Lukka

TRUST · TRUTH · TRANSPARENCY
AN INSTITUTIONAL FIELD GUIDE

The Institutional Guide to Stablecoins

Adoption, real-world use, risk, and the data infrastructure required to hold, value, and report on stablecoins at institutional standard.

November 2026

lukka.tech

WHY THIS GUIDE EXISTS

A stablecoin existing is not the same as an institution being able to use one.

Stablecoins now settle payments, collateralize trades, move treasury balances, and anchor tokenized funds. Operationally they behave like digital dollars. But on the balance sheet, in the tax subledger, and under the audit lens, they are private financial instruments — and that gap is exactly what this guide is about.

THE QUESTIONS THIS GUIDE ANSWERS

Ten questions an institution must be able to answer

Before relying on any stablecoin, an institution should be able to answer all ten — not approximately, but with evidence. Each maps to a chapter that follows.

01
What is it?
Asset type, issuer, chain, structure, collateral — and the legal rights that attach to the token.

02
What is it worth?
Real market value, peg behavior, liquidity, reserves, and a documented pricing methodology — not an assumed $1.00.

03
Who stands behind it?
Issuer, reserves, custodians, auditors, and the applicable regulatory regime.

04
Who is using it, and how?
Banks, exchanges, payment firms, funds, corporates — for holding, payments, treasury, settlement, or collateral.

05
Where is it moving?
Across chains, venues, custodians, protocols, and traditional financial systems.

06
What risk comes with it?
Market, issuer, reserve, redemption, financial-crime, blockchain, regulatory, and operational risk.

07
How do we account for it?
Cash equivalent, financial asset, crypto asset, or intangible — and it may differ lot by lot.

08
Is it a tax event?
Spending or swapping a stablecoin can be a disposition of property carrying gain-or-loss tracking.

09
Can we reconcile it?
On-chain activity tied back to books, records, financial reporting, and tax.

10
Can we prove all of it?
To an auditor, a regulator, and a risk committee — with lineage back to source.

CONTENTS

What's inside

PART 1 Foundations

01 Stablecoins 101: a clean foundation 6

PART 2 The Market & Its Use

02 Stablecoins crossed the institutional threshold 12

03 Who is using stablecoins — and for what 13

04 What job the stablecoin is doing 14

05 Following the flows: what's actually moving 15

06 Where stablecoin activity happens 17

PART 3 What You're Holding

07 Anatomy: below the ticker 19

08 Are stablecoins money? The five tests 21

09 From peg to proof: due diligence 22

10 The institutional risk stack 23

PART 4 Operating at Standard

11 What it takes to actually use one 25

12 When the stablecoin hits the books 26

13 Regulation: converging, not uniform 31

PART 5 The Road Ahead

14 Stablecoins and tokenized finance 35

15 The institutional readiness framework 36

Lukka Standard & Reference

→ The Lukka Platform 37

→ Glossary 41

→ Disclaimer 43

How to read this guide

Each part builds on the last. If you already know the basics, start at Part 2. If your interest is accounting and reporting, Parts 3 and 4 are written for you — and each section stands on its own.

PART ONE

Foundations

What a stablecoin actually is, why it exists, how one holds its value, and the vocabulary the rest of this guide depends on. A clean starting point — for readers new to the space and specialists alike.

Stablecoins 101: a clean foundation

Someone who understands markets but has limited digital assets experience should be able to read this section and confidently understand everything that follows.

What a stablecoin is

A stablecoin is a digital asset designed to hold a relatively stable value against a reference asset — most often a fiat currency such as the U.S. dollar. Where Bitcoin or Ether can move sharply in short periods, a stablecoin aims to stay near its reference, making it usable for payments, settlement, and treasury rather than speculation.

That single property — stability plus programmability — is what has pulled stablecoins out of crypto trading and into core institutional workflows: payments, settlement, collateral, and tokenized funds.

Why they exist

Traditional money rails work, but they carry constraints — operating hours, intermediaries, settlement windows, and geographic. Stablecoins make a fiat-denominated unit of value programmable and transferable on blockchain networks that run continuously — value that can move on a weekend, across a border, in minutes, and be reconciled against a ledger. The institutional interest is not novelty. It is the prospect of faster settlement, always-on availability, and programmable money movement — provided the surrounding controls hold.

Who issues them

A payment stablecoin is a private issuer's liability, backed by reserve assets. The issuer "mints" tokens when a holder deposits funds, and "burns" them on redemption. Between those two moments the issuer is not in the loop — tokens move freely between wallets, exchanges, and protocols — which is exactly where classification and provenance questions begin.

A brief history: three generations of stablecoins

The idea is not new. Understanding where stablecoins came from explains why today's institutional concerns — reserves, redemption, and defensible value — are exactly the ones the earliest designs got wrong.

The first stablecoin was **BitUSD**, launched on **July 21, 2014** on the BitShares blockchain by Dan Larimer and Charles Hoskinson. It was crypto-collateralized — each token backed by roughly twice its value in the BitShares native token (BTS), locked in a "smart contract" — and its purpose was practical: give traders a dollar-stable unit and a fast on- and off-ramp between exchanges without cycling back through the banking system. The concept worked in calm markets but could not survive sharp drops in its volatile collateral, and BitUSD lost its peg for good by 2018. Two more 2014 launches set the pattern that followed: **NuBits**, the first algorithmic design, and **Tether** (originally "Realcoin"), which pioneered the fiat-reserve model that still dominates the market today.

GENERATION 1

Crypto-collateralized

Backed by other digital assets, over-collateralized to absorb volatility. **BitUSD (2014)**, later **DAI**.

Fragile when the collateral itself crashes.

GENERATION 2

Algorithmic

Holds the peg by expanding and contracting supply, with little or no reserve. **NuBits (2014)**, later **TerraUSD**.

TerraUSD's ~$45B collapse in 2022 discredited the algorithmic model.

GENERATION 3

Fiat-reserve

Backed one-for-one by cash and short-dated reserves. **Tether (2014)**, **USDC (2018)**.

The model that scaled — and the one now being regulated.

From experiment to infrastructure

A decade on, the fiat-reserve model backs the vast majority of the market. Regulation followed the money — the EU's MiCA (2024) and the U.S. GENIUS Act (2025) turned stablecoins into regulated financial instruments. The design questions that sank the early coins — *what backs it, can you redeem it, what is it really worth* — are now the same questions an institution must answer before it holds one.

How a fiat-backed stablecoin holds its value

01 · ISSUANCE
Deposit & mint
A holder deposits cash with the issuer, who mints an equivalent value of tokens.

→

02 · RESERVE
Backing held
The issuer holds liquid reserves — ideally cash and short-dated government securities.

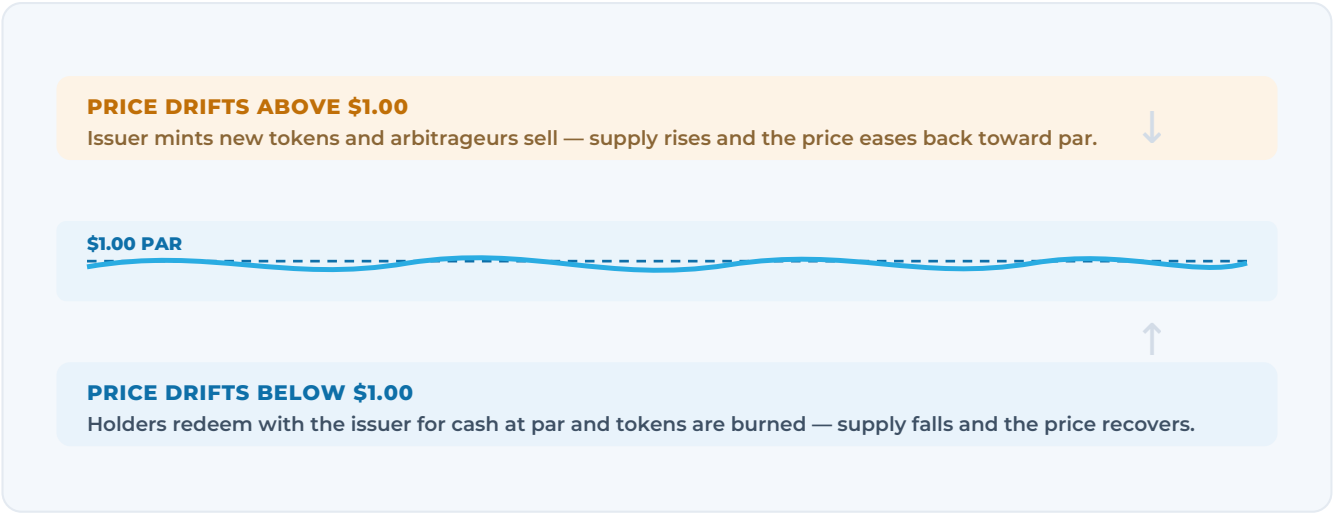
→

03 · CIRCULATION
Free movement
Tokens move between wallets, venues, and protocols — without the issuer involved.

