set could broaden far beyond cross-border flows to include:

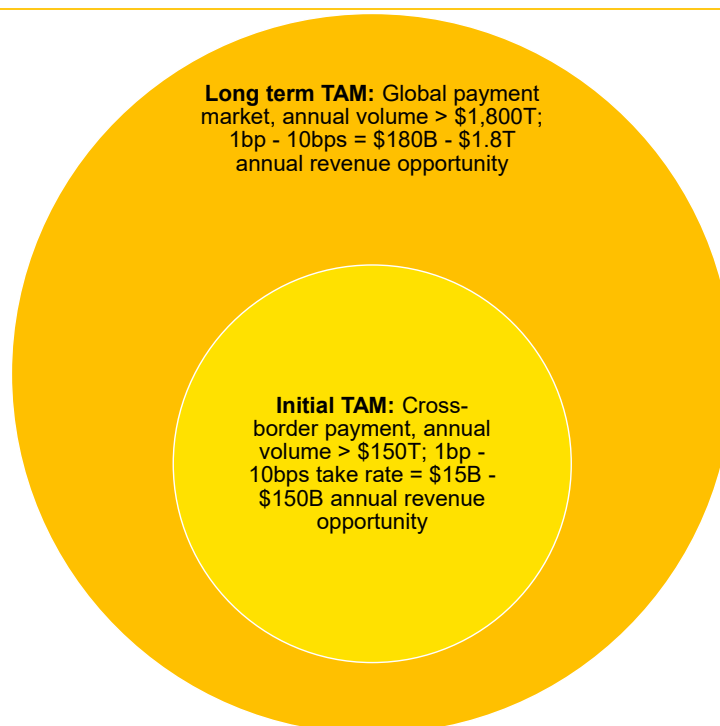
- **Domestic B2B payments:** Large-scale corporate payments, supplier payments, trade finance, payroll, treasury management.
- **Retail payments & consumer commerce:** E-commerce settlement, recurring subscriptions, merchant acquiring. For example, Coinbase recently launched Coinbase payment, a full-stack solution enabling platforms—from payment service providers (PSPs) to marketplaces—to offer instant, 24/7 USDC payments globally with minimal integration effort.
- **On-chain capital markets & DeFi integrations:** Settlement of tokenized securities, real-world assets, and programmable collateral management.

As Circle expands CPN's product suite and distribution channels, these additional verticals could dramatically increase TAM — moving CPN's addressable market from the hundreds of billions in global cross-border fee pools into segments that cumulatively exceed \$2–3 trillion in annual global payment revenues across domestic and international flows (McKinsey, BCG estimates).

Unlike crypto-native competitors (who often face compliance roadblocks), or traditional payment companies (who remain tied to legacy rails), Circle's model positions CPN to:

- Monetize regulated, institutional-grade stablecoin settlement.
- Offer materially lower fees than card networks (e.g. Visa, Mastercard take 100-150bps).
- Compete with fintech cross-border platforms (Wise, Remitly, Airwallex) on both cost and programmability.
- Serve both TradFi and DeFi markets over time.

Figure 12: CPN's Large TAM



Source: McKinsey, US Tiger Securities

In short, CPN positions Circle not simply as a crypto-native payment platform, but as a next-generation settlement layer that can unlock material share of both existing payment flows and entirely new forms of programmable, on-chain financial transactions.

### Total Pricing Considerations: CPN vs. Existing Cross-Border Providers

Global cross-border payments remain one of the highest-cost segments in financial services, largely due to the fragmented nature of existing payment rails, multi-layer correspondent banking networks, FX spreads, and compliance overhead. Below we compare typical pricing ranges across key incumbents:

Figure 13: Cross-border Payments Remain One of the Highest-cost Segments

Provider	Use Case	Typical Cost Structure	All-In Pricing (as % of transaction value)
Traditional Banks (Correspondent Banking)	B2B wire transfers, treasury payments	Fixed wire fees (\$20–50/txn) + FX margin (100–300bps)	1.0% – 3.0%
SWIFT Network (used by banks)	Messaging layer only (not full settlement)	Bank pays ~\$0.02–\$0.05 per message; full settlement adds bank fees	Cost embedded in bank fees above
Western Union / MoneyGram	Retail remittances	High fixed fees + FX spreads (400–600bps)	5.0% – 7.0%
Wise (Fintech Challenger)	Retail and SME cross-border payments	Transparent FX + flat fee model	0.3% – 0.6%
Airwallex / Revolut (B2B fintechs)	SME and enterprise payments	Similar to Wise; competitive FX	0.2% – 0.5%

Source: US Tiger Securities

However, It's important to note that CPN's 1–10bps projected fee range represents only the network fee charged by Circle for facilitating on-chain coordination and settlement. In actual payment flows, additional fees would also be charged by participating financial institutions — specifically the Originating Financial Institution (OFI) and Beneficiary Financial Institution (BFI) — who provide fiat on/off-ramp services, compliance checks, local disbursement, and customer-facing services.

While these additional service fees will vary depending on corridor, partner economics, and regulatory complexity, the all-in cost of a CPN-powered cross-border payment is still expected to be materially lower than existing providers for most use cases. Even after factoring in full-stack fees, total transaction costs are likely to remain well below traditional bank wires (1–3%) and retail remittance providers (5–7%), while remaining competitive with fintech challengers like Wise and Airwallex — but with far superior settlement speed and scalability.

Beyond price, one of CPN's most significant advantages is dramatically faster settlement times. Traditional cross-border payments often involve multi-day processing windows due to time zone differences, banking cut-off times, pre-funding requirements, and interbank reconciliations. In contrast, CPN leverages always-on blockchain settlement that enables near-instantaneous fund movement between participating institutions.





For example, during Circle's public demonstration at the CPN launch event, Sunil Sharma, Product Management VP at Circle, mentioned a test transaction from the U.S. to Brazil — routed via CPN and Brazil's domestic PIX system — settled in just 27 seconds. By comparison, the same payment processed through conventional banking channels would have taken hours, or even days depending on intermediary banks and time zone cutoffs.

This speed advantage not only improves working capital efficiency for businesses, but also unlocks entirely new classes of programmable, real-time financial workflows that are impractical under legacy payment systems.

### The Long Shot: Blockchain-Powered Finance

While much of today's blockchain adoption remains concentrated in crypto-native use cases, the underlying technologies — particularly blockchain infrastructure, stablecoins, and tokenized digital assets — have the potential to transform the broader global financial system. Over time, we believe blockchain can serve as the foundation for a more efficient, open, and programmable financial architecture that reduces friction, cost, and latency across virtually every segment of financial services.

In our view, while the vision of using blockchain to modernize financial infrastructure is not new, the path to realization has historically been limited by regulatory uncertainty, particularly in the United States. However, with a more constructive regulatory environment emerging — including potential passage of the GENIUS Act and bipartisan momentum around stablecoin frameworks — the industry may be approaching an inflection point. Regulatory clarity could unlock institutional participation at scale, accelerate adoption of stablecoins, and allow blockchain-based financial infrastructure to transition from peripheral experimentation to mainstream deployment across banking, payments, credit, and capital markets.

In a blockchain-powered financial system, stablecoins sit at the core as the foundational settlement layer. While blockchains enable decentralization, programmability, and 24/7 market access, none of these features are practical for mainstream financial services unless value can be represented in a currency that maintains price stability — particularly relative to fiat currencies that underpin real-world commerce.

Stablecoins, and in particular regulated fiat-backed stablecoins like USDC, serve this role by providing:

- **A digital representation of dollars** (and other fiat currencies) natively on blockchain networks, enabling seamless integration with both decentralized and institutional financial applications.
- **Instant settlement and global interoperability**, eliminating the need for traditional correspondent banking networks, wire transfers, or multi-day clearing processes.
- **Programmable money functionality**, allowing complex financial agreements — such as escrow, trade finance, revenue-sharing, and automated treasury functions — to execute automatically through smart contracts.
- **Liquidity for tokenized real-world assets (RWAs)**, serving as both trading pairs and collateral for on-chain capital markets.
- **Regulatory compatibility**, when issued under transparent, full-reserve, and properly supervised frameworks, allowing trusted integration with traditional financial institutions and compliance with AML, CFT, and KYC obligations.

In essence, stablecoins are the “bridge asset” that connects today's fiat-based financial world with the emerging programmable financial infrastructure enabled by blockchain. Without stable, trusted digital currencies like USDC, the broader vision of on-chain payments, tokenized capital markets, and fully interoperable global finance would be far more difficult — if not impossible — to scale into regulated mainstream financial activity.

For this reason, stablecoins are not just a side-product of crypto; they are likely to become core infrastructure for how payments, lending, asset management, capital markets, and global trade operate in a more efficient financial system.

Below are examples of how today's financial system could be re-architected on blockchain infrastructure to leverage its core advantages: greater efficiency, programmability, lower costs, and enhanced transparency.



## **Banking: Instant, 24/7 Global Money Movement**

Today's banking system is largely built on fragmented domestic clearing systems (ACH, SEPA, Fedwire, RTGS), legacy correspondent banking networks for cross-border settlement, and batch-based reconciliation processes. Blockchain-based settlement networks, powered by stablecoins like USDC, offer:

- 24/7 real-time settlement globally, eliminating cut-off times, holidays, and weekends.
- Direct peer-to-peer bank settlement, reducing the need for multiple intermediaries.
- Programmable payment logic, enabling conditional payments, escrow functions, and automated treasury management.
- Significant cost reduction by lowering pre-funding requirements and reconciliation overhead.

In this model, blockchain doesn't eliminate banks — it allows them to operate faster, cheaper, and more globally interconnected, while enhancing transparency and compliance.

## **Credit Markets: Transparent, Programmable Lending**

The credit market today is opaque, heavily intermediated, and inefficient, with multiple layers of custodians, trustees, servicers, and credit enhancement providers. Blockchain can:

- Facilitate on-chain credit issuance and securitization, improving transparency in collateral, repayment flows, and investor rights.
- Enable instant settlement of loan disbursements and repayments via stablecoins.
- Reduce counterparty and operational risk via smart contracts that automate loan servicing.
- Allow for programmable underwriting criteria, KYC integration, and automated credit scoring with verifiable on-chain data.

This leads to lower borrowing costs, broader access to credit, and real-time risk monitoring for both lenders and regulators.

