Crypto & TradFi

Monetary sovereignty special: The European Parliament confronts dollar stablecoins

Unravelling the regulations for investors

Dollar stablecoins: the European Parliament puts monetary sovereignty at the heart of the debate

Previous editions of the Regulatory Brief have described the European architecture layer by layer: the AI Act and its Omnibus (Seqlense Regulatory Brief Edition #7), its interplay with the GDPR (Edition #8), the post-quantum transition (Edition #9), the crystallisation of European technological sovereignty (Edition #10), the convergence of AI and cybersecurity (Edition #11), the dual supervision of market abuse and AML/CFT (Edition #12), the end of the MiCA grandfathering clause (Edition #13), the intensification of market abuse vigilance (Edition #14) and the global regulatory acceleration on AI (Edition #15). This sixteenth edition extends the sovereignty logic with a major political event: the European Parliament's vote, on 7 July 2026, on an own-initiative report that now formally places dollar-denominated stablecoins among the matters of European monetary sovereignty.

On that day, in Strasbourg, MEPs adopted, by 390 votes in favour, 86 against and 134 abstentions, the own-initiative report by Johan Van Overtveldt (ECR, Belgium), rapporteur on behalf of the Committee on Economic and Monetary Affairs (ECON), devoted to the challenges that digital assets pose to the competitiveness and integrity of the European financial system. This text is not legislative: it does not amend MiCA and creates no new obligation. But it sets out the European Parliament's political position on the evolution of the European digital-asset framework and will, as such, serve as a reference point for the Commission's future proposals.

The central message is direct: Parliament acknowledges the potential gains of tokenisation and distributed ledger technologies, but warns about the dominance of dollar-backed stablecoins, which could deepen the Union's dependence on non-European currencies, issuers and payment infrastructures. This concern is anchored in a quantified asymmetry that structures the entire debate: at the beginning of 2026, dollar stablecoins represented around 300 billion dollars; euro stablecoins weighed in at around 450 million euros, roughly 0.15% of the global total.

For retail and professional investors, for crypto-asset service providers (CASPs), for issuers, banks and treasury managers, this vote carries no immediate legal consequence. But it marks a shift in the

European political reading of stablecoins: from a crypto product to be monitored, they become a matter of monetary, technological and infrastructural sovereignty, alongside the digital euro project.

The main signal

Stablecoins are no longer treated as a crypto topic but as a matter of European monetary sovereignty, on a par with sovereignty over cloud, semiconductors and payment infrastructures.

The structuring element of the 7 July 2026 vote is not the warning against dollar stablecoins; the ECB had already voiced it in its Financial Stability Review of November 2025, then in its Macroprudential Bulletin of April 2026, and finally in Christine Lagarde's speech of 8 May 2026 at the Banco de España LatAm Economic Forum. It is the fact that the European Parliament, as the Union's political and democratic body, adopts this reading with a clear majority and enshrines it in a doctrinal report addressed to the Commission. The debate leaves the circle of monetary experts and enters the European political arena.

This shift echoes the four institutional sequences described in recent editions: the crystallisation of technological sovereignty (Technological Sovereignty Package of 3 June 2026, see Edition #10); AMLA's entry into its operational phase and the formalisation of French doctrine by the ACPR (see Edition #12); the end of the MiCA grandfathering clause on 1 July 2026 (see Edition #13); and the ESRB's qualification of the cyber risk linked to frontier AI models as “systemic” (see Edition #15). A single logic runs through these publications: the construction of a European architecture of operational sovereignty, in which monetary sovereignty, hitherto embodied by the euro and the ECB, now extends into the domain of digital and tokenised rails.

Focus 1 - The vote of 7 July 2026: content and scope

The Van Overtveldt own-initiative report, adopted in plenary session in Strasbourg on 7 July 2026, addresses the competitiveness and integrity of the European financial system in the face of digital assets. It is a so-called “own-initiative” report, the ECON committee having taken the initiative without being referred to by the Commission, and its scope is political rather than legal. It neither amends MiCA nor creates any new obligation for regulated actors, but sets out Parliament's official position for the European Commission ahead of its next legislative or doctrinal initiatives. It comes at a pivotal moment, a few days after the end of the MiCA grandfathering clause (1 July 2026, see Edition #13) and while the Commission launched, in May 2026, a public consultation on extending the MiCA perimeter to DeFi, staking, crypto-asset lending and borrowing, and NFTs.