→

04 · REDEMPTION
Burn & return
An eligible holder returns tokens to the issuer for cash; the tokens are burned.

The issuer participates directly only at issuance and redemption. In circulation, the token's price is held near par by arbitrage and by confidence in that redemption promise — not by a hardcoded value.



THE PEG IS HELD BY ARBITRAGE AROUND A CREDIBLE — AND OFTEN LEGALLY ENFORCEABLE — REDEMPTION PROMISE, NOT BY A FIXED ON-CHAIN VALUE

The four types institutions encounter

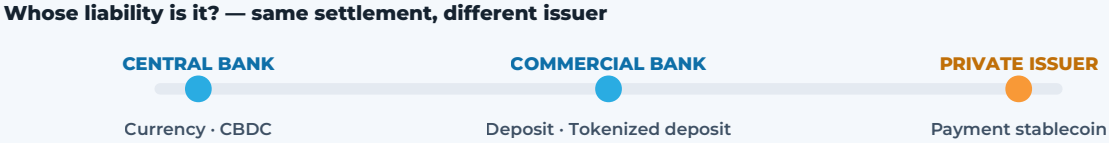
TYPE	HOW STABILITY IS ACHIEVED	TYPICAL EXAMPLES
Fiat-backed	Reserves held one-for-one (or closely) in the reference currency and near-cash instruments	USDC, USDT, PYUSD
Crypto-backed	Collateralized with other digital assets, usually over-collateralized to absorb volatility	DAI, USDS
Commodity-backed	Backed by a physical asset, most often gold, held in custody	PAXG, XAUT
Algorithmic / hybrid	Seeks stability through supply mechanisms rather than traditional reserves	Various; restricted in several regimes

This guide focuses on **fiat-referenced payment stablecoins** — the primary institutional concern for payments, settlement, treasury, and tokenized markets, and the category regulators focus on most heavily.

The distinctions institutions blur

Four instruments can settle the same invoice and feel interchangeable. They are not — because each is a different party's liability, which changes how it is treated.

INSTRUMENT	WHAT IT IS	WHOSE LIABILITY
Physical currency	Sovereign cash	Central bank
Bank deposit	A claim on a regulated commercial bank	Commercial bank
Payment stablecoin	A privately issued token referencing a currency, backed by reserves	Private issuer
Tokenized deposit	A digital representation of a commercial-bank deposit	Commercial bank
CBDC	A digital central-bank liability	Central bank



THE INSTRUMENT THAT CLEARS AN INVOICE SAYS NOTHING ABOUT WHOSE BALANCE SHEET IT SITS ON

PEG ≠ PRICE

A peg is a **target** the token aims to hold, not a guaranteed or fixed value. Its market price can and does deviate — which is why an assumed $1.00 is a modeling choice, not a fact.

ON-CHAIN ≠ TRANSPARENT BY DEFAULT

Every transfer is recorded on a public ledger, but a raw address is not an identity. Turning transactions into names, entities, and risk requires attribution — a data problem, not a given.

The Lukka View

Most confusion in this space is a classification problem wearing a technology costume. The questions that matter — whose liability is this, what backs it, whether redemption is guaranteed at 1:1 no matter the market, what can be redeemed, and how it is treated — are answered with reference data and provenance, which is where Lukka begins.

The point of a stablecoin — the benefits, and the trade-offs

A stablecoin exists to make a fiat-denominated unit of value programmable and moveable on always-on networks. That is genuinely useful — and it comes with a specific set of trade-offs an institution has to manage rather than assume away.

WHY INSTITUTIONS USE THEM — THE BENEFITS

Always-on settlement. Value moves 24/7/365, including weekends and holidays, without banking cut-off windows.

Faster, cheaper cross-border movement. Minutes instead of days, without a chain of correspondent banks.

Programmability. Money movement can be automated, conditioned, and embedded into workflows and smart contracts.

Dollar access & a settlement leg. A digital dollar unit for treasury, payments, collateral, and the cash side of tokenized markets.

WHAT IT COSTS YOU — THE TRADE-OFFS

Issuer & reserve risk. It is a private liability; the quality and segregation of reserves matter.

De-peg & redemption risk. The peg is a target, not a guarantee, and redemption rights vary by holder and channel.

Classification, accounting & tax complexity. The same token can be cash, a financial asset, or an intangible — and spending it can be a taxable event.

Compliance & operational burden. Sanctions, Travel Rule, provenance, and reconciliation obligations follow every transfer.

The institutional reframe

None of the trade-offs argue against using stablecoins — they define the controls required to use them well. Everything in the rest of this guide exists to convert that right-hand column from a source of risk into a managed, evidenced, and reportable process.

THE TRADE-OFF		BECOMES A REQUIRED CONTROL
Issuer & reserve risk	→	Reserve attestation & issuer due diligence
De-peg & redemption risk	→	Peg-deviation monitoring & fair-value pricing
Accounting & tax complexity	→	Classification, valuation & reporting
Compliance & operational burden	→	Screening, Travel Rule & provenance

EVERY ENTRY IN THE RIGHT-HAND COLUMN IS A DATA-AND-CONTROLS CAPABILITY — THE SUBJECT OF THIS GUIDE

PART TWO

The market & its use

Stablecoins have moved from crypto-native curiosity to institutional infrastructure. Who is using them, for which jobs, where the value actually flows, and how to read the numbers without being misled by them.

Stablecoins crossed the institutional threshold

The useful question is no longer “are stablecoins growing?” Instead, the question is “what has to be true before an institution can treat one as financial infrastructure?”

$300B+
Stablecoin market capitalization, 2026

~$33T
On-chain transfer volume in 2025 — gross, before filtering for genuine payments

840+
Stablecoin-classified tokens tracked and normalized by Lukka

Market-scale figures move quickly; treat them as directional and verify current sources before external publication.



ILLUSTRATIVE, NOT TO SCALE · SEPARATING GENUINE FLOWS FROM GROSS VOLUME IS A DATA PROBLEM

Then, now, next

THEN
Crypto-native
Exchange settlement and a place to hold value between trades. Primarily a trading tool.

→

NOW
Financial utility
Payments, treasury, cross-border movement, trade settlement, collateral, tokenized-fund flows, and RWA settlement.

→

NEXT
Capital-market rail
Deeper integration into banking, payment networks, and tokenized-securities settlement.

The Lukka View

Adoption is easy to demonstrate and hard to operationalize. The rest of this guide is about the second part: turning "stablecoins are growing" into an institution that can trust, value, monitor, classify, reconcile, and report them to the same standard as the money they increasingly move alongside.

Who is using stablecoins — and for what

A real map of the ecosystem shows distinct participants using stablecoins for distinct jobs — each with a different institutional question underneath.

PARTICIPANT	HOW THEY USE STABLECOINS	THE QUESTION UNDERNEATH
Stablecoin issuers	Mint and redeem tokens, manage reserves, and distribute across venues	Reserve quality, disclosures, redemption terms, and issuer licensing
Exchanges & market makers	Quote assets, settle trades, move value between venues	Valuation and concentration risk
Banks & custodians	Digital-asset settlement, custody, treasury, customer payment services	Custody, classification, reconciliation, counterparty exposure
Payment networks & processors	Settlement between platforms, payouts, cross-border transfer	Licensing per corridor, Travel Rule, AML/CFT monitoring
Corporates & treasury	Cross-border treasury, intercompany transfers, vendor payments, working capital	Accounting, valuation, cost basis, and reporting on each transfer
Asset managers & fund admins	Trading settlement, subscriptions, redemptions, NAV support	Valuation, NAV accuracy, classification at the settlement leg
Hedge funds & trading firms	Trading, collateral, margin, and rapid cross-venue liquidity	Valuation, counterparty and market risk, cash-equivalent eligibility
Broker-dealers	Trade settlement, collateral, margin, and client activity	Eligibility as cash equivalent; margin and counterparty risk
Tokenization & RWA platforms	The cash-like settlement leg for tokenized securities, funds, credit, and RWAs	Valuation, issuer/entity mapping, on/off-chain transparency
Fintechs	Remittances, wallets, payroll, payouts, international movement	Custody, classification, KYC/AML, Travel Rule, corridor licensing
Regulators & public sector	Supervise issuers, monitor markets, and trace illicit flows	Transparency, traceability, audit trails, source-of-funds, market integrity

Tokenized markets need two legs

Every transaction needs something on the other side. Tokenized markets require both a **tokenized asset leg** and a **trusted settlement leg** — and that settlement leg is increasingly a stablecoin, connecting this story directly to the broader tokenization of finance.

What job is the stablecoin actually doing?