## **Asset Management & Tokenization of Real-World Assets (RWA)**

Tokenization of real-world assets (e.g. equities, bonds, money market funds, private credit, real estate, commodities) represents one of the most promising use cases for blockchain:

- Fractional ownership & global access: Allowing broader participation in traditionally illiquid or high-minimum investments.
- Instant secondary market settlement: Reducing settlement windows from T+2 (or longer) to T+0.
- Greater transparency: On-chain auditability of asset holdings, NAV calculations, and fund flows.
- Lower operating costs: Simplifying fund administration, shareholder servicing, and reporting.

Products like Circle's USYC tokenized money market fund are early examples of how blockchain can bring fully regulated yield-bearing assets on-chain with real-time liquidity and composability into broader DeFi and capital markets infrastructure.

## **Capital Markets & Post-Trade Settlement**

Post-trade settlement today involves multiple intermediaries (custodians, CSDs, clearing houses, brokers), long settlement cycles, and significant counterparty risk. Blockchain-native capital markets could:

- Enable atomic settlement — where trade execution and settlement occur simultaneously — eliminating counterparty and settlement risk.
- Allow for near real-time clearing without requiring multi-day capital lock-ups.
- Reduce systemic risk and collateral requirements for institutions.
- Increase market access for smaller issuers and investors globally.





Major institutions and market infrastructures (e.g., BlackRock, JPMorgan, Franklin Templeton, DTCC) are actively piloting tokenized capital market projects today.

## **Treasury & Corporate Finance**

For businesses, blockchain enables real-time global treasury operations, allowing:

- Instant intra-company fund transfers across jurisdictions.
- Real-time vendor payments, payroll disbursements, and receivables management.
- Treasury yield optimization via tokenized T-bill funds (USYC-like products).
- Embedded compliance, audit, and cash flow tracking on-chain.

Multinational corporates may eventually run global multi-currency treasuries on blockchain-based rails, significantly reducing trapped liquidity and FX costs.

## **Insurance & Risk Markets**

Blockchain can improve insurance markets by:

- Automating claims processing via parametric insurance smart contracts.
- Reducing fraud and operational cost via real-time claims verification.
- Enabling decentralized risk pooling for micro-insurance and emerging markets.

## **Government Payments & Central Bank Infrastructure**

- Governments could issue Central Bank Digital Currencies (CBDCs) on blockchain infrastructure.
- Blockchain can streamline public disbursement programs (e.g. welfare, disaster relief, tax refunds) via fully auditable, real-time payments.
- Real-time compliance with AML/CFT, sanctions, and tax rules through programmable payment logic.

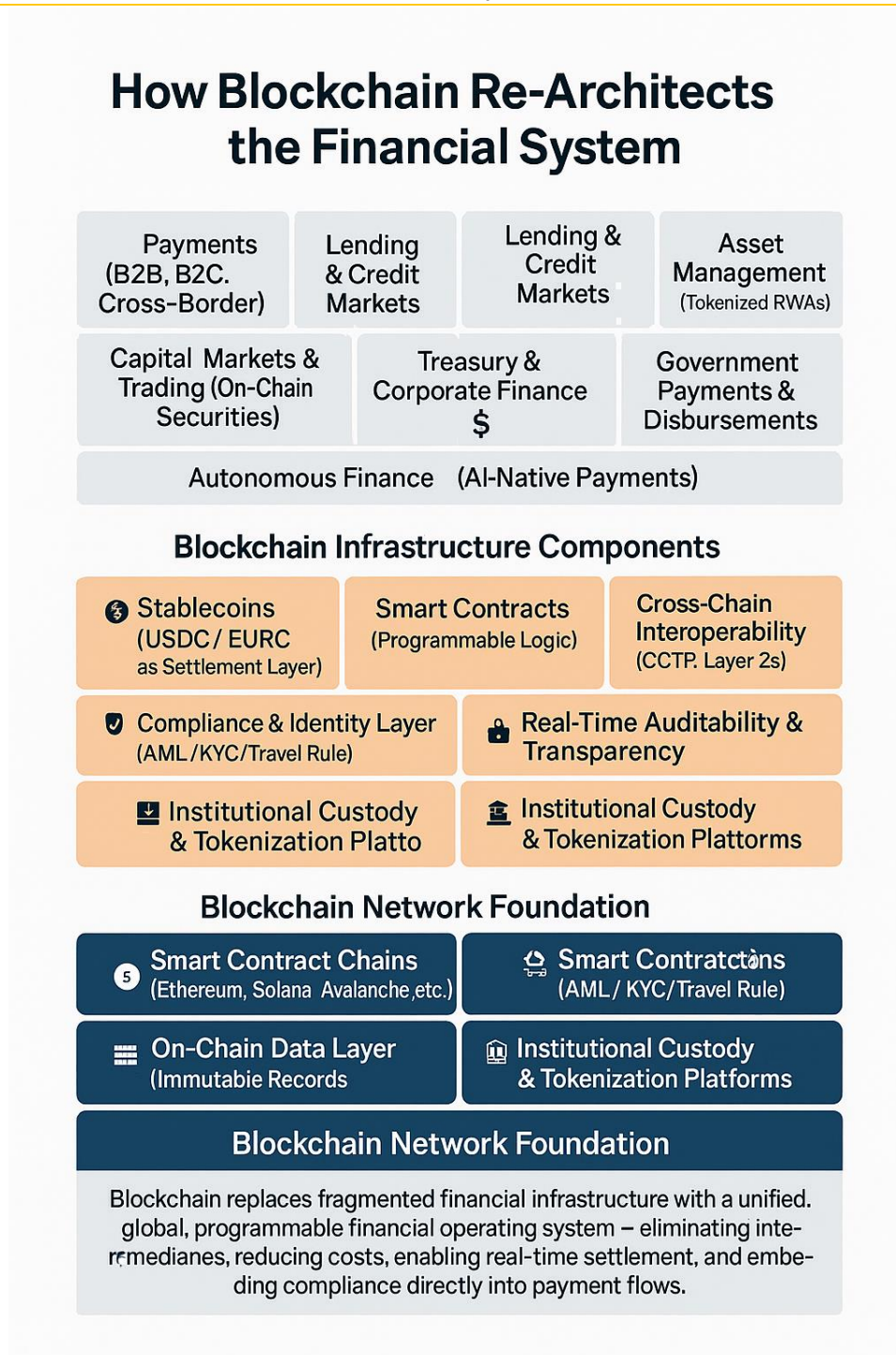
## **Autonomous Finance & AI-Native Financial Systems (The Next Layer)**

Looking further ahead, blockchain provides the foundation for autonomous finance, where:

- AI-powered agents can autonomously execute programmable payment flows, manage portfolios, and optimize treasury functions in real-time.
- Complex multi-party financial agreements can be encoded directly into interoperable smart contracts.
- The financial system becomes increasingly self-operating, audit-proof, and global by design.



Figure 14: The Tech Stacks of a Blockchain-Powered Financial System



Source: US Tiger Securities

While many of the concepts described — such as on-chain lending, tokenized assets, and programmable financial services — are often associated with Decentralized Finance (DeFi), **we deliberately avoid using that term in this context**. In its current form, DeFi generally refers to permissionless, fully decentralized protocols that operate without intermediaries or regulatory oversight. What we are describing here is a broader, more institutionally aligned vision of blockchain-powered financial infrastructure that integrates many of blockchain's technological benefits (e.g. programmability, transparency, real-time settlement) while still operating within the regulated financial system, alongside banks, financial institutions, and government entities. This distinction is important, as the end-state vision we believe Circle is positioned to enable will likely combine the innovation of blockchain with the compliance standards required for large-scale institutional adoption.



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## The GENIUS Act: A Regulatory Inflection Point for U.S. Stablecoins

The Guiding and Establishing National Innovation for U.S. Stablecoins Act of 2025 (GENIUS Act) represents the most comprehensive legislative proposal to date for creating a federal regulatory framework for U.S. dollar-backed stablecoins. If enacted, it would formally define the regulatory perimeter for payment stablecoins, introduce strict standards for reserves, disclosure, and supervision, and establish a path for stablecoin integration into the regulated U.S. financial system.

We believe the passage of the GENIUS Act would create a major structural catalyst for Circle by providing regulatory clarity, strengthening its market position, accelerating institutional adoption, and erecting higher compliance barriers for less-regulated offshore competitors.

On June 11, the U.S. Senate successfully invoked cloture on S.394 in a 68–30 vote, clearing the procedural hurdle and paving the way for full debate on the Senate floor. Subsequently, on June 17, the Senate passed the GENIUS Act by the same 68–30 margin, marking the first-ever standalone federal stablecoin legislation to clear the Senate floor. The bill now advances to the House of Representatives, where the companion STABLE Act (H.R.2392) has already passed out of committee but awaits a full floor vote. Congressional leadership is aiming to reconcile the two bills—either through adopting the Senate text or a conference—before the August congressional recess.

We summarize some of the key points of the Genius Act:

- **Payment Stablecoin Definition:** The Act defines "Payment Stablecoins" as digital assets **fully backed** by fiat-denominated monetary value and redeemable at par by the issuer. It excludes algorithmic stablecoins or securities-based stablecoins.
- **Reserve requirements:** Reserves must be fully backed by high-quality liquid assets (HQLA), including:
  - U.S. currency and demand deposits.
  - Treasury securities with  $\leq 93$  days maturity.
  - Overnight repos and reverse repos collateralized by Treasuries.
  - Money market funds holding these assets.
  - Central Bank reserve deposits.

Strict prohibition on rehypothecation except for short-term liquidity creation under controlled conditions.