The report articulates several structuring positions. First, it acknowledges the potential gains of tokenisation and distributed ledger technologies for European competitiveness. Second, it expresses an explicit concern about the dominance of dollar stablecoins, which it regards as a factor of monetary and technological dependence. It supports the development of euro-denominated stablecoins issued under MiCA, as well as the European digital settlement infrastructure (tokenised bank deposits, the digital euro, wholesale settlement in central bank money via the Eurosystem's Pontes project scheduled for the third quarter of 2026). Finally, it asks the Commission to assess whether DeFi, staking, lending-borrowing and NFTs should be brought within the MiCA perimeter.

A notable point, highlighted in particular by Ledger Insights, concerns Parliament's position on the multi-issuance mechanism, whereby the same stablecoin token is issued simultaneously by an EU entity and a non-EU entity. Parliament does not directly rule on the lawfulness of multi-issuance arrangements. It does, however, ask the Commission to swiftly present a legislative proposal providing legal certainty and laying down robust prudential safeguards, cooperation mechanisms and strengthened crisis-management arrangements. This orientation appears more open than the restrictive position defended by the ESRB.

Key points to watch

- The **European Commission's response** to the report and the timetable for its possible legislative proposals on extending the MiCA perimeter (DeFi, staking, NFTs, crypto-asset lending and borrowing).
- The **upcoming arbitration on multi-issuance** (Parliament vs. ESRB), which will have a direct impact on the main compliant stablecoins currently in circulation.
- The **debate on interest-bearing stablecoins** reopened by the May 2026 public consultation and mentioned in the report.

Focus 2 - Monetary asymmetry and the imbalance of scale

Parliament's concern rests on quantified data documented by the ECB and by market indicators. At the beginning of 2026, the capitalisation of dollar-denominated stablecoins stood at around 300 billion dollars; that of euro-denominated stablecoins, at around 450 million euros, a ratio of roughly 1 to 700. According to aggregated data from mid-2026, total stablecoin capitalisation is close to 313 billion dollars, of which around 99% is dollar-denominated. Tether (USDT) and Circle (USDC) together account for around 90% of supply. By way of comparison, the euro stablecoin market has admittedly grown strongly, from around 50 million euros at the beginning of 2024 to around 450 million euros at the beginning of 2026, with several issuers authorised under MiCA including EURC (Circle), EURCV (Société Générale-FORGE) and EURI (Banking Circle), but remains marginal on a global scale.

The ECB has set out the associated risks in several recent publications. Its Financial Stability Review of November 2025 identified the risk of depegging, the concentration of the reserves of the main dollar stablecoins, notably in US Treasury securities, and the possible contagion channels towards the European financial system. Its Macroprudential Bulletin of April 2026 (Issue 33), to which an article signed by Alexandra Born, Claudia Lambert, Benoît Nguyen, Oscar Soons, David Staunton and Anton van der Kraaij contributed, analysed the potential effects of an expansion of euro stablecoins on euro-area sovereign bond markets. Electronic money institutions issuing EMTs must keep at least 30% of the funds received with credit institutions, a proportion raised to 60% for significant EMTs. The balance must be invested in highly liquid, low-risk financial instruments, including certain sovereign securities. The message is nuanced: the current asymmetry with the dollar calls for a European response, but a massive development of euro stablecoins could itself create new interconnections with banks and sovereign debt markets, particularly in the event of large-scale redemptions.

On 8 May 2026, Christine Lagarde articulated this nuanced reading in a speech delivered at the Banco de España LatAm Economic Forum entitled “Stablecoins and the future of money: separating functions from instruments”. In it, she argues that private stablecoins cannot, on their own, constitute the anchor of the monetary system and that the case for promoting euro-denominated stablecoins is weaker than it appears once their monetary function is distinguished from their technological function. Related work published by the ECB in March 2026 (Working Paper No. 3199) documented that a massive substitution of deposits towards non-bank stablecoins would weaken the transmission of monetary policy, an effect more pronounced in bank-centred economies such as the euro area than in the United States. This cautious ECB stance coexists with more open positions towards the development of euro-denominated private instruments, notably in a speech by Joachim Nagel on 16 February 2026.

Key points to watch

- The **ECB's forthcoming publications** (Financial Stability Review and Macroprudential Bulletin), which may clarify its doctrine on euro-denominated stablecoins.
- The evolution of the **capitalisation of MiCA-compliant euro stablecoins** (EURC, EURCV, EURI, and Qivalis to come), and the impact of any restructuring of non-EU issuers.
- The **parallel dynamic of the dollar**, particularly in light of the US GENIUS Act, which explicitly frames stablecoin expansion as an instrument for strengthening the dollar's international role.