"Who is using it" and "what job is it doing" are different lenses. The second is more useful for sizing opportunity and risk, because the job — not the holder — determines the obligations that follow.

A

Trading & liquidity

Quote currencies and liquidity instruments across venues; large today, largely crypto-native.

B

Payments

B2B, merchant settlement, payouts, and cross-border payments — growing fast, with real TradFi interest.

C

Settlement

Moving value to extinguish a financial obligation — the leg that has to be trusted, valued, and reconciled.

D

Treasury

Cash and liquidity management, intercompany movement — introducing accounting and FX questions.

E

Collateral

Margin and secured activity; eligibility as cash-equivalent margin depends on issuer structure and rules.

F

Tokenized markets

The settlement leg for tokenized funds, securities, and RWAs; early but strategically important.

A question a research desk should ask

Which use cases are genuinely large today? Which are growing fastest? Which remain mostly crypto-native, and which have meaningful TradFi adoption? Answering these turns a marketing narrative into a research view — and it requires classified, normalized data, not a ticker feed.

Following the flows: what's actually moving

Blockchain makes transfer activity observable. It does not automatically make it economically meaningful — and that gap is where most stablecoin analysis goes wrong.

The core principle

Raw stablecoin transfer volume does not equal real economic activity. Gross on-chain volume overstates genuine payments: a single $100M transfer could be one customer payment, a market-maker rebalance, a treasury move between own accounts, an issuance or redemption, collateral movement in a lending protocol, or automated non-economic activity. Telling them apart requires attribution — which is probabilistic and needs specialist tooling, not a block explorer.

What rigorous flow analysis measures

Genuine vs. non-economic

Payments separated from internal and automated movement.

Concentration

Issuer, chain, and counterparty concentration in the flow.

Velocity & direction

Where value accumulates, and where it drains.

Counterparty type

Exchange, VASP, protocol, or unattributed wallet.

Transaction size profile

Distribution that distinguishes retail from institutional.

Institutional footprint

The share of flow that maps to identifiable institutions.



The Lukka View

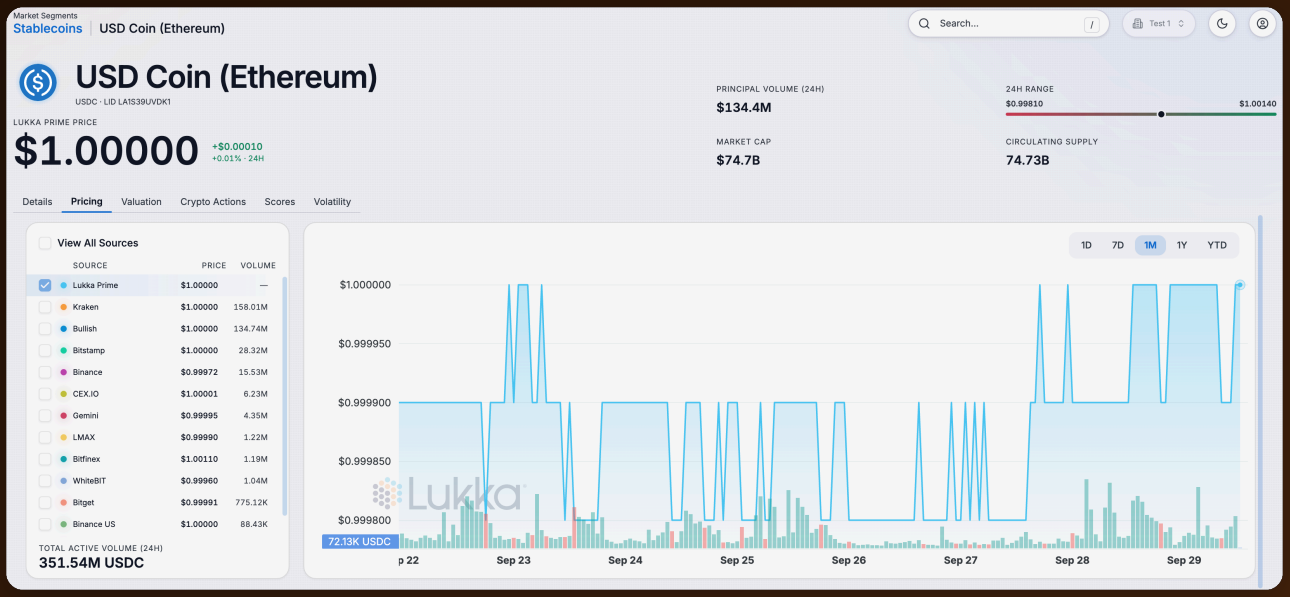
Lukka Blockchain Analytics attributes activity across 109+ blockchains and more than 1.2 billion addresses, scoring counterparties across 50,000+ VASPs and entities — the foundation for separating genuine economic activity from gross transfer noise.

Lukka INSIGHTS · PRICING & MARKET INTELLIGENCE

Every market, every venue — priced against one institutional reference

Lukka surfaces asset-level pricing, principal-market volume, and venue-by-venue quotes so an institution can see where value actually trades — not just a single scraped number.

Principal-market volume | Venue-level quotes | Lukka Prime price | Crypto Actions



Lukka Prime pricing — Fair Market Value with venue-by-venue quotes.

Where stablecoin activity happens

Stablecoins don't just live somewhere technically — they live somewhere economically. A dedicated lens focusing on the chain, geography, and venue can answer both the where, and the why.

By blockchain

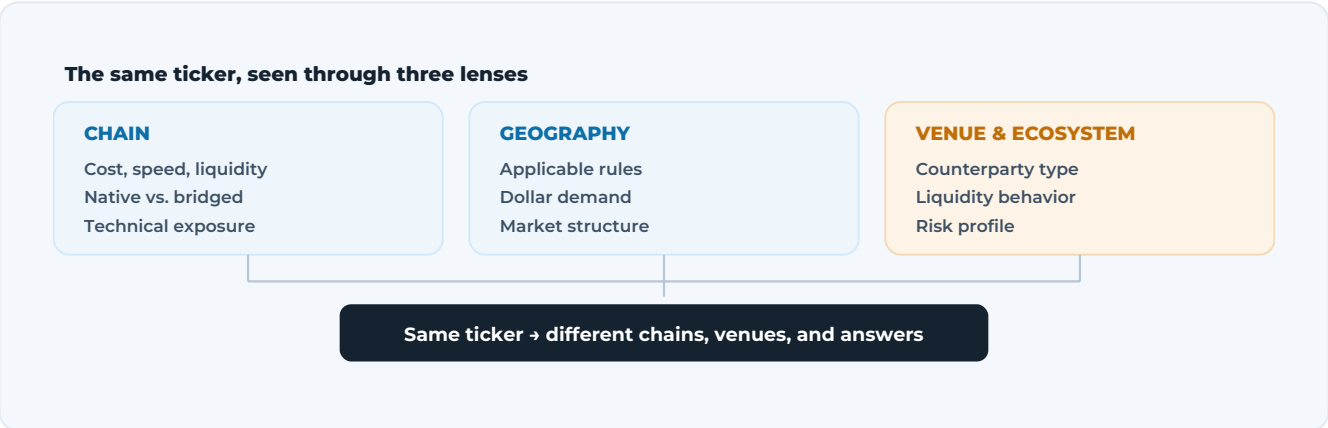
Different networks attract different activity for structural reasons: cost, speed, liquidity, exchange integration, developer ecosystem, and payment or institutional infrastructure. A stablecoin issued natively on one chain is not economically interchangeable with a bridged representation on another — and that distinction matters for both risk and accounting (and potentially for tax).

By geography

Regulation, dollar demand, payments infrastructure, and market structure shape adoption very differently across regions — from dollar-access use in some markets to regulated payment and settlement use in others. The map of usage is also a map of applicable rules — and FX can matter, a lot, depending on a token's terms and conditions and the facts and circumstances.

By venue & ecosystem

Centralized exchanges, DEXs, custodians, wallets, payment platforms, DeFi protocols, and institutional settlement networks each host different behavior — and each carries a different risk profile that has to be attributed, not assumed.



LOCATION IS NOT A TECHNICALITY — IT SETS LIQUIDITY, APPLICABLE RULES, AND COUNTERPARTY RISK

Why this matters institutionally

Where a token lives determines its counterparty ecosystem, its liquidity, and its technical exposure — inputs to valuation, risk, and reporting. "Same ticker" can mean different chains, different venues, and different answers.

PART THREE

What you're actually holding

Below the $1.00 peg sits a privately issued claim with a specific issuer, reserve, redemption right, terms and conditions, and provenance. This part is about what you actually hold — how to evaluate it, whether it is money (or a cash equivalent), and the full stack of risk it carries.

