

Arc: Circle's New Stablecoin-First Layer-1 — What You Need to Know

By [FranklyDeFi Solutions](#) — Your Edge in the DeFi Markets



Introduction

Circle, the issuer of USDC, has officially announced **Arc** — an EVM-compatible, enterprise-grade Layer-1 blockchain purpose-built for stablecoin finance.

Arc isn't just another chain. It's designed to make **USDC the native fuel** for every transaction, while integrating **foreign exchange (FX)** and **capital markets infrastructure** directly into the protocol.

For the DeFi world, this could be a game-changer — giving developers, institutions, and everyday users a unified, stablecoin-first blockchain experience.

Key Features of Arc

Feature	Why It Matters
EVM Compatible	Works seamlessly with Ethereum-based dApps, wallets, and smart contracts.
USDC as Native Gas	Fees are paid in USDC — no volatile gas token, predictable costs.
Built-In FX Engine	Swap stablecoins across currencies without leaving the chain.
Sub-Second Finality	Transactions confirm in under a second — ideal for high-volume payments.
Optional Privacy Controls	Enterprises can enable compliant privacy features for sensitive transactions.
Cross-Chain Integration	Designed to work alongside existing Circle-supported chains and platforms.
Public Testnet Launch	Coming Fall 2025, allowing developers to build and test before mainnet.

Why Circle is Building Arc

Circle's USDC circulation has grown **90% year-over-year**, hitting **\$61.3B** in Q2 2025 and \$65.2B by August 10.

By launching Arc, Circle aims to:

- **Reduce Fragmentation** — Instead of spreading USDC functions across 20+ blockchains, Arc consolidates key tools in one place.
- **Institutional-Grade Stability** — Stable gas fees and near-instant settlements for financial institutions, fintechs, and DeFi projects.
- **Expand Global Reach** — FX capabilities make cross-border payments and multi-currency stablecoin trades seamless.

The Big Picture: Strategic Impact

Arc's release follows the **GENIUS Act** regulatory milestone and Circle's push to secure a U.S. national trust bank charter.

This positions Arc as a **compliance-first, high-speed Layer-1** for payments, trading, and DeFi innovation — one that could rival major L1s while serving as the **go-to stablecoin settlement layer**.

FDS Analyst Insights

Arc could become a key liquidity hub in the stablecoin economy.

For traders and DeFi builders:

1. **Stable Fee Model** → Plan strategies without worrying about gas volatility.
2. **Integrated FX** → Easy cross-currency arbitrage and settlement.
3. **Institutional Adoption** → Expect liquidity inflows from banks, payment providers, and large fintechs.