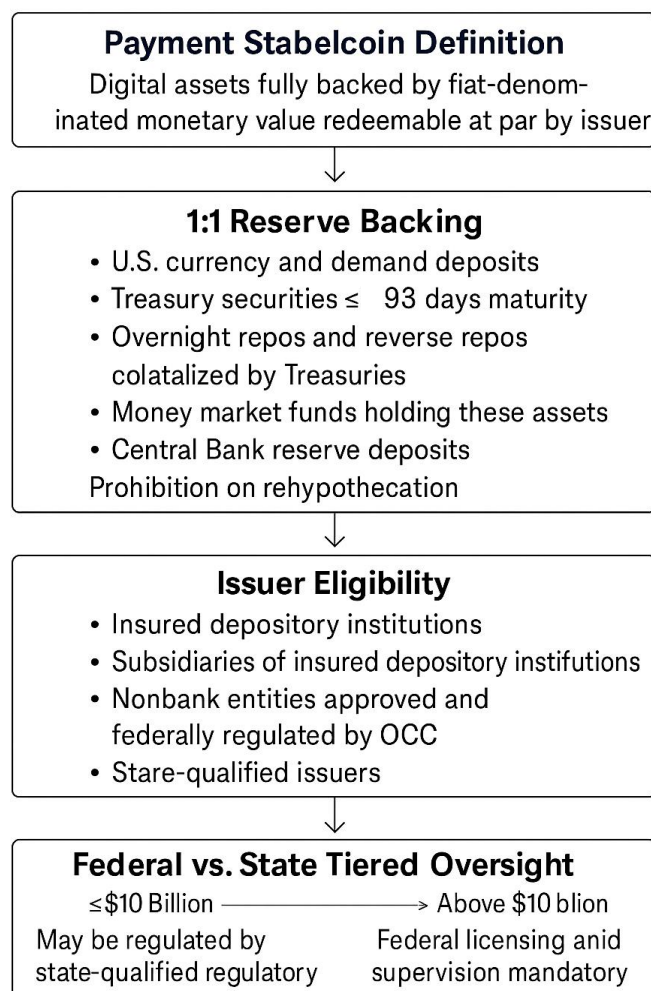
- **Issuer Eligibility:** Permitted issuers include 1) Insured depository institutions. 2) Subsidiaries of insured depository institutions. 3) Nonbank entities approved and federally regulated by the Comptroller of the Currency (OCC). 4) State-qualified issuers for smaller issuance volumes.
- **Federal vs. State Tiered Oversight:** A \$10 billion issuance threshold is established. Below \$10B, issuers may be regulated by qualified state regulators. Above \$10B, federal licensing and supervision becomes mandatory.
- **Transparency & Disclosure:** Monthly public reserve composition disclosures. Third-party CPA audits of monthly reports. CEO/CFO monthly certifications of reserve accuracy. Criminal penalties for false certifications.
- **Consumer Protections:**
  1. Bankruptcy remote structure: payment stablecoin holders have **first priority claim** on reserves in insolvency proceedings.
  2. Stablecoin issuers treated as financial institutions under the Bank Secrecy Act (BSA) and required to maintain AML/KYC compliance.
  3. Permitted issuer activities are limited to issuance, redemption, custody, reserve management, and directly related functions.
  4. The Act does not authorize interest-bearing stablecoins directly; issuers cannot create savings-like products linked to stablecoins under their own balance sheets.



- **Foreign Issuer Requirements:** Offshore issuers seeking U.S. access must obtain federal licensing and approval (OCC). A reciprocity framework is authorized, allowing the U.S. to establish cross-border agreements with jurisdictions that adopt "substantially similar" regulatory standards.

Figure 15: Key Points of the GENIUS Act

## GENIUS Act: Regulatory Structure



Source: US Tiger Securities

### Regulatory Clarity in the U.S. Likely to Accelerate Circle's (USDC) Market Share Expansion

The impending passage of the GENIUS Act would mark a turning point for the U.S. stablecoin sector by delivering long-awaited regulatory clarity for fiat-backed digital assets. For Circle, the issuer of USDC, the regulatory structure proposed under this bill closely mirrors the company's existing operational standards—full reserve backing, monthly transparency disclosures, independent attestation, and strict compliance with AML/KYC regulations. As such, Circle is uniquely well-positioned to benefit from a regulatory regime that raises the minimum compliance bar for all market participants.

While Circle has already established itself as the dominant stablecoin provider within the United States—particularly in enterprise and institutional channels—the GENIUS Act could catalyze USDC's international adoption in regulated environments where large corporates, payment platforms, and fintech institutions have thus far hesitated due to legal uncertainty. With the backing of a formal U.S. licensing framework, USDC would likely emerge as the "safe choice" for entities seeking exposure to U.S. dollar stablecoins without the reputational and compliance risks associated with unregulated offshore alternatives.

Moreover, U.S. regulatory leadership may influence global standards, creating convergence with frameworks such as the EU's MiCA, the UK's stablecoin regime, and Asia's evolving policies (e.g., Hong Kong, Singapore). Over time, such convergence could shift the global competitive landscape in favor of U.S.-regulated issuers like Circle, enabling it to gain share in use cases such as cross-border B2B settlement, e-commerce payments, tokenized capital markets, and on-chain corporate treasury management.

In our view, the GENIUS Act not only mitigates regulatory uncertainty for Circle but also serves as a strategic accelerant—cementing USDC's role as the institutional-grade, policy-aligned U.S. dollar stablecoin of choice in a market where regulatory trust is becoming a core differentiator.

However, we'd note that there might be some side effects from the GENIUS Act. In the global retail and gray-market use cases (emerging market dollarization, capital control avoidance, on-chain leverage, crypto-native trading, high-yield farming), many users deliberately prefer looser KYC, lower transparency, and less regulatory oversight. For these users, unregulated offshore alternatives (e.g., USDT) remain more attractive. Some "lawbreakers" and regulatory arbitrage players may actively avoid USDC because USDC operates under U.S. jurisdiction, Circle has full OFAC sanctions compliance, and blacklists and wallet freezes have been enforced in some cases.

**Figure 16: The Passage of the GENIUS Act Should be More Positive than Negative in the Overseas Market for USDC**

Segment	Impact	USDC Positioning
Institutional adoption (banks, corporates, fintechs)	✓ Positive	USDC gains
Regulated cross-border payments	✓ Positive	USDC gains
Tokenized capital markets	✓ Positive	USDC gains
Onshore U.S. use cases	✓ Very Positive	USDC dominant
Offshore CEX / P2P / trading	✗ Limited	USDT still strong
Illicit markets, sanctions evasion	✗ Negative (for USDC)	USDT advantage

Source: US Tiger Securities

Regardless, we believe that the potential passage of the GENIUS Act should help USDC gain market share in offshore markets, as the institutional, compliant layer is much larger TAM in the long run. The "low-compliance" use cases may remain large in transaction volume, but not necessarily attractive revenue pools due to pricing pressure, limited institutional integration, and rising regulatory friction globally. Moreover, as mentioned above, regulatory convergence globally is slowly catching up. EU MiCA, UK, Singapore, HK, UAE are all moving toward USDC-style reserve transparency. Over time, even overseas jurisdictions may increasingly favor USDC-like models. If that happens, Tether's advantage erodes even in offshore markets.

As shown below, USDT currently does not meet the stablecoin regulatory standards outlined in the GENIUS Act. We believe, instead of modifying USDT to bring it into compliance, Tether may launch a separate, U.S.-compliant stablecoin tailored to meet forthcoming regulatory requirements. This approach would allow the company to preserve the flexibility and global liquidity of USDT—particularly for users and platforms that prioritize speed and accessibility over regulatory oversight—while simultaneously entering the regulated U.S. market with a distinct product.

However, we believe such a move is unlikely to pose a material threat to Circle's dominant position in the compliant stablecoin segment. Circle has been building toward a compliant model for years, with a well-established track record of full-reserve backing, transparent reporting, regulated partnerships, and U.S. operational licensing. This has already earned it trust among institutions, fintechs, and policymakers.

**Figure 17: Currently, USDT Does Not Meet the Stablecoin Standard Outlined in the GENIUS Act**

GENIUS Act Requirement	Tether (USDT) Status
1:1 fiat reserve backing in eligible assets	✓ <i>Mostly</i> meets, but includes riskier assets (e.g. Bitcoin, private credit) not allowed under GENIUS.
Reserves must be held in cash or U.S. Treasuries ≤93 days	✗ Tether has historically held a portion of reserves in longer-dated Treasuries, gold, Bitcoin, and other risk assets, which are <b>non-compliant</b> under GENIUS.
Monthly disclosures with third-party audits	✗ Provides attestations, not <b>full independent audits</b> . Auditing transparency has been a long-standing criticism.
Issuer must be U.S. OCC-approved or chartered	✗ Tether is headquartered in the British Virgin Islands and not regulated by any U.S. banking authority.
AML/KYC and BSA compliance	✗ Tether's regulatory compliance and AML practices are <b>opaque</b> , and it has been criticized for lax controls.
Bankruptcy-remote structure for consumers	✗ Tether's legal structure and documentation provide <b>limited clarity</b> on user protections in insolvency scenarios.
Prohibition of interest-bearing stablecoins	✓ Tether does not offer interest directly to users.

Source: US Tiger Securities

The bottom line is:

Please find US Tiger' Analyst Certification and other Important Disclosures at the end of this report.





- GENIUS Act strengthens Circle's long-term position globally.
- USDC will likely gain share in regulated institutional cross-border flows.
- Offshore informal trading volumes may remain USDT-dominant near-term.
- In the long run, compliance wins as stablecoins integrate with the regulated financial system globally.

## Technology Is No Longer the Bottleneck—Regulation Is

A key underpinning of our investment thesis is that the core blockchain infrastructure required for mass adoption is largely in place. Breakthroughs in scalability—through Layer 2 solutions like Base, Arbitrum, and Optimism, as well as high-throughput Layer 1s like Solana—have dramatically improved transaction speed, reduced costs, and increased reliability. These networks are now capable of processing tens of thousands of transactions per second, rivaling traditional payment rails in performance while offering programmability, composability, and 24/7 settlement.

With these technical advancements, the primary constraint on real-world blockchain applications—especially in payments, finance, and commerce—is no longer throughput or latency, but regulatory clarity. Particularly in the U.S., the lack of a comprehensive framework around stablecoins, custody, token classification, and compliance standards has created uncertainty for mainstream institutions and platforms. This regulatory gap is a key reason why the full potential of blockchain-based finance remains unrealized, despite the technology being enterprise-ready.

The passage of the GENIUS Act or similar legislation could mark a turning point, unlocking institutional and corporate participation and paving the way for use cases like on-chain settlement, embedded finance, tokenized assets, and global digital dollar rails. In this context, Circle—and by extension, USDC—stands at the intersection of technological readiness and regulatory alignment, with the potential to become a central player in a re-architected financial system.

