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Presentation

Operator

Ladies and gentlemen, thank you for joining us, and welcome to Circle Internet Group's First Quarter 2026 Earnings Call. [Operator Instructions]

I will now hand the conference over to Scott Blair, Circle's Head of Strategic Finance. Scott, please go ahead.

Scott Blair

Thank you, operator, and good morning. I'd like to welcome you to Circle's First Quarter 2026 Earnings Conference Call. I'm Scott Blair, Circle's Head of Strategic Finance. I'm joined by Jeremy Allaire, our Co-Founder, Chief Executive Officer and Chairman; and Jeremy Fox-Geen, our Chief Financial Officer.

Earlier this morning, we posted our earnings press release and earnings presentation on the Circle Investor Relations website, investor.circle.com. A transcript of this call will be posted on that website once available. I need to remind everyone that our earnings press release, presentation and this call contain statements that are forward-looking. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified and some of which are beyond our control, you should not rely on these forward-looking statements as predictions of future events.

The events and circumstances reflected in our forward-looking statements may not be achieved or occur, and actual results could differ materially from those projected in the forward-looking statements. Information concerning risks, uncertainties and other factors that could cause these results to differ is included in our SEC filings.

Additionally, nothing in this presentation constitutes as an offer to sell or a solicitation of an offer to buy securities or an invitation or inducement to engage in investment activity. We will also disclose non-GAAP financial measures on this call today. Definitions of those non-GAAP financial measures and reconciliations to the most comparable GAAP financial measures can be found in the earnings press release and earnings presentation, which are posted on Circle's Investor Relations website, investor.circle.com. Non-GAAP financial measures should be considered in addition to, not as a substitute for GAAP measures.

With that, I'd like to turn the call over to Jeremy Allaire.

Jeremy D. Allaire
Co-Founder, Chairman & CEO

Thank you, Scott, and good morning, everyone. I want to begin at a higher level and describe where I think we are and the guiding forces driving Circle's thinking and strategy. We believe we are going through the largest platform shift in the history of the Internet and it is accelerating. Specifically, this platform shift is the collision and compounding effect of new operating systems for intelligence and new operating systems for economic activity.

These 2 major new technology infrastructures are converging into a new Internet stack that we believe will transform the global economic system over the coming decade. Last quarter, we talked about the rise of AI agents and the Agentic economy and the need for these AI agents to operate on economic infrastructure that enables trusted value exchange and economic coordination.

We also talked about the next generation of blockchains forming into economic OSs where value, identity, policy and contracts can execute and move across these new onchain computer networks. We are rapidly moving into a world in which AI-powered software machines, coordinating on blockchain computers, deliver an increasing share of global economic activity. This is a profound shift and one that is highly aligned with Circle's fundamental vision, mission and strategy.

We are building a leadership position in this new era from a position of considerable strength. Over the past several years, we have built out a broad-based Internet financial platform that compounds through several reinforcing flywheels. Each pillar of Circle's platform is self-reinforcing. Our digital assets flywheel, encompassing our stablecoin network and core digital assets drives increasing liquidity, utility and developer integrations, which in turn continues to grow the value of the network.

The Arc network, or what we call Arc, is entirely built on network flywheels and grows as more apps are launched, more assets are issued and as liquidity and distribution flow through our interoperability infrastructure. These flywheels accrue to Arc network stakeholders, but also reinforce and help grow Circle's other platform pillars. Both of these, in turn, grow the flywheels for our own apps, together, Circle's apps, including CPN and Circle Mint, continue to drive more use cases, greater transaction volume, user growth and distribution.

Our apps are anchored in Circle's digital asset network and are being built natively on Arc. These flywheels work together to create one of the most compelling Internet financial platforms in the world, and now we are layering across this entire platform, the deep product and technology capabilities to compound alongside AI and Agentic economic growth.

Now turning to the quarter. I want to focus on a few key highlights. First, we ended the quarter with $77 billion of USDC in circulation, representing 28% year-over-year growth. Alongside USDC supply growth, we also saw enormous growth in transaction activity with onchain transaction volume up 263% to $21.5 trillion.

Total revenue and reserve income of $694 million, grew 20% year-over-year. Adjusted EBITDA grew to $151 million, 24% year-over-year growth, and we continue to maintain a strong adjusted EBITDA margin of 53%. We've also had a number of major platform and product launches recently, including today's launch of our new Circle Agent Stack, which I'll discuss in greater detail shortly.

We launched CPN Managed Payments, which brings the power of CPN to banks, financial institutions and payment service providers in a turnkey fashion and we continue to see robust growth in CPN volumes and financial institution adoption while also seeing many more mainstream USDC launches and integrations.

Finally, the Arc Network is getting ready for lift off. We have had a highly successful testnet. And today, we announced the presale of the Arc token, raising $222 million at a $3 billion fully diluted network value with lead investor a16z crypto alongside a range of other outstanding strategic partners.

Turning to our stablecoin network and digital assets growth and adoption, we continue to see very strong enterprise and use case expansion. Meta, the world's most preeminent social platform began using USDC for creator payouts. This is significant because just last year, there was a view that big tech companies would introduce their own stablecoins. We've been very clear that the network effects, liquidity and global reach of our network, along with sound regulation make USDC the preferred option for major enterprises integrating this technology and that it makes little sense for these companies to go it alone.

Meta is demonstrating exactly that. We're seeing this across the board. DoorDash paying out USDC to drivers and other global enterprises embracing USDC in their payment flows. Polymarket adopting USDC for funding and settlement on their leading prediction market. Innovative financial institutions like Erebor Bank using USDC to power 24/7 banking and expanded relationships with leading exchanges, including the top exchanges in Korea, a thriving market with significant growth opportunities for USDC.

In capital markets, we're continuing to see strong expansion. Circle is participating in a DTCC test run of tokenized securities trading and we're seeing emerging traction with USDC as collateral on regulated derivatives exchanges. In the traditional enterprise space, treasury management applications are really taking hold. We recently announced a broad partnership with Kyriba, one of the leading treasury management platforms, serving thousands of enterprises and many Fortune 100 companies to make USDC payment flows a seamless part of their solution. Ramp, one of the fastest-growing fintechs in enterprise treasury and payments, is adopting USDC for a wide range of international and domestic use cases and cross-border and treasury flows are increasingly moving to USDC across leading banks, fintechs and even the start-up ecosystem with Y Combinator driving funding operations in USDC. The use cases are expanding, and this is driving further flywheels.

