

119TH CONGRESS
1ST SESSION

S. _____

To provide for the regulation of payment stablecoins, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. HAGERTY (for himself, Mr. SCOTT of South Carolina, Mrs. GILLIBRAND, Ms. LUMMIS, and Ms. ALSOBROOKS) introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To provide for the regulation of payment stablecoins, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Guiding and Estab-
5 lishing National Innovation for U.S. Stablecoins Act of
6 2025” or the “GENIUS Act of 2025”.

7 **SEC. 2. DEFINITIONS.**

8 In this Act:

9 (1) **BANK SECRECY ACT.**—The term “Bank Se-
10 crecy Act” means—

1 (A) section 21 of the Federal Deposit In-
2 surance Act (12 U.S.C. 1829b);

3 (B) chapter 2 of title I of Public Law 91-
4 508 (12 U.S.C. 1951 et seq.); and

5 (C) subchapter II of chapter 53 of title 31,
6 United States Code.

7 (2) BOARD.—The term “Board” means the
8 Board of Governors of the Federal Reserve System.

9 (3) COMPTROLLER.—The term “Comptroller”
10 means the Office of the Comptroller of the Currency.

11 (4) COMPTROLLER-REGULATED ENTITY.—The
12 term “Comptroller-regulated entity” means—

13 (A) any Federal qualified nonbank pay-
14 ment stablecoin issuer that is subject to regula-
15 tion and supervision exclusively by the Comp-
16 troller, pursuant to section 4(a)(7); and

17 (B) any entity chartered by the Comp-
18 troller.

19 (5) CORPORATION.—The term “Corporation”
20 means the Federal Deposit Insurance Corporation.

21 (6) DIGITAL ASSET.—The term “digital asset”
22 means any digital representation of value which is
23 recorded on a cryptographically-secured distributed
24 ledger.

1 (7) DISTRIBUTED LEDGER.—The term “distrib-
2 uted ledger” means technology in which data is
3 shared across a network that creates a public digital
4 ledger of verified transactions or information among
5 network participants and cryptography is used to
6 link the data to maintain the integrity of the public
7 ledger and execute other functions.

8 (8) FEDERAL QUALIFIED NONBANK PAYMENT
9 STABLECOIN ISSUER.—The term “Federal qualified
10 nonbank payment stablecoin issuer” means a
11 nonbank entity, other than a State qualified pay-
12 ment stablecoin issuer, approved by the Comptroller,
13 pursuant to section 5, to issue payment stablecoins.

14 (9) INSTITUTION-AFFILIATED PARTY.—With re-
15 spect to a permitted payment stablecoin issuer, the
16 term “institution-affiliated party” means any direc-
17 tor, officer, employee, or controlling stockholder of
18 the permitted payment stablecoin issuer.

19 (10) INSURED DEPOSITORY INSTITUTION.—The
20 term “insured depository institution” means—

21 (A) an insured depository institution, as
22 defined in section 3 of the Federal Deposit In-
23 surance Act (12 U.S.C. 1813); and

1 (B) an insured credit union, as defined in
2 section 101 of the Federal Credit Union Act
3 (12 U.S.C. 1752).

4 (11) MONETARY VALUE.—The term “monetary
5 value” means a national currency or deposit (as de-
6 fined in section 3 of the Federal Deposit Insurance
7 Act) denominated in a national currency.

8 (12) MONEY.—The term “money” means any
9 financial instrument that is—

10 (A) legal tender;

11 (B) required to be received by a taxing au-
12 thority in satisfaction of tax obligations; or

13 (C) widely accepted in an economy for the
14 payment of goods or services.

15 (13) NATIONAL CURRENCY.—The term “na-
16 tional currency” means each of the following:

17 (A) A Federal Reserve note (as the term is
18 used in the first undesignated paragraph of sec-
19 tion 16 of the Federal Reserve Act (12 U.S.C.
20 411)).

21 (B) Money standing to the credit of an ac-
22 count with a Federal Reserve Bank.

23 (C) Money issued by a foreign central
24 bank.

1 (D) Money issued by an intergovernmental
2 organization pursuant to an agreement by 1 or
3 more governments.

4 (14) NONBANK ENTITY.—The term “nonbank
5 entity” means a person that is not a depository in-
6 stitution or subsidiary of a depository institution.

7 (15) PAYMENT STABLECOIN.—The term “pay-
8 ment stablecoin”—

9 (A) means a digital asset—

10 (i) that is or is designed to be used as
11 a means of payment or settlement; and

12 (ii) the issuer of which—

13 (I) is obligated to convert, re-
14 deem, or repurchase for a fixed
15 amount of monetary value, not includ-
16 ing a digital asset denominated in a
17 fixed amount of monetary value;

18 (II) represents that such issuer
19 will maintain or creates the reason-
20 able expectation that it will maintain
21 a stable value relative to the value of
22 a fixed amount of monetary value; or

23 (III) has complied with the au-
24 thorization requirements of this Act;
25 and

1 (B) that—

2 (i) is not a national currency;

3 (ii) is not a deposit (as defined in sec-
4 tion 3 of the Federal Deposit Insurance
5 Act), including a deposit recorded using
6 distributed ledger technology;

7 (iii) does not offer a payment of yield
8 or interest; and

9 (iv) is not a security, as defined in
10 section 2 of the Securities Act of 1933 (15
11 U.S.C. 77b), section 3 of the Securities
12 Exchange Act of 1934 (15 U.S.C. 78c), or
13 section 2 of the Investment Company Act
14 of 1940 (15 U.S.C. 80a-2), other than a
15 bond, note, evidence of indebtedness, or in-
16 vestment contract satisfying the conditions
17 described in subparagraph (A).

18 (16) PERMITTED PAYMENT STABLECOIN
19 ISSUER.—The term “permitted payment stablecoin
20 issuer” means a person incorporated in the United
21 States that is—

22 (A) a subsidiary of an insured depository
23 institution that has been approved to issue pay-
24 ment stablecoins under section 5;

1 (B) a Federal qualified nonbank payment
2 stablecoin issuer that has been approved to
3 issue payment stablecoins under section 5; or

4 (C) a State qualified payment stablecoin
5 issuer.

6 (17) PERSON.—The term “person” means an
7 individual, partnership, company, corporation, asso-
8 ciation, trust, estate, cooperative organization, or
9 other business entity, incorporated or unincor-
10 porated.

11 (18) PRIMARY FEDERAL PAYMENT STABLECOIN
12 REGULATOR.—The term “primary Federal payment
13 stablecoin regulator” means—

14 (A) with respect to a subsidiary of an in-
15 sured depository institution (other than an in-
16 sured credit union), the appropriate Federal
17 banking agency (as defined under section 3 of
18 the Federal Deposit Insurance Act (12 U.S.C.
19 1813)) of such insured depository institution;

20 (B) with respect to an insured credit union
21 or a subsidiary of an insured credit union, the
22 National Credit Union Administration;

23 (C) with respect to a State chartered de-
24 pository institution not specified under subpara-

1 graph (A), the Corporation, the Comptroller, or
2 the Board; and

3 (D) with respect to a Federal qualified
4 nonbank payment stablecoin issuer or any enti-
5 ty chartered by the Comptroller, the Comp-
6 troller.

7 (19) REGISTERED PUBLIC ACCOUNTING
8 FIRM.—The term “registered public accounting
9 firm” has the meaning given that term under section
10 2 of the Sarbanes-Oxley Act of 2002 (15 U.S.C.
11 7201).

12 (20) STATE.—The term “State” means each of
13 the several States of the United States, the District
14 of Columbia, and each territory of the United
15 States.

16 (21) STATE QUALIFIED PAYMENT STABLECOIN
17 ISSUER.—The term “State qualified payment
18 stablecoin issuer” means an entity that is legally es-
19 tablished under the laws of a State and approved to
20 issue payment stablecoins by a State payment
21 stablecoin regulator.

22 (22) STATE PAYMENT STABLECOIN REGU-
23 LATOR.—The term “State payment stablecoin regu-
24 lator” means a State agency that has primary regu-

1 latory and supervisory authority in such State over
2 entities that issue payment stablecoins.

3 (23) STATE CHARTERED DEPOSITORY INSTITU-
4 TION.—The term “State chartered depository insti-
5 tution” has the meaning given the term “State de-
6 pository institution” in section 3(c) of the Federal
7 Deposit Insurance Act (12 U.S.C. 1813(c)).

8 (24) SUBSIDIARY OF AN INSURED CREDIT
9 UNION.—With respect to an insured credit union,
10 the term “subsidiary of an insured credit union”
11 means—

12 (A) an organization providing services to
13 the insured credit union that are associated
14 with the routine operations of credit unions, as
15 described under section 107(7)(I) of the Fed-
16 eral Credit Union Act (12 U.S.C. 1757(7)(I));
17 and

18 (B) a credit union service organization, as
19 such term is used under part 712 of title 12,
20 Code of Federal Regulations, with respect to
21 which the insured credit union has an owner-
22 ship interest or to which the insured credit
23 union has extended a loan.

1 **SEC. 3. ISSUANCE AND TREATMENT OF PAYMENT**
2 **STABLECOINS.**

3 (a) **ISSUE.**—It shall be unlawful for any person other
4 than a permitted payment stablecoin issuer to issue a pay-
5 ment stablecoin in the United States.

6 (b) **TREATMENT.**—A payment stablecoin that is not
7 issued by a permitted payment stablecoin issuer shall not
8 be acceptable as a settlement asset to facilitate wholesale
9 payments between banking organizations or by a payment
10 infrastructure to facilitate exchange and settlement among
11 banking organizations.

12 (c) **PENALTY FOR VIOLATION.**—

13 (1) **IN GENERAL.**—Whoever knowingly partici-
14 pates in a violation of subsection (a) shall be fined
15 not more than \$1,000,000 for each such violation,
16 imprisoned for not more than 5 years, or both.

