

Circle Expands Its Payment Network with Tazapay Acquisition

Following Stripe, Ripple and Mastercard, Circle is acquiring a payment infrastructure company that converts stablecoins into local currency and pays them out. In this deal, Circle, which earned 95.2% of its Q2 2026 total revenue from reserve income, is buying a participant in its own payment network outright.

Conflict of interest disclosure The publisher of this report is a listed company that holds bitcoin as a treasury asset and pursues businesses in digital assets and AI and data center infrastructure. Interests may exist in the choice of topic and its interpretation. The publisher does not appear in the body of this issue, and none of its metrics are included in the comparisons or in our estimates.

EXECUTIVE SUMMARY

Reserve-income-reliant Circle buys a payment network partner outright

WHAT HAPPENED

On September 4, 2026, Circle signed an agreement to acquire Singapore payment infrastructure company Tazapay for Class A common stock worth \$400 million. It filed a current report on Form 8-K with the US Securities and Exchange Commission (SEC) on September 8.^[1] The transaction is expected to close in 2027, subject to approvals from regulators including the Monetary Authority of Singapore (MAS).^[2] Tazapay's annualized payment volume exceeded \$25 billion as of July 31, 2026, and about 60% of it used stablecoins in processing.^[2]

WHY IT MATTERS

This is the most recent of the four local-currency conversion and payout infrastructure acquisitions compared in this report. Earlier, Stripe announced the acquisition of Bridge, Ripple of Rail, and Mastercard of BVNK.^{[3][4][5]} Among the acquirers, Ripple and Circle are stablecoin issuers. Circle's total revenue, which combines revenue and reserve income, was \$701 million in Q2 2026, and 95.2% of it came from reserve income.^[6] Since 2025, Tazapay has acted as a beneficiary financial institution on the Circle Payments Network (CPN), converting USDC into local currency for payout.^[7]

WHAT TO WATCH

Until the deal closes, the key variable is whether MAS approves it and on what terms. In Circle's earnings, CPN annualized transaction volume, the other revenue share, USDC in circulation and the reserve return rate should be read together.^{[1][6]} After closing, the checks are Tazapay's contribution to consolidated results, the USDC-related share of its volume, and whether existing customers and partner banks leave. If no other issuer makes a similar acquisition by the end of 2027 and Circle's other revenue stays below 10% of total revenue, it will be hard to read this deal as a business shift across issuers.

INTERPRETATION

Research Lab interpretation

Through this acquisition, Circle aims to bring in-house the local payout infrastructure it had relied on external partners to provide.

\$400M

Tazapay purchase price
(all Class A stock, agreement
dated 2026-09-04)

[1]

\$25B+

Tazapay annualized payment
volume
(company figure, as of 2026-07-
31)

[2]

95.2%

Reserve income share of Circle
total revenue
(Q2 2026, our estimate)

[6]

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01

DEAL TERMS

A \$400 million all-stock acquisition agreement and its closing conditions

The purchase price will be paid entirely in Circle stock. According to the SEC filing (8-K), the Purchaser is Taurus Acquisition Inc., an indirect wholly owned subsidiary of Circle. This entity will buy all Tazapay shares not already held by Circle affiliates.^[1] The \$400 million base price is adjusted for unpaid indebtedness, transaction expenses and cash on hand. The adjusted amount is divided by the volume-weighted average closing price (VWAP) over the 20 trading days immediately before closing to set the number of Class A common shares to be issued.^[1] The number of shares actually issued therefore depends on Circle's share price at closing.

Table 1. Key terms of the Tazapay acquisition (based on the 8-K and the agreement text, agreement dated September 4, 2026)

Item	Terms	Source
Agreement / filing date	September 4, 2026 / September 8, 2026	^[1]
Purchaser	Taurus Acquisition Inc. (indirect wholly owned subsidiary of Circle)	^[1]
Consideration	Class A common stock worth \$400 million (adjusted for debt, transaction expenses and cash; based on 20-trading-day VWAP)	^[1]
Indemnity holdback	Shares equal to 5% of the Estimated Purchase Price are released 6, 12 and 18 months after closing, and an additional 3% is released in stages at 12, 24, 36 and 48 months. May be reduced or retained for unresolved indemnity claims and similar matters	^[1]
Employee restricted stock units (RSUs)	\$25 million; vest in eight equal quarterly installments starting from the regular vesting date nearest to 27 months after closing	^[1]
Closing conditions	Regulatory approvals (including Singapore MAS), retention of at least 75% of identified employees, continued employment of certain senior management, continued effectiveness of the shelf registration statement (Form S-3)	^{[1][2]}
Outside date	Nine months (extendable to up to 15 months if regulatory approvals remain outstanding)	^[1]
Termination fee	None	^[1]
Expected closing	During 2027	^[2]