While the stablecoin market itself was relatively flat in the quarter, it grew 32% year-over-year. More importantly, stablecoin transaction volumes continued to grow. According to Visa's reported figures on commercial transaction volume, USDC continued to gain market share and now accounts for 63% of all stablecoin transactions.

Looking more broadly at onchain volume, USDC transaction volume grew over 260% year-over-year to $21.5 trillion in the quarter. Other third-party data sources, which include Solana transaction volume, put USDC's volumes at nearly $30 trillion in the quarter, with our market share at approximately 80% of all onchain transaction volume.

I want to underscore an important point. USDC is the most widely transacted and used dollar digital currency in the world, period. No dollar digital currency is achieving anywhere near the volume of onchain transactions as USDC. And as this market accelerates, we believe this leadership position and the network effects that flow from it will continue to compound to Circle.

We also remain the most liquid and available digital dollar in the world, having minted and redeemed nearly $150 billion of USDC in Q1 alone, providing reliable and compliant digital dollar dial tone through our global liquidity network all around the world. Alongside USDC's growth, we are seeing strong growth from our other digital assets, EURC, which has long been the world's largest euro stablecoin, grew 2x year-over-year, ending the period at EUR 358 million. Our tokenized money market fund, USYC, grew over 300% year-over-year and as of May 7, stands at over $3 billion in assets.

Circle's USYC is now the largest tokenized money market fund in the world and a key building block for collateral in digital asset trading markets. We are also expanding our digital assets portfolio. We recently announced the planned introduction of a new Bitcoin product from Circle, cirBTC, which, pending official launch, would provide a compliant and secure wrapped version of Bitcoin that will be issued by Circle on both the Ethereum and Arc networks. We see a significant opportunity for programmable onchain primitives for Bitcoin from Circle.

As I mentioned in my opening, Arc is getting ready for lift-off with the Arc mainnet launch coming soon. Arc has been designed with a broad group of incredible partners from across the financial system. We have built what we believe will be one of the most institutionally ready networks in the world, a network that will be operated by leading financial institutions with the trust required for global economic infrastructure.

We are bringing powerful interoperability infrastructure to the network and we have optimized Arc for asset issuers, payment firms and capital markets applications. Arc comes with purpose-built features that simplify how stablecoins and tokenized assets bring the financial system and financial services onto these new operating systems. And everything has been designed from day 1 with AI and Agentic flows in mind, from developer tooling to new services on Arc built entirely for AI agents.

Arc is not just our core layer 1. At launch, Arc will support a suite of assets and protocols from Circle and third parties. We are bringing incremental services to make these accessible and ready and providing a comprehensive set of developer tools, and bundled applications from Circle to deliver meaningful value to Arc users on day 1.

Our testnet has performed very well. Users are transacting at scale. Arc has a vibrant and growing developer community building on the platform and I believe we and the entire ecosystem are prepared as we approach mainnet launch. I want to focus on one of the most significant components of our strategy with Arc and more broadly for Circle. We are becoming the leading interoperability platform in the entire blockchain ecosystem.

As you can see, we've continued to scale the Cross-Chain Transfer Protocol, reaching almost $50 billion of volume in Q1, representing 3x growth year-over-year. Our share of interoperability has already grown to approximately 60% of all cross-chain traffic. We're now turning that network reach and utility into a strategic customer capability with Arc. We've announced that we're opening up CCTP to other asset issuers. We built the highways for USDC, and now we're opening them to other stablecoin and real-world asset issuers. Anyone doing tokenization can get the same interoperability, safe transport and distribution that we've already built around the world across all these blockchain networks.

We're also turning on seamless bridges for end users and enabling flows of leading assets from other chains with a new canonical bridge from Circle. This infrastructure with safety, trust and monetization options available to both Circle and third parties that use them is a pillar capability of Arc and Circle's platform more broadly. And this is coming at a very important time as recent hacks put into question the safety and reliability of some of our competitor networks. And our focus on foundational security was further reinforced with our post-quantum readiness road map announcement, including that transaction messages on Arc will be post-quantum secure on day 1.

On our path to building Arc, we are excited to announce today that Circle has undertaken a presale of the Arc token. Alongside the presale, we have released the Arc token white paper available today on the Arc website. The Arc token will help to bootstrap and scale the network by aligning participants, including Circle with the long-term success of the network and enabling governance, staking and security and other protocol functions across the network.

This is about building a new economic OS with broad-based stakeholders across the global financial and developer ecosystem. That means that every app builder, every end user and every institution building and operating on the network can become a stakeholder and ultimately participate in governance. Our Arc token presale was led by a16z crypto and includes some of the world's largest asset managers, including Apollo Funds, Ark Invest, BlackRock, Janus Henderson Investors, exchange, fintech and capital markets firms such as Bullish, Intercontinental Exchange, Marshall Wace and SBI Group and leading global banks such as Standard Chartered Ventures as well as venture firms, including General Catalyst, Haun Ventures and IDG Capital. As I noted at the outset, Arc is built as an economic OS that anticipates this convergence with AI operating systems, and we are accelerating our product investments in this space, both on top of Arc and by building on the wide range of applications and integrations that already exist for USDC.

Today, we are rolling out key parts of the Circle Agent Stack. This morning, we launched Agent Wallets, a new product that allows agents to permissionlessly build onchain wallets, conduct transactions, on-ramp USDC, and operate within predefined policies and safety guard rails. We also brought Agent Nanopayments online, where USDC transactions as small as one millionth of a penny enable high-frequency machine-to-machine payments. And all of these features are built supporting interoperability across agents and API services through the x402 standard, which Circle is helping to design.

USDC already has an enormous lead in Agentic payments today, with 99.8% of all x402-Agentic payments being settled using USDC. We also launched the first version of our Agent Marketplace, an open hub for users and agents to discover, pay for and invoke agent services that transact in USDC programmatically with over 500 end points already available for agents.

Finally, we launched the Circle Platform CLI, providing a command line interface to the full range of Circle's infrastructure and enabling both developers and AI agents to bootstrap, build, automate and integrate all of Circle's infrastructure into AI applications.