17 (2) **REFERRAL TO ATTORNEY GENERAL.**—If a
18 primary Federal payment stablecoin regulator has
19 reason to believe that any person has knowingly vio-
20 lated subsection (a), the primary Federal payment
21 stablecoin regulator shall refer the matter to the At-
22 torney General.

23 **SEC. 4. REQUIREMENTS FOR ISSUING PAYMENT**
24 **STABLECOINS.**

25 (a) **STANDARDS FOR THE ISSUANCE OF PAYMENT**
26 **STABLECOINS.**—

1 (1) IN GENERAL.—Permitted payment
2 stablecoin issuers shall—

3 (A) maintain reserves backing the out-
4 standing payment stablecoins of the permitted
5 payment stablecoin issuer on an at least 1 to 1
6 basis, with reserves comprising—

7 (i) United States coins and currency
8 (including Federal reserve notes) or money
9 standing to the credit of an account with
10 a Federal Reserve Bank;

11 (ii) funds held as demand deposits (or
12 other deposits that may be withdrawn
13 upon request at any time) or insured
14 shares at an insured depository institution
15 (including any foreign branches and agen-
16 cies of an insured depository institution),
17 subject to limitations established by the
18 Corporation and the National Credit Union
19 Administration, as applicable, to address
20 safety and soundness risks of such insured
21 depository institution;

22 (iii) Treasury bills, notes, or bonds—
23 (I) with a remaining maturity of
24 93 days or less; or

1 (II) issued with a maturity of 93
2 days or less;

3 (iv) repurchase agreements with the
4 permitted payment stablecoin issuer acting
5 as a seller of securities and with an over-
6 night maturity that are backed by Treas-
7 ury bills with a maturity of 93 days or
8 less;

9 (v) reverse repurchase agreements
10 with the permitted payment stablecoin
11 issuer acting as a purchaser of securities
12 and with an overnight maturity that are
13 collateralized by Treasury notes, bills, or
14 bonds on an overnight basis, subject to
15 overcollateralization in line with standard
16 market terms, that are—

17 (I) tri-party;

18 (II) centrally cleared through a
19 clearing house registered with the Se-
20 curities and Exchange Commission; or

21 (III) bilateral with a
22 counterparty that the issuer has de-
23 termined to be adequately credit-
24 worthy even in the event of severe
25 market stress;

1 (vi) securities issued by an investment
2 company registered under section 8(a) of
3 the Investment Company Act of 1940 (15
4 U.S.C. 80a-8(a)) that operates as a money
5 market fund in compliance with rule 2a-7
6 issued under that Act (or any successor
7 rule) and that are invested solely in under-
8 lying assets described in clauses (i)
9 through (iv) of subparagraph (A);

10 (vii) any other similarly liquid asset
11 approved by the primary Federal payment
12 stablecoin regulator, in consultation with
13 the State payment stablecoin regulator, if
14 applicable, of the permitted payment
15 stablecoin issuer; or

16 (viii) any reserve described in clauses
17 (i) through (vii) in tokenized form, pro-
18 vided that such reserves comply with all
19 applicable laws and regulations;

20 (B) publicly disclose the issuer's redemp-
21 tion policy;

22 (C) establish procedures for timely redemp-
23 tion of outstanding payment stablecoins; and

1 (D) publish the monthly composition of the
2 issuer's reserves on the website of the issuer,
3 containing—

4 (i) the total number of outstanding
5 payment stablecoins issued by the issuer;
6 and

7 (ii) the amount and composition of
8 the reserves described under subparagraph
9 (A).

10 (2) PROHIBITION ON REHYPOTHECATION.—Re-
11 serves required under paragraph (1)(A) may not be
12 pledged, rehypothecated, or reused by the permitted
13 payment stablecoin issuer, either directly or indi-
14 rectly, except for the purpose of—

15 (A) satisfying margin obligations in con-
16 nection with investments in permitted reserves
17 under clauses (iv) and (v) of paragraph (1)(A);

18 (B) satisfying obligations associated with
19 the use or receipt of provision of standard cus-
20 todial services; or

21 (C) creating liquidity to meet reasonable
22 expectations of requests to redeem payment
23 stablecoins, such that reserves in the form of
24 Treasury bills may be sold as purchased securi-

1 ties for repurchase agreements with a maturity
2 of 93 days or less, provided that either—

3 (i) the repurchase agreements are
4 cleared by a clearing agency registered
5 with the Securities and Exchange Commis-
6 sion; or

7 (ii) the permitted payment stablecoin
8 issuer receives the prior approval of its pri-
9 mary Federal payment stablecoin regulator
10 or State payment stablecoin regulator, as
11 applicable.

12 (3) MONTHLY CERTIFICATION; EXAMINATION
13 OF REPORTS BY REGISTERED PUBLIC ACCOUNTING
14 FIRM.—

15 (A) IN GENERAL.—A permitted payment
16 stablecoin issuer shall, each month, have the in-
17 formation disclosed in the previous month-end
18 report required under paragraph (1)(D) exam-
19 ined by a registered public accounting firm.

20 (B) CERTIFICATION.—Each month, the
21 Chief Executive Officer and Chief Financial Of-
22 ficer of a permitted payment stablecoin issuer
23 shall submit a certification as to the accuracy
24 of the monthly report to, as applicable—

1 (i) the primary Federal payment
2 stablecoin regulator of the permitted pay-
3 ment stablecoin issuer; or

4 (ii) the State payment stablecoin reg-
5 ulator of the permitted payment stablecoin
6 issuer.

7 (C) CRIMINAL PENALTY.—Any person who
8 submits a certification required under subpara-
9 graph (B) knowing that such certification is
10 false shall be subject to the criminal penalties
11 set forth under section 1350(c) of title 18,
12 United States Code.

13 (4) CAPITAL, LIQUIDITY, AND RISK MANAGE-
14 MENT REQUIREMENTS.—

15 (A) IN GENERAL.—The primary Federal
16 payment stablecoin regulators shall, jointly, or
17 in the case of a State qualified payment
18 stablecoin issuer, the State payment stablecoin
19 regulator shall, consistent with section 18,
20 issue—

21 (i) capital requirements applicable to
22 permitted payment stablecoin issuers
23 that—

1 (I) are tailored to the business
2 model and risk profile of permitted
3 payment stablecoin issuers;

4 (II) do not exceed requirements
5 which are sufficient to ensure the on-
6 going operations of permitted pay-
7 ment stablecoin issuers; and

8 (III) in the case of the primary
9 Federal payment stablecoin regu-
10 lators, if the primary Federal pay-
11 ment stablecoin regulators determine
12 that a capital buffer is necessary to
13 ensure the ongoing operations of per-
14 mitted payment stablecoin issuers,
15 may include capital buffers that are
16 tailored to the business model and
17 risk profile of permitted payment
18 stablecoin issuers;

19 (ii) regulations implementing the li-
20 quidity standard under clause (i);

21 (iii) reserve asset diversification and
22 interest rate risk management standards
23 applicable to permitted payment stablecoin
24 issuers that—

1 (I) are tailored to the business
2 model and risk profile of permitted
3 payment stablecoin issuers; and

4 (II) do not exceed standards
5 which are sufficient to ensure the on-
6 going operations of permitted pay-
7 ment stablecoin issuers; and

8 (iv) appropriate operational, compli-
9 ance, and information technology risk
10 management standards, including Bank
11 Secrecy Act and sanctions compliance,
12 that—

13 (I) are tailored to the business
14 model and risk profile of permitted
15 payment stablecoin issuers; and

16 (II) are consistent with applicable
17 law.

18 (B) RULE OF CONSTRUCTION.—Nothing in
19 this paragraph shall be construed to limit—

20 (i) the authority of the primary Fed-
21 eral regulators, in prescribing standards
22 under this paragraph, to tailor or differen-
23 tiate among issuers on an individual basis
24 or by category, taking into consideration
25 the capital structure, business model risk

1 profile, complexity, financial activities (in-
2 cluding financial activities of subsidiaries),
3 size, and any other risk related factors of
4 permitted payment stablecoin issuers that
5 the primary Federal regulator determines
6 appropriate, provided that such tailoring or
7 differentiation occurs without respect to
8 whether a permitted payment stablecoin
9 issuer is regulated by a State payment
10 stablecoin regulator; or

11 (ii) the supervisory, regulatory, or en-
12 forcement authority of a Federal banking
13 agency to further the safe and sound oper-
14 ation of an institution for which the Fed-
15 eral banking agency is the appropriate
16 Federal banking agency (as defined under
17 section 3 of the Federal Deposit Insurance
18 Act (12 U.S.C. 1813)).

19 (C) APPLICABILITY OF EXISTING CAPITAL
20 STANDARDS.—

21 (i) DEFINITIONS.—In this subpara-
22 graph—

23 (I) “appropriate Federal banking
24 agency” has the meaning given that
25 term in section 3(q) of the Federal

1 Deposit Insurance Act (12 U.S.C.
2 1813(q); and

3 (II) “depository institution hold-
4 ing company” has the meaning given
5 that term under section 171(a)(3) of
6 the Financial Stability Act of 2010
7 (12 U.S.C. 5371(a)(3)).

8 (ii) APPLICABILITY OF FINANCIAL
9 STABILITY ACT.—With respect to the pro-
10 mulgation of rules under subparagraph (A)
11 and clauses (iii) and (iv) of this subpara-
12 graph, section 171 of the Financial Sta-
13 bility Act of 2010 (12 U.S.C. 5371) shall
14 not apply.