## The Real Threat to USDC: Stablecoins Issued by Banks and Tech Giants

While USDC has established a dominant position in the regulated stablecoin segment—particularly within crypto-native ecosystems—the most meaningful long-term competitive threat may not come from legacy issuers like Tether, but rather from new entrants with deep user bases and strong distribution networks, especially large banks and tech platforms.

Under the GENIUS Act and similar regulatory frameworks, traditional financial institutions and OCC-approved entities would be allowed to issue their own stablecoins. This opens the door for major U.S. banks (e.g., JPMorgan, Citi, Bank of America) and tech platforms (e.g., Amazon, PayPal, Meta) to launch compliant stablecoins that are deeply integrated into their existing ecosystems. For example:

- **Banks** can seamlessly embed stablecoins into their retail and institutional payment rails, treasury services, and corporate settlement systems. For example, JPMorgan Chase is piloting JPMD, a deposit-linked token representing dollar deposits, on Coinbase's Base network. This tokenized solution suggests broader ambitions to evolve in-house deposit tokens into wider, customer-facing digital currencies. A consortium including JPMorgan, Bank of America, Citigroup, and Wells Fargo is reportedly developing a jointly issued dollar stablecoin for improved cross-bank and cross-border payment settlements. European banks like Société Générale are also entering the fray, with "USD CoinVertible" (USDCV) recently launched for institutional clients, signaling a coordinated global push.
- **Tech platforms** can use stablecoins as native money within their marketplaces or social platforms, enhancing loyalty programs, cross-border payments, and embedded finance offerings. Amazon and Walmart have been exploring branded digital currencies pegged to the U.S. dollar. The goal is to reduce interchange costs and accelerate settlement times. PayPal launched its stablecoin (PYUSD) in 2023, targeting wallet users and merchant payments—a direct example of non-bank firms entering the space. Meanwhile, Stripe has indicated plans to roll out stablecoin accounts in over 100 countries, setting the foundation for global payment use cases.

This poses a material risk to USDC for two reasons:

### 1. Stablecoin demand follows use cases

Unlike crypto-native users who adopt stablecoins for trading, DeFi, or on-chain payments, the next wave of stablecoin demand will be driven by real-world applications—e-commerce, remittances, payroll, and business-to-business settlement. Issuers with large existing user bases and commercial applications are well-positioned to drive fast adoption at scale, something Circle is still in the early stages of developing with products like CPN (Circle Payments Network).



## 2. Distribution leverage matters more than infrastructure

While Circle has built a trusted issuance and reserve management platform, new entrants can bootstrap distribution by integrating stablecoins directly into their high-frequency services. Amazon or Apple, for example, could issue a stablecoin and offer discounts or rewards for using it across their platforms—accelerating adoption far more quickly than an infrastructure-first approach.

That said, Circle still has meaningful advantages—brand trust, regulatory alignment, enterprise tooling, and deep blockchain infrastructure capabilities. But in the long term, success in the stablecoin space will likely depend on combining compliance and reserve integrity with deep use case penetration. To maintain leadership, Circle will need to rapidly expand USDC's utility beyond crypto into mainstream commerce and financial applications.

## USDC Beyond Business: Driving the Dollar's Digital Evolution and a Multi-Trillion-Dollar TAM

In our view, as global finance undergoes a digital transformation, Circle's USDC is uniquely positioned to emerge not just as a financial product, but as a geopolitical instrument of U.S. economic influence. In a world increasingly fragmented by competing monetary standards and digital currency architectures—such as China's digital yuan and BRICS-aligned settlement systems—USDC represents the programmable, internet-native version of the U.S. dollar.

Stablecoins like USDC can modernize dollar settlement: 24/7, near-instant, low-cost, and transparent, bypassing the inefficiencies of legacy systems like SWIFT and ACH. This makes USDC a digital export product for the U.S., enabling dollar-based commerce in geographies where local banks and FX regimes have failed. USDC adoption enables “dollarization without banking” — especially in underbanked or politically volatile regions (e.g., LATAM, Africa, parts of Southeast Asia). Governments and businesses can leverage USDC without direct exposure to U.S. banks, creating new channels for USD-denominated trade and savings. From a policy standpoint, supporting USD stablecoins including USDC can be seen as reinforcing **dollar hegemony** through market-driven, private-sector innovation.

USDC's proactive stance on compliance (GENIUS Act, MiCA, audits, reserves) sets it apart from offshore competitors like Tether. In addition, with US investors, Circle is widely seen as the “safe pair of hands” for a compliant global dollar. Moreover, Circle's developer platform, CCTP, tokenized funds (USYC), and CPN lay the foundation for compliant global-scale dollar infrastructure.

From this perspective (beyond just crypto-native use cases and payment), today's stablecoin circulation (~\$250B across all issuers, with USDC at ~\$61B) represents <0.5% of total dollar liquidity, the long-term opportunity is measured in trillions. To understand the ceiling and the potential TAM, we consider the following monetary aggregates:

Figure 18: Dollar Digitalization Could Drive a Multi-Trillion-Dollar TAM for Circle

Measure	Description	Size (as of 2025)
M0	Physical cash + Fed reserves	~\$5.7 trillion
M1	M0 + checking deposits	~\$18.7 trillion
M2	M1 + savings deposits, money markets	~\$21–22 trillion
Offshore USD	USD held outside U.S. banks (Eurodollar system, trade settlement, shadow banking)	Est. \$13–16 trillion
Global USD-denominated assets	Loans, bonds, treasuries held worldwide	\$100+ trillion

Source: Bloomberg, Fred, US Tiger Securities

Therefore, even if only 5–10% of M1 and offshore dollars (~\$30–40 trillion) becomes tokenized over the next decade, that implies a multi-trillion-dollar TAM for stablecoins, payments, and adjacent infrastructure. In the near term (within three years), high readiness opportunities include:

- **Checking/deposit balances (M1, \$18.7T):** Already abstracted as digital entries; easily replicated by stablecoins like USDC for payments, B2B settlement, and commerce.
- **Offshore USD demand (over \$13T):** In regions with limited dollar access, USDC offers compliance, liquidity, and programmability that paper or bank-based dollars can't.

Beyond checking accounts and offshore USD demand, medium-term opportunities are:



- **Savings and money market deposits (M2):** Requires yield-bearing instruments like tokenized T-bills (e.g. USYC). Adoption depends on regulatory comfort and investor protections.
- **Tokenized short-term Treasuries:** Already underway (e.g., Circle's USYC), but needs custodial clarity and broad institutional buy-in.

And more complex long-term opportunities include:

- **M0 and Fed reserves:** Not tokenizable unless the Fed issues a retail CBDC or opens its balance sheet to stablecoin issuers — unlikely in near term.
- **Tokenized loans and bonds:** High TAM, but requires rearchitecting trust, custody, and legal enforceability. RWA tokenization is still early stage.

Circle is well-positioned if this trend happens, as USDC is well-positioned to be the default “digital dollar” standard outside traditional banking systems. Circle's lead in compliance, interoperability, and developer tooling makes it a prime candidate to capture a meaningful share of this digital dollar shift. As such, **Circle becomes not just a company, but a foundational platform in a new digital economic order**—one that preserves U.S. monetary dominance in the internet age.

Below is our scenario analysis of USDC in circulation from 2025E to 2035E **if USDC can significantly expand its use cases beyond crypto**. Currently, M2 + Offshore USD + global USD-denominated assets are roughly \$130T. As of writing, USDC in circulation is around \$61.4B, with total fiat-backed stablecoins standing at \$220B, implying a market share of 28%.

## Base Case: Steady, Regulatory-Driven Digital Dollar Adoption

Key Assumptions:

- **Total Addressable USD Pool:** Combines U.S. M2, offshore USD, and global USD-denominated assets. Grows from \$130T in 2025 to \$208T in 2035.
- **Stablecoin Penetration:** The portion of this total USD base that becomes tokenized as stablecoins rises from 0.19% in 2025 to 10.00% in 2035, indicating gradual but accelerating adoption driven by regulatory clarity (e.g., GENIUS Act), institutional participation, and infrastructure readiness. Penetration remains modest early on (0.22% in 2025), but grows significantly post-2027 with broader adoption. The acceleration is driven by institutional use cases like onchain treasuries, B2B payments, and tokenized capital markets mature.
- **Circle's Share:** Circle (via USDC, USYC, and related offerings) maintains 25% stablecoin market share through 2035.
- **Circle's absolute issuance** grows over 74x from \$70B in 2025 to \$5.19T in 2035.
- **Massive Revenue Implications:** At a combined yield of 2% (reserve yield should follow UST bills, but USYC yield is likely much lower), \$5.19T in stablecoins and tokenized funds could generate over \$103B in annual income (over 61x of 2024 revenue) for Circle by 2035 (before distribution costs). High operating leverage means Circle could capture a meaningful share of this in profit, even as distribution cost % remains elevated.

## Bull Case: Widespread Tokenization Driven by Regulatory Alignment and Institutional Demand

Key Assumptions:

- The addressable USD pool grows from \$130T in 2025 to \$208T in 2035.
- Tokenized share increases aggressively from 0.19% in 2025 to 15% in 2035, reflecting accelerated global adoption of blockchain-based finance, rapid integration by fintechs and banks, and favorable regulatory frameworks like the GENIUS Act.
- Circle's market share rises (25% → 50%) due to first-mover advantage and dominant infrastructure.
- Circle achieves over \$15.5 trillion in circulation under this scenario.
- Assuming a combined yield of 2%, annual income will grow to \$310B (185x of 2024).





## Bear Case: Slow Adoption, Fragmented Regulation, and Competitive Pressure

### Key Assumptions:

- The addressable dollar pool still grows to \$208T by 2035.
- Tokenization proceeds more cautiously, from 0.19% in 2025 to just 5% by 2035, reflecting regulatory fragmentation, geopolitical tension, and limited integration with TradFi.
- Circle's market share erodes steadily from 25% to 15% by 2035, as large banks, regional players, and vertical-specific stablecoins gain traction.
- Circle achieves over \$1.5 trillion in circulation under this scenario.
- Assuming a combined yield of 2%, annual income will grow to \$30B (17.9x of 2024).