07 ANATOMY

Anatomy: below the ticker

The same name does not mean the same asset. Tokens that share a ticker can differ in collateral, issuer, chain, and regulatory status — and those differences change how each one must be classified and reported.

WHAT YOU ARE HOLDING	THE QUESTION IT RAISES
Asset	Which token, precisely, is this?
Issuer	Who created and stands behind it?
Reference asset	USD? EUR? Something else?
Reserve	What backs it, and how liquid is that backing?
Redemption rights	Who can redeem, on what terms, at what price, how quickly?
Blockchain & contract	Which network — and which contract — represents this token?
Custody	Who holds the reserves, and who holds the tokens?
Venues & liquidity	Where does it trade, and how deep is it?
Jurisdiction & regulatory status	Where is the issuer regulated — SEC, MiCA, EMI, other?
Acquisition channel	**Direct from issuer, or via an exchange or counterparty?** This one changes the accounting answer.

One token, two answers

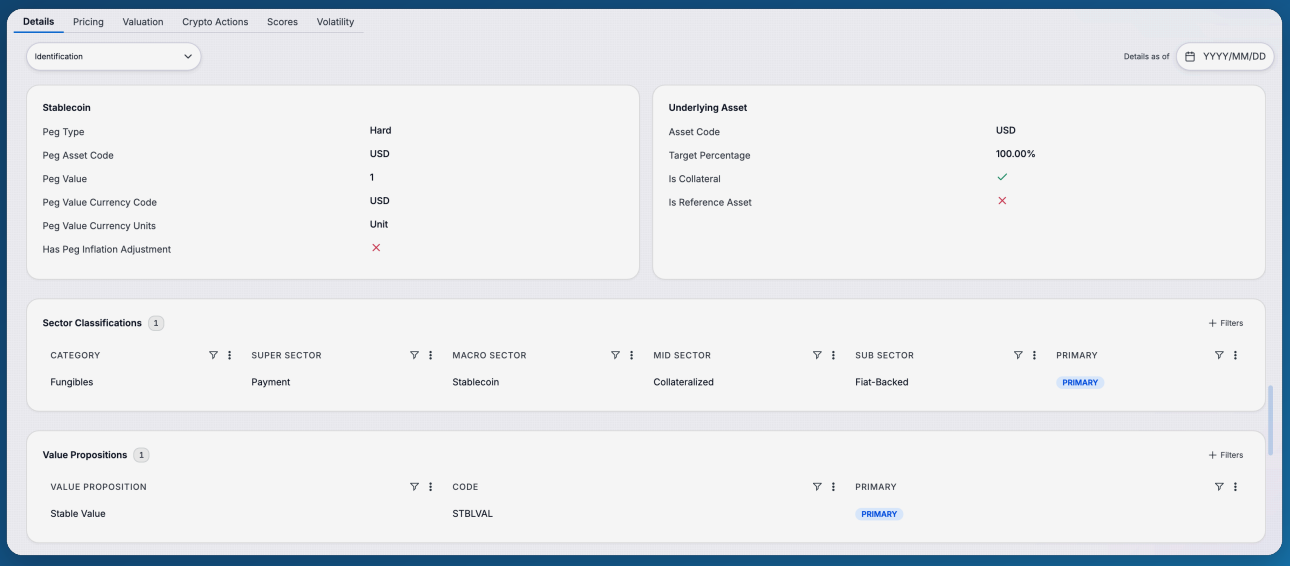
That last attribute matters more than it looks. Economically identical units of the *same* stablecoin can produce different accounting outcomes depending on whether the institution holds a direct contractual redemption right — which often depends on the acquisition channel. Provenance therefore has to follow the lot through every transfer, netting, and rebalance. **A ticker is not enough to book a position.**

Lukka REFERENCE DATA & Lukka PRIME · CLASSIFICATION + VALUATION

See past the ticker — peg, collateral, sector, issuer, and a defensible price

For a single stablecoin, Lukka resolves what most feeds never do: peg type and peg value, fiat-backed vs. crypto-backed classification via the LDACS™ taxonomy, the underlying and reference assets, and a GAAP/IFRS-aligned Fair Market Value that tracks peg deviation as a risk signal.

- Peg type & value
- LDACS™ classification
- Fiat-backed flag
- Fair Market Value
- Peg-deviation signal



Lukka Reference Data — stablecoin classification and valuation.

Are stablecoins money?

The misconception is simple: if a stablecoin looks like a dollar, moves like a dollar, and can be spent like a dollar, it must be money. It is not — and the difference is exactly what institutions have to manage.

Money performs three functions — medium of exchange, unit of account, and store of value. A stablecoin performs the first well and the third by reference to a sovereign currency, but institutions still price contracts and statements in the dollar, not the token. "Money," it turns out, is not one status — it is a stack of five, cleared in sequence.

The five tests a stablecoin must clear

● CLEARS ● PARTIAL / CONDITIONAL ● DOES NOT CLEAR

1	**Economic** Clears medium of exchange and store of value by reference — but not unit of account, set by convention, not statute.	PARTIAL
2	**Legal** Legal tender is a sovereign designation; no private issuer can confer it, and issuers may be barred from claiming it.	NOT LEGAL TENDER
3	**Prudential** The closest it gets: permitted issuers face reserve, disclosure, and redemption rules under the GENIUS Act and MiCA.	FRAMEWORK
4	**Accounting** Cash-equivalent treatment applies only when specific criteria are met; permitted-issuer status removes a prohibition, not confers treatment.	CONDITIONAL
5	**Tax** Digital assets, including stablecoins, remain property in the U.S. — a token can clear the tests above and still be property for tax.	STILL PROPERTY

The honest answer

Stablecoins can increasingly function *like money operationally* while receiving *different treatment* under legal, prudential, accounting, and tax frameworks. That is far more useful to an institution than "they are / aren't money" — because it names exactly which controls you still need.

09 DUE DILIGENCE

From peg to proof: evaluating a stablecoin

Before an institution relies on a stablecoin, it should evaluate nine dimensions. Together they turn "it trades near a dollar" into something a risk committee can actually reference.



THE NINE DIMENSIONS CONVERT A MARKET OBSERVATION INTO A DEFENSIBLE, REFERENCEABLE CONCLUSION

DIMENSION	WHAT TO EVALUATE
Issuer	Identity, corporate structure, reputation, and regulatory status
Reserves	Composition, quality, liquidity, segregation, and disclosures
Redemption	Rights, eligibility, timing, fees, and the full terms and conditions that govern them.
Market	Liquidity, depth, venues, spreads, and concentration
Peg	Historical stability, deviations, and recovery behavior
Blockchain	Networks, smart contracts, bridges, and technical exposure
Counterparty ecosystem	Exchanges, VASPs, custodians, and protocols the token depends on
Regulation	Issuer authorization and the frameworks of every relevant jurisdiction
Transparency	What can be independently verified — the difference between claimed and proven

The Lukka View

Most of these are reference-data and provenance questions, not price questions. A price feed cannot tell you whether the peg is contractually guaranteed, who holds the reserves, or how the asset is treated under a given regime. **Lukka Reference Data** maps issuer, entity, licensing, and regulatory status across 175+ standardized fields per asset — the evidence a due-diligence conclusion can rest on.

10 RISK

The institutional risk stack

Stablecoin compliance is only one layer of stablecoin risk. An institution that manages only the financial-crime layer is managing one of ten — and the other nine still land on the balance sheet.

01	**Issuer risk**	Can the issuer meet its obligations?
02	**Reserve risk**	What backs the token, and how resilient is that backing?
03	**Redemption risk**	Can holders actually convert into the referenced currency, at par, on time?
04	**Market & liquidity risk**	How easily can positions move without material price impact?
05	**Blockchain & smart-contract risk**	What technical infrastructure is the token exposed to?
06	**Counterparty risk**	Who sits on the other side of the transaction?
07	**Financial-crime risk**	Sanctions, AML/CFT, illicit activity, and source of funds.
08	**Regulatory risk**	Which jurisdictions and classifications apply?
09	**Accounting & tax risk**	How is the position classified, valued, and reported?
10	**Operational risk**	Can activity be reconciled, controlled, and evidenced?

Why this framing matters

A compliance-only view treats stablecoins as a screening problem. An institutional view treats them as a financial instrument with a full risk stack — where valuation, classification, reconciliation, and reporting sit alongside sanctions and Travel Rule obligations. Don't wait for the accounting and tax classifications to settle: institutions can, and should, start managing stablecoins through a traditional financial-instrument risk lens now. The rest of this guide is about controlling all ten.

PART FOUR

Operating at institutional standard

What it actually takes to settle, account for, and report on stablecoins — the five-part operating model, the accounting and tax reality below the surface, and a regulatory landscape that is converging without becoming uniform.

What it takes to actually use a stablecoin

"A stablecoin exists" is not the same as "an institution can settle on it." Every institutional settlement has to clear six things at once. For fiat, all six are solved and invisible. For stablecoins, each is a live question the institution must answer before it can settle with confidence.