15 (iii) RULES RELATING TO LEVERAGE
16 CAPITAL REQUIREMENTS OR RISK-BASED
17 CAPITAL REQUIREMENTS.—Any rule issued
18 by an appropriate Federal banking agency
19 that imposes, on a consolidated basis, a le-
20 verage capital requirement or risk-based
21 capital requirement with respect to an in-
22 sured depository institution or depository
23 institution holding company shall provide
24 that, for purposes of such leverage capital
25 requirement or risk-based capital require-

1 ment, any insured depository institution or
2 depository institution holding company
3 that includes, on a consolidated basis, a
4 permitted payment stablecoin issuer shall
5 not be required to hold, with respect to
6 such permitted payment stablecoin issuer
7 and its assets and operations, any amount
8 of regulatory capital in excess of the cap-
9 ital that such permitted payment
10 stablecoin issuer must maintain under the
11 capital requirements promulgated pursuant
12 to paragraph (1)(A)(i).

13 (iv) MODIFICATIONS.—Not later than
14 the earlier of the rulemaking deadline
15 under section 18 or the date the Federal
16 payment stablecoin regulators issue regula-
17 tions to carry out this section, each appro-
18 priate Federal banking agency shall amend
19 or otherwise modify any regulation of the
20 Federal banking agency described in clause
21 (iii) so that such regulation, as amended or
22 otherwise modified, complies with clause
23 (iii) of this subparagraph.

24 (5) TREATMENT UNDER THE BANK SECRECY
25 ACT AND SANCTIONS LAWS.—

1 (A) IN GENERAL.—A permitted payment
2 stablecoin issuer shall be treated as a financial
3 institution for purposes of the Bank Secrecy
4 Act, and as such, shall be subject to all Federal
5 laws applicable to a financial institution located
6 in the United States relating to economic sanc-
7 tions, prevention of money laundering, customer
8 identification, and due diligence, including—

9 (i) maintenance of an effective anti-
10 money laundering and economic sanctions
11 compliance program, which shall include
12 appropriate risk assessments, verification
13 of sanctions lists and designation of an of-
14 ficer to supervise the programs;

15 (ii) retention of appropriate records of
16 payment stablecoin transactions;

17 (iii) monitoring and reporting sus-
18 picious activity;

19 (iv) policies and procedures to block,
20 freeze, and reject specific or impermissible
21 transactions that violate Federal or State
22 laws, rules, or regulations; and

23 (v) maintenance of an effective cus-
24 tomer identification program, including
25 identification and verification of account

1 holders with the permitted payment
2 stablecoin issuer, high value transactions
3 and appropriate enhanced due diligence.

4 (B) RULEMAKING.—The Financial Crimes
5 Enforcement Network shall adopt rules, tailored
6 to the size and complexity of the permitted pay-
7 ment stablecoin issuer, to implement subpara-
8 graph (A).

9 (6) COORDINATION WITH PERMITTED PAYMENT
10 STABLECOIN ISSUERS WITH RESPECT TO BLOCKING
11 OF PROPERTY AND TECHNOLOGICAL CAPABILITIES
12 TO COMPLY WITH LAWFUL ORDERS.—

13 (A) IN GENERAL.—The Secretary of the
14 Treasury—

15 (i) shall, to the best of the Secretary's
16 ability, coordinate with a permitted pay-
17 ment stablecoin issuer before taking any
18 action to block and prohibit transactions in
19 property and interests in property of a for-
20 eign person to ensure that the permitted
21 payment stablecoin issuer is able to effec-
22 tively block a digital asset of the foreign
23 person upon issue of the digital asset; and

24 (ii) is not required to notify any per-
25 mitted payment stablecoin issuer of any in-

1 tended action described in clause (i) prior
2 to taking such action.

3 (B) COMPLIANCE WITH LAWFUL OR-
4 DERS.—

5 (i) IN GENERAL.—

6 (I) PERMITTED PAYMENT
7 STABLECOIN ISSUERS.—A permitted
8 payment stablecoin issuer may issue
9 payment stablecoins only if the issuer
10 has the technological capability to
11 comply and will comply with the terms
12 of any lawful order.

13 (II) FOREIGN PAYMENT
14 STABLECOINS.—A foreign payment
15 stablecoin that is not licensed under
16 this Act may not be publicly offered,
17 sold, or otherwise made available for
18 trading in the United States unless
19 the payment stablecoin issuer has the
20 technological capability to comply and
21 will comply with the terms of any law-
22 ful order.

23 (ii) LAWFUL ORDER DEFINED.—In
24 this paragraph, the term “lawful order”
25 means any final and valid writ, process,

1 order, rule, decree, command, or other re-
2 quirement issued or promulgated under
3 Federal law, issued by a court of com-
4 petent jurisdiction or by an authorized
5 Federal agency pursuant to its statutory
6 authority, that—

7 (I) requires the permitted pay-
8 ment stablecoin issuer to seize, freeze,
9 burn, or prevent the transfer of pay-
10 ment stablecoins issued by the per-
11 mitted payment stablecoin issuer;

12 (II) specifies the digital assets or
13 accounts subject to blocking with rea-
14 sonable particularity; and

15 (III) is subject to judicial or ad-
16 ministrative review or appeal as pro-
17 vided by law.

18 (C) REPORT REQUIRED.—Not later than 1
19 year after the date of enactment of this Act, the
20 Secretary of the Treasury shall submit to the
21 Committee on Banking, Housing, and Urban
22 Affairs of the Senate and the Committee on Fi-
23 nancial Services of the House of Representa-
24 tives a report on the coordination with per-

1 mitted payment stablecoin issuers required
2 under subparagraph (A).

3 (7) LIMITATION ON PAYMENT STABLECOIN AC-
4 TIVITIES.—

5 (A) IN GENERAL.—A permitted payment
6 stablecoin issuer may only—

7 (i) issue payment stablecoins;

8 (ii) redeem payment stablecoins;

9 (iii) manage related reserves, includ-
10 ing purchasing, selling, and holding reserve
11 assets or providing custodial services for
12 reserve assets, consistent with State and
13 Federal law;

14 (iv) provide custodial or safekeeping
15 services for payment stablecoins, required
16 reserves, or private keys of payment
17 stablecoins, consistent with this Act; and

18 (v) undertake other activities that di-
19 rectly support any of the activities de-
20 scribed in clauses (i) through (iv).

21 (B) RULE OF CONSTRUCTION.—Nothing in
22 subparagraph (A) shall prevent a permitted
23 payment stablecoin issuer from engaging in
24 non-payment stablecoin activities that are al-
25 lowed by the primary Federal payment

1 stablecoin regulator or the State payment
2 stablecoin regulator, as applicable.

3 (8) PROHIBITION ON TYING.—

4 (A) IN GENERAL.—A permitted payment
5 stablecoin issuer may not provide services to a
6 customer on the condition that the customer ob-
7 tain an additional paid product or service from
8 the permitted payment stablecoin issuer, or any
9 of its subsidiaries, or agree to not obtain an ad-
10 ditional product or service from a competitor.

11 (B) REGULATIONS.—The Board may issue
12 such regulations as are necessary to carry out
13 this subparagraph, and, in consultation with the
14 Comptroller and the Corporation, may by regu-
15 lation or order, permit such exceptions to clause
16 (i) as the Board considers will not be contrary
17 to the purpose of this Act.

18 (9) REGULATION BY THE COMPTROLLER.—

19 (A) IN GENERAL.—A Federal qualified
20 nonbank payment stablecoin issuer shall be reg-
21 ulated and supervised exclusively by the Comp-
22 troller, which shall have authority, in coordina-
23 tion with other relevant primary Federal pay-
24 ment stablecoin regulators and State payment
25 stablecoin regulators, to issue such regulations

1 and orders as necessary to ensure financial sta-
2 bility and implement this subsection.

3 (B) CONFORMING AMENDMENT.—Section
4 324(b) of the Revised Statutes (12 U.S.C. 1(b))
5 is amended by adding at the end the following:

6 “(3) REGULATION OF FEDERAL QUALIFIED
7 NONBANK PAYMENT STABLECOIN ISSUERS.—The
8 Comptroller of the Currency shall, in coordination
9 with other relevant regulators and consistent with
10 section 18 of the Guiding and Establishing National
11 Innovation for U.S. Stablecoins Act of 2025, issue
12 such regulations and orders as necessary to ensure
13 financial stability and implement section 4(a) of that
14 Act.”.

15 (10) AUDITS AND REPORTS.—

16 (A) ANNUAL FINANCIAL STATEMENT.—

17 (i) IN GENERAL.—A permitted pay-
18 ment stablecoin issuer with more than
19 \$50,000,000,000 in consolidated total out-
20 standing issuance, that is not subject to
21 the reporting requirements under sections
22 13(a) or 15(d) of the Securities and Ex-
23 change Act of 1934 (15 U.S.C. 78m,
24 78o(d)), shall prepare, in accordance with
25 generally accepted accounting principles,

1 an annual financial statement, which shall
2 include the disclosure of any related party
3 transactions, as defined by such generally
4 accepted accounting principles.

5 (ii) AUDITOR.—A registered public ac-
6 counting firm shall perform an audit of the
7 annual financial statements described in
8 clause (i).

9 (iii) STANDARDS.—An audit described
10 in clause (ii) shall be conducted in accord-
11 ance with all applicable auditing standards
12 established by the Public Company Ac-
13 counting Oversight Board, including those
14 relating to auditor independence, internal
15 controls, and related party transactions.

16 (iv) RULE OF CONSTRUCTION.—Noth-
17 ing in this subparagraph shall be construed
18 to limit, alter, or expand the jurisdiction of
19 the Public Company Accounting Oversight
20 Board over permitted payment stablecoin
21 issuers or registered public accounting
22 firms.

23 (B) PUBLIC DISCLOSURE AND SUBMISSION
24 TO FEDERAL REGULATORS.—Each permitted
25 payment stablecoin issuer required to prepare

1 an audited annual financial statement under
2 subparagraph (A) shall:

3 (i) make such audited financial state-
4 ments publicly available on the website of
5 the permitted payment stablecoin issuer;
6 and

7 (ii) submit such audited financial
8 statements annually to their primary Fed-
9 eral payment stablecoin regulator.