Figure 19: Scenario Analysis

Base case	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
M2 + Offshore USD + Global USD-denominated Assets (\$ Trillion)	130	136	143	150	157	164	172	180	189	198	208
Digitalized as Stablecoins %	0.19%	0.28%	0.47%	0.80%	1.40%	2.40%	3.50%	4.80%	6.30%	8.00%	10.00%
Total USD Stablecoin Market Size (\$ Billion)	250	381	671	1,197	2,195	3,944	6,028	8,664	11,917	15,859	20,776
Circle Market Share	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
USDC, USYC, etc. in Circulation (\$ Billion)	70	95	168	299	549	986	1,507	2,166	2,979	3,965	5,194

Bull case	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
M2 + Offshore USD + Global USD-denominated Assets (\$ Trillion)	130	136	143	150	157	164	172	180	189	198	208
Digitalized as Stablecoins %	0.19%	0.30%	0.54%	1.00%	1.90%	3.40%	5.50%	8.00%	10.50%	13.00%	15.00%
Total USD Stablecoin Market Size (\$ Billion)	250	409	771	1,496	2,979	5,588	9,473	14,440	19,862	25,771	31,164
Circle Market Share	25%	28%	30%	33%	35%	38%	40%	43%	45%	48%	50%
USDC, USYC, etc. in Circulation (\$ Billion)	70	112	231	486	1,043	2,095	3,789	6,137	8,938	12,241	15,582

Bear case	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
M2 + Offshore USD + Global USD-denominated Assets (\$ Trillion)	130	136	143	150	157	164	172	180	189	198	208
Digitalized as Stablecoins %	0.19%	0.26%	0.37%	0.59%	0.95%	1.50%	2.00%	2.60%	3.30%	4.10%	5.00%
Total USD Stablecoin Market Size (\$ Billion)	250	354	528	883	1,490	2,465	3,445	4,693	6,242	8,128	10,388
Circle Market Share	25%	24%	23%	22%	21%	20%	19%	18%	17%	16%	15%
USDC, USYC, etc. in Circulation (\$ Billion)	70	85	122	194	313	493	654	845	1,061	1,300	1,558

Source: US Tiger Securities

It's worth noting that even the base case assumes USDC will **significantly expand its use cases beyond the crypto ecosystem (so it is not the base case we used for the Company)**—and that the broader crypto market remains stable or continues to grow—since current stablecoin demand is still primarily driven by crypto-native applications.

## Financials and Valuation

### Financial Forecasts

Forecasting Circle's long-term financials presents a unique challenge due to the company's dependence on the pace and breadth of stablecoin adoption—particularly the expansion of USDC beyond its current, crypto-native use cases. While Circle has made meaningful strides in areas such as payments, developer infrastructure, and cross-border settlement, the financial trajectory will ultimately hinge on how successfully USDC can become embedded in mainstream commerce, institutional finance, and programmable money applications. These transitions are inherently uncertain and will be influenced by external factors such as regulation, competitive dynamics, and broader infrastructure readiness.

Moreover, in the near term, demand for USDC and stablecoins at large remains closely tied to crypto market cycles. During crypto bull markets, on-chain trading, DeFi activity, and digital asset liquidity drive elevated demand for stablecoins. Conversely, bear markets tend to suppress usage, leading to contraction in USDC circulation—and by extension, Circle's reserve income. Compounding this complexity is the fact that a substantial portion of Circle's near-term revenue comes from reserve income, which is highly sensitive to prevailing interest rates. Forecasting macroeconomic variables such as the Fed funds rate over multi-year periods is notoriously difficult and subject to rapid shifts driven by inflation, employment data, fiscal policy, and geopolitical risk.



Given these intertwined uncertainties, **we caution against placing too much emphasis on near- or medium-term financial projections in isolation. Instead, we encourage investors to focus on the bigger picture: the emergence of a digital dollar standard, the evolution of blockchain-powered financial infrastructure, and Circle's potential to become a foundational layer in this transformation.** These long-term developments could significantly reshape the company's financial profile beyond what traditional models might capture today.

With the above considerations in mind, our financial forecasts are based on the following key assumptions:

- **Relatively stable or rising crypto market:** While forecasting the crypto market is inherently difficult, we adopt a simplified base case assuming a relatively stable or appreciating market. Historically, crypto cycles have been highly cyclical, and we acknowledge that a correction or bear market is a meaningful risk. For example, if previous cycles repeat, Bitcoin could peak in 2H 2025, potentially followed by a downturn. In such a scenario, demand for stablecoins, including USDC, could face near-term headwinds. Nevertheless, we use this assumption to focus on the bigger picture—the long-term potential of USDC adoption across payment, infrastructure, and tokenized finance use cases.
- **Total fiat-backed stablecoin market size (end of period):** We project the overall stablecoin market to grow from \$220B today to \$250B in 2025, \$354B in 2026, \$513B in 2027, and \$744B in 2028, driven by both crypto-native and real-world use cases.
- **USDC market share (end of period):** We forecast USDC's share of the fiat-backed stablecoin market to gradually rise from 28% today to 35% by 2028, supported by increasing demand for compliance-focused and institutionally trusted stablecoins.

These assumptions result in **USDC's circulation** growing from \$61.4B today to \$72B in 2025, \$108B in 2026, \$170B in 2027, and \$261B in 2028.

- **Reserve return rate:** We assume a gradual decline in yield from 4.12% currently to 3.1% by 2028, in line with interest rate futures and market consensus. However, as discussed earlier, a hard landing scenario—such as a recession—could push interest rates below 2%, or even toward zero, as seen in the post-2008 and pre-COVID era, posing downside risk to reserve income.

Based on these assumptions, we estimate Circle's **reserve income** to grow from \$1.66B in 2024 to \$2.49B in 2025, \$2.96B in 2026, \$4.30B in 2027, and \$6.67B in 2028.

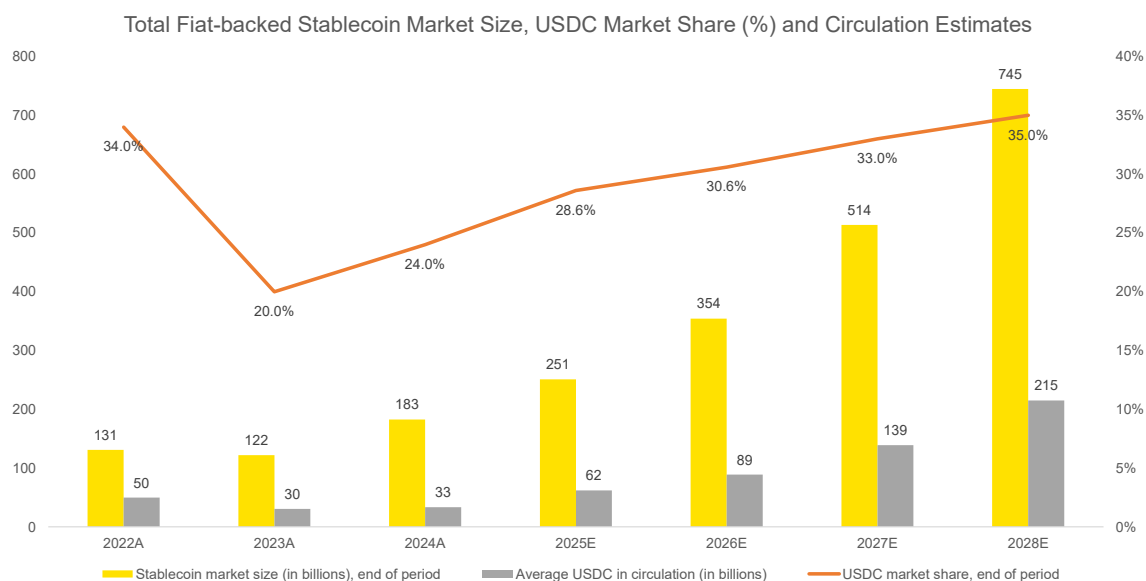
- **Other revenue:** Expected to grow from \$15M in 2024 to \$621M by 2028 (41.4x), primarily driven by USDC payment and infrastructure monetization (e.g., CPN, integration services, developer tools).

## Cost and expenses:

- **Distribution and transaction costs:** We expect these costs to remain elevated as a percentage of reserve income—62% in both 2025 and 2026, slightly up from 60.9% in 2024—reflecting Coinbase's growing share of USDC distribution and its increased integration efforts (e.g., Coinbase Payments). However, we project this ratio to decline to 60.7% in 2027 and 58.9% in 2028 as Circle expands its distribution channels beyond Coinbase and into diversified, lower-cost partners.
- **Operating expenses (OpEx):** As a percentage of total revenue, we expect OpEx to decline from 29.3% in 2024 to 14.3% in 2028, highlighting Circle's strong operating leverage and scalable platform.

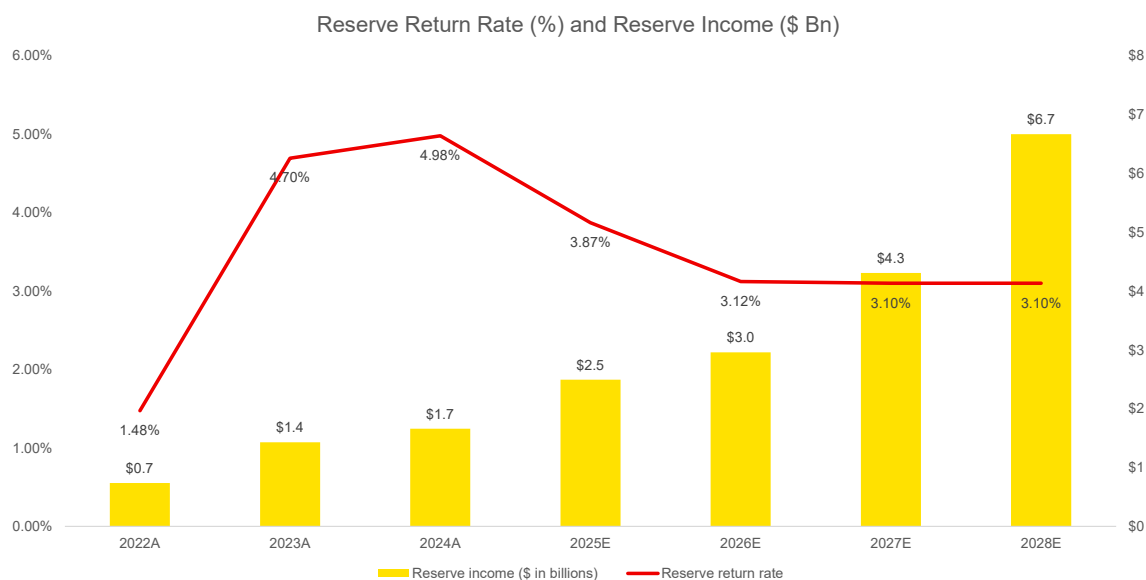
As a result, we forecast EBITDA to grow from \$285M in 2024 to \$2.4B in 2028, with EBITDA margin expanding from 17.0% to 33.5% over the period. Please refer to the accompanying figures for additional details on our financial projections.