Our adoption of AI is not just outward-looking. We are undertaking a significant internal transformation and AI adoption inside Circle is accelerating. We are building an AI-driven company, aggressively rolling out AI infrastructure and building Agentic workflows to drive productivity and acceleration across the business. With this, our product velocity is increasing dramatically. You may have noticed that we are shipping more technology at greater speed, enabled by AI-assisted development harnesses.

We are also reimagining every business function with AI agents proliferating across Circle and beginning to manifest new ways of coordinating, executing and delivering our business. Notably, we have seen rapid uptake of AI coding tools, weekly active users of AI tools, building automations at Circle have rapidly grown to approximately 85% of employees. Our teams have already deployed over 600 AI native apps this year, as we have capitalized on major breakthroughs in Agentic and AI development.

As a regulated company, we approach this comprehensively, considering the impact on our talent, security posture, financial controls and the governance required to ensure these deployments are conducted safely.

We will continue to discuss our AI transformation as it is one of the most exciting things happening as we become an Agentic AI-driven company. We are also continuing to see strong progress with our expanded payments products with multiple major new product launches since introducing CPN.

The product line is now becoming robust and competitive and CPN has been growing. We ended the quarter with $8.3 billion of annualized total payment volume on a trailing 30-day basis, up 17% quarter-over-quarter. And as of May 7, we are approaching $10 billion of annualized TPV, up nearly 75% since we last reported. We've now enrolled over 136 financial institutions into using CPN products, up 36% quarter-over-quarter.

Alongside this growth, we recently introduced CPN managed payments. To put managed payments in context, many banks, financial institutions and payments firms are challenged to get up and running on stablecoin payment networks such as CPN. The biggest hurdles have been licensing, USDC liquidity, account infrastructure for stablecoin custody and blockchain compliance operations, most of which they have not yet built out on their own.

With managed payments, we offload that complexity on to Circle where we operate these capabilities as a managed service. We can bring a bank into CPN on an accelerated basis, delivering all of the benefits of Circle's global infrastructure, our compliance, liquidity, network effects and interoperability, while compressing time to market. We see this as a significant opportunity to bring banks, payment firms and financial institutions onto CPN at scale.

I will conclude with where I started. Today, Circle is an early-stage company and at the beginning of executing against our long-term strategy. We have built fantastic platforms and businesses and we are fortunate to work with an extraordinary number of leading institutions. Each quarter, we see more of the greatest companies in the world - the leading technology companies, financial companies, enterprises and others adopting our technology to make the financial system work better.

We are entering a fundamentally different era, an Internet financial system era in which economic operating systems and intelligence operating systems are colliding, software-powered money, a software-powered economic system. This convergence of AI and economic activity is happening at Internet scale and velocity. We see glimpses of this today with the power of open programmable money on our stablecoin network, which is seeing significant growth in the velocity and quantum of transactions. And we are laying down the next major layers that are necessary for this new Internet paradigm to accelerate and take hold. It's an incredibly exciting time to be building here at Circle, and we are thrilled with the progress we have continued to make this past quarter.

With that, let me turn it over to Jeremy Fox-Geen, our CFO, to take you through the financial results.

Jeremy Fox-Geen
Chief Financial Officer

Thank you, Jeremy, and good morning, everyone. We delivered a strong first quarter with USDC becoming the most widely used digital asset onchain and accelerating product launches, adding breadth and depth to our platform. Our financial results reflect the continued adoption of USDC and our consistent and disciplined execution.

I'll start by reviewing the quarter and then turn to guidance. USDC circulation ended the quarter at $77 billion, up 28% year-on-year, although roughly flat sequentially despite the roughly 45% decline in digital asset markets since their peak in October 2025. This reflects the underlying growth in noncrypto utility and use cases. USDC held within Circle's platform infrastructure grew 3.5x year-over-year to $13.7 billion in the first quarter, representing 18% of total circulation.

The reserve return rate was 3.5% for the quarter, down 66 basis points year-on-year, reflecting the decline in SOFR during this period. Total revenue and reserve income was $694 million in the quarter, up 20% year-over-year as growth in circulation and other revenue was partially offset by that lower reserve rate during this period. Total distribution transaction and other costs increased 17% year-on-year to $407 million.

Revenue less distribution cost margin was 41.4%, up 1.5 percentage points year-over-year, driven by growth in USDC held on our platform and by the growth in other revenue. Quarter-over-quarter margin increased 1.3 percentage points, driven by growth in other revenue, partially offset by a mix shift as Coinbase represented a larger share of circulation during the quarter.

Other revenue was $42 million, up 2x year-over-year. Subscription and services revenue was $34.9 million, primarily from blockchain network partnerships. Transaction revenue was $6.7 million, an expected decline from last quarter, where we had a $7 million benefit from the Canton coin launch. Despite that benefit in Q4, other revenue grew quarter-over-quarter.

Total revenue and reserve income less distribution transaction and other costs grew 24% year-over-year to $287 million. Adjusted operating expenses were $136 million, up 32% year-over-year as we continued to invest in our product, distribution and operating infrastructure to drive long-term growth.

Adjusted EBITDA grew 24% year-over-year to $151 million, reflecting our continued disciplined execution as we invest in growth initiatives. Adjusted EBITDA margin for the quarter was 53%.

Turning to guidance. We are leaving our full year 2026 guidance unchanged. However, this guidance does not include the future financial impacts of the Arc token presale, Arc incentive programs or any Arc-associated revenue streams. In the future, when Arc tokens are created and delivered, we will recognize the value as other revenue. There will also be impacts to other costs, RLDC and adjusted EBITDA, particularly as we enter into token incentive agreements and open up the surface area for other Arc-related revenues.
We believe Arc has the potential to become an important long-term growth vector. While it's too early today to quantify the many impacts from Arc and the Arc token, we plan to provide an updated view of guidance on our next call. And with that, I'll turn it back to Scott to start the Q&A portion of the call.

Question and Answer

Scott Blair

Thanks, Jeremy. We're excited to kick off Q&A with a couple of questions that we collected from our retail analysts using the Say platform. Our first question comes from [Brandon G] who wants to know what is Circle doing right now to remain the key leader in the stablecoin market?

Jeremy D. Allaire
Co-Founder, Chairman & CEO

Thank you. This is Jeremy Allaire. I'll happily take the question. As we just shared, in Q1, according to third-party data, we saw USDC account for 80% of dollar digital currency transactions onchain. And that's up considerably year-on-year. And so we are -- we feel very good about the growth and the traction and the adoption that's happening there. We obviously are continually focused on this, and I'll highlight a few key things.