10 (C) CONSULTATION.—The primary Fed-
11 eral payment stablecoin regulators may consult
12 with the Public Company Accounting Oversight
13 Board to determine best practices for deter-
14 mining audit oversight and to detect fraud, ma-
15 terial misstatements, and other financial mis-
16 representations that could mislead permitted
17 payment stablecoin holders.

18 (b) STATE-LEVEL REGULATORY REGIMES.—

19 (1) OPTION FOR STATE-LEVEL REGULATORY
20 REGIME.—Notwithstanding the Federal regulatory
21 framework established under subsection (a), a State
22 qualified payment stablecoin issuer with a consoli-
23 dated total outstanding issuance of not more than
24 \$10,000,000,000 may opt for regulation under a
25 State-level regulatory regime, provided that the

1 State-level regulatory regime is substantially similar
2 to the Federal regulatory framework under that sub-
3 section.

4 (2) PRINCIPLES.—The Secretary of the Treas-
5 ury shall, through notice and comment rulemaking,
6 establish broad based principles for determining
7 whether a State-level regulatory regime is substan-
8 tially similar to the Federal regulatory framework
9 under subsection (a).

10 (3) REVIEW.—State payment stablecoin regu-
11 lators shall review State-level regulatory regimes ac-
12 cording to the principles established by the Secretary
13 of the Treasury under paragraph (2) and for the
14 purposes of establishing any necessary cooperative
15 agreements to implement section 7(f).

16 (4) CERTIFICATION.—

17 (A) INITIAL CERTIFICATION.—Subject to
18 subparagraph (B), not later than 1 year after
19 the effective date of this Act, a State payment
20 stablecoin regulator shall submit to the Sec-
21 retary of the Treasury an initial certification
22 that the State-level regulatory regime meets the
23 criteria for substantial similarity established
24 pursuant to paragraph (2).

1 (B) FORM OF CERTIFICATION.—The initial
2 certification required under subparagraph (A)
3 shall contain, in a form prescribed by the Sec-
4 retary of the Treasury, an attestation that the
5 State-level regulatory regime meets the criteria
6 for substantial similarity established pursuant
7 to paragraph (2).

8 (C) ANNUAL RECERTIFICATION.—Not later
9 than a date to be determined by the Secretary
10 each year, a State payment stablecoin regulator
11 shall submit to the Secretary of the Treasury
12 an additional certification that confirms the ac-
13 curacy of initial certification submitted under
14 subparagraph (A).

15 (5) NOT SUBSTANTIALLY SIMILAR.—

16 (A) IN GENERAL.—If a State payment
17 stablecoin regulator determines that the criteria
18 established under paragraph (2) are not meet
19 and the State payment stablecoin regulator
20 does not submit a certification under paragraph
21 (4), then a permitted payment stablecoin issuer
22 operating under this subsection shall be subject
23 to the Federal regulatory framework as de-
24 scribed in subsection (c), notwithstanding the
25 total issuance threshold therein.

1 (B) TREASURY REVIEW.—Not later than
2 30 days after the date of receipt of a certifi-
3 cation under paragraph (4), the Secretary re-
4 ject the certification if the Secretary determines
5 that the State-level regulatory regime is not
6 substantially similar to the Federal regulatory
7 framework under subsection (a), and the per-
8 mitted payment stablecoin issuer shall be sub-
9 ject to the Federal regulatory framework as de-
10 scribed in subsection (c), notwithstanding the
11 total issuance threshold therein.

12 (C) APPELLATE REVIEW.—A State pay-
13 ment stablecoin regulator may challenge the de-
14 termination of the Secretary of the Treasury
15 under this paragraph in the United States
16 Court of Appeals for the District of Columbia
17 Circuit.

18 (6) LIST.—The Secretary of the Treasury shall
19 publish and maintain in the Federal Register and on
20 the website of the Department of the Treasury a list
21 of States that have submitted initial certifications
22 and recertifications under paragraph (4).

23 (c) TRANSITION TO FEDERAL OVERSIGHT.—

24 (1) DEPOSITORY INSTITUTION.—A State char-
25 tered depository institution that is a State qualified

1 payment stablecoin issuer with a payment stablecoin
2 with a consolidated total outstanding issuance of
3 more than \$10,000,000,000 shall—

4 (A) not later than 360 days after the pay-
5 ment stablecoin reaches such threshold, transi-
6 tion to the Federal regulatory framework of the
7 primary Federal payment stablecoin regulator
8 of the State chartered depository institution,
9 which shall be administered by the State pay-
10 ment stablecoin regulator of the State chartered
11 depository institution and the primary Federal
12 payment stablecoin regulator acting jointly; or

13 (B) beginning on the date the payment
14 stablecoin reaches such threshold, cease issuing
15 new payment stablecoins until the payment
16 stablecoin is under the \$10,000,000,000 con-
17 solidated total outstanding issuance threshold.

18 (2) OTHER INSTITUTIONS.—A State qualified
19 payment stablecoin issuer not described in para-
20 graph (1) with a payment stablecoin with a consoli-
21 dated total outstanding issuance of more than
22 \$10,000,000,000 shall—

23 (A) not later than 360 days after the pay-
24 ment stablecoin reaches such threshold, transi-
25 tion to the Federal regulatory framework under

1 subsection (a) administered by the State pay-
2 ment stablecoin regulator of the State qualified
3 payment stablecoin issuer; or

4 (B) beginning on the date the payment
5 stablecoin reaches such threshold, cease issuing
6 new payment stablecoins until the payment
7 stablecoin is under the \$10,000,000,000 con-
8 solidated total outstanding issuance threshold.

9 (3) WAIVER.—

10 (A) IN GENERAL.—Notwithstanding para-
11 graphs (1) and (2), the applicable primary Fed-
12 eral payment stablecoin regulator may permit a
13 State qualified payment stablecoin issuer with a
14 payment stablecoin with a consolidated total
15 outstanding issuance of more than
16 \$10,000,000,000 to remain solely supervised by
17 a State payment stablecoin regulator.

18 (B) CRITERIA FOR WAIVER.—The primary
19 Federal payment stablecoin regulator shall con-
20 sider the following exclusive criteria in deter-
21 mining whether to issue a waiver under this
22 paragraph:

23 (i) The capital maintained by the
24 State qualified payment stablecoin issuer.

1 (ii) The past operations and examina-
2 tion history of the State qualified payment
3 stablecoin issuer.

4 (iii) The experience of the State pay-
5 ment stablecoin regulator in supervising
6 payment stablecoin and digital asset activi-
7 ties.

8 (iv) The laws and rules applicable to,
9 and the supervisory framework of, the
10 State qualified payment stablecoin issuer
11 with respect to payment stablecoins and
12 digital assets.

13 (C) RULE OF CONSTRUCTION.—A State
14 qualified payment stablecoin issuer subject to
15 Federal oversight under paragraph (1) or (2) of
16 this subsection that does not receive a waiver
17 under this paragraph shall continue to be su-
18 pervised by the State payment stablecoin regu-
19 lator of the State qualified payment stablecoin
20 issuer along jointly with the primary Federal
21 payment stablecoin regulator. Nothing in this
22 subsection shall require the State qualified pay-
23 ment stablecoin issuer to convert to a Federal
24 charter.

1 (d) MISREPRESENTATION OF INSURED STATUS;
2 MARKETING.—

3 (1) IN GENERAL.—Payment stablecoins shall
4 not be backed by the full faith and credit of the
5 United States, guaranteed by the United States
6 Government, subject to deposit insurance by the
7 Federal Deposit Insurance Corporation, or subject
8 to share insurance by the National Credit Union Ad-
9 ministration.

10 (2) MISREPRESENTATION OF INSURED STA-
11 TUS.—

12 (A) IN GENERAL.—It shall be unlawful to
13 represent that payment stablecoins are backed
14 by the full faith and credit of the United
15 States, guaranteed by the United States Gov-
16 ernment, or subject to Federal deposit insur-
17 ance or Federal share insurance.

18 (B) PENALTY.—A violation of subpara-
19 graph (A) shall be considered a violation of sec-
20 tion 18(a)(4) of the Federal Deposit Insurance
21 Act (12 U.S.C. 1828(a)(4)) or section 709 of
22 title 18, United States Code, as applicable.

23 (3) MARKETING.—It shall be unlawful to mar-
24 ket a digital asset in the United States as a payment

1 stablecoin unless the digital asset is issued pursuant
2 to this Act.

3 (e) OFFICERS OR DIRECTORS CONVICTED OF CER-
4 TAIN FELONIES.—

5 (1) IN GENERAL.—No individual who has been
6 convicted of a felony offense involving insider trad-
7 ing, embezzlement, cybercrime, money laundering, fi-
8 nancing of terrorism, or financial fraud may serve
9 as—

10 (A) an officer of a payment stablecoin
11 issuer; or

12 (B) a director of a payment stablecoin
13 issuer.

14 (2) PENALTY.—

15 (A) IN GENERAL.—Whoever knowingly
16 participates in a violation of paragraph (1) shall
17 be fined not more than \$1,000,000 for each
18 such violation, imprisoned for not more than 5
19 years; or both.

20 (B) REFERRAL TO ATTORNEY GENERAL.—

21 If a Federal payment stablecoin regulator has
22 reason to believe that any person has knowingly
23 violated paragraph (1), the Federal payment
24 stablecoin regulator shall refer the matter to
25 the Attorney General.

1 (f) RULEMAKING.—

2 (1) IN GENERAL.—Consistent with section 18,
3 the primary Federal payment stablecoin regulators
4 and State payment stablecoin regulators shall issue
5 such regulations as may be necessary to establish a
6 payment stablecoin regulatory framework necessary
7 to administer and carry out the requirements of this
8 section, including to establish conditions, and to pre-
9 vent evasions thereof.

10 (2) JOINT ISSUANCE OF REGULATION.—All reg-
11 ulations issued to carry out this section shall be
12 issued jointly by the primary Federal payment
13 stablecoin regulators, if not issued by a State pay-
14 ment stablecoin regulator.