**Figure 20: We Expect Fiat-Backed Stablecoin Market Size to Grow and USDC to Gain Market Share**



Source: Company reports, US Tiger Research estimates

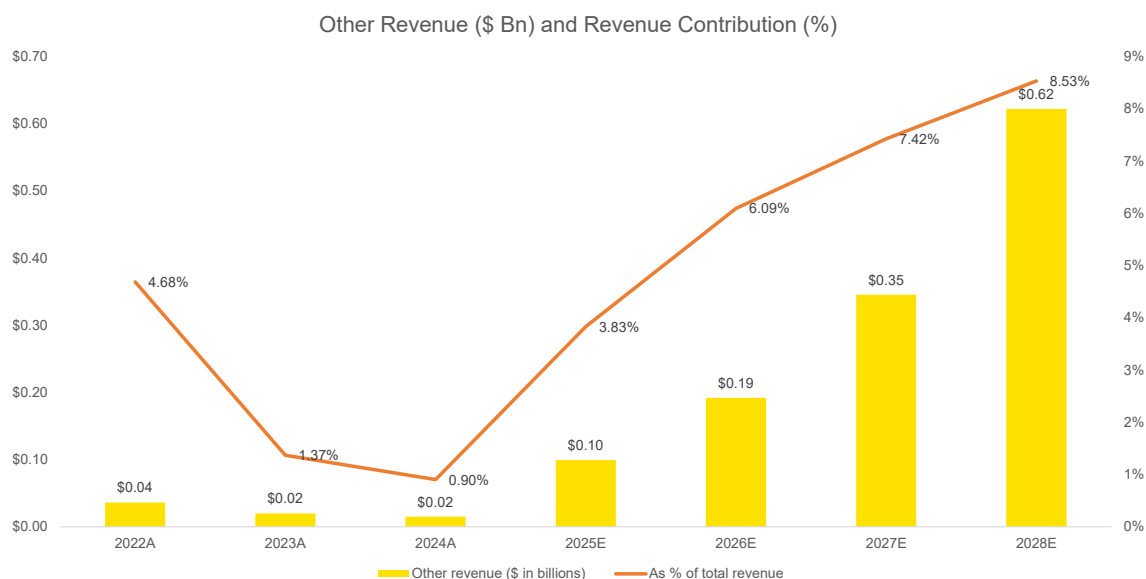
**Figure 21: We Expect CRCL's Reserve Income to Grow Substantially, Despite Lower Reserve Return Rate**



Source: Company reports, US Tiger Research estimates

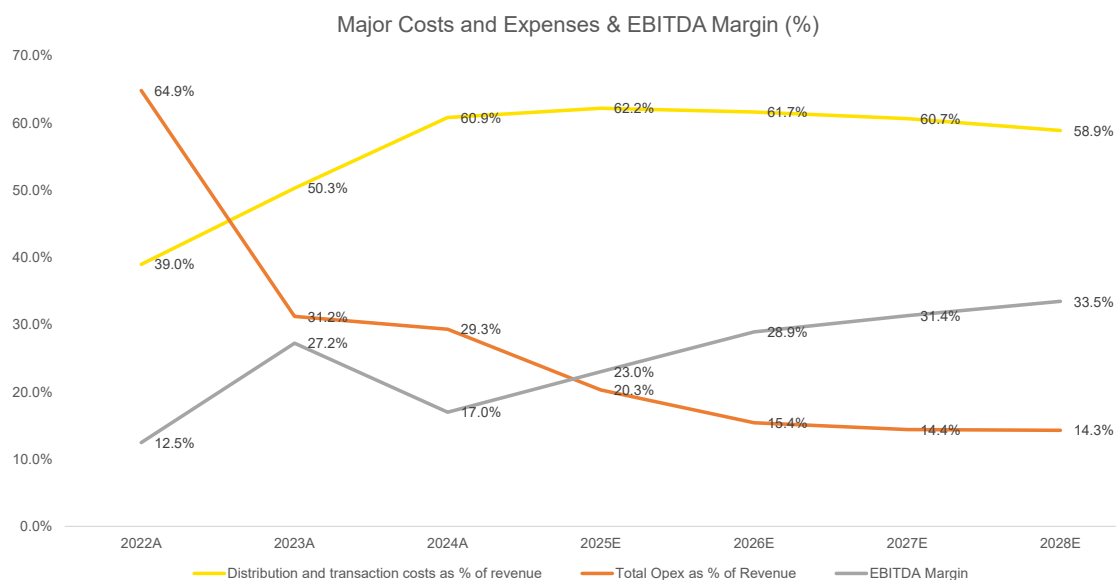


Figure 22: We Expect Other Revenue to Grow Faster than Reserve Income, but on a Smaller Base



Source: Company reports, US Tiger Research estimates

Figure 23: We Expect EBITDA Margin to Expand, Despite Relatively Elevated Distribution Costs



Source: Company reports, US Tiger Research estimates



Figure 24: CRCL Revenue Build

Circle Internet Group, Inc. - Revenue Build (USD in thousands, except indicated otherwise)	2022A	2023A	2024A	1Q25A	2Q25E	3Q25E	4Q25E	2025E	1Q26E	2Q26E	3Q26E	4Q26E	2026E	'24-'26E CAGR
USDC in circulation, beginning of period (in millions)	42,416	44,554	24,412	43,857	59,976	61,382	66,383	43,857	71,783	79,611	88,267	97,836	71,783	
Y/Y Growth		5%	-45%	80%				80%	64%	33%	44%	47%	64%	
USDC minted (in millions)	167,609	95,833	141,342	53,222										
Y/Y Growth		-43%	47%	66%										
USDC redeemed (in millions)	(165,471)	(115,975)	(121,897)	(37,103)										
Y/Y Growth		-30%	5%	54%										
Net increase (decrease) in USDC in circulation (in millions)	2,138	(20,142)	19,445	16,119	1,406	5,000	5,400	27,926	7,828	8,656	9,569	10,577	36,630	
Y/Y Growth														
USDC in circulation, end of period (in millions)	44,554	24,412	43,857	59,976	61,382	66,383	71,783	71,783	79,611	88,267	97,836	108,413	108,413	
Y/Y Growth		-45%	80%	85%				64%	33%	44%	47%	51%	51%	
Average USDC in circulation (in millions)	49,861	30,467	33,342	54,136	60,679	63,883	69,083	61,945	75,697	83,939	93,051	103,124	88,953	
Y/Y Growth		-39%	9%	93%				40%	38%	38%	46%	49%	44%	
Reserve return rate	1.48%	4.70%	4.98%	4.12%	4.12%	4.02%	3.87%	3.87%	3.62%	3.42%	3.22%	3.12%	3.12%	
Quarterly Avg. SOFR				4.33%										
Quarterly Avg. 3Mo T-Bill				4.21%										
USDC on platform, end of period (in millions)	537	525	2,236	3,857										
Daily w eighted-average percentage of USDC on platform	1.8%	2.0%	2.2%	5.7%	6.7%	7.5%	8.0%		8.5%	9.0%	9.0%	9.5%		
Daily w eighted-average percentage of USDC in circulation held on Coinbase	3.0%	8.0%	18.0%	22.0%	23.0%	24.0%	25.0%		26.0%	26.0%	27.0%	27.0%		
Daily w eighted-average percentage of USDC in circulation held outside Circle and Coinbase	95.2%	90.0%	79.8%	72.3%	70.3%	68.5%	67.0%		65.5%	65.0%	64.0%	63.5%		
Distribution costs as % of Reserve revenue (estimate)	50.5%	52.9%	57.8%	58.1%	58.1%	58.2%	58.4%		58.7%	58.4%	58.9%	58.7%		
Distribution and transaction costs as % of Reserve revenue	39.0%	50.3%	60.9%	62.3%	62.1%	62.2%	62.4%	62.2%	61.7%	61.4%	61.9%	61.7%	61.7%	
Delta		-2.6%	3.0%	4.2%	4.0%	4.0%	4.0%		3.0%	3.0%	3.0%	3.0%		
USDC market share, end of period	34.0%	20.0%	24.0%	29.0%	28.0%	28.3%	28.6%	28.6%	29.1%	29.6%	30.1%	30.6%	30.6%	
Stablecoin market size (in millions), end of period	131,041	122,060	182,738	206,814	219,223	234,568	250,988	250,988	273,572	298,199	325,037	354,290	354,290	
Y/Y Growth		-7%	50%	47%				37%	32%	36%	39%	41%	41%	
Meaningful Wallets, end of period	1,759	2,780	4,264	4,883										
Reserve income	735,885	1,430,606	1,661,084	557,911	625,343	642,386	668,771	2,494,411	685,489	718,158	749,597	804,961	2,958,206	33%
Y/Y Growth														
as % of total revenue	95%	94%	16%	55%	96%	96%	96%	50%	23%	15%	17%	20%	19%	
Other revenue	36,167	19,860	15,169	20,662	23,761	26,137	28,751	99,312	35,939	44,924	51,662	58,412	191,937	256%
Y/Y Growth		-45%	-24%					555%	74%	89%	98%	107%	93%	
% of total revenue	5%	1%	1%	4%	4%	4%	4%	4%	5%	6%	6%	7%	6%	
Total Revenue	772,052	1,450,466	1,676,253	578,573	649,104	668,523	697,522	2,593,723	721,428	763,082	801,260	864,373	3,150,142	37%
Y/Y Growth		88%	16%	58%				55%	25%	18%	20%	24%	21%	