1 A trusted instrument
Know the asset, issuer, reserves, terms and conditions, and regulatory status.

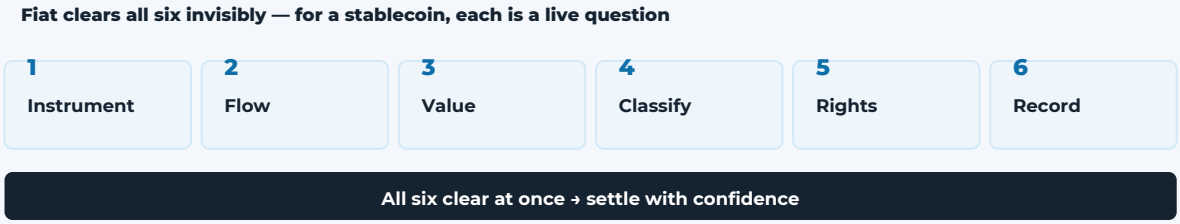
2 A compliant flow
Know the wallets, counterparties, VASPs, sanctions exposure, and source of funds.

3 A defensible value
Use an appropriate valuation — a price struck from live markets, not an assumed $1.00.

4 Correct classification
Know which accounting bucket the token falls into — and the basis for it.

5 Rights & obligations
Redemption rights and the full contractual rights and obligations, evidenced per lot.

6 A reconciled, reportable record
Connect on-chain activity to custody, books, financial reporting, tax, and audit.



MISS ANY ONE AND THE SETTLEMENT IS NOT INSTITUTION-READY — THE GAP IS ALWAYS A DATA PROBLEM

The Lukka View

None of these six are solved by the stablecoin itself — each is a data, provenance, and controls problem. Lukka delivers them as one integrated layer: **Lukka Prime** for value, **Lukka Reference Data** for the instrument, **Lukka Blockchain Analytics** for the flow, and **Lukka Enterprise Data Management** for the reconciled, reportable record — so an institution does not stitch the answer together from four vendors.

When the stablecoin hits the books

Operationally, stablecoins function like digital dollars. On the balance sheet and in the tax subledger, they are something else — and the difference is where exposure compounds quietly.

Four places one token can land (U.S. GAAP)

The ticker alone does not determine which. A single fiat-referenced token can fall into any of four categories.

Cash equivalent

Potentially available with on-demand redemption at par, high-quality readily convertible reserves, and insignificant value-change risk.

Financial asset

Applies with an enforceable right to cash where cash-equivalent criteria are not met. Assessed first, as financial assets are excluded from the intangibles definition.

Indefinite-lived intangible

May apply where no enforceable redemption right exists — cost-less-impairment accounting, with no upward recovery.

Crypto asset at fair value (ASC 350-60)

Applies only if the asset conveys no enforceable rights or claims on underlying assets — which many redeemable fiat-backed stablecoins may not meet.

Under IFRS there is no stablecoin-specific standard: but there is pre-existing interpretative guidance about classification of "cryptocurrencies" from 2019.* In addition, in some interpretations of existing IFRS guidance, a fiat-redeemable token with a contractual right to cash can meet IFRS 9's financial-asset definition, while IAS 7 separately governs cash-equivalent presentation. For a non-USD functional currency, a USD-pegged token treated as a monetary financial asset can create FX movements through profit or loss — a "stable" asset becoming a volatile line item. UK GAAP (FRS 102) raises the same classification questions, turning on contractual redemption rights and the facts and circumstances.†

The Lukka View

Classification is a data question before it is an accounting one. Which of the four buckets a token lands in turns on redemption terms, reserve composition, and enforceable rights — the reference-data and provenance attributes Lukka normalizes — so the same token is classified consistently across entities, periods, and auditors. That includes establishing whether a token is in or out of scope for ASC 350-60, directly from its reference data.

* IFRS Interpretations Committee, "Holdings of Cryptocurrencies" (June 2019).
† ICAEW Financial Services Faculty, "The challenges of applying UK GAAP to stablecoins" (Mar 2026).

The FASB's cash-equivalent test

The proposed Topic 230 guidance does not rewrite the definition of cash equivalents — it makes the existing, intentionally narrow bar explicit for stablecoins. To qualify, a token must demonstrate three attributes, and it must demonstrate all three together. And very importantly, it's not simply driven by the ticker.

Proposed guidance · Topic 230 · published August 18, 2026 · comments open to November 19, 2026

These attributes are not a labeling exercise. Each is a factual claim about the token that has to be evidenced — from the issuer's redemption terms and reserve reporting, not from its ticker or its market price.

1

On-demand redemption right

A contractual right to redeem for cash without significant fees or restrictions.

2

Direct with the issuer

For a known amount of cash — not merely the ability to sell on a secondary market.

3

Segregated 1:1 reserves

Held by the issuer in short-term, highly liquid assets (cash and short-dated T-bills).

All three have to hold at once. Miss one — a redemption that only runs through a secondary market, or reserves that include assets moving for reasons unrelated to the peg — and the token falls out of cash-equivalent treatment, whatever its price on screen. The next page runs the same near-$1 coin through the test three times, and it lands differently each time.

The test in one sentence

A stablecoin is cash-equivalent only when a holder can hand it back to the issuer, on demand, for a known amount of cash — backed by reserves that hold their value. The price on a screen is not the test; the redemption right and the reserve behind it are.

The catch: qualification is a test, not a list

A	**Qualifies.** Direct, on-demand right to redeem with the issuer for $1/unit, backed by segregated 1:1 cash and short-dated T-bills.	Cash equivalent
B	**Fails — no redemption right.** Same coin, same near-$1 price, active markets — but no direct redemption right with the issuer. A market price is not a redemption guarantee.	Not cash
C	**Fails — reserve quality.** Backed 1:1, but by crypto assets and gold, which move for reasons unrelated to interest rates. "Fiat-backed" is not a free pass.	Not cash

Two consequences follow, both data problems. Qualification is **holder-specific** — the same stablecoin can be a cash equivalent for one institution and not another — and "fiat-backed" guarantees nothing, because reserve composition and quality decide it. There is no static "these are cash or cash equivalents" list under US GAAP to license and forget.

Stablecoins turn payments into tax events in many tax jurisdictions

Classification is not a tax election. Selling, swapping, spending, or paying a vendor with stablecoins generally disposes of property — requiring transaction-time FMV, cost basis, and a gain-or-loss calculation. A high-volume operation can generate thousands of reportable dispositions in a day.*

REPORTING REGIME	WHAT IS CHANGING
Form 1099-DA (U.S.)	Gross-proceeds reporting began for 2025 transactions; basis reporting for certain covered assets acquired on or after Jan 1, 2026. Optional aggregate reporting is permitted for qualifying stablecoin sales above $10,000 annually — an accommodation, not a change in taxability.
DAC8 (EU) & CARF	DAC8 applies in the EU from Jan 1, 2026, first reporting due 2027; CARF timing varies, most early adopters targeting 2027.
Policy in motion	A Sept 2025 Treasury notice sought comments on payment-stablecoin tax policy; a Dec 2025 bipartisan draft proposed de minimis treatment for qualifying regulated payment stablecoins. Neither is law.

* Accounting classification does not fix tax treatment, which varies by jurisdiction — consult current tax law in each market. The UK is moving toward a list-based approach, under which many stablecoins may be treated akin to cash or a loan of cash — a notable leap over the US and most jurisdictions.

What auditors will ask for

Strip away the framework debate, and an auditor needs five things — four of them reference-data and provenance requirements, not pricing.

1. **Issuer identity & regulatory status**
   Who stands behind the token, and under which regime.

2. **Lot-level terms, including redemption, & acquisition channel**
   The provenance that determines treatment, per lot.

3. **Evidence of reserve composition**
   What actually backs the token, and its quality.

4. **Transaction-time FMV with methodology**
   A documented, defensible price — not an assumed par.

5. **Complete lineage to the ledger**
   On- and off-chain activity reconciled to the books.