Tazapay's annualized payment volume was over \$10 billion when announced in August 2025 and over \$25 billion at the end of July 2026. When it raised its Series B in August 2025, the company said payment volume had grown 300% year over year and that it had reached operating breakeven. It served more than 70 markets.^[8] As of July 31, 2026, it works with more than 60 banking and fintech partners and has local payout rails covering more than 100 markets.^[2] Dividing the two floor values disclosed about 11 months apart gives 2.5x. Because actual volume at the two points was not disclosed, this cannot be read as the actual growth multiple (our estimate, Appendix ②).

Circle was already a Tazapay shareholder and payment network partner before this deal. Circle Ventures joined Tazapay's Series B in August 2025 alongside Peak XV, Ripple and others.^[8] In March 2026 it led a follow-on investment that brought cumulative Series B funding to \$36 million. Coinbase Ventures and CMT Digital also joined as new investors.^{[9][10]} Tazapay has been a design partner for CPN since 2025.^[2] As a beneficiary financial institution on CPN, it has received USDC, converted it into Hong Kong dollars (HKD) or US dollars (USD) and paid it out to local banks.^[7]

Circle has steadily expanded its financial and technology infrastructure. In 2022 it acquired Elements, a platform that supports crypto payments for merchants.^[11] In January 2025 it acquired Hashnote, manager of the tokenized money market fund (MMF) USYC,^[12] and in July 2026 it received final approval from the US Office of the Comptroller of the Currency (OCC) to establish a national trust bank.^[13] Unlike the Elements deal, which brought in payment software, the Tazapay acquisition is aimed at securing a local payout network directly.

02

CIRCLE ECONOMICS

Circle's payments expansion, still reliant on reserve income

Circle's revenue still depends heavily on reserve income. Of Circle's \$701 million in total revenue in Q2 2026, reserve income accounted for \$668 million. Calculated from the detailed financial statements, the share is 95.2%.^[6] Over the five quarters since Q2 2025, this share has stayed at roughly 94–96% (our estimate, Appendix ②).^[6] Reserve income is driven by average USDC in circulation and the return on reserve assets. The Q2 reserve return rate was 3.48%, down 66bp (1bp = 0.01 percentage point) from a year earlier, but a 25% rise in average USDC in circulation offset the lower rate.^{[6][14]} If rates fall further, interest income could stall even as circulation grows.

Other revenue is still small and fell from the prior quarter. Other revenue, which includes subscription and services revenue, was \$34 million in Q2 2026, up 41% year over year but down 19% from \$42 million in the prior quarter.^[6] Growth that had run for five consecutive quarters from Q1 2025 also broke off this quarter.^[6] The company attributed this to slower blockchain revenue amid weak digital asset markets and to prioritizing resources for Arc over other blockchain partnerships.^[14] Circle nonetheless raised its 2026 other revenue guidance from \$150–170 million to \$310–330 million.^[6] This includes about \$180 million (about 75%) of the \$242 million in ARC token presales that it expects to recognize as revenue in 2026. That revenue can be recognized only if product development milestones are met.^[14] Guidance for the remaining products, excluding token revenue, is \$130–150 million, below the previous outlook.^[14] Distribution, transaction and other costs were \$412 million, or 58.8% of total revenue, mostly payments to distribution partners (our estimate, Appendix ②).^[6]

Reserve income, 95% of Circle total revenue

USD million, Q2 2026 (Apr–Jun); shares are our estimates (Appendix ②)

Reserve income

668

95.2% of total revenue, +5% YoY

Other revenue

34

4.8% of total revenue, +41% YoY, -19% QoQ

Distribution & other costs

412

58.8% of total revenue, +1% YoY

Source: Circle Q2 2026 earnings release[6]

BITPLANET

Table 2. Circle's Q2 2026 income structure (year over year)

Item (Q2 2026)	Amount / level	YoY	Source
Total revenue (revenue + reserve income)	\$701 million	+7%	[6]
Reserve income	\$668 million	+5%	[6]
Other revenue	\$34 million	+41% (QoQ -19%)	[6]
Distribution, transaction and other costs	\$412 million	+1%	[6]
Adjusted EBITDA	\$143 million	+8%	[6]
USDC in circulation (end of period)	\$73.3 billion	+19%	[6]
Reserve return rate	3.48%	-66bp	[6][14]

CPN volume and Tazapay payment volume are measured differently and cannot be compared directly.