Source: Company reports, US Tiger Securities Research estimates

Figure 25: CRCL Income Statement

Circle Internet Group, Inc. Income Statement (USD) (USD in thousands, except indicated otherwise)	2022A	2023A	2024A	1Q25A	2Q25E	3Q25E	4Q25E	2025E	1Q26E	2Q26E	3Q26E	4Q26E	2026E	'24-'26E CAGR
Revenue	772,052	1,450,466	1,676,253	578,573	649,104	668,523	697,522	2,593,723	721,428	763,082	801,260	864,373	3,150,142	37%
Y/Y Growth		88%	16%	58%				55%	25%	18%	20%	24%	21%	
Distribution and transaction costs	286,953	719,806	1,010,811	347,312	388,142	399,361	417,434	1,552,249	422,726	441,079	464,131	496,401	1,824,337	34%
Y/Y Growth		151%	40%	71%				54%	22%	14%	16%	19%	18%	
as % of revenue	37.2%	49.6%	60.3%	60.0%	59.8%	59.7%	59.8%	59.8%	58.6%	57.8%	57.9%	57.4%	57.9%	
as % of reserve income	39.0%	50.3%	60.9%	62.3%	62.1%	62.2%	62.4%	62.2%	61.7%	61.4%	61.9%	61.7%	61.7%	
Other costs	22,401	7,918	6,553	335	1,288	1,337	1,395	4,365	1,443	1,526	1,603	1,729	6,300	-2%
Y/Y Growth		-65%	-17%	-92%				-33%	331%	18%	20%	24%	44%	
as % of revenue	2.9%	0.5%	0.4%	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	
Total distribution, transaction, and other costs	309,354	727,724	1,017,364	347,647	389,440	400,698	418,829	1,556,614	424,169	442,605	465,734	498,130	1,830,638	34%
Y/Y Growth		135%	40%	68%				53%	22%	14%	16%	19%	18%	
as % of revenue	40.1%	50.2%	60.7%	60.1%	60.0%	59.9%	60.0%	60.0%	58.8%	58.0%	58.1%	57.6%	58.1%	
Compensation expenses	212,961	296,055	263,410	75,620	77,893	76,880	76,727	307,120	72,143	68,677	64,101	69,150	274,071	2%
Y/Y Growth		39%	-11%	24%				17%	-5%	-12%	-17%	-10%	-11%	
as % of revenue	27.6%	20.4%	15.7%	13.1%	12.0%	11.5%	11.0%	11.8%	10.0%	9.0%	8.0%	8.0%	8.7%	
General and administrative expenses	82,272	100,128	137,283	30,684	29,210	26,741	26,506	113,140	25,971	26,708	27,243	28,524	108,446	
Y/Y Growth		22%	37%	1%				-18%	-15%	-2%	2%	8%	-4%	
as % of revenue	10.7%	6.9%	8.2%	5.3%	4.5%	4.0%	3.8%	4.4%	3.6%	3.5%	3.4%	3.3%	3.4%	
Depreciation and amortization expense	13,277	34,887	50,854	13,880	14,280	13,370	13,253	54,784	12,986	13,735	13,621	14,694	55,037	
Y/Y Growth		163%	46%	20%				8%	-6%	-4%	2%	11%	0%	
as % of revenue	1.7%	2.4%	3.0%	2.4%	2.2%	2.0%	1.9%	2.1%	1.8%	1.8%	1.7%	1.7%	1.7%	
IT infrastructure costs	11,835	20,722	27,109	7,672	7,789	7,688	7,673	30,822	7,575	7,631	8,013	8,644	31,862	
Y/Y Growth		75%	31%	21%				14%	-1%	-2%	4%	13%	3%	
as % of revenue	1.5%	1.4%	1.6%	1.3%	1.2%	1.2%	1.1%	1.2%	1.1%	1.0%	1.0%	1.0%	1.0%	
Marketing expenses	78,839	36,544	17,326	3,860	3,246	3,343	3,488	13,936	3,607	3,815	4,006	4,322	15,751	
Y/Y Growth		-54%	-53%	372%				-20%	-7%	18%	20%	24%	13%	
as % of revenue	10.2%	2.5%	1.0%	0.7%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	
Gain on sale of intangible assets		(21,634)												
Merger termination expenses	44,194													
Digital assets (gains) losses and impairment	57,436	(13,488)	(4,251)	6,270	0	0	0	6,270	0	0	0	0	0	
Total operating expenses	500,814	453,214	491,731	137,986	132,417	128,022	127,647	526,072	122,282	120,567	116,984	125,334	485,167	-1%
Y/Y Growth		-10%	8%	30%				7%	-11%	-9%	-9%	-2%	-8%	
as % of revenue	64.9%	31.2%	29.3%	23.8%	20.4%	19.2%	18.3%	20.3%	17.0%	15.8%	14.6%	14.5%	15.4%	
GAAP Operating income (loss)	(38,116)	269,528	167,158	92,940	127,247	139,803	151,046	511,036	174,977	199,910	218,542	240,909	834,338	123%
Y/Y Growth		-807%	-38%	78%				206%	88%	57%	56%	59%	63%	
GAAP Operating Margin	-4.9%	18.6%	10.0%	16.1%	19.6%	20.9%	21.7%	19.7%	24.3%	26.2%	27.3%	27.9%	26.5%	
Other income (expense), net	(720,393)	49,421	54,416	(3,103)	0	0	0	(3,103)	0	0	0	0	0	
Income/(loss) before income tax	(758,509)	318,949	221,574	89,837	127,247	139,803	151,046	507,933	174,977	199,910	218,542	240,909	834,338	94%
Y/Y Growth		-142%	-31%	23%				129%	95%	57%	56%	59%	64%	
as % of revenue	-98.2%	22.0%	13.2%	15.5%	19.6%	20.9%	21.7%	19.6%	24.3%	26.2%	27.3%	27.9%	26.5%	
(Benefit from) provision for income taxes	3,263	47,400	64,583	25,046	31,812	33,553	34,741	125,151	34,995	39,982	43,708	48,182	166,868	
Tax rate	0%	15%	29%	28%	25%	24%	23%	25%	20%	20%	20%	20%	20%	
Loss from operations of discontinued businesses	(7,075)	(3,987)	(1,324)											
GAAP Net income/(loss)	(768,847)	287,562	155,667	64,791	95,435	106,250	116,306	382,782	139,982	159,928	174,834	192,727	667,470	107%
Y/Y Growth		-135%	-42%	33%				146%	116%	68%	65%	66%	74%	
GAAP Net margin	-100%	18%	9%	11%	15%	16%	17%	15%	19%	21%	22%	22%	21%	
Weighted-average shares of common stock, basic				193,784	197,748	227,640	232,640	223,917	242,640	247,640	252,640	257,640	250,140	
Basic EPS				0.80	0.33	0.42	0.46	1.71	0.58	0.65	0.69	0.75	2.67	
Weighted-average shares of common stock, diluted				212,413	215,432	245,324	250,324	241,601	260,324	265,324	270,324	275,324	267,824	
Diluted EPS				0.73	0.30	0.39	0.42	1.58	0.54	0.60	0.65	0.70	2.49	
EBITDA	96,276	395,230	284,871	122,439	146,614	158,259	169,385	596,697	193,558	219,240	237,758	261,197	911,753	79%
Y/Y Growth		311%	-28%	61%				109%	58%	50%	50%	54%	53%	
EBITDA Margin	12.5%	27.2%	17.0%	21.2%	22.6%	23.7%	24.3%	23.0%	26.8%	28.7%	29.7%	30.2%	28.9%	

Source: Company reports, US Tiger Securities Research estimates



## Valuation

As explained above, it is inherently difficult to forecast Circle's financials, so is to value the company. To balance its strong cash-generative core business (reserve income) with the high-upside optionality of emerging use cases such as payments, infrastructure services, and tokenized finance, we adopt a sum-of-the-parts (SOTP) analysis to capture Circle's broader platform potential.

### 1. Core Reserve Income Business

Circle's current primary revenue stream—reserve income—is highly sensitive to USDC in circulation and prevailing interest rates. Based on our financial forecasts, reserve income is projected to grow from \$1.66 billion in 2024 to \$6.67 billion by 2028, supported by steady USDC adoption and moderately declining interest rates. With strong operating leverage, we estimate EBITDA will expand from \$285 million in 2024 to \$2.4 billion in 2028, with margins improving from 17% to 33.5% (here we are assuming the growth of EBITDA is solely driven by the reserve income growth as other initiatives will likely remain unprofitable in the near term).

Circle's reserve income business is structurally akin to a combination of **asset-light fintechs, money market funds, and brokerages** that earn interest income on client cash balances or low-risk assets. For 2026E, we estimate Circle will generate \$912 million in EBITDA from its reserve income segment, driven by \$108B in average USDC circulation and an average reserve yield of 3.12%.

To value this segment, we benchmark Circle against a group of comparable businesses with similar earnings models (see Figure 26). Among these peers, we believe **Robinhood (HOOD)** and **Coinbase (COIN)** are the most relevant comparables, given their exposure to crypto, significant revenue derived from interest income linked to short-term rates, and faster growth profiles relative to traditional payment companies, fintechs, or asset managers. Moreover, Circle's reserve income is expected to grow at an even faster pace than HOOD and COIN. Taking these factors into account, we believe a **40x 2026E EBITDA** multiple is a reasonable valuation for Circle's reserve income segment, implying a value of **\$36.5 billion**.