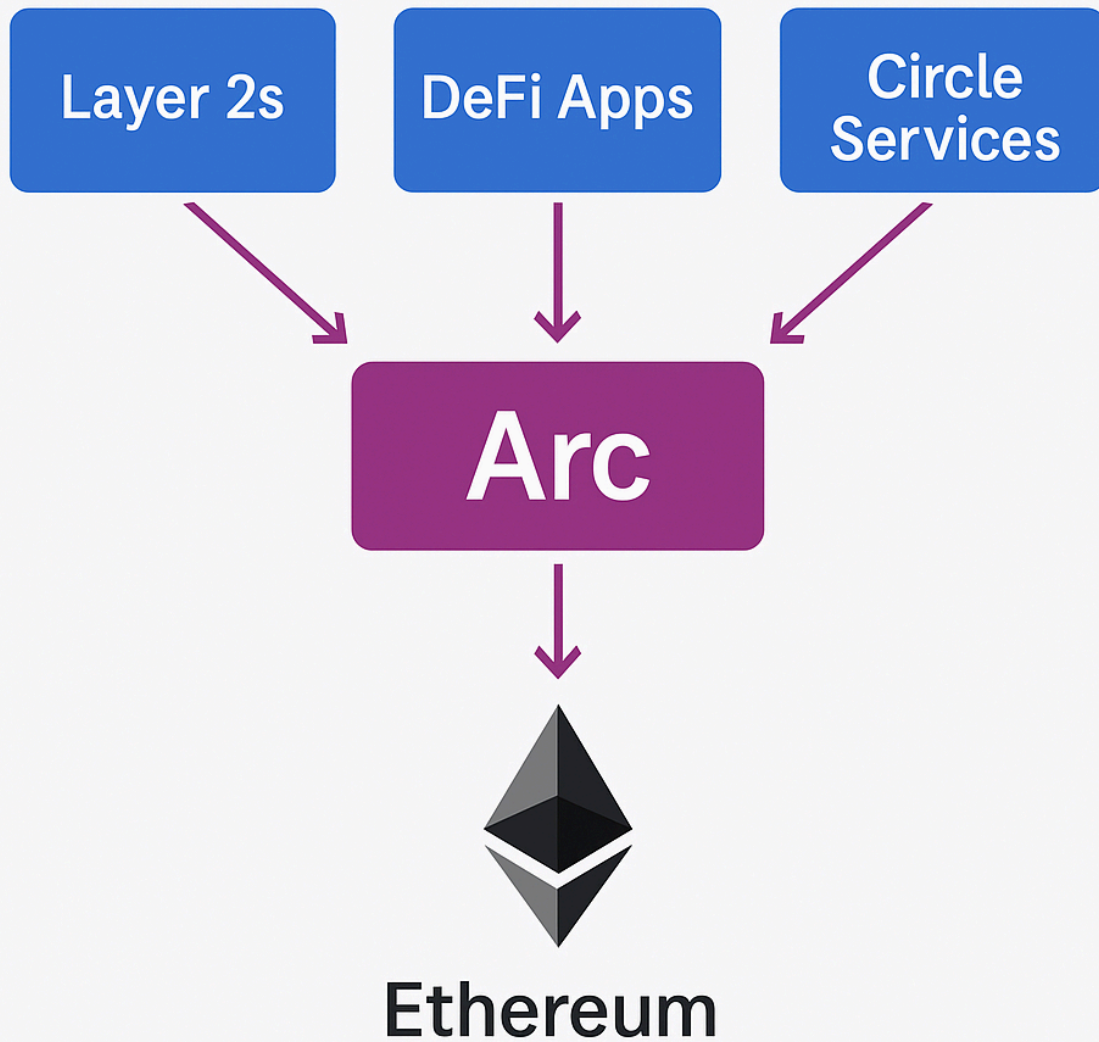
Visual Concepts

Below are examples of the type of visuals we'll be creating for our community:

1. Arc's Position in the Blockchain Stack

(Flow diagram showing Arc in relation to Ethereum L2s, DeFi apps, and Circle services)

Arc's Position in the Blockchain Stack



2. Protocol Stack Breakdown

(Layered chart illustrating consensus, settlement, FX, and privacy modules)

Arc Protocol Stack Breakdown

Privacy

FX

Settlement

Consensus

Arc

3. Arc Use Cases

(Infographic on payments, FX trading, on-chain capital markets, and liquidity provision)

Potential Impact of Arc Use Cases



Payments

USDC transactions



FX Trading

Cross-currency
swaps



On-Chain Capital Markets

Financial instruments




Liquidity Provision

Stablecoin pools

Next Steps for the FDS Community

- **Watch the Public Testnet Launch (Fall 2025)** — Be ready to test integrations early.
- **Research Liquidity Opportunities** — Arc's stable, USDC-native model could open new yield and arbitrage setups.
- **Plan for FX Integration** — Developers can leverage built-in FX to create global DeFi products.

FranklyDeFi Solutions will be tracking Arc's rollout closely. We'll be co-authoring **network flowcharts, protocol stack breakdowns, and anticipated use-case scenarios** to give our members a tactical advantage in the next phase of DeFi.

 **Stay tuned on Telegram, Twitter (X), and our email newsletter for updates, deep dives, and community discussions.**