15 **SEC. 5. APPROVAL OF SUBSIDIARIES OF INSURED DEPOSI-**
16 **TORY INSTITUTIONS AND FEDERAL QUALI-**
17 **FIED NONBANK PAYMENT STABLECOIN**
18 **ISSUERS.**

19 (a) APPLICATION.—

20 (1) IN GENERAL.—Each primary Federal pay-
21 ment stablecoin regulator shall receive, review, and
22 consider for approval applications from any insured
23 depository institution that seeks to issue payment
24 stablecoins through a subsidiary and any nonbank
25 entity that seeks to issue payment stablecoins as a

1 Federal qualified nonbank payment stablecoin
2 issuer. Each primary Federal payment stablecoin
3 regulator shall establish a process and framework
4 for the licensing, regulation, examination, and super-
5 vision of such entities that prioritizes the safety and
6 soundness of such entities.

7 (2) AUTHORITY TO ISSUE REGULATIONS AND
8 PROCESS APPLICATIONS.—The primary Federal pay-
9 ment stablecoin regulators shall, before the date de-
10 scribed in section 18—

11 (A) issue regulations consistent with that
12 section to carry out this section; and

13 (B) pursuant to the regulations described
14 in subparagraph (A), accept and process appli-
15 cations under this Act.

16 (3) MANDATORY APPROVAL PROCESS.—The pri-
17 mary Federal payment stablecoin regulator shall,
18 upon receipt of a substantially complete application,
19 evaluate and make a determination on each applica-
20 tion based on the criteria established under this Act.

21 (b) EVALUATION OF APPLICATIONS.—A substantially
22 complete application received under subsection (a) shall be
23 evaluated by the primary Federal payment stablecoin reg-
24 ulator using the factors described in subsection (c).

1 (c) FACTORS TO BE CONSIDERED.—The factors de-
2 scribed in this subsection are the following:

3 (1) The ability of the applicant (or, in the case
4 of an applicant that is an insured depository institu-
5 tion, the subsidiary of the applicant), based on fi-
6 nancial condition and resources, to meet the require-
7 ments set forth under section 4.

8 (2) Whether an individual who has been con-
9 victed of a felony offense involving insider trading,
10 embezzlement, cybercrime, money laundering, fi-
11 nancing of terrorism, or financial fraud is serving as
12 an officer or director of the applicant.

13 (3) Any other factors established by the pri-
14 mary Federal payment stablecoin regulator that are
15 necessary to ensure the safety and soundness of the
16 permitted payment stablecoin issuer.

17 (d) TIMING FOR DECISION; GROUNDS FOR DE-
18 NIAL.—

19 (1) TIMING FOR DECISIONS ON APPLICA-
20 TIONS.—

21 (A) IN GENERAL.—Not later than 120
22 days after receiving a substantially complete ap-
23 plication under subsection (a), a primary Fed-
24 eral payment stablecoin regulator shall render a
25 decision on the application.

1 (B) SUBSTANTIALLY COMPLETE.—

2 (i) IN GENERAL.—For purposes of
3 subparagraph (A), an application shall be
4 considered substantially complete if the ap-
5 plication contains sufficient information for
6 the primary Federal payment stablecoin
7 regulator to render a decision on whether
8 the applicant satisfies the criteria under
9 subsection (c).

10 (ii) NOTIFICATION.—Not later than
11 30 days after receiving an application
12 under subsection (a), a primary Federal
13 payment stablecoin regulator shall notify
14 the applicant whether the primary Federal
15 payment stablecoin regulator considers the
16 application to be substantially complete
17 and, if the application is not substantially
18 complete, the additional information the
19 applicant must provide in order for the ap-
20 plication to be considered substantially
21 complete.

22 (iii) MATERIAL CHANGE IN CIR-
23 CUMSTANCES.—An application considered
24 substantially complete under this subpara-
25 graph remains substantially complete un-

1 less there is a material change in cir-
2 cumstances that requires the primary Fed-
3 eral payment stablecoin regulator to treat
4 the application as a new application.

5 (2) DENIAL OF APPLICATION.—

6 (A) GROUNDS FOR DENIAL.—

7 (i) IN GENERAL.—The primary Fed-
8 eral payment stablecoin regulator shall
9 only deny a complete application received
10 under subsection (a) if the regulator deter-
11 mines that the activities of the applicant
12 would be unsafe or unsound based on the
13 factors described in subsection (c).

14 (ii) ISSUANCE NOT GROUND FOR DE-
15 NIAL.—The issuance of a payment
16 stablecoin on an open, public, or decentral-
17 ized network shall not be a valid ground
18 for denial of an application.

19 (B) EXPLANATION REQUIRED.—If the pri-
20 mary Federal payment stablecoin regulator de-
21 nies a complete application received under sub-
22 section (a), not later than 30 days after the
23 date of such denial, the regulator shall provide
24 the applicant with written notice explaining the
25 denial with specificity, including all findings

1 made by the regulator with respect to all identi-
2 fied material shortcomings in the application,
3 including actionable recommendations on how
4 the applicant could address the identified mate-
5 rial shortcomings.

6 (C) OPPORTUNITY FOR HEARING; FINAL
7 DETERMINATION.—

8 (i) IN GENERAL.—Not later than 30
9 days after the date of receipt of any notice
10 of the denial of an application under this
11 section, the applicant may request, in writ-
12 ing, an opportunity for a written or oral
13 hearing before the primary Federal pay-
14 ment stablecoin regulator to appeal the de-
15 nial.

16 (ii) TIMING.—Upon receipt of a timely
17 request, the primary Federal payment
18 stablecoin regulator shall notice a time
19 (not later than 30 days after the date of
20 receipt of the request) and place at which
21 the applicant may appear, personally or
22 through counsel, to submit written mate-
23 rials or provide oral testimony and oral ar-
24 gument).

1 (iii) FINAL DETERMINATION.—Not
2 later than 60 days after the date of a hear-
3 ing under this subparagraph, the primary
4 Federal payment stablecoin regulator shall
5 notify the applicant of a final determina-
6 tion, which shall contain a statement of the
7 basis for that determination, with specific
8 findings.

9 (iv) NOTICE IF NO HEARING.—If an
10 applicant does not make a timely request
11 for a hearing under this subparagraph, the
12 primary Federal payment stablecoin regu-
13 lator shall notify the applicant, not later
14 than 10 days after the date by which the
15 applicant may request a hearing under this
16 subparagraph, in writing, that the denial
17 of the application is a final determination
18 of the primary Federal payment stablecoin
19 regulator.

20 (3) FAILURE TO RENDER A DECISION.—If the
21 primary Federal payment stablecoin regulator fails
22 to render a decision on a complete application within
23 the time period specified in paragraph (1), the appli-
24 cation shall be deemed approved.

1 (4) RIGHT TO REAPPLY.—The denial of an ap-
2 plication under this section shall not prohibit the ap-
3 plicant from filing a subsequent application.

4 (e) REPORT ON PENDING APPLICATIONS.—The pri-
5 mary Federal payment stablecoin regulators shall annually
6 report to Congress on the applications under subsection
7 (a) that have been pending for 180 days or more since
8 the date the initial application was filed and for which the
9 applicant has been informed that the application remains
10 incomplete, including documentation on the status of such
11 applications and why such applications have not yet been
12 approved.

13 (f) RULEMAKING.—Consistent with section 18, the
14 primary Federal payment stablecoin regulators shall rules
15 necessary for the regulation of the issuance of payment
16 stablecoins, but may not impose requirements in addition
17 to the requirements specified under section 4.

18 **SEC. 6. SUPERVISION AND ENFORCEMENT WITH RESPECT**
19 **TO SUBSIDIARIES OF INSURED DEPOSITORY**
20 **INSTITUTIONS AND COMPTROLLER-REGU-**
21 **LATED ENTITIES.**

22 (a) SUPERVISION.—

23 (1) IN GENERAL.—Each permitted payment
24 stablecoin issuer that is not a State qualified pay-
25 ment stablecoin issuer with a payment stablecoin

1 with a consolidated total outstanding issuance of less
2 than \$10,000,000,000 shall be subject to supervision
3 by the appropriate primary Federal payment
4 stablecoin regulator.

5 (2) SUBMISSION OF REPORTS.—Each permitted
6 payment stablecoin issuer described in paragraph (1)
7 shall, upon request, submit to its primary Federal
8 payment stablecoin regulator a report on—

9 (A) the financial condition of the permitted
10 payment stablecoin issuer;

11 (B) the systems of the permitted payment
12 stablecoin issuer for monitoring and controlling
13 financial and operating risks; and

14 (C) compliance by the permitted payment
15 stablecoin issuer (and any subsidiary thereof)
16 with this Act.

17 (3) EXAMINATIONS.—The primary Federal pay-
18 ment stablecoin regulator shall examine a permitted
19 payment stablecoin issuer described in paragraph (1)
20 in order to assess—

21 (A) the nature of the operations and finan-
22 cial condition of the permitted payment
23 stablecoin issuer;

24 (B) the financial, operational, techno-
25 logical, and other risks within the permitted

1 payment stablecoin issuer that may pose a
2 threat to—

3 (i) the safety and soundness of the
4 permitted payment stablecoin issuer; or

5 (ii) the stability of the financial sys-
6 tem of the United States; and

7 (C) the systems of the permitted payment
8 stablecoin issuer for monitoring and controlling
9 the risks described in subparagraph (B).

10 (4) REQUIREMENTS FOR EFFICIENCY.—

11 (A) USE OF EXISTING REPORTS.—In su-
12 pervising and examining a permitted payment
13 stablecoin issuer under this subsection, the pri-
14 mary Federal payment stablecoin regulator
15 shall, to the fullest extent possible, use existing
16 reports and other supervisory information.