The first is just making sure that our stablecoin network in USDC is as widely available as possible around the world, expanding our global reach, expanding the access and liquidity to USDC in markets, including emerging markets all around the world. We have significant initiatives there. Obviously, expanding the partnerships and the use cases and the kinds of firms that are building on USDC. USDC is part of a stablecoin network that has network effects. And so when the world's largest social platform like Meta begins to use USDC, or major e-commerce companies like DoorDash begin to use it or treasury management systems that are making and receiving payments between enterprises begin using it. That multiplies the network effects of USDC and those growing use cases then spill into more companies that embrace those use cases. So those are major forces, again, helping support and drive that.

And then there's new things that we're building. So Arc itself, which we talked a bit about here on the earnings call is fundamentally a stablecoin-native layer 1 blockchain infrastructure. It is going to bring, we believe, a wide array of applications in payments, in capital markets, and in Agentic as well. And so that really leads to another key focus for us. Again, we talked about it with the Circle Agent Stack launch today.

We believe that the dominant form of transactions in the Agentic economy will be conducted on these new economic operating systems and networks and that well-regulated digital cash instruments like USDC will be the preferred form of payment. And in fact, today on these AI agent protocols like x402, USDC represents 99.8% of all the transactions that are happening.

And then finally, we're working to make sure that all around the world, governments have clear policies so that these digital dollars can work effectively everywhere. And so it's very holistic. It's go-to-market, it's product, it's innovation, it's policy, it's international, and those are some of the things that we're doing.

Scott Blair

Our second question comes from [Tyrel V] and he's asking what percentage of USDC usage today is tied to real economic activity versus trading and arbitrage? And how is Circle actively shifting that mix towards durable, nonspeculative demand?

Jeremy D. Allaire
Co-Founder, Chairman & CEO

I'll happily take that as well. So there's more and more great third-party data that looks at all of the different types of activity that are happening. And so we see it within our own activity and customer base, and we also look at that third-party data. So for example, in our call, we talked about Visa's new analytics that they've been reporting on for some time, which looks at commercial transactional activity and growth. And there, for example, in that analysis, we saw multi-hundred percent growth year-over-year. We saw that USDC is approximately 60% of the traffic in commercial, real commercial transactions that are happening. But then again, in our own data, what we see is the types of companies that are building on our infrastructure and that are proliferating around the world, many of these are financial institutions building products to deliver digital dollars to users around the world.

CPN itself, for example, which since we last reported, we've seen the annualized total payment volume on a trailing 30-day basis. We've seen that grow 75% since our last reporting period. That's fundamentally all driven by B2B cross-border flows that are using stablecoin payment network infrastructure like CPN to accomplish this. And then, of course, in the use cases that we're talking about here today, whether it be Meta or banks offering 24/7 rails with USDC, treasury management companies like Kyriba that work with many of the Fortune 100 and thousands of companies. All these are driving those new use cases. And obviously, centrally having something like GENIUS Act and the forthcoming CLARITY Act are crucial because this now becomes part of the legal global financial system. And so that gives corporations of all sorts and financial institutions of all sorts of confidence to build and use this technology.

Scott Blair

Thanks, Jeremy. Before I turn it over to the operator, I want to thank Brandon, Tyrel and everyone else who participated in providing questions on the same platform for our earnings Q&A. With that, operator, please begin the rest of the call.

Operator

[Operator Instructions] Your first question comes from the line of James Yaro from Goldman Sachs.

Divyam Harlalka
Goldman Sachs Group, Inc., Research Division

Divyam here on behalf of James. My first question was around could you update us on the drivers of the robust RLDC margin in the quarter? And whether this level could be sustained potentially and as it was well above your RLDC target range?

Jeremy Fox-Geen
Chief Financial Officer

Yes. Thank you for the question. It's Jeremy Fox-Geen, I'll take this. We don't break down specifically, right, the drivers and the component pieces of RLDC margin other than the information we provide in our earnings materials, which shows the composition of that with net reserve margin and other income. And so you can see those pieces there. We had strong growth in other income, which provides a boost to the RLDC margin.

Now speaking more broadly about sort of the net reserve margin piece. As we've said before, there are many puts and takes as to how this evolves over time. What we saw this quarter, and you see it in the materials was growth in on-platform at Coinbase, particularly in the last month of the quarter. And we also saw some modest pullback in certain other highly incentivized channels. And that gave us, we think, a very strong RLDC margin for the quarter.

Divyam Harlalka
Goldman Sachs Group, Inc., Research Division

That was super helpful. Just one follow-up over here. I wanted to touch on Circle Agent Stack and an update on stablecoin use cases for Agentic commerce. How much adoption has there been so far? And what do you look to achieve over here?

Jeremy D. Allaire
Co-Founder, Chairman & CEO

Yes. I'll happily take that. The Circle Agent Stack launch is a significant launch for us. It makes available all of the power of USDC, of Circle's infrastructure to agents, whether they're agents that developers are building or just autonomous agents that already exist to be able to store value, transact, do that safely. What we have seen are a couple of things.

So first, obviously, there are agent payment protocols like x402, which are seeing very nice growth from a -- really from the very beginning. The explosion in Agentic technology has really happened just in the past several months. But every single conversation we're in with enterprises, with financial institutions, with key partners, every single one of those is focused on their applied AI strategy and how they intend to apply Agentic. And so if you're a platform company like Circle and you are looking at where the world is going. It is very clear that AI-driven and Agentic-driven infrastructure and automation is going to be very central to that. And so we've made this a huge priority in terms of the product stack.

I would say, additionally, look, what's interesting is you do see in the transaction volume growth in stablecoins and notably USDC, which has seen, as noted according to third parties, as much as 80% of onchain transactions in digital dollars happening in USDC. There's sort of what happens with agents on the actual agent payment protocols like x402. And then there's agents that are just being deployed and executing in markets and other places.

So we do actually believe that some meaningful portion of activity is AI-driven already, and we've seen that kind of sharply increasing in Q1 as these Agentic technologies have increased. But this gets to the kind of core of kind of how I opened the call, which is our core thesis is that this kind of convergence of these AI operating platforms that are scaling and these economic operating platforms on these blockchain compute networks, these are converging and they're very synergistic and that the Agentic economy, which we think is going to power more and more of labor, work, output and exchange is where the entire economic system is headed, and so we're positioning ourselves, obviously, with not just with USDC, but across Arc, the agent stack and other things that we're doing.