PRICING IS ONE INPUT — THE AUDIT TURNS ON EVIDENCE Lukka ALREADY PRODUCES AS REFERENCE DATA

The Lukka View

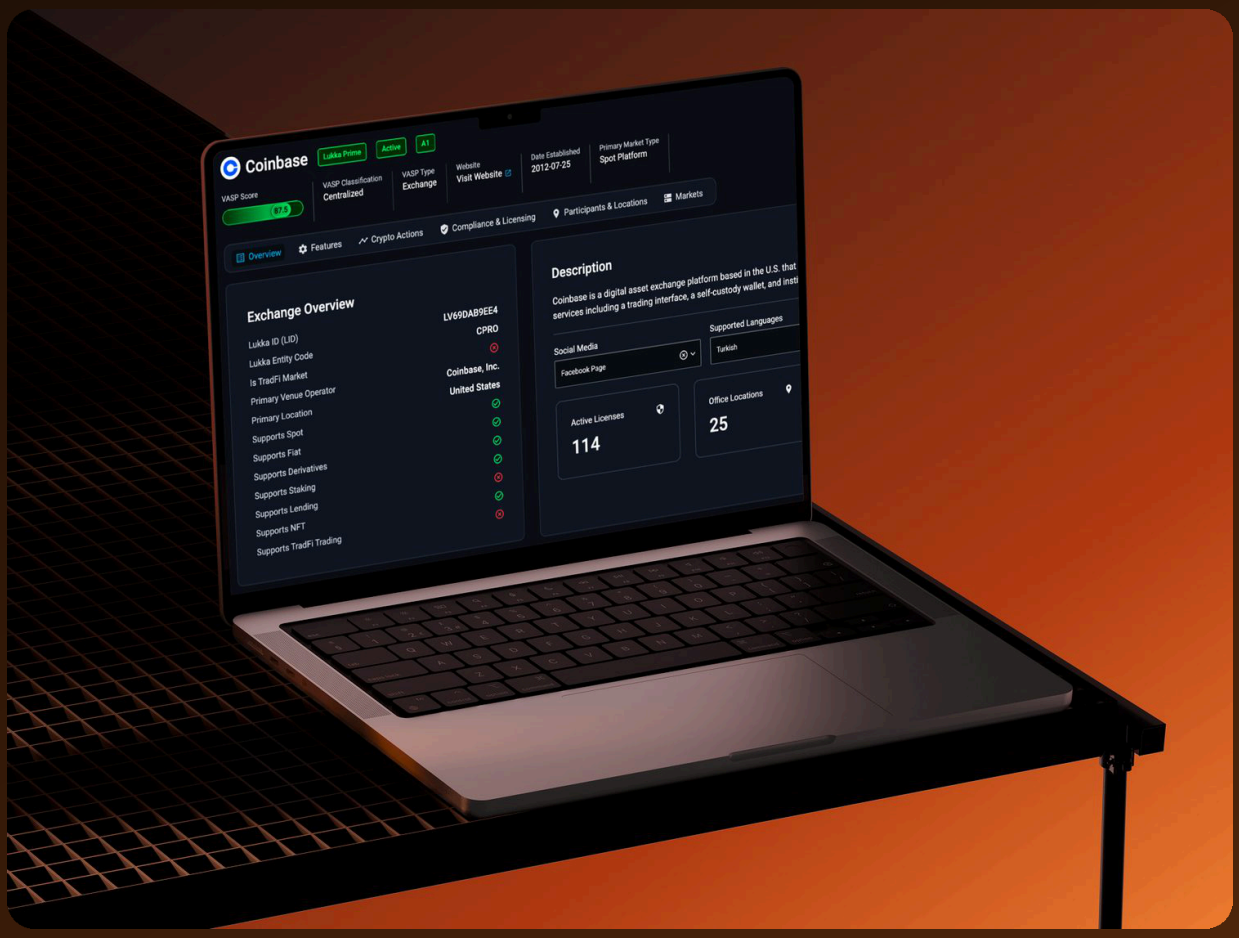
The FASB's three attributes map almost line for line to data Lukka already produces. **Lukka Reference Data** classifies stablecoins by mechanism and flags whether the peg is issuer-guaranteed; **Lukka Prime** delivers GAAP/IFRS-aligned Fair Market Value with peg-deviation tracking; and **Lukka Enterprise Data Management** reconciles activity into a governed record with lineage to source. Treating stablecoins as cash — or missing FMV at transaction time — creates exposure that compounds quietly: misstatement, unreported tax, NAV discrepancies, and audit findings.

Lukka BLOCKCHAIN ANALYTICS & VASP DATA · KNOW THE COUNTERPARTY

Identify the provider on the other side of every transfer

Compliant settlement requires knowing who you are transacting with — for sanctions, the Travel Rule, and source-of-funds. Lukka scores VASPs and entities with classification, licensing, and compliance detail, so a counterparty is identified and risk-assessed before funds move.

VASP scoring | Compliance & licensing | Entity mapping | Travel Rule readiness



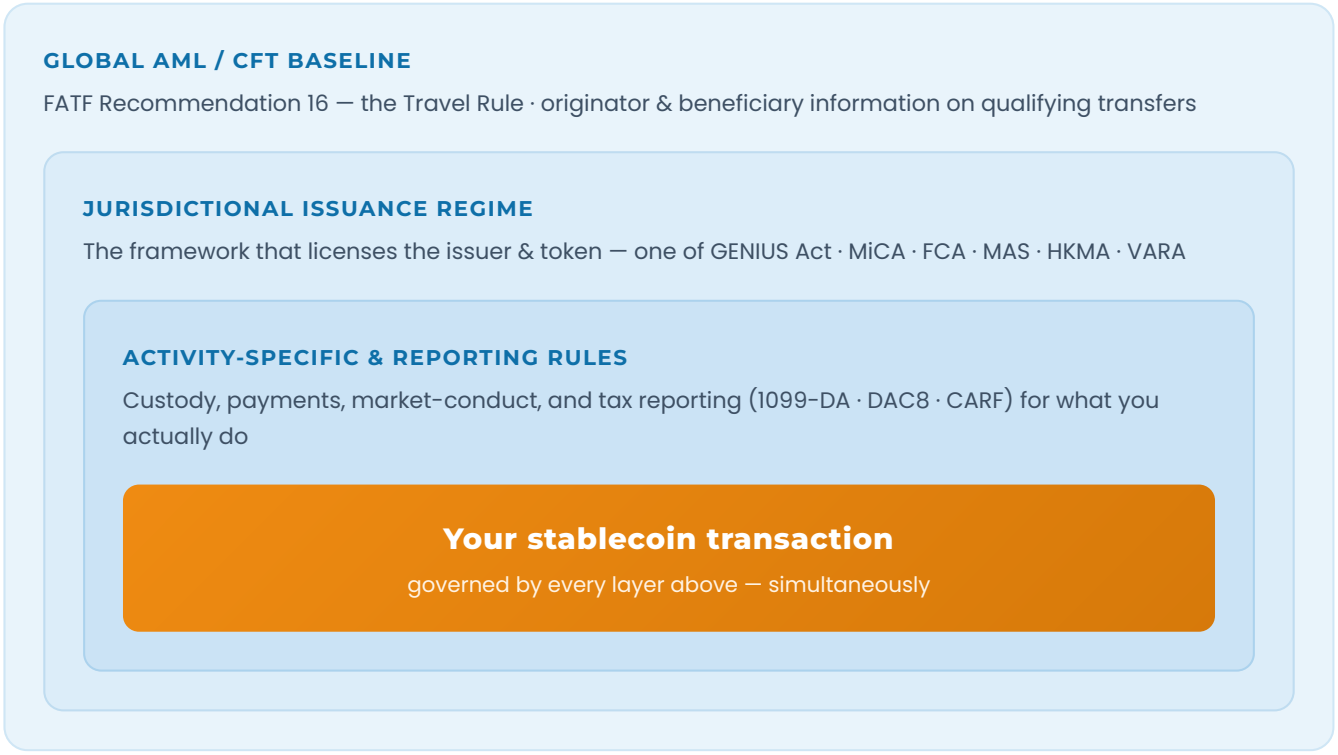
Lukka VASP intelligence — exchange/entity profile. Illustrative product screen.

Regulation: converging, not uniform

Between 2023 and 2026, stablecoins went from largely unregulated to regulated in every major market. The open question is no longer whether stablecoin activity is regulated, but which rules apply to a specific token, activity, and jurisdiction — usually several at once.

The obligations stack — they are not alternatives you choose between

A single cross-border stablecoin transaction is rarely governed by one rulebook. Obligations layer: a global AML baseline sits over a jurisdictional issuance regime, over activity-specific and reporting rules, all converging on one transaction. Design to the strictest applicable layer, not the lowest common denominator.



The practical starting point

Map the token, its activities, jurisdictions, and counterparties against the relevant frameworks, then identify where requirements overlap, where they differ, and what the compliance program must cover. That mapping is a data exercise before it is a legal one.

The frameworks that make up each layer

Nine rule sets account for most stablecoin obligations across the major markets. The status column shows where each one stands as of October 2026 — no two are on the same clock.