17 (B) AVOIDANCE OF DUPLICATION.—A pri-
18 mary Federal payment stablecoin regulator
19 shall, to the fullest extent possible, avoid dupli-
20 cation of examination activities, reporting re-
21 quirements, and requests for information in
22 carrying out this subsection with respect to a
23 permitted payment stablecoin issuer.

24 (C) CONSIDERATION OF BURDEN.—A pri-
25 mary Federal payment stablecoin regulator

1 shall, with respect to any examination or re-
2 quest for the submission of a report under this
3 subsection, only request examinations and re-
4 ports at a cadence and in a format that is simi-
5 lar to those required for similarly situated enti-
6 ties regulated by the primary Federal payment
7 stablecoin regulator.

8 (b) ENFORCEMENT.—

9 (1) SUSPENSION OR REVOCATION OF REGISTRA-
10 TION.—The primary Federal payment stablecoin
11 regulator of a permitted payment stablecoin issuer
12 that is not a State qualified payment stablecoin
13 issuer may prohibit the permitted payment
14 stablecoin issuer from issuing payment stablecoins, if
15 the primary Federal payment stablecoin regulator
16 determines that such permitted payment stablecoin
17 issuer, or an institution-affiliated party of the per-
18 mitted payment stablecoin issuer—

19 (A) is recklessly violating or has recklessly
20 violated this Act or any regulation or order
21 issued under this Act; or

22 (B) is recklessly violating or has recklessly
23 violated any condition imposed in writing by the
24 primary Federal payment stablecoin regulator
25 in connection with a written agreement entered

1 into between the permitted payment stablecoin
2 issuer and the primary Federal payment
3 stablecoin regulator.

4 (2) CEASE-AND-DESIST PROCEEDINGS.—If the
5 primary Federal payment stablecoin regulator of a
6 permitted payment stablecoin issuer that is not a
7 State qualified payment stablecoin issuer has reason-
8 able cause to believe that the permitted payment
9 stablecoin issuer or any institution-affiliated party of
10 the permitted payment stablecoin issuer is violating,
11 has violated, or is attempting to violate this Act, any
12 regulation or order issued under this Act, or any
13 written agreement entered into with the primary
14 Federal payment stablecoin regulator or condition
15 imposed in writing by the primary Federal payment
16 stablecoin regulator in connection with any applica-
17 tion or other request, the primary Federal payment
18 stablecoin regulator may, by provisions that are
19 mandatory or otherwise, order the permitted pay-
20 ment stablecoin issuer or institution-affiliated party
21 of the permitted payment stablecoin issuer to—

22 (A) cease and desist from such violation or
23 practice; or

1 (B) take affirmative action to correct the
2 conditions resulting from any such violation or
3 practice.

4 (3) REMOVAL AND PROHIBITION AUTHORITY.—

5 The primary Federal payment stablecoin regulator
6 of a permitted payment stablecoin issuer that is not
7 a State qualified payment stablecoin issuer may re-
8 move an institution-affiliated party of the permitted
9 payment stablecoin issuer from their position or of-
10 fice or prohibit further participation in the affairs of
11 the permitted payment stablecoin issuer or all such
12 permitted payment stablecoin issuers by such insti-
13 tution-affiliated party, if the primary Federal pay-
14 ment stablecoin regulator determines that—

15 (A) the institution-affiliated party has
16 knowingly committed a violation or attempted
17 violation of this Act or any regulation or order
18 issued under this Act; or

19 (B) the institution-affiliated party has
20 knowingly committed a violation of any provi-
21 sion of subchapter II of chapter 53 of title 31,
22 United States Code.

23 (4) PROCEDURES.—

24 (A) IN GENERAL.—If a primary Federal
25 payment stablecoin regulator identifies a viola-

1 tion or attempted violation of this Act or makes
2 a determination under paragraph (1), (2), or
3 (3), the primary Federal payment stablecoin
4 regulator shall comply with the procedures set
5 forth in subsections (b) and (e) of sections 8 of
6 the Federal Deposit Insurance Act (12 U.S.C.
7 1818).

8 (B) JUDICIAL REVIEW.—A person ag-
9 grieved by a final action under this subsection
10 may obtain judicial review of such action exclu-
11 sively as provided in section 8(h) of the Federal
12 Deposit Insurance Act (12 U.S.C. 1818(h)).

13 (C) INJUNCTION.—The primary Federal
14 payment stablecoin regulator may, in the dis-
15 cretion of the regulator, follow the procedures
16 provided in section 8(i)(1) of the Federal De-
17 posit Insurance Act (12 U.S.C. 1818(i)(1)) for
18 judicial enforcement of any effective and out-
19 standing notice or order issued under this sub-
20 section.

21 (D) TEMPORARY CEASE-AND-DESIST PRO-
22 CEEDINGS.—If the primary Federal payment
23 stablecoin regulator determines that a violation
24 or attempted violation of this Act or an action
25 with respect to which a determination was made

1 under paragraph (1), (2), or (3), or the con-
2 tinuation thereof, is likely to cause insolvency or
3 significant dissipation of assets or earnings of a
4 permitted payment stablecoin issuer, or is likely
5 to weaken the condition of the permitted pay-
6 ment stablecoin issuer or otherwise prejudice
7 the interests of the customers of the permitted
8 payment stablecoin issuer prior to the comple-
9 tion of the proceedings conducted under this
10 paragraph, the primary Federal payment
11 stablecoin regulator may follow the procedures
12 provided in section 8(c) of the Federal Deposit
13 Insurance Act (12 U.S.C. 1818(c)) to issue a
14 temporary cease-and-desist order.

15 (5) CIVIL MONEY PENALTIES.—

16 (A) FAILURE TO BE APPROVED.—Any per-
17 son who issues a United States dollar-denomi-
18 nated payment stablecoin in violation of section
19 3, and any institution-affiliated party of such a
20 person who knowingly participates in issuing
21 such a payment stablecoin, shall be liable for a
22 civil penalty of not more than \$100,000 for
23 each day during which such payment
24 stablecoins are issued.

1 (B) FIRST TIER.—Except as provided in
2 subparagraph (A), a permitted payment
3 stablecoin issuer or institution-affiliated party
4 of such permitted payment stablecoin issuer
5 that materially violates this Act or any regula-
6 tion or order issued under this Act, or that ma-
7 terially violates any condition imposed in writ-
8 ing by the primary Federal payment stablecoin
9 regulator in connection with a written agree-
10 ment entered into between the permitted pay-
11 ment stablecoin issuer and the primary Federal
12 payment stablecoin regulator, shall be liable for
13 a civil penalty of up to \$100,000 for each day
14 during which the violation continues.

15 (C) SECOND TIER.—Except as provided in
16 subparagraph (A), and in addition to the pen-
17 alties described under subparagraph (B), a per-
18 mitted payment stablecoin issuer or institution-
19 affiliated party of such permitted payment
20 stablecoin issuer who knowingly participates in
21 a violation of any provision of this Act, or any
22 regulation or order issued thereunder, is liable
23 for a civil penalty of up to an additional
24 \$100,000 for each day during which the viola-
25 tion continues.

1 (D) PROCEDURE.—Any penalty imposed
2 under this paragraph may be assessed and col-
3 lected by the primary Federal payment
4 stablecoin regulator pursuant to the procedures
5 set forth in section 8(i)(2) of the Federal De-
6 posit Insurance Act (12 U.S.C. 1818(i)(2)).

7 (E) NOTICE AND ORDERS AFTER SEPARA-
8 TION FROM SERVICE.—The resignation, termi-
9 nation of employment or participation, or sepa-
10 ration of an institution-affiliated party (includ-
11 ing a separation caused by the closing of a per-
12 mitted payment stablecoin issuer) shall not af-
13 fect the jurisdiction and authority of the pri-
14 mary Federal payment stablecoin regulator to
15 issue any notice or order and proceed under
16 this subsection against any such party, if such
17 notice or order is served before the end of the
18 6-year period beginning on the date such party
19 ceased to be an institution-affiliated party with
20 respect to such permitted payment stablecoin
21 issuer.

22 (6) NON-APPLICABILITY TO A STATE QUALI-
23 FIED PAYMENT STABLECOIN ISSUER.—Notwith-
24 standing anything in this subsection to the contrary,

1 this subsection shall not apply to a State qualified
2 payment stablecoin issuer.

3 **SEC. 7. STATE QUALIFIED PAYMENT STABLECOIN ISSUERS.**

4 (a) IN GENERAL.—A State payment stablecoin regu-
5 lator shall have supervisory, examination, and enforcement
6 authority over all State qualified payment stablecoin
7 issuers of such State.

8 (b) AUTHORITY TO ENTER INTO AGREEMENTS
9 WITH THE BOARD.—A State payment stablecoin regu-
10 lator may enter into a memorandum of understanding
11 with the Board, by mutual agreement, under which the
12 Board may participate in the supervision, examination,
13 and enforcement of this Act with respect to the State
14 qualified payment stablecoin issuers of such State.

15 (c) SHARING OF INFORMATION.—A State payment
16 stablecoin regulator and the Board shall share information
17 on an ongoing basis with respect to a State qualified pay-
18 ment stablecoin issuer of such State, including a copy of
19 the initial application and any accompanying documents.

20 (d) RULEMAKING.—A State payment stablecoin regu-
21 lator may issue orders and rules under section 4 applicable
22 to State qualified payment stablecoin issuers to the same
23 extent as the primary Federal payment stablecoin regu-
24 lators issue orders and rules under section 4 applicable

1 to permitted payment stablecoin issuers that are not a
2 State qualified payment stablecoin issuers.

3 (e) ENFORCEMENT AUTHORITY IN UNUSUAL AND
4 EXIGENT CIRCUMSTANCES.—

5 (1) BOARD.—

6 (A) IN GENERAL.—Subject to subpara-
7 graph (C), under unusual and exigent cir-
8 cumstances that the Board determines to exist,
9 the Board may, after not less than 48 hours
10 prior written notice to the applicable State pay-
11 ment stablecoin regulator, take an enforcement
12 action against a State qualified payment
13 stablecoin issuer or an institution-affiliated
14 party of such issuer for violations of this Act
15 during such unusual and exigent circumstances.