Annualizing CPN's trailing 30-day transaction volume as of the end of June 2026 gives \$14.7 billion, with 175 enrolled financial institutions. Quarter over quarter, volume rose 76% and the number of institutions 29%.^[6]

Tazapay's disclosed figure is total annualized payment volume of over \$25 billion as of July 31. Multiplying this

floor by the roughly 60% stablecoin share gives about \$15 billion. The company has not disclosed this as an actual volume figure, so it should be treated as a reference value (our estimate, Appendix ②).^[2] Because Tazapay is a CPN participant, the two figures may partly overlap.^[7]

Once the deal closes, the Circle group will handle both payment network operations and local payouts. CPN's current operator, Circle Technology Services LLC, provides technology to participating financial institutions and does not hold customer funds or manage accounts.^[7] Converting stablecoins into local currency and paying them out is handled by beneficiary financial institutions such as Tazapay.^[7] After the acquisition, one of these institutions becomes a Circle subsidiary. How work and licensing will be divided among entities after the deal has not yet been disclosed. Circle management cited USDC adoption as the purpose of the deal. CEO Jeremy Allaire said Tazapay's banking relationships, local payout rails and institutional customers would accelerate USDC adoption. Irfan Ganchi, Senior Vice President of Payments, also pointed to growing demand for USDC-denominated transactions in Asia-Pacific and emerging markets.^[2] Revenue diversification was not among the reasons for the deal given in the press release.^[2]

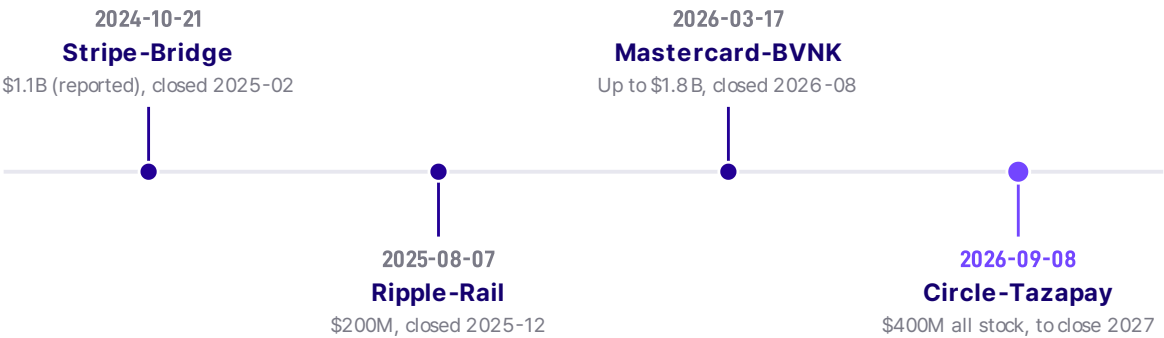
03 COMPARABLE DEALS

Comparing stablecoin conversion and local payout infrastructure acquisitions

S&P Global Market Intelligence counted at least 14 stablecoin-related deals announced in 2025 alone.^[15] This report focuses on local currency conversion and payout, comparing four major acquisitions pursued between October 2024 and September 2026. Stripe and Advent's pursuit of PayPal, which Reuters reported as an offer in July and Bloomberg reported as abandoned in August, is excluded.^{[16][17]} The acquisition of prime broker Hidden Road is also left out of the comparison.^[18]

Major infrastructure acquisitions since October 2024

By announcement date; cases confirmed in public sources; amounts as announced or reported



Source: filings, announcements and reports[1][2][3][4][5][19][20][21]

Table 3. Major infrastructure acquisitions since October 2024 (announced or signed)