FRAMEWORK	JURISDICTION	WHAT IT COVERS	STATUS (OCT 2026)
FATF Rec. 16 (Travel Rule)	Global	Originator/beneficiary information on qualifying VASP transfers	Rewritten June 2025; implementation ongoing
GENIUS Act	United States	First federal payment-stablecoin regime: permitted issuers, 1:1 reserves, monthly disclosure, no interest to holders	Signed July 2025; OCC rulemaking and phase-in through 2026
MiCA	European Union	E-money tokens and asset-referenced tokens, plus the CASP regime for service providers	In force since June 2024; transition ended July 1, 2026
FCA cryptoasset regime	United Kingdom	Qualifying-stablecoin issuance and custody under FSMA authorization	Rules finalized; full regime effective Oct 25, 2027
MAS SCS framework	Singapore	Single-currency stablecoins pegged to SGD or a G10 currency, issued in Singapore	In effect under the amended Payment Services Act (July 1, 2026)
HKMA Stablecoins Ordinance	Hong Kong	Bank-grade licensing for fiat-referenced stablecoin issuers	Effective Aug 2025; first licenses granted April 2026
Payment Services Act	Japan	Stablecoins as electronic payment instruments; bank, trust, and fund-transfer issuers	Operative; among the strictest, bank-grade regimes
CBUAE rules & VARA Rulebook	UAE / Dubai	Federal payment-token services plus Dubai's fiat- and asset-referenced virtual-asset rulebook	Federal rules in force since 2024; VARA since June 2025
Digital Asset Basic Act	South Korea	Licensing for issuers; minimum capital and >100% high-liquidity reserves	Enacted July 1, 2026; won-issuance scope under debate

Frameworks and effective dates are fast-moving; verify current status against primary sources before external publication.

Beyond the headline regimes

The nine frameworks are not the whole map. Market-structure law, U.S. state regimes, and a widening set of national frameworks add obligations — and tax-reporting rules apply on top of all of them.

ALSO IN SCOPE	WHAT IT ADDS	STATUS (OCT 2026)
U.S. CLARITY Act	Proposed market-structure law to split SEC and CFTC jurisdiction over digital assets	Cloture vote failed Sept 15, 2026; SEC/CFTC now lead
U.S. state regimes	State licensing — New York's BitLicense/NYDFS and California's DFAL — alongside the federal regime	In force; "substantially similar" certification pending
Switzerland (FINMA)	Stablecoins under banking, AML, and DLT-Act rules; guidance on payment tokens	Licensing framework in force
Brazil (BCB)	Central-bank resolutions governing digital-asset issuers and service providers	Resolutions published; phasing in
Türkiye, Canada, Australia	Dedicated licensing (Türkiye) and developing frameworks (Canada, Australia)	Mixed — in force to draft
Tax reporting	1099-DA, DAC8 & CARF apply on top of any issuance regime; the UK may treat stablecoins as cash or a cash loan.	Phasing in from 2025–2027 (see §12)

Illustrative, not exhaustive — the number of national frameworks is growing quarter over quarter. Confirm the current position for each relevant market before publication.



A SINGLE TOKEN CAN SIT UNDER ALL FOUR LAYERS AT ONCE — AND THE MAP KEEPS WIDENING

The Lukka View

Lukka Reference Data maps regulatory status — SEC, MiCA, EMI, and more — to the issuing authority behind each asset, alongside its issuers, custodians, and auditors. When a framework tells you to weigh the relevant laws and regulations, that is lineage an institution can hand to a regulator or attach to an accounting memo — not a judgment call made from a ticker.

PART FIVE

The road ahead

Where stablecoins fit in a tokenized financial system, and a readiness model an institution can use to assess how far it is from operating them at standard — and what the next stage requires.

Stablecoins and the future of tokenized finance

The credible institutional thesis is not that stablecoins replace banks. It is that stablecoins are becoming another financial rail — and their significance will depend on how deeply that rail integrates with existing markets, institutions, and tokenized assets.

Tokenized funds

A stablecoin subscription and redemption rail, extending the classification question to fund flows and NAV.

Tokenized securities

A potential settlement asset — the payment leg alongside a tokenized instrument.

Real-world assets

The settlement leg beside tokenized credit, funds, and other RWAs that need trusted value on the other side.

Payments

Always-on blockchain settlement, without the delays and cutoffs of correspondent banking.

Treasury & collateral

Programmable liquidity and the movement and management of digital collateral.

TradFi / DeFi convergence

The boundary between crypto-native and traditional financial infrastructure increasingly blurs.

The common thread

Tokenized markets need both a tokenized asset leg and a trusted settlement leg. As stablecoins take on the settlement role, the questions this guide raises — value, classification, rights and obligations, provenance, reconciliation — extend across the whole tokenized system. What has not converged is the operational layer underneath: the ability to evidence, per lot, the facts every framework turns on. Institutions that build that capability now will treat stablecoins as infrastructure; the rest will keep treating them as an exception — and exceptions do not scale.

The institutional readiness framework

A maturity model an institution can use internally — to locate where it is today, and what the next stage requires.

STAGE 1
Exploring
Understand the opportunity and relevant use cases

STAGE 2
Evaluating
Assess assets, issuers, reserves, markets, counterparties, treatment

STAGE 3
Enabled
Custody, transact, value, and monitor stablecoin activity

STAGE 4
Operational
Built into accounting, treasury, compliance, risk, and reporting

STAGE 5
Institutionalized
Runs inside the same governance, data, control, and audit infrastructure as any financial asset

Score readiness across seven dimensions

Asset & issuer	Every asset is identified by issuer, reserve, chain, and regulatory status.
Market & valuation	Positions are priced with a documented, defensible FMV — not an assumed par.
Counterparty & compliance	Sanctions, Travel Rule, and source-of-funds checks run on-chain and off.
Operations & reconciliation	On-chain activity reconciles to custody, exchange, and internal records.
Accounting & tax	Classification is evidence-backed, per lot — including rights-and-obligations traits captured in reference data.
Reporting & audit	Regulatory and financial reporting trace back to source with full lineage.
Governance & controls	A named owner is accountable; controls are testable and independently assured.

Where most institutions stall

Stages 3 through 5 rarely fail on strategy. They fail on the data foundation that valuation, classification, reconciliation, and reporting all depend on — the foundation Lukka provides.

The institutional source of truth for stablecoins

A price feed cannot answer the questions this guide raises. Peg, issuer, custodian, reserves, regulatory status, rights and obligations, and a Fair Market Value your auditors accept are the proof behind every price. Lukka delivers that proof — pricing, reference data, compliance intelligence, and reporting — as one integrated layer.

The five things settlement demands — and where Lukka fits

WHAT SETTLEMENT DEMANDS	HOW Lukka DELIVERS IT
A trusted instrument	**Lukka Reference Data** — issuer, entity, licensing, custodian, and regulatory intelligence, with 175+ standardized fields per asset and LDACS™ classification
A compliant flow	**Lukka Blockchain Analytics** — wallet/entity attribution, sanctions and source-of-funds screening, and Travel Rule readiness on-chain and off
A defensible value	**Lukka Prime** — GAAP/IFRS-aligned Fair Market Value from live markets, tracking peg deviation as a risk signal rather than hardcoding $1.00
Correct classification & provenance	**Lukka Reference Data** — classification past the ticker, with acquisition-channel provenance, terms & conditions identified and preserved through transfers
A reconciled, reportable record	**Lukka Enterprise Data Management** — on- and off-chain activity reconciled into a governed record with lineage to source, powering NAV and regulatory/tax reporting

Stop quoting stablecoins. Start proving them.

You don't just need more data points — you need high-quality, defensible ones. Lukka is a connector, not a replacement: it integrates into the treasury, payments, and settlement systems an institution already runs, and feeds them.

OneFi: four capabilities, one integrated layer

Lukka delivers these capabilities as **OneFi** — one foundation for every digital asset workflow. Valuation, reference data, compliance, and reporting share a single governed source of truth, so an institution integrates once instead of stitching four vendors together.

VALUATION

Lukka Prime & Lukka Prime+

Fair Market Value aligned with GAAP and IFRS, priced from live markets across 4,500+ liquid assets with 10+ years of history and a documented, auditor-trusted methodology. A peg is a target, not a fixed price — Lukka Prime tracks peg deviation as a risk signal rather than hardcoding par.

CLASSIFICATION & REFERENCE

Lukka Reference Data

Normalized digital-asset data with asset mappings, sector classifications, crypto actions, VASP data, issuer/entity mapping, and a terms & conditions database — 175+ standardized fields per asset. The LDACS™ taxonomy separates fiat-, crypto-, and hybrid-backed mechanisms and flags whether the peg is issuer-guaranteed.