16 (B) RULEMAKING.—Consistent with sec-
17 tion 18, the Board shall issue rules to set forth
18 the unusual and exigent circumstances in which
19 the Board may act under this paragraph.

20 (C) LIMITATIONS.—If, after unusual and
21 exigent circumstances are determined to exist
22 pursuant to subparagraph (A), the Board deter-
23 mines that there is reasonable cause to believe
24 that the continuation by a State qualified pay-
25 ment stablecoin issuer of any activity con-

1 stitutes a serious risk to the financial safety,
2 soundness, or stability of the State qualified
3 payment stablecoin issuer, the Board may im-
4 pose such restrictions as the Board determines
5 to be necessary to address such risk during
6 such usual and exigent circumstances. Such re-
7 strictions shall be issued in the form of a direc-
8 tive, with the effect of a cease and desist order
9 that has become final, to the State qualified
10 payment stablecoin issuer and any of its affili-
11 ates, limiting—

12 (i) the payment of dividends by the
13 State qualified payment stablecoin issuer;

14 (ii) transactions between the State
15 qualified payment stablecoin issuer, a hold-
16 ing company, and the subsidiaries or affili-
17 ates of either the State qualified payment
18 stablecoin issuer or the holding company;

19 and

20 (iii) any activities of the State quali-
21 fied payment stablecoin issuer that might
22 create a serious risk that the liabilities of
23 a holding company and the affiliates of the
24 holding company may be imposed on the
25 State qualified payment stablecoin issuer.

1 (D) REVIEW OF DIRECTIVE.—

2 (i) ADMINISTRATIVE REVIEW.—

3 (I) IN GENERAL.—After a direc-
4 tive described in subparagraph (C) is
5 issued, the State qualified payment
6 stablecoin issuer, or any institution-af-
7 filiated party of the State qualified
8 payment stablecoin issuer subject to
9 the directive, may object and present
10 to the Board, in writing, the reasons
11 why the directive should be modified
12 or rescinded.

13 (II) AUTOMATIC LAPSE OF DI-
14 RECTIVE.—If, after 10 days after the
15 receipt of a response described in sub-
16 clause (I), the Board does not affirm,
17 modify, or rescind the directive, the
18 directive shall automatically lapse.

19 (ii) JUDICIAL REVIEW.—

20 (I) IN GENERAL.—If the Board
21 affirms or modifies a directive pursu-
22 ant to clause (i), any affected party
23 may immediately thereafter petition
24 the United States district court for
25 the district in which the main office of

1 the affected party is located or in the
2 United States District Court for the
3 District of Columbia to stay, modify,
4 terminate, or set aside the directive.

5 (II) RELIEF FOR EXTRAOR-
6 DINARY CAUSE.—Upon a showing of
7 extraordinary cause, an affected party
8 may petition for relief under subclause
9 (I) without first pursuing or exhaust-
10 ing the administrative remedies under
11 clause (i).

12 (2) COMPTROLLER.—

13 (A) IN GENERAL.—Subject to subpara-
14 graph (C), under unusual and exigent cir-
15 cumstances determined to exist by the Comp-
16 troller, the Comptroller shall, after not less
17 than 48 hours prior written notice to the appli-
18 cable State payment stablecoin regulator, take
19 an enforcement action against a State qualified
20 payment stablecoin issuer that is a nonbank en-
21 tity for violations of this Act.

22 (B) RULEMAKING.—Consistent with sec-
23 tion 18, the Comptroller shall issue rules to set
24 forth the unusual and exigent circumstances in

1 which the Comptroller may act under this para-
2 graph.

3 (C) LIMITATIONS.—If, after unusual and
4 exigent circumstances are determined to exist
5 under subparagraph (A), the Comptroller deter-
6 mines that there is reasonable cause to believe
7 that the continuation by a State qualified pay-
8 ment stablecoin issuer that is a nonbank entity
9 of any activity constitutes a serious risk to the
10 financial safety, soundness, or stability of the
11 State qualified payment stablecoin issuer that is
12 a nonbank entity, the Comptroller shall impose
13 such restrictions as the Comptroller determines
14 to be necessary to address such risk during
15 such unusual and exigent circumstances. Such
16 restrictions shall be issued in the form of a di-
17 rective, with the effect of a cease and desist
18 order that has become final, to the State quali-
19 fied payment stablecoin issuer that is a
20 nonbank entity and any of its affiliates, lim-
21 iting—

22 (i) the payment of dividends by the
23 State qualified payment stablecoin issuer;

24 (ii) transactions between the State
25 qualified payment stablecoin issuer, a hold-

1 ing company, and the subsidiaries or affili-
2 ates of either the State qualified payment
3 stablecoin issuer or the holding company;
4 and

5 (iii) any activities of the State quali-
6 fied payment stablecoin issuer that might
7 create a serious risk that the liabilities of
8 a holding company and the affiliates of the
9 holding company may be imposed on the
10 State qualified payment stablecoin issuer.

11 (D) REVIEW OF DIRECTIVE.—

12 (i) ADMINISTRATIVE REVIEW.—

13 (I) IN GENERAL.—After a direc-
14 tive described in subparagraph (C) is
15 issued, the Comptroller-regulated enti-
16 ty, or any institution-affiliated party
17 of the Comptroller-regulated entity
18 subject to the directive, may object
19 and present to the Comptroller, in
20 writing, the reasons why the directive
21 should be modified or rescinded.

22 (II) AUTOMATIC LAPSE OF DI-
23 RECTIVE.—If, after 10 days after the
24 receipt of a response described in sub-
25 clause (I), the Comptroller does not

1 affirm, modify, or rescind the direc-
2 tive, the directive shall automatically
3 lapse.

4 (ii) JUDICIAL REVIEW.—

5 (I) IN GENERAL.—If the Comp-
6 troller affirms or modifies a directive
7 pursuant to clause (i), any affected
8 party may immediately thereafter pe-
9 tition the United States district court
10 for the district in which the main of-
11 fice of the affected party is located or
12 in the United States District Court
13 for the District of Columbia to stay,
14 modify, terminate, or set aside the di-
15 rective.

16 (II) RELIEF FOR EXTRAOR-
17 DINARY CAUSE.—Upon a showing of
18 extraordinary cause, an affected party
19 may petition for relief under subclause
20 (I) without first pursuing or exhaust-
21 ing the administrative remedies under
22 clause (i).

23 (f) EFFECT ON STATE LAW.—

24 (1) HOST STATE LAW.—The laws of a host
25 State, including generally applicable laws relating to

1 consumer protection, shall only apply to the activi-
2 ties conducted in the host State by an out-of-State
3 State qualified payment stablecoin issuer to the
4 same extent as such laws apply to the activities con-
5 ducted in the host State by an out-of-State Federal
6 qualified nonbank payment stablecoin issuer.

7 (2) HOME STATE LAW.—If any host State law
8 is determined not to apply under paragraph (1), the
9 laws of the home State of the State qualified pay-
10 ment stablecoin issuer shall govern the activities of
11 the permitted payment stablecoin issuer conducted
12 in the host State.

13 (3) APPLICABILITY.—The laws applicable under
14 paragraph (1) exclude host State laws governing the
15 chartering, licensure, or other authorization to do
16 business in the host State as a permitted payment
17 stablecoin issuer pursuant to this Act.

18 **SEC. 8. ANTI-MONEY LAUNDERING PROTECTIONS.**

19 (a) DEFINITIONS.—In this subsection:

20 (1) DIGITAL ASSET SERVICE PROVIDER.—The
21 term “digital asset service provider”—

22 (A) means a person that, for compensation
23 or profit, engages in the business in the United
24 States or for customers or users in the United
25 States, of—

1 (i) exchanging digital assets for mone-
2 tary value;

3 (ii) exchanging digital assets for other
4 digital assets;

5 (iii) transferring digital assets to a
6 third party;

7 (iv) acting as a digital asset custo-
8 dian; or

9 (v) participating in financial services
10 related to a digital asset issuance; and

11 (B) does not include—

12 (i) a distributed ledger protocol or a
13 person solely developing such a protocol; or

14 (ii) a person solely validating trans-
15 actions or operating a distributed ledger
16 node.

17 (2) OFFERING.—The term “offering” means
18 making available for purchase, sale, or exchange.

19 (3) DISTRIBUTED LEDGER PROTOCOL.—The
20 term “distributed ledger protocol” means publicly
21 available and accessible executable software deployed
22 to a distributed ledger, including smart contracts or
23 networks of smart contracts.

24 (4) LAWFUL ORDER.—The term “lawful order”
25 means any final and valid writ, process, order, rule,

1 decree, command, or other requirement issued or
2 promulgated under Federal law, issued by a court of
3 competent jurisdiction or by an authorized Federal
4 agency pursuant to its statutory authority, that—

5 (A) requires a permitted payment
6 stablecoin issuer to seize, freeze, burn, or pre-
7 vent the transfer of payment stablecoins issued
8 by the permitted payment stablecoin issuer;

9 (B) specifies the digital assets or accounts
10 subject to blocking with reasonable particu-
11 larity; and

12 (C) is subject to judicial or administrative
13 review or appeal as provided by law.

14 (b) **TREASURY AUTHORITY TO DESIGNATE NON-**
15 **COMPLIANT ISSUERS.**—Not later than 30 days after the
16 Department of the Treasury has identified the failure of
17 a foreign issuer of any payment stablecoins trading in the
18 United States that is not a permitted payment stablecoin
19 issuer to comply with the terms of any lawful order, the
20 Secretary of the Treasury, in coordination with relevant
21 Federal agencies, shall designate the foreign issuer as non-
22 compliant and notify the foreign issuer in writing of the
23 designation.