Operator

Your next question comes from the line of Kenneth Worthington from JPMorgan Securities.

Kenneth Brooks Worthington
JPMorgan Chase & Co, Research Division

In terms of regulation, how do we think about a world for USDC where revenue for Circle continues to be earned on assets but rewards are paid to end customers more based on transactions. How and where does this impact Circle's promotion strategy for USDC, if at all? And does legislation language drive Circle to seek more transaction-based revenue streams?

Jeremy D. Allaire
Co-Founder, Chairman & CEO

Great question, Ken. I'm going to take the first part of that, and then I'm going to have Heath Tarbert, Circle's President, jump in on the second part of that. I think what's notable is -- and you've heard us talk about this in the past, which is we are very focused on driving the utility value of this new form of money. And as we emphasized on the call, we're seeing this continued diversification of the range and types of companies and use cases that are growing this and driving this.

And what's notable about legislation in this space is that the legislation very specifically is saying, hey, look, if you're a distributor of stablecoins and Circle under the legislation, which Heath will talk more about, Circle can continue to enter into great economic relationships with platforms, not just in the U.S. but all around the world. But those platforms are going to -- if they want to incentivize users with stablecoins, it has to be based on real-world utility. It has to be based on real transactions, real payments volume, real activities, and that's exactly the kind of incentivization that we want to see because it aligns stablecoin rewards with the growth of the utility of our network and because this is a network effects-driven business, that alignment actually, we think, can provide a really, really powerful tailwind, we believe, to further adoption of USDC.

But to comment specifically on what's happening with CLARITY Act, and what the currently published text looks like, I'll have Heath Tarbert jump in as well to share his perspective.

Heath P. Tarbert
President & Chief Legal Officer

Thank you so much, Ken, for that great question. Maybe just take a step back on CLARITY more generally. I mean, CLARITY, we're not waiting for Congress to act to make history as a company. But obviously, if Congress does act, the legislation will be helpful to us for a variety of reasons. Number one, obviously, we announced today the Arc token presale. We've been working on the blockchain. All of those things are addressed in the CLARITY Act. So it's incredibly helpful for us as a full stack Internet platform company for our businesses apart from stablecoins.

Secondly, which is really important, is it allows and provides the legal certainty for all sorts of traditional financial institutions and firms to start dealing in and using digital assets at scale. And so when you think about tokenization of securities, well, again, obviously, they're going to use potentially USDC, as the cash leg of all of those transactions. And then the part that you specifically mentioned, Ken, that's in Title IV of the Act. And Title IV of the Act is really important because it actually specifically addresses stablecoin use cases by banks, by broker-dealers by custodians and gives them the permissibility that they need to be able to engage in these activities. And of course, the very last provision there, which I think you're going to see is Section 404 is the so-called compromise. But as Jeremy said, we don't view it as a compromise at all. It's actually the right answer. And for Circle, we believe it's far superior to the status quo.

We obviously built USYC, which is the world's largest tokenized money market fund for passive yield on digital assets. But USDC is different, right? Its value is in its velocity and its utility, not in its idleness. So as Jeremy mentioned, we're actually laser-focused on incentivizing its use because that flywheel is going to drive growth. But quite frankly, no deposit-substitute model can even match. And so the current version, I'm not sure if it's public yet, but I think when it gets out there, we're likely to see Congress specifically referring to stablecoin use cases for rewards that are things like payments, conversions, remittances, market-making activity, posting of collateral and then things that are native to Web3, like staking and validation.

So if you think about that, those are the very things that Circle wants to incentivize and it may very well be that Congress is going to help us do exactly that.

Kenneth Brooks Worthington
JPMorgan Chase & Co, Research Division

Great. Just a simple follow-up. How do we think about G&A from here was $57 million. Is that sort of a good jumping off point as we think about the rest of the year?

Jeremy Fox-Geen
Chief Financial Officer

Yes. As we think about the rest of the year, I'd just refer you to the overall OpEx guidance that we've given, right, that has all of the pieces within it. We continue to invest at this incredible opportunity, right, in growing our distribution, our product set, our capabilities, but as I say, you can see our guidance there.

Operator

Your next question comes from the line of Pete Christiansen from Citi.

Peter Corwin Christiansen
Citigroup Inc., Research Division

Impressive pace of execution here. Jeremy Allaire, the Arc white paper frames Arc as native coordination and security asset for the network. But I guess, over time, I think, how should investors think about the balance between value of activity accruing to Arc itself versus Circle? And I guess, how do you avoid any economic tension between the two?

Jeremy D. Allaire
Co-Founder, Chairman & CEO

Yes. Thanks, Pete. Happy to talk about that. So I think the first is just understanding these new blockchain network computers, these new types of economic operating systems, draw on kind of stakeholder engagement models that we've seen in the blockchain space with other blockchain network tokens. They kind of build on kind of stakeholder engagement models of kind of financial network consortiums because Arc is obviously a permissioned infrastructure of financial infrastructure companies and open source more generally. And so I think the key is Arc and Arc token are designed specifically to really drive value for all of the stakeholders across the Arc ecosystem.

And as I mentioned in my opening comments, yes, Circle is the kind of genesis of this. We've built this technology. We are ushering it into the world. And as noted in the Arc token white paper, Circle retains 25% of the Arc tokens, and that's significant. And that is the sort of huge amount of value that Circle has created and is bringing into this. But in order for a distributed network like this to thrive and in order for it to become a global scale OS that the economy is running on, we need major companies. We need major stakeholders. We need the developers that are building the applications on top of this, the end users that are driving the volumes of activity on this.

All of the stakeholders in that, there's an opportunity to not just have them incentivize economically but fundamentally to get the utility out of this digital token. And again, CLARITY Act really is -- I'll reference that again here because it codifies a framework for companies to be able to use digital tokens to build incentive systems and incentive alignment for product services, applications and other things. So it is designed to do that. And it is ultimately something where as an open network, we need participation in governance as well. And so Arc token provides that mechanism for governance.