COMPLIANCE & RISK

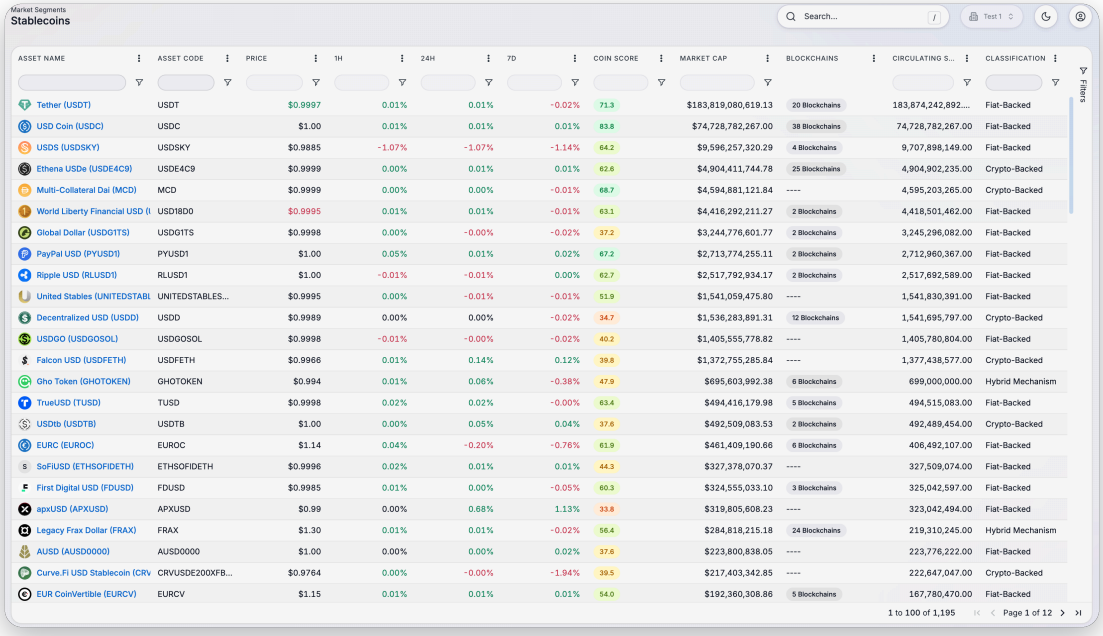
Lukka Blockchain Analytics

Screens stablecoin flows across 109+ blockchains and 1.2 billion+ attributed addresses, applying 380+ risk indicators for sanctions, mixers, and illicit activity, tracing source of funds into regulator-ready evidence, and scoring counterparties across 50,000+ VASPs and entities.

REPORTING & RECONCILIATION

Lukka Enterprise Data Management

Reconciles on- and off-chain activity into one governed record, powers NAV and portfolio valuation, enables correct classification, and generates regulatory and tax reporting — such as CARF, MiCA, and 1099-DA — from 100+ configurable templates, with every figure traceable to source.



The Lukka platform — pricing, scoring, and classification across the stablecoin universe.

THE FOUNDATION

Institutional-grade by design

Stablecoin intelligence built on the same data backbone trusted by global banks, auditors, and regulators.

109+ Blockchains covered	**50K+** VASPs & entities	**1.2B+** Addresses attributed
$4.4T+ Value processed	**400+** Exchanges connected	**10+ yrs** Pricing history

Independently certified & audited

AICPA SOC 1 Type I & II Service Organization Controls	**AICPA SOC 2** Type I & II Service Organization Controls	**ISO/IEC 27001** Information Security Management certification
NIST Cybersecurity Assessment complete	**IOSCO** Financial Benchmarks Statement of Adherence	**Audit-ready** Regulator-ready. Defensible.

About Lukka

Founded in 2014, Lukka provides enterprise blockchain data and software to financial institutions, exchanges, fund administrators, and government agencies — transforming raw on- and off-chain activity into audit-ready intelligence that powers accounting, compliance, risk, and reporting across the digital asset ecosystem.

Lukka®

The institutional source of truth for stablecoin pricing, classification, and compliance data.

TRUST · TRUTH · TRANSPARENCY

Stop quoting stablecoins. Start proving them.

The rules will keep evolving; the operational requirement will not. Institutions that build the data foundation now will treat stablecoins as infrastructure. See how Lukka would handle your specific mix — your assets, your corridors, and your existing stack.

GET IN TOUCH

Visit lukka.tech

REFERENCE

Glossary

Plain-language definitions for the terms used throughout this guide.

1099-DA / DAC8 / CARF
Digital-asset tax-reporting regimes in the U.S., EU, and OECD frameworks.

Algorithmic
Seeks stability through supply mechanisms rather than reserves; restricted in several regimes.

AML / CFT
Anti-money-laundering and counter-financing-of-terrorism controls governing how regulated firms screen activity.

Arbitrage
Trading that profits from price gaps across venues — the force that pulls a stablecoin's market price back toward its peg.

ASC 350-60
U.S. GAAP guidance for measuring in-scope crypto assets at fair value.

Attestation
A third-party report on reserves at a point in time; narrower than a full audit.

Cash equivalent
Short-term, highly liquid holdings meeting specific criteria for cash-like treatment.

CBDC
Central bank digital currency — a digital liability of a central bank.

Collateral / over-collateralization
Assets pledged to back a token; over-collateralization holds more than 1:1 to absorb price swings.

Crypto-backed
Collateralized with digital assets, usually over-collateralized to absorb volatility.

Custody / custodian
Safekeeping of reserves or tokens by a regulated third party that holds them on a client's behalf.

De-peg
A meaningful deviation of market price away from the intended peg.

EMT / ART
MiCA's e-money tokens and asset-referenced tokens.

Fair Market Value (FMV)
A defensible transaction-time value struck from live markets with a documented methodology.

FASB Topic 230
Cash-flow guidance; proposed updates address when a stablecoin qualifies as a cash equivalent.

FATF
Financial Action Task Force — sets global AML/CFT standards.

Fiat-backed
Backed by reserves held in the reference currency and near-cash instruments.

Financial asset
An asset carrying an enforceable contractual right to cash or another financial asset.

GENIUS Act
U.S. federal framework for permitted payment-stablecoin issuers.

IFRS 9 / IAS 7
IFRS standards governing financial-asset classification and cash-equivalent presentation.

Intangible asset
Under legacy GAAP, some crypto assets measured at cost less impairment, without upward recovery.

LDACS™
Lukka Digital Asset Classification System — a taxonomy for normalizing and classifying digital assets.

MiCA
The EU's Markets in Crypto-Assets Regulation.

Mint / burn
Creation of new tokens on issuance; destruction of tokens on redemption.

NAV
Net asset value — the per-unit value of a fund, sensitive to how each holding is valued.

On-chain / off-chain
Activity recorded on a blockchain vs. in traditional systems and records.

Par
Face value — for a stablecoin, redemption or valuation at exactly 1:1 with its reference currency.

Peg
The value a stablecoin aims to hold (e.g., 1 USD). A target, not a guarantee.

Principal market
The market with the greatest volume and activity for an asset; the basis for fair value.

Provenance / lineage
The traceable history of an asset from source through every movement to the ledger.

Redemption right
A holder's contractual right to convert tokens into the referenced currency with the issuer.

Reserve
The assets an issuer holds to back outstanding tokens; quality and liquidity vary.

RWA
Real-world asset — an off-chain asset represented on-chain in tokenized form.

Smart contract
Self-executing code on a blockchain that runs when its conditions are met. Despite the name, it is generally not a legally binding contract on its own.

Stablecoin
A digital asset designed to hold a stable value against a reference asset, most often a fiat currency.

Tokenized deposit
A digital representation of a commercial-bank deposit; the bank's liability.

Travel Rule
FATF Recommendation 16 — originator/beneficiary information on qualifying transfers.

VASP
Virtual Asset Service Provider — exchanges, custodians, and similar intermediaries.

IMPORTANT INFORMATION

Disclaimer

Please read this notice carefully. It governs your use of this guide and the information it contains.

No professional advice. This guide is provided for general informational and educational purposes only. It does not constitute legal, tax, accounting, investment, or other professional advice, and should not be relied upon as a substitute for advice from qualified professionals familiar with your specific circumstances.

Evolving regulatory, accounting & tax landscape. The regulatory, accounting, and tax landscape for stablecoins and digital assets is evolving rapidly and varies by jurisdiction. Frameworks, effective dates, reporting requirements, and proposed rules referenced in this document — including but not limited to the GENIUS Act, MiCA, FATF Recommendation 16, the FASB's proposed updates to Topic 230, Form 1099-DA, DAC8, and CARF — are subject to change and may differ in application. Information is current as of November 2026 and should be independently verified against primary sources before any decision or publication.

Product illustrations & data. Product screens shown in this guide are illustrative and provided to demonstrate capabilities; they may not reflect current interfaces or data. Statistics and coverage figures reflect Lukka data as referenced and are subject to change.

No offer or recommendation. Nothing in this guide is an offer, solicitation, or recommendation with respect to any digital asset, and Lukka does not provide investment advice, price predictions, or market commentary.

© 2026 Lukka, Inc. All rights reserved. Lukka, Lukka Prime, and LDACS are trademarks of Lukka, Inc. All other marks are the property of their respective owners.