Focus 3 - The broader regulatory agenda - DeFi, staking, NFTs and the MiCA perimeter

Beyond stablecoins, the Van Overtveldt report invites the Commission to assess whether several areas of activity currently outside MiCA's clear perimeter should be brought within it: decentralised finance (DeFi, including automated protocols of the Automated Market Maker type), staking, crypto-asset lending and borrowing, and NFTs. This list largely matches the scope of the public consultation opened by the European Commission in May 2026 on a possible extension of the MiCA perimeter. Parliament also calls for consistent application of MiCA across Member States, in line with the concerns expressed about the potential fragmentation of the digital single market.

The report presents an overall strategic position: digital assets can strengthen the competitiveness of European financial markets provided that Member States apply the rules consistently and that European infrastructure develops in parallel. This approach embraces a constructive conception of regulation and, to borrow the rapporteur's phrase, “Europe must embrace the opportunities offered by digital assets, while keeping the risks firmly under control”. It departs from the more restrictive positions expressed by Van Overtveldt himself in 2023 in the context of the failures of Silicon Valley Bank and Signature Bank, illustrating a general evolution of the European political stance as MiCA enters into effective application.

Key points to watch

- The **results of the Commission's May 2026 public consultation** on extending the MiCA perimeter, whose analysis will feed into the next legislative initiatives.
- Possible **ESMA and EBA guidance** on the interplay between MiCA and DeFi and on hybrid activities (staking, lending-borrowing).
- The **evolution of French doctrine (AMF, ACPR)** on the consistent application of MiCA to CASPs authorised in France and on related activities.

Focus 4 - Building the European alternative: infrastructure and timeline

The report does not call for excluding dollar stablecoins from the European market. It would have neither the capacity nor the legitimacy to do so. Rather, it seeks to prevent future European tokenised markets from resting almost entirely on a foreign currency and infrastructure. The stated aim is to build a credible European offering built around four pillars: regulated euro-denominated stablecoins, tokenised bank deposits, the digital euro, and wholesale settlement in central bank money.

Each of these pillars is today at a different stage of maturity. Euro stablecoins are progressing rapidly in relative terms (from around EUR 50 million at the beginning of 2024 to around EUR 450 million at the beginning of 2026, with several hundred million more expected in the second half of 2026) but remain marginal against the 300 billion dollars. The Qivalis banking consortium, which now brings together 37 European banks, plans to launch, subject to obtaining the necessary regulatory authorisation, a regulated euro-denominated stablecoin in the second half of 2026. Tokenised bank deposits are being explored by several large European banking groups, with experiments conducted under the Pythagore project of the Banque de France and Euroclear (see Edition #9) and the Eurosystem's Pontes project, which is due to launch DLT settlement in central bank money in the third quarter of 2026. The digital euro, finally, can only be issued after the legislative framework is adopted by Parliament and the Council: the pilot phase is expected in 2027 and possible issuance around 2029, subject to formal adoption.

For investors and regulated actors, this four-pillar architecture outlines a medium-term transition in which dollar stablecoins will retain, for at least several years, a dominant place in cross-border uses, while the European infrastructure is gradually put in place. The vote of 7 July 2026 will not mechanically accelerate this timeline, but it confirms its political direction and makes a stronger commitment from the Commission and the Member States more likely.

Key points to watch

- The launch of the **Qivalis consortium** in the second half of 2026 and its ability to establish itself as a credible European payment rail.
- The **entry into production of the Eurosystem's Pontes project** in the third quarter of 2026 (wholesale DLT settlement in central bank money).
- The **next steps in the digital euro timeline**: pilot phase in 2027, possible issuance in 2029, subject to adoption of the legislative framework by the European Parliament and the Council.

Key takeaways

Five structural transformations are at work:

- The **European Parliament places dollar stablecoins among matters of European monetary sovereignty** through a clear vote (390 in favour, 86 against, 134 abstentions).
- The **quantified asymmetry is stark**: around USD 300 billion for dollar stablecoins versus around EUR 450 million for euro stablecoins at the beginning of 2026, a ratio of roughly 1 to 700.
- The report **supports euro stablecoins and multi-issuance with safeguards**, a position that diverges from the more restrictive reading expressed by the ESRB in September 2025 on multi-issuance, with an arbitration expected at Commission level.
- The report **invites the Commission to assess extending the MiCA perimeter** to DeFi, staking, crypto-asset lending and borrowing, and NFTs, following on from the May 2026 public consultation.
- The **European alternative is taking shape around four pillars**: regulated euro stablecoins, tokenised bank deposits, the digital euro, and wholesale settlement in central bank money (Pontes), each with different maturities and timelines.