And so you can really think about Circle as a founding creator and stakeholder, and we will get, as Jeremy alluded to in his comments about guidance, we do expect to see significant impacts for us on revenue and our margin structure and EBITDA, and we'll talk more about that on our next earnings call. But I think -- so there is a very direct benefit here for Circle. We think this is a hugely valuable platform for Circle.

And then secondly, the whole purpose of this is to create an infrastructure where stablecoin native finance, not just payments but capital markets and all other financial applications depend on stablecoins. And so the successful adoption of Arc network, including through the benefit of the Arc token has a huge flywheel effect onto our stablecoin network and our digital assets and into CPN and other parts of the Circle business where we derive significant revenue and have emerging revenue streams as well.

Jeremy Fox-Geen
Chief Financial Officer

And I'll just add one thing on to that, which, as Jeremy said at the end, this is all additive for Circle. Pete, you talked about a tension. We don't see it as a tension. We see this as an incredible value growth opportunity, right? Arc is a flywheel business, which powers our USDC digital and other digital assets business, which themselves power CPN and Circle's shareholders retain value in that, not only through the growth in those businesses, but also through Circle's participation in Arc token.

Peter Corwin Christiansen
Citigroup Inc., Research Division

That's super helpful. And Jeremy, to your point about attracting developers, building on these applications across the full stack. You're increasingly hearing about a number of players building point solutions at different points of the stack, but Circle having the full array here. It seems like a significant competitive advantage. Just wondering if you could elaborate on having full stack versus point solution and how that makes you -- makes Circle more competitive for the rollout here.

Jeremy D. Allaire
Co-Founder, Chairman & CEO

I can happily comment on that. I think whether you're a financial institution or you're an enterprise or you're a start-up and you're looking at this, the full stack makes a huge difference. Having a foundational core operating infrastructure that is simple to adopt, stablecoin native with very high performance is key. We're layering on top of that the most widely adopted interoperability technology with CCTP, which we're opening up to other asset issuers as well. That means that if you're building applications, they can work -- the value exchange can work seamlessly across other apps on other networks, the developer tooling, our wallets tooling and now with our Agentic stack, literally developers can accelerate time to solution incredibly fast.

If any of you who are listening use Claude, Claude Code, Codex ,any of these tools, I highly encourage you to go to agents.circle.com just to see for yourself how incredibly powerful this is. And so I think we are building the developer platforms. We're building the operating platforms. We're building the higher-level services, infrastructures and protocols and we're bringing the world's leading digital assets in dollars, euros, money markets. And with the new Bitcoin assets or BTC, we think we'll have the opportunity to build one of the leading programmable Bitcoin assets as well. So that whole capability, we think, is significant and certainly highly differentiated for developers who are trying to think about building in this ecosystem.

Operator

Your next question comes from the line of Owen Lau from Clear Street.

Owen Lau
Clear Street LLC

Going back to Arc, could you please give us an example when Arc token is created, how it will impact the revenue in other revenue line items. So for example, when $100 million of Arc token is created, how much revenue would you book in other revenue? How does the financial work?

Jeremy Fox-Geen
Chief Financial Officer

Yes. Owen, thank you for the question. I'll take that. I'll just give a very brief overview of the impact of the future Arc token kind of on the financial statements and then specifically to the piece you just talked about sort of when Arc token is created. The Arc tokens will be held on Circle's balance sheet at cost, which is 0, right? When we then complete the obligations under token presale, we will then recognize the value of those tokens as other revenue. And that value will then just drop down to RLDC and adjusted EBITDA.

Owen Lau
Clear Street LLC

Got it. And then could you please remind us the benefits of using Arc Layer 1 over other Layer 1 network? So some networks are mainly used for payments, some networks are used for lending. Is Arc -- your vision mainly used in payment rail or capital market transaction settlement rails or like tokenization rail? More color would be helpful.

Jeremy D. Allaire
Co-Founder, Chairman & CEO

Sure. I'll happily take that. Arc is designed as a general purpose horizontal economic operating system. We believe that economic activity, lots of forms of it, whether that be payment activity, financial services products, capital markets activity, Agentic activity are going to run on these economic operating systems. And increasingly, these economic operating systems and the apps that run on them will be powered by software machines that are generally AI agents or authored with AI. So we think that's the paradigm of the future.

When you look at just, for example, some of the firms that are participating in the Arc token presale, world-leading asset issuers on the asset management side and private credit, traditional ETFs, you see global systemically important banks investing in this, who are looking at this in payments and capital markets and FX. What we have seen is through the design partners that we've worked with, and we've talked about the hundreds of design partners involved. It really is spanning a number of areas.

So one is we expect that Arc will be the very best infrastructure in the world for USDC liquidity, interoperability and payments. So just straight away, this is going to be the best settlement infrastructure in the world for stablecoins, not just USDC, but other stablecoins.

Second, a number of the things that we've built here, a number of the key features that we've built with Arc are very specifically designed for regulated banks, capital markets participants, assurances that they need at an operational compliance and security level to be able to operate. And so we expect to see banks moving things like tokenized repo or applications like intraday effects running on these networks.

We have designed Arc with asset issuers as a central use case. And so if you're an asset issuer, whether that's tokenized stock, tokenized funds, other tokenized currencies, issuing on Arc will give you the benefits of the performance and security and privacy features, but it also gives you liquidity against USDC and it gives you distribution through our interoperability infrastructure. So I could say tokenize a fund and have that tokenized fund, not just be distributed on Arc, but through CCTP, make it available for use across other networks whether it's other apps that you might want your tokenized fund to get into. And so it's really a liquidity and distribution hub for asset issuers.

So it really is a full spectrum platform and then I would just say, it goes without saying USDC and Circle's infrastructure is widely used in digital asset markets today, whether that's with exchanges, onchain DeFi protocols, neobanks building in the Web3 space, and we expect to see it widely adopted across that entire ecosystem as well from day 1.

Operator

Your next question comes from the line of John Todaro from Needham.

John Todaro
Needham & Company, LLC, Research Division

Congrats on the product rollout, impressive to see. I guess, just first, kind of going back to Arc, so we have seen some of the token sales before, you had presales and then you had a series of other sales, and you would usually see that fully diluted valuation kind of step up materially each time. I guess just wondering then do we expect other token sales to be then more broadly distributed? And then if I -- I'm just checking my math, so you have $750 million in tokens right now on Circle. I guess if we do just see that fully diluted valuation start to ratchet up, it can be quite a bit. So just, I guess, trying to understand the kind of the plans for the rollout broadly and what that looks like.