Announced	Acquirer (type)	Target	Amount	Target's disclosed scale	Status	Source
October 21, 2024	Stripe (payments platform)	Bridge (US)	\$1.1 billion (per CNBC and Bloomberg reports)	Not disclosed	Closed February 4, 2025	[20] [22] [5]
August 7, 2025	Ripple (payments company and issuer)	Rail (Canada)	\$200 million	Not disclosed (only Rail's own projections given)	Closed December 2025 (confirmed via repost of Ripple notice)	[4] [19]
March 17, 2026	Mastercard (card network)	BVNK (UK)	Up to \$1.8 billion (including \$300 million contingent); final amount not disclosed	130+ countries; "billions of dollars annually" processed	Closed August 3, 2026	[3] [21]
September 8, 2026	Circle (issuer)	Tazapay (Singapore)	\$400 million (all stock)	Annualized payment volume over \$25 billion; 100+ markets	Expected to close in 2027	[1] [2]

All four acquisitions target payment infrastructure companies that connect stablecoins with local currencies. Bridge, Rail, BVNK and Tazapay help corporate customers send and receive stablecoins and convert them into local currency.^{[\[2\]](#)[\[3\]](#)[\[4\]](#)[\[20\]](#)} The acquirers' core businesses differ, and none of the four deals involved buying a stablecoin issuer itself. Ripple is the precedent for an issuer acting as acquirer. It runs a payment network with more than 60 licenses and also issues RLUSD, but has not disclosed revenue by business.^{[\[4\]](#)[\[18\]](#)} Circle stands apart from the other acquirers in that it earns most of its revenue from reserve income.^{[\[6\]](#)}

Regulatory, retention and earnings issues ahead of closing and integration

The deal needs regulatory approval to close. Circle must obtain approvals from regulators including MAS. If some approvals are still outstanding, the contractual outside date can be extended from nine months to up to 15 months.^{[1][2]} If regulatory conditions are not met or Tazapay's regulatory standing deteriorates, the Purchaser may also terminate the agreement.^[1] Earlier, Stripe-Bridge took about 3.5 months from announcement to closing and Mastercard-BVNK about 4.5 months.^{[5][20][3][21]} Because regulatory environments and deal structures differ by country, however, these periods are a poor guide to the Tazapay timeline. Tazapay's closing deadline should be judged against the nine months, and up to 15 months, set out in the agreement.

Approval of the acquisition and authorization for stablecoin services are separate matters. The Major Payment Institution (MPI) license (PS20200638) held by Tazapay's Singapore entity, Tazapay Pte. Ltd., permits domestic and cross-border money transfer, merchant acquisition, account issuance and e-money issuance. It does not include digital payment token (DPT) services (MAS register checked September 29, 2026).^{[23][24]} The company said in August 2025 that it was applying for a DPT license,^[8] but none has yet been added to the register.^[24] The company states that its stablecoin services are provided by its Canadian entity, Tazapay Canada Corp. That entity is a money services business (MSB) registered with FINTRAC, and the stablecoin services the company describes are limited to settlement and conversion with fiat currency (on-ramp and off-ramp).^{[21][23]} This description alone does not mean that all of the roughly 60% of volume involving stablecoins passes through the Canadian entity. Circle's Singapore entity, Circle Internet Singapore Pte. Ltd., is listed as an MPI providing DPT services.^[25] Which entity will handle stablecoin services in Singapore after the acquisition has not been disclosed.

Retaining key staff is also a closing condition. At least 75% of identified employees and certain senior management must remain employed for the acquisition to close.^[1] Vesting the \$25 million in RSUs in eight equal quarterly installments starting from the regular vesting date nearest to 27 months after closing is another retention mechanism.^[1] According to Payments Dive, TD Cowen viewed integration risk as relatively limited because Tazapay had been a CPN design partner. We could not obtain the research note itself and cite it through the report.^[26]

The contribution to earnings and customer retention are still hard to assess. Tazapay's revenue and margins were not disclosed in the 8-K or the press release.^{[1][2]} Circle has said customers will see no disruption to service, APIs, pricing or support after the acquisition.^[2] Ripple has also invested in Tazapay in the past,^[8] but how payments previously processed in other stablecoins will be handled after the deal has not been disclosed. The roughly 60% share of payments involving stablecoins is not enough on its own to calculate the effect on USDC usage.