Conclusion

The vote of 7 July 2026 is a pivotal moment: less for its immediate legal effect than for the political shift it enshrines. For the European Parliament, stablecoins are no longer a crypto product that MiCA regulates; they are a matter of monetary, technological and infrastructural sovereignty that must be treated on the same level as sovereignty over cloud, semiconductors or payment infrastructures. This reading, largely shared with the ECB and extending the logic of the June 2026 Technological Sovereignty Package, opens a multi-year cycle during which the European alternative will, or will not, be built. For regulated actors, the operational consequence is not immediate but it is directional: treasury, cross-border payment and digital-rail strategies must incorporate a structuring assumption, the European Union wants to reduce its dependence on dollar stablecoins, and will progressively give itself the regulatory and infrastructural means to achieve this ambition. For investors, this edition is an invitation to distinguish clearly between European political doctrine, which is evolving rapidly, and the operational reality of markets, which remains massively dollarised.

Main sources

- European Parliament (2026), *Digital assets – challenges for the competitiveness and integrity of the European Union's financial system*, Own-initiative report A10-0186/2026, rapporteur: Johan Van Overtveldt, Committee on Economic and Monetary Affairs (ECON), adopted on 7 July 2026 by 390 votes in favour, 86 against and 134 abstentions, procedure 2025/2208(INI), text adopted T10-0251/2026. European Parliament
- Lagarde, C. (2026), "Stablecoins and the future of money: separating functions from instruments", speech at the Banco de España LatAm Economic Forum, Roda de Bará, 8 May 2026, European Central Bank.
- Aerts, S., Lambert, C. and Reinhold, E. (2025), "Stablecoins on the rise: still small in the euro area, but spillover risks loom", *Financial Stability Review*, November 2025, European Central Bank.
- Born, A., Lambert, C., Nguyen, B., Soons, O., Staunton, D. and van der Kraaij, A. (2026), "Euro stablecoins and their potential effect on sovereign bond markets", *Macroprudential Bulletin*, Issue 33, April 2026, European Central Bank.
- Altavilla, C., Boucinha, M., Burlon, L., Adalid, R., Fortes, R. and Maruhn, F. (2026), *Stablecoins and monetary policy transmission*, Working Paper Series No. 3199, 3 March 2026, European Central Bank.
- European Systemic Risk Board (2025), *Recommendation of the European Systemic Risk Board of 25 September 2025 on third-country multi-issuer stablecoin schemes*, ESRB/2025/9, published on 21 November 2025.
- European Commission (2026), *Targeted consultation on the review of Regulation on the Markets in Crypto-Assets (MiCA)*, Directorate-General for Financial Stability, Financial Services and Capital Markets Union, opened on 20 May 2026.
- European Union (2023), *Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets*, Official Journal of the European Union, L 150, 9 June 2023, pp. 40–205. EUR-Lex
- Nagel, J. (2026), "Priorities and challenges for Europe in a changing world", keynote speech at the New Year's Reception of AmCham Germany, Frankfurt am Main, 16 February 2026, Deutsche Bundesbank.
- European Central Bank (2026), *Pontes – the Eurosystem's DLT solution for wholesale settlement in central bank money*, project information and implementation timeline, accessed 19 July 2026. ECB
- European Central Bank (2026), *Digital euro pilot*, project information and implementation timeline, accessed 19 July 2026.
- ING (2026), "European banks rally behind a euro stablecoin", 19 May 2026, announcement of the expansion of the Qivalis consortium to 37 participating banks and its planned launch in the second half of 2026, subject to regulatory approval.
- DefiLlama (2026), *Stablecoins – Market Capitalisation Dashboard*, market data accessed 19 July 2026.
- Ledger Insights (2026), "EU Parliament backs stablecoin multi-issuance, dismissing ban proposal", 9 July 2026.
- Blockhead (2026), "EU Parliament Flags Stablecoin Dominance Risk, Calls for Tighter Digital Asset Oversight", 9 July 2026.

.***

The Seqlense Regulatory Brief - Crypto & TradFi · Issue #16