Jeremy D. Allaire
Co-Founder, Chairman & CEO

Yes. I mean really, all I can say here is we have conducted this Arc token presale with the $3 billion FDV, the $222 million raise. And we have obligations to ultimately distribute tokens to those presale participants. But our core focus is really getting Arc mainnet launched, which is coming soon, driving the utility and growth on the network. And then ultimately, the Arc token plays a very important role in utility, in governance, in staking, in security as the network scales out.

And what we did share in the Arc token white paper is there is 60% of the tokens really designed for ecosystem grants, air drops, other incentive programs that ultimately Circle and the broader community over time would be interested in seeing. And so there are future opportunities, obviously, for how Arc token is deployed, especially out of that 60% of the Arc token genesis.

John Todaro
Needham & Company, LLC, Research Division

Understood. Okay. So it sounds like there's a wide array of how those tokens can ultimately be distributed? And then I have a follow-up. Jeremy, you mentioned earlier on the call around the new Bitcoin asset products. I think in reference to the Aave-led attack within DeFi there. I guess just wondering -- in your view, is there kind of been shaking confidence in the DeFi ecosystem and how these product rollouts ultimately might solve some of the concerns in these DeFi vaults?

Jeremy D. Allaire
Co-Founder, Chairman & CEO

Yes. I mean a couple of things just to set the record straight. There was no attack on Aave. There was a breach of an interoperability infrastructure company who -- other products depended on, and it appears that, that interoperability company's technology was -- their core systems were hacked by North Korea. And then that was then exploited through other DeFi protocols. The protocols themselves were utilized by the bad actors, but the protocols themselves didn't break per se. Aave itself we think, remains a very significant and important onchain lending protocol and platform.

And as we publicly disclosed, Circle made a purchase of Aave tokens itself as part of our continued support for that ecosystem. What I would say, though, is that the models for onchain borrowing, lending and other kind of financial market primitives continued to grow. With Arc, we are working with other key players in the ecosystem to build institutionally-ready onchain protocols.

So protocols that have kind of institutional participants, institutional curation of vaults and in some cases, like our stablecoin FX liquidity environment, institutional permissioning against them. And so executing code and smart contracts on blockchain operating systems is just part of the future. It's happening now at scale. It's part of the future. I think a key lesson here is that we're looking at an industry that has not had a lot of its own explicit regulation. And I think there are very clearly great opportunities for SRO-type structures because this is global. It's not just national.

There are clearly lessons here in terms of OPSEC, information security and the like. Some of the things that we've heard about that have gone on with some of these projects are astounding. And so the kinds of control structures that a company like Circle adopts as central to being a regulated company, we think those kinds of control structures are important for onchain protocols, applications and services as well. And so I think we'll continue to see a leveling up in that kind of activity.

Operator

Your next question comes from the line of Joseph Vafi from Canaccord Genuity.

Joseph Anthony Vafi
Canaccord Genuity Corp., Research Division

Just a terrific progress here, exciting setup on a lot of fronts moving forward. Just -- maybe just one more here on Arc on maybe the kind of Layer 1 competitive landscape. I think there's maybe a couple of other big L1s that are getting stood up for real TradFi applications. I know you're super validator, I think, over on Canton. I'm just wondering how maybe you kind of compare and contrast, if you're really a competitor against some of these other L1s or you're working together to kind of bring more and more traditional volumes onchain. And I have a quick follow-up.

Jeremy D. Allaire
Co-Founder, Chairman & CEO

Yes, sure. So a couple of key things. I think the first is that our stablecoin network, which includes our digital assets like USDC, USYC, et cetera, are really market neutral and platform neutral. USDC now operates on 34 different blockchain network platforms. CCTP is connected to many of these networks. And so providing the most liquid, reliable, well-regulated digital dollar to every important platform in the world is a priority for us. Ensuring interoperability is a huge priority for us. And so that remains the case. And so that layer of what Circle does. That's central part of what we do is there.

And yes, in that example, we do participate on Canton and we are providing that CCTP connectivity into that network as well. At the same time, we very clearly have seen that we're kind of going from like the pre-iPhone era of blockchain networks where mobile operating systems, for example, there are dozens of them, lots of people trying stuff and we're going to, at some point, hit a kind of inflection point here where these new platforms that are designed for mainstream scale adoption that are wonderful to build with for developers and build and enable delightful user experiences across a huge range of apps. Those are emerging. And we think Arc has the potential very much to be one of those.

And so at that layer in competing for these new kinds of operating systems, we think we're going to be very competitive. We think we're going to attract the world's leading institutions. You've already seen that in the design partners. You've seen that in some of the participants that are becoming stakeholders in Arc, just announced today. And so in our view, this kind of convergence of AI operating systems and economic operating systems that are coming together at this time is going to reshape the nature, not just the financial markets but of the entire global economic system, that is a 5- to 10-year megatrend. We are putting ourselves right in the center of it and right in front with the technology and tooling. And so we expect to compete and win in that space.

At the same time, last comment here is that interoperability is a central theme of Arc. We want companies that issue on Arc to know that if they issue on Arc, they can leverage CCTP to bring their assets to something like Canton or bring their assets to Ethereum or Base or Solana or other networks, and that's important, too, because there's going to be many apps built on many platforms, and that cross-platform reach and interoperability, I know is top of mind for almost every firm that's thinking about how we build in the space.

Joseph Anthony Vafi
Canaccord Genuity Corp., Research Division

Sure. That's great color. And then just on the Kyriba and other treasury management strategy, it seems like a great distribution channel there into the corporate market for USDC. Do you think the treasury management distribution channel is going to be the key driver here? Or is there something else we should be looking at in terms of corporate USDC balance sheet adoption?

Jeremy Fox-Geen
Chief Financial Officer

Joe, it's a great question. Look, as a corporate CFO, and I talk to a lot of CFOs out there, we all know the benefits of stablecoins and stablecoin rails, right? And we're all looking forward to a world when we can easily use these and when they're integrated into our existing systems and control infrastructure, right? So the landmark treasury management services providers and systems providers like Kyriba integrating into USDC is both a necessary step to that mainstream adoption, but also a really exciting one, given Kyriba is one of the leaders in this space. We see and expect all of them to integrate USDC in these capabilities over time.