Circle's local payout network and USDC adoption

INTERPRETATION**Research Lab interpretation**

Circle aims to expand its existing payments business. Tazapay has processed stablecoin payments as a CPN beneficiary financial institution, and Circle affiliates were already shareholders.^{[2][7][8]} Mastercard's completed acquisition of BVNK and USDC integrations by Nium, JCB and Standard Chartered also show established payments and financial companies adopting stablecoins.^{[6][21]} The real-world use cases covered in this report, however, are mainly business-to-business (B2B) transfers, payouts and settlement. They should be kept separate from consumer purchase payments.

There are not yet enough cases to say that issuers' revenue models are changing. Of the four deals compared, Circle and Ripple are the issuers that acted as acquirers, and Ripple both runs a payment network and issues a stablecoin.^{[4][18]} The roughly 60% figure for Tazapay is the share of volume involving stablecoins, not the share involving USDC alone.^[2] If other stablecoins turn out to account for a large share after the deal, growth in existing USDC payments should be assessed separately from the potential conversion of other stablecoin payments to USDC. Whether the deal reduces Circle's dependence on reserve income also has to be confirmed in post-closing results.

INTERPRETATION**Research Lab interpretation**

We will be watching whether the race for payment infrastructure spreads to other issuers and translates into actual revenue. For Circle, the question is whether CPN growth feeds into higher other revenue and lowers its dependence on reserve income. The concrete effect of the deal can be gauged only once Tazapay's consolidated results and USDC usage share are disclosed after closing. Until those figures are available, we withhold judgment on revenue diversification and on the effect on USDC adoption.

If MAS approves the deal with conditions, or if no other issuer makes a similar acquisition by the end of 2027, Circle's volume and revenue metrics should also be examined. If CPN annualized transaction volume then falls quarter over quarter or other revenue stays below 10% of total revenue, both the prospect of a broader expansion of issuers into payments and the revenue diversification effect for Circle should be reconsidered. The 10% level is this report's monitoring threshold, not a company target. When reading the other revenue share, the effect of ARC token sales should also be separated out. If the share of Tazapay's USDC-related volume is not disclosed, we will withhold judgment on the effect on USDC adoption.

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A APPENDIX

Data Limitations and Basis of Estimates

① Limitations

- ◆ **Scope of review:** Data on Tazapay’s revenue, margins and valuation were insufficient, so we did not assess whether the purchase price is appropriate. The annualized payment volume of over \$25 billion and the roughly 60% stablecoin share are company figures cited in Circle’s press release. The specific methodology has not been disclosed ^[2].
- ◆ **Limits of the volume comparison:** The Tazapay figure annualizes total payment volume as of July 31, 2026. The CPN figure annualizes trailing 30-day transaction volume as of June 30, 2026; because the methodology and reference dates differ, we did not compare their size directly ^{[2][6]}. On the earnings call, CPN annualized transaction volume as of July 31 was given as \$23 billion. The body uses the end-of-June figure for comparison with quarterly results ^[14].
- ◆ **Items based on secondary sources:** The \$1.1 billion price for Stripe’s acquisition of Bridge follows CNBC and Bloomberg reports. Stripe’s official materials do not state an amount ^{[5][20][22]}. BVNK’s payment volume is given only as “billions of dollars annually” in Mastercard’s announcement, so we did not use the \$30

billion figure from secondary reports ^[3]. Ripple’s notice of the closing of the Rail deal was confirmed through a repost because the original X post could not be accessed ^[19]. TD Cowen’s view is likewise cited from Payments Dive because the original note could not be obtained ^[26].

- ◆ **Scope of the stablecoin share:** The body uses the “about 60%” figure from Circle’s official press release ^[2]. Because the breakdown by stablecoin and the volume methodology have not been disclosed, we did not break the figure down into a USDC share or into volume by processing entity.
- ◆ **Limits of the comparison set:** Section 03 compares acquisitions of companies with conversion and payout functions between stablecoins and fiat currency. The PayPal deal, reported as proposed and then abandoned, the Hidden Road prime brokerage deal, undisclosed deals and minority investments are excluded. Because major public deals were classified against this criterion, the set does not cover every acquisition in the market. Widening the comparison could change the conclusions.
- ◆ **Limits of the market size comparison:** The \$194 trillion cross-border payments market size is an FXC Intelligence figure cited in Circle’s blog (secondary citation). We could not confirm whether the original report’s scope matches Tazapay’s payment volume ^[7]. The body does not compare the two, and the ratio in Appendix ② is a reference calculation that does not represent market share.
- ◆ **Scope of regulatory checks:** We checked the company’s licenses page and the MAS register on September 29, 2026, and neither lists DPT service authorization for Tazapay. ^{[23][24]} The company also lists AUSTRAC registration in Australia, FinCEN registration and money transmitter licenses in certain US states, and a money service operator (MSO) license in Hong Kong. ^[23]