Figure 26: Circle's Reserve Income Comp Analysis

	Company Symbol	Price 6/24/2025	Fully Diluted Shares	Total Equity Mkt Value	PF Net Cash/ (Debt)	Enterprise Value		EBITDA				EV/EBITDA				Growth '24 - '26E
								2023	2024	2025E	2026E	2023	2024	2025E	2026E	
Brokerage / Float- Based Fintechs	Robinhood	HOOD	\$76.35	925	\$70,588	\$4,500	\$66,088	\$536	\$1,429	\$1,901	\$2,431	123.3x	46.2x	34.8x	27.2x	30%
	Coinbase	COIN	\$307.59	280	\$86,276	\$6,095	\$80,181	\$964	\$3,344	\$3,324	\$3,732	83.2x	24.0x	24.1x	21.5x	6%
	Mean											103.3x	35.1x	29.4x	24.3x	18%
Payment & Treasury Platforms	PayPal Holdings, Inc.	PYPL	\$72.01	1,004	72,287	(1,406)	73,693	\$7,517	\$6,664	\$7,199	\$7,649	9.8x	11.1x	10.2x	9.6x	7%
	Block Inc.	XYZ	\$63.62	648	41,237	2,398	38,839	\$1,792	\$3,029	\$3,404	\$4,139	21.7x	12.8x	11.4x	9.4x	17%
	Mean											15.7x	11.9x	10.8x	9.5x	12%
Money Market Fund Managers	BlackRock	BLK	\$986.30	158	156,322	(3,230)	159,552	\$7,013	\$8,549	\$9,731	\$10,990	22.8x	18.7x	16.4x	14.5x	13%
	Federated Hermes	FHI	\$42.96	82	3,538	194	3,344	\$414	\$1,869	\$882	\$459	8.1x	1.8x	3.8x	7.3x	-50%
	Mean											15.4x	10.2x	10.1x	10.9x	-19%
Overall Mean												44.8x	19.1x	16.8x	14.9x	4%
Circle's Reserve Income - Intrinsic Value								\$36,470	\$395	\$285	\$597	\$912			40.0x	79%
Delta to Mean															168%	1956%

Source: FactSet consensus estimates, US Tiger Securities Research

### 2. Others (Payment, Developer Infrastructure, and Tokenized Products)

Circle's entry into cross-border payments through the Circle Payments Network (CPN) introduces a significant new growth driver. If CPN captures just 1% of the \$150 trillion global cross-border payments market, with a modest 5 basis point take rate, it could generate \$750 million in annual revenue. Our financial model estimates Other Revenue could grow from \$15 million in 2024 to \$621 million by 2028, primarily driven by USDC payments.

Assuming a 15–20x EV/Revenue multiple, a premium to public payment comps like Visa (15.5x 26E sales) and Mastercard (14.2x 26E sales) given Circle could be a potential industry disruptor, this segment could be worth \$9–12 billion in the medium term.

Circle's Developer Services, USYC tokenized TMMFs, and infrastructure protocols like CCTP are early-stage but strategically significant. If these businesses generate \$200–300 million in revenue over the next 5 years, a similar multiple implies an additional \$3–6 billion in value.



We value Circle's "Other" businesses at \$11.7 billion, based on a 2027 valuation of \$15 billion using 2028 estimates and applying a 13% discount rate to present value.

Combining this with the \$36.5 billion valuation for the reserve income segment, our sum-of-the-parts analysis yields an implied valuation of \$202 per share for CRCL.

Figure 27: CRCL SOTP Valuation

	Value (\$ bn)
Reserve Income EV	36.5
Others EV	11.7
<b>Implied Total EV</b>	<b>48.2</b>
Net cash	1.3
Implied Market Value	49.5
Diluted Shares Outstanding (mm)	245
<b>Implied Share Price</b>	<b>\$202</b>

Source: US Tiger Securities Research

## Management and Ownership

Figure 28: CRCL Key Management

<b>Jeremy Allaire</b>  <b>Chairman and Chief Executive Officer</b>	Jeremy Allaire has served as Circle's Chairman and Chief Executive Officer since its founding in August 2013. Prior to Circle, he was the co-founder and CEO of Brightcove, a technologist and entrepreneur in residence at General Catalyst, the Chief Technology Officer of Macromedia, and the co-founder and CTO of Allaire Corporation. He holds a B.A. in political science and philosophy from Macalester College. As co-founder and CEO, Allaire is regarded as a key member of Circle's board of directors due to his deep industry expertise and leadership.
<b>Jeremy Fox-Geen</b>  <b>Chief Financial Officer</b>	Jeremy Fox-Geen has served as Circle's Chief Financial Officer since May 2021. Before joining Circle, he was CFO for both iStar and Safehold from March 2020 to May 2021, and CFO for McKinsey & Company, North America, from August 2016 to March 2020. He previously held senior leadership positions at PricewaterhouseCoopers, Citigroup, and McKinsey & Company. Fox-Geen holds an M.A. in mathematics and philosophy from Oxford University.
<b>Heath Tarbert</b>  <b>President and Chief Legal Officer</b>	Heath Tarbert has served as Circle's President since January 2025 and as Chief Legal Officer since July 2023. Prior to joining Circle, he served as Chief Legal Officer of Citadel Securities from April 2021 to June 2023, and as the 14th Chairman and Chief Executive of the Commodity Futures Trading Commission (CFTC) from July 2019 to January 2021. Earlier in his career, he held senior positions in international finance and law, including Assistant Secretary of the Treasury, U.S. Executive Director of the World Bank Group, Associate White House Counsel, and law clerk at the U.S. Supreme Court. Tarbert holds a B.S. in accounting and international business from Mount St. Mary's University, a J.D. and S.J.D. from the University of Pennsylvania, and an M.St. and D.Phil. in comparative law from Oxford University.
<b>Nikhil Chandhok</b>  <b>Chief Product and Technology Officer</b>	Nikhil Chandhok has served as Circle's Chief Product and Technology Officer since January 2025, and previously held the role of Chief Product Officer from February 2022 to December 2024. Prior to Circle, he served in senior product development roles at Meta from 2018 to 2022. Earlier in his career, he was involved in advancing technologies such as mobile computing, streaming video, AI, and augmented reality at Google, YouTube, and Microsoft. Chandhok holds a B.E. in computer engineering from Pune University and an M.S. in computer and information science from Ohio State University.

Source: Company reports, US Tiger Securities Research

Upon completion of its IPO, Circle has the following shares outstanding:

- 202,550,578 shares of Class A common stock (or 207,650,578 shares if the underwriters fully exercise their option to purchase additional shares)
- 19,989,537 shares of Class B common stock

Please find US Tiger' Analyst Certification and other Important Disclosures at the end of this report.





- 0 shares of Class C common stock

Circle has a multi-class share structure:

- **Class A** common stock: 1 vote per share
- **Class B** common stock: 5 votes per share, but capped at 30% of total voting power
- **Class C** common stock: No voting rights (currently no shares outstanding)

Circle's Class B common stock is held exclusively by its co-founders Jeremy Allaire and P. Sean Neville, as well as entities they control. These Class B shares will represent 30% of the total voting power post-offering, ensuring meaningful founder control while maintaining compliance with NYSE standards.

All directors, executive officers, selling stockholders, and holders of substantially all Circle capital stock have entered into lock-up agreements with the underwriters, restricting the sale or transfer of their shares for a period of up to 180 days following the IPO.

Specifically, these lock-up restrictions will expire on the earlier of:

1. The second trading day following the public announcement of Circle's earnings for the quarter ending September 30, 2025, or
2. 180 days from the date of the final prospectus.

CRCL priced its initial public offering at \$31.00 per share, reflecting strong institutional demand.

In total, 34 million shares of Class A common stock were offered in the IPO. Of this:

- 14.8 million shares were sold by Circle itself, generating ~\$459 million in gross primary proceeds (before underwriting discounts and offering expenses).
- 19.2 million shares were sold by **existing shareholders**, who will receive all proceeds from their share sales. Circle will not receive any proceeds from these secondary offerings.

Figure 29: CRCL Major Ownership and Voting Power Post IPO

Major Shareholder	Shares Owned	Voting Power
Jeremy Allaire	18,577,329 Class B Shares	23.7%
P. Sean Neville	4,980,860 Class B Shares	6.3%
Accel	10,925,525 Class A Shares	3.7%
Breyer	13,360,862 Class A Shares	4.5%
General Catalyst Group	20,120,769 Class A Shares	6.8%
IDG Capital	20,947,536 Class A Shares	7.1%
Oak Investment Partners	11,880,678 Class A Shares	4.0%
FMR	13,417,823 Class A Shares	4.5%

Source: Company reports, US Tiger Securities Research





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Explanation of stock ratings: "BUY" indicates analyst perceives absolute return of 20% or more within 12 months; "HOLD" +20%~-20%; "SELL" -20% and below.

Coverage Universe – <Bo Pei>: < Alibaba Group Holding Ltd., NYSE: BABA, BUY

Baidu, Inc., Nasdaq: BIDU, BUY

Bilibili, Inc., Nasdaq: BILI, BUY

Coinbase Global Inc., Nasdaq: COIN, HOLD

Circle Internet Group, Inc., NYSE: CRCL, HOLD

iQIYI, Inc., Nasdaq: IQ, HOLD

JD.com, Inc., Nasdaq: JD, BUY

Li Auto, Inc., Nasdaq: LI, BUY

NIO Inc., NYSE: NIO, BUY

Pinduoduo, Inc., Nasdaq: PDD, HOLD

Tencent Holdings Ltd., HKEX: 0700, BUY

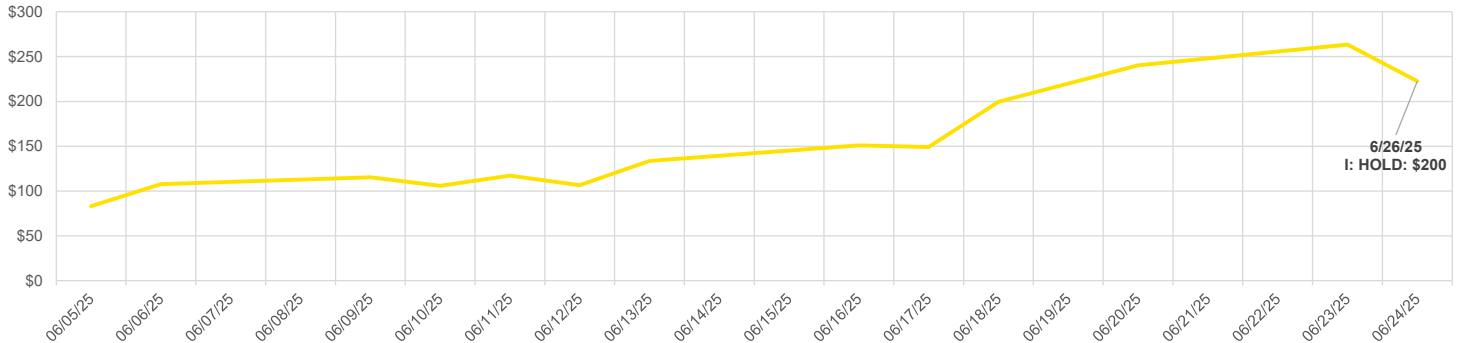
XPeng, Inc., NYSE: XPEV, BUY>

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N/A

## Price Chart(s):

Circle Internet Group, Inc. Class A



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