Operator

Your next question comes from the line of Dan Dolev from Mizuho

Dan Dolev
Mizuho Securities USA LLC, Research Division

I have a quick question and a quick follow-up. Nice results here. I did notice your comments on the modest pullback in certain highly incentivized channels, which helped you with the RLDC margin. Can you maybe -- this is probably Binance and the question I have is, is this a positive or neutral? And then I have a quick follow-up.

Jeremy Fox-Geen
Chief Financial Officer

Without commenting on which channels and as we've said before, we have many, many partners. I don't think we see it as a positive or a negative, right? In any one quarter, there are puts and there are takes, and we've said that consistently, and we've seen that in our numbers consistently since we've been public. So we're happy with where we are for our guidance for the full year.

Dan Dolev
Mizuho Securities USA LLC, Research Division

Makes a lot of sense. And then my quick follow-up is it looks like the USDC on platform growth was really stellar this quarter. Maybe just a comment on what's driving that and how we should think about that because it's obviously like a big positive.

Jeremy D. Allaire
Co-Founder, Chairman & CEO

Sure. I'm happy to take that. Look, we continue to partner with more and more firms that are building on our infrastructure and taking advantage of our wallets and custody technology and our developer tools. And so as we just keep building more partnerships, we have the opportunity to grow that on platform. As a market-neutral infrastructure company and obviously now with for example, Circle Agent Stack that builds on our wallet stack that builds on our Circle Gateway product and other things, Agentic activity and developers building AI automated applications on our infrastructure that has the potential to drive on-platform growth as well.

So we continue to just invest in the best infrastructure possible. So people who are building on Circle get the benefits of that, and that, that grows our footprint in the ecosystem as a whole.

Operator

Your next question comes from the line of Jeff Cantwell from Seaport Research.

Jeffrey Brian Cantwell
Seaport Research Partners

I wanted to follow up on some of the comments on USDC in circulation. You said it was flat sequentially and ended the quarter at $77 billion. Maybe just talk more about what you saw during the quarter because the onchain data have the high, I think it was above $79 billion, but that seems to have tapered. Was that because of broader macro concerns? Or was there anything else to call out that you're seeing in the quarter?

Jeremy D. Allaire
Co-Founder, Chairman & CEO

Yes. I'm happy to take that. I mean, a couple of things I'd say. First, as we've talked about, right, there's a reason we don't guide specifically on like what circulation is in a quarter or even specifically what circulation is in a year. We look at the ongoing kind of CAGRs and what that growth looks like. And we have seen, if you look back over time, lots of ebbs, flows, sideways, spiked growth, other things. And there are always macro considerations, sort of global macro considerations that have to do with the price and velocity of money, that have to do with the macro circumstances that affect market, in fact, the psychology of markets. And then you also have, at times, kind of activities that are sort of endogenous to the digital asset ecosystem.

And so I think we're sort of a tale of 2 worlds. On the one hand, digital asset markets, transaction volumes in the big exchanges was down significantly. Prices have been down significantly, but stablecoins really held up. And so it's remarkable that we have -- we saw the market grow 32% year-on-year, Circle around 30% as well. And then in the period, you saw some deleveraging that happened in Q4. You saw some deleveraging that happened in the context of some of these effectively hacks that happened, people suffered losses and that causes some deleveraging.

So you have some endogenous sort of variables that come from time to time. As a company, right, we've seen this over and over. We stepped back, we look at the fundamentals of are people building more applications, is it driving more transaction volume, are more and more use cases and institutions coming on board, is regulatory clarity providing the tailwinds that we need, is the actual technology effectiveness getting better and better, and all of those things are very strong right now, which is one of the reasons why we continue to be optimistic about this view that over the coming years, this could grow to the trillions of dollars of stablecoin money and regulated digital dollars that are in circulation around the world, and that's the world that we're building for.

Jeremy Fox-Geen
Chief Financial Officer

I'd just add one small point on to that, while we're very optimistic about the future, even though quarter-on-quarter, circulation was flattish. I just redraw everyone's attention to the fact that you can see very much that USDC is taking share in actual onchain transaction usage, whoever is providing the data so much so that USDC took a majority of utility share this quarter. And that's a very important trend when you look to the future and the mainstreaming of these technologies.

Jeffrey Brian Cantwell
Seaport Research Partners

Yes. Yes. That's very helpful color. And then I wanted to follow up on Ken's question on [Technical Difficulty].

Jeremy D. Allaire
Co-Founder, Chairman & CEO

Jeff, you were breaking up a bit on that. If you could try and repeat the question one more time, we'll give it a shot.

Jeffrey Brian Cantwell
Seaport Research Partners

Sure. I was just hoping you could conceptualize the other revenue line as far as the Arc token, what the main components would be? It's a follow-on to Owen's question where he was discussing the 0 cost structure, which we get products out [indiscernible] presale of the token. I'm curious if there's a potential for transaction revenue and/or spread from trading. I'm just curious if you could kind of parse that out for us and help us conceptualize that line for the Arc token.

Jeremy Fox-Geen
Chief Financial Officer

Yes. Got it. There's several different potential impacts from future Arc token on other revenue. The first is one we've already touched upon, which is if Circle sells Arc tokens as we have just conducted a presale, the value of that will drop through to other revenue. And obviously, all of these tokens are on Circle's balance sheet, and that's a particularly large asset creation that we've had there.

Secondly, Arc token opens up a surface area, as Jeremy mentioned earlier, for driving growth in Arc network incentive schemes that we've seen across many different Layer 1 blockchains. If Circle gives an incentive grant typically with some kind of performance condition in the future, the value of that grant will first be recognized in other revenue, recognizing the value created and also then a corresponding other costs recognizing that the tokens have been given away in an incentive grant. And then finally, Arc opens up another surface area for alternative Arc revenue streams such as running a validator on the Arc network, which will provide direct other revenue streams for Circle. Obviously, that's just one, and we will talk about more when the time is right.

Operator

That's all the time we have for our Q&A session. I will now turn the call back to Scott Blair for closing remarks.

Scott Blair

Thanks, operator. For those we couldn't get to you on the call, we'll happily find time to follow up. Again, we'd like to thank you for your attention and participation this morning and look forward to connecting soon.

Operator
This concludes today's call. Thank you for attending. You may now disconnect.