② Formulas for Our Own Estimates

Inputs and calculation methods for our estimates are set out below. Dollar amounts in the body are rounded for readability, while the Q2 2026 shares and the quarter-over-quarter change were calculated from the figures in thousands of dollars in the detailed financial statements. Ratios computed from the amounts shown in the body may therefore differ slightly after the decimal point.

Metric	Formula (numerator / denominator)	Reference date	Source
Reserve income share 95.2%	Reserve income 667,733 ÷ total revenue 701,315 × 100 = 95.2% (USD thousands)	Q2 2026	^[6]
Reserve income share over five quarters, about 94–96%	Reserve income ÷ total revenue × 100 for each quarter. Approximate range checked with 634÷658, 711÷740, 733÷770, 653÷694 and 668÷701 from the company summary table (USD millions). Q2 2026 share calculated from the detailed figures in the row above	Q2 2025 to Q2 2026	^[6]
Other revenue QoQ -19%	(33,582 – 41,625) ÷ 41,625 × 100 ≈ -19% (USD thousands)	Q1 → Q2 2026	^[6]

Metric	Formula (numerator / denominator)	Reference date	Source
Distribution, transaction and other costs share 58.8%	$412,470 \div 701,315 \times 100 = 58.8\%$ (USD thousands)	Q2 2026	^[6]
Ratio of Tazapay's disclosed volume floors, 2.5x	\$25 billion $\div$ \$10 billion = 2.5x. Actual volume exceeded these values at both points, so the actual growth rate cannot be calculated	Announced 2025-08-27 / as of 2026-07-31 (about 11 months)	^{[2][8]}
Stablecoin-related volume from the disclosed floor, about \$15 billion	\$25 billion $\times$ about 60% = about \$15 billion. A reference calculation using the disclosed floor, not a volume figure disclosed by the company	2026-07-31	^[2]
Time from announcement to closing	Bridge 2024-10-21 $\rightarrow$ 2025-02-04 (about 3.5 months), BVNK 2026-03-17 $\rightarrow$ 2026-08-03 (about 4.5 months)	Respective announcement and closing dates	^{[5][20][3][21]}
(Reference) Simple ratio from public figures, about 0.008%	\$15 billion $\div$ \$194 trillion $\times$ 100 $\approx$ 0.008% (FXC Intelligence, cited in Circle's blog). The numerator is a reference calculation using a floor value and the denominator's scope differs, so it cannot be read as market share	2026-07-31 volume; market size accessed 2025-06-11	^{[2][7]}

③ Methodology

- ◆ **Source priority:** Official company and regulator materials are checked first, followed by primary data and aggregator databases, specialist media, syndicated media and community sources.
- ◆ **Source labeling:** Only sources whose original text we reviewed directly carry the Primary label. Where the original could not be obtained, we state that it is a secondary citation and identify the source through which it was confirmed.
- ◆ **Reference and access dates:** Values fixed at a point in time carry a reference date; dashboards and registers that change continuously carry an access date.
- ◆ **Conflicting figures:** When sources give different values for the same metric, we state the difference. In choosing the reference value, we give priority to clear scope and timing and to the ability to break out line items over a publication's profile. The reason for the choice is also explained.
- ◆ **Our estimates:** For figures we calculated ourselves, the inputs, formula, reference date and limitations are set out in Appendix ②.
- ◆ **Legal and regulatory interpretation:** Regulator materials are used to explain how a regime is structured and how it may apply. We do not stretch this to mean that a specific product has received an official classification or approval. Descriptions of product structure are kept separate from regulatory interpretation.

- ◆ **Conflict of interest disclosure:** A fixed disclosure appears in the same position at the top of every report.
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