24 (c) **PUBLICATION OF DESIGNATION; PROHIBITION ON**
25 **SECONDARY TRADING.**—

1 (1) IN GENERAL.—If a foreign issuer described
2 in subsection (b) does not come into compliance with
3 the lawful order within 30 days of receiving the writ-
4 ten notice described in that subsection, the Secretary
5 of the Treasury shall—

6 (A) publish the determination of non-
7 compliance in the Federal Register, including a
8 statement on the failure of the foreign issuer to
9 comply with the lawful order after the written
10 notice; and

11 (B) issue a notification in the Federal Reg-
12 ister prohibiting digital asset service providers
13 from facilitating secondary trading of payment
14 stablecoins issued by the foreign issuer in the
15 United States.

16 (2) EFFECTIVE DATE OF PROHIBITION.—The
17 prohibition on facilitation of secondary trading de-
18 scribed in paragraph (1) shall become effective on
19 the date that is 30 days after the date of issue of
20 notification of the prohibition in the Federal Reg-
21 ister.

22 (3) WAIVERS AND EXTENSIONS.—With respect
23 to the prohibition on facilitation of secondary trad-
24 ing described in paragraph (1), the Secretary of the
25 Treasury may issue waivers and time extensions to

1 digital asset service providers on a case by case
2 basis.

3 (4) CIVIL MONETARY PENALTIES.—

4 (A) DIGITAL ASSET SERVICE PRO-
5 VIDERS.—Any digital asset service provider that
6 knowingly violates a prohibition under para-
7 graph (1)(B) shall be subject to a civil mone-
8 tary penalty of not more than \$100,000 per vio-
9 lation per day.

10 (B) FOREIGN PAYMENT STABLECOIN
11 ISSUERS.—Any foreign issuer of payment
12 stablecoin that knowingly continues to publicly
13 offer a payment stablecoin in the United States
14 after publication of the determination of non-
15 compliance under paragraph (1)(A) shall be
16 subject to a civil monetary penalty of not more
17 than \$1,000,000 per violation per day, and the
18 Secretary of the Treasury may seek an injunc-
19 tion in a United States District Court to bar
20 the foreign issuer from engaging in financial
21 transactions in the United States or with
22 United States persons.

23 (d) APPEAL.—A determination of noncompliance
24 under subsection (b) is subject to judicial review in the

1 United States Court of Appeals for the District of Colum-
2 bia Circuit.

3 (e) WAIVER, LICENSING AUTHORITY, AND EXCEP-
4 TIONS.—

5 (1) IN GENERAL.—The Secretary of the Treas-
6 ury may offer a waiver, general license, or specific
7 license to any United States persons engaging in
8 secondary trading described in subsection (c) on a
9 case by case basis if the Secretary determines that—

10 (A) prohibiting secondary trading would
11 adversely affect the financial system of the
12 United States; or

13 (B) the foreign issuer of the payment
14 stablecoin is taking tangible steps to remedy the
15 failure to comply with the lawful order that re-
16 sulted in the noncompliance determination
17 under subsection (b).

18 (2) NATIONAL SECURITY WAIVER.—The Presi-
19 dent may waive the application of the secondary
20 trading restrictions under subsection (c) if the Presi-
21 dent determines that the waiver is in the national se-
22 curity interest of the United States.

23 (3) EXCEPTIONS FOR INTELLIGENCE AND LAW
24 ENFORCEMENT ACTIVITIES.—This Act shall not
25 apply with respect to—

1 (A) activities subject to the reporting re-
2 quirements under title V of the National Secu-
3 rity Act of 1947 (50 U.S.C. 3091 et seq.) or
4 any authorized intelligence activities of the
5 United States; or

6 (B) activities necessary to carry out or as-
7 sist law enforcement activity of the United
8 States.

9 (4) REPORT REQUIRED.—Not later than 7 days
10 after issuing a waiver or a license under paragraph
11 (1), the Secretary of the Treasury shall submit a re-
12 port to the Chairmen and Ranking members of the
13 Committee on Banking, Housing, and Urban Affairs
14 of the Senate and the Committee on Financial Serv-
15 ices of the House of Representatives, including the
16 text of the waiver or license, as well as the facts and
17 circumstances justifying the waiver determination,
18 and provide a briefing on the report.

19 **SEC. 9. CUSTODY OF PAYMENT STABLECOIN RESERVE AND**
20 **COLLATERAL.**

21 (a) IN GENERAL.—A person may only engage in the
22 business of providing custodial or safekeeping services for
23 the payment stablecoin reserve, the payment stablecoins
24 used as collateral, or the private keys of permitted pay-
25 ment stablecoins if the person—

1 (1) is subject to—

2 (A) supervision or regulation by a primary
3 Federal payment stablecoin regulator or a pri-
4 mary financial regulatory agency described
5 under subparagraph (B) or (C) of section 2(12)
6 of the Dodd-Frank Wall Street Reform and
7 Consumer Protection Act (12 U.S.C.
8 5301(12)); or

9 (B) supervision by a State bank super-
10 visor, as defined under section 3 of the Federal
11 Deposit Insurance Act (12 U.S.C. 1813) or a
12 State credit union supervisor, as defined under
13 section 6003 of the Anti-Money Laundering Act
14 of 2020, and such state bank supervisor or
15 state credit union supervisor makes available to
16 the Board such information as the Board deter-
17 mines necessary and relevant to the categories
18 of information under subsection (d); and

19 (2) complies with the requirements under sub-
20 section (b), unless such person complies with similar
21 requirements as required by a primary Federal pay-
22 ment stablecoin regulator, the Securities and Ex-
23 change Commission, or the Commodity Futures
24 Trading Commission.

1 (b) CUSTOMER PROPERTY REQUIREMENT.—A per-
2 son described in subsection (a) shall—

3 (1) treat and deal with the payment stablecoins,
4 private keys, cash, and other property of a person
5 for whom or on whose behalf the person receives, ac-
6 quires, or holds payment stablecoins, private keys,
7 cash, and other property (hereinafter in this section
8 referred to as the “customer”) as belonging to such
9 customer and is not the property of such person;
10 and

11 (2) take such steps as are appropriate to pro-
12 tect the payment stablecoins, private keys, cash, and
13 other property of a customer from the claims of
14 creditors of the person.

15 (c) COMMINGLING PROHIBITED.—

16 (1) IN GENERAL.—Payment stablecoins, cash,
17 and other property of a customer shall be separately
18 accounted for by a person described in subsection
19 (a) and shall be segregated from and not be com-
20 mingled with the funds of the person.

21 (2) EXCEPTION.—Notwithstanding paragraph
22 (1)—

23 (A) the payment stablecoins, cash, and
24 other property of a customer may, for conven-
25 ience, be commingled and deposited in an omni-

1 bus account holding the payment stablecoins,
2 cash, and other property of more than 1 cus-
3 tomer at a State chartered depository institu-
4 tion, an insured depository institution, national
5 bank, or trust company;

6 (B) such share of the payment stablecoins,
7 cash, and other property of the customer that
8 shall be necessary to transfer, adjust, or settle
9 a transaction or transfer of assets may be with-
10 drawn and applied to such purposes, including
11 the payment of commissions, taxes, storage,
12 and other charges lawfully accruing in connec-
13 tion with the provision of services by a person
14 described in subsection (a); or

15 (C) in accordance with such terms and
16 conditions as a primary Federal payment
17 stablecoin regulator may prescribe by rule, reg-
18 ulation, or order, any customer payment
19 stablecoin, cash, and other property described
20 in this subsection may be commingled and de-
21 posited in customer accounts with payment
22 stablecoins, cash, and other property received
23 by the person and required by the primary Fed-
24 eral payment stablecoin regulator to be sepa-

1 rately accounted for, treated, and dealt with as
2 belonging to customers.

3 (d) **REGULATORY INFORMATION.**—A person de-
4 scribed under subsection (a) shall submit to the applicable
5 primary Federal payment stablecoin regulator information
6 concerning the person’s business operations and processes
7 to protect customer assets, in such form and manner as
8 the primary regulator shall determine.

9 (e) **EXCLUSION.**—The requirements of this section
10 shall not apply to any person solely on the basis that such
11 person engages in the business of providing hardware or
12 software to facilitate a customer’s own custody or safe-
13 keeping of the customer’s payment stablecoins or private
14 keys.

15 **SEC. 10. TREATMENT OF PAYMENT STABLECOIN ISSUERS**
16 **IN INSOLVENCY PROCEEDINGS.**

17 (a) **IN GENERAL.**—In any insolvency proceeding of
18 a permitted payment stablecoin issuer under Federal or
19 State law, including any proceeding under title 11, United
20 States Code, and any insolvency proceeding administered
21 by a State payment stablecoin regulator with respect to
22 a permitted payment stablecoin issuer, the claim of a per-
23 son holding payment stablecoins issued by the permitted
24 payment stablecoin issuer shall have priority over the
25 claims of the permitted payment stablecoin issuer and any

1 other creditor of the permitted payment stablecoin issuer,
2 with respect to required payment stablecoin reserves, sub-
3 ject to section 507(e) of title 11, United States Code.

4 (b) DEFINITIONS.—Section 101 of title 11, United
5 States Code, is amended by adding after paragraph (40B)
6 the following:

7 “(40C) The terms ‘payment stablecoin’ and
8 ‘permitted payment stablecoin issuer’ have the
9 meanings given those terms in section 2 of the Guid-
10 ing and Establishing National Innovation for U.S.
11 Stablecoins Act of 2025.”.

12 (c) AUTOMATIC STAY.—Section 362 of title 11,
13 United States Code is amended—

14 (1) in subsection (a)—

15 (A) in paragraph (7), by striking “and”;

16 (B) in paragraph (8), by striking the pe-
17 riod and inserting “; and”; and

18 (C) by adding at the end the following:

19 “(9) the redemption of payment stablecoins
20 issued by the debtor, from payment stablecoin re-
21 serves required to be maintained under section 4 of
22 the Guiding and Establishing National Innovation
23 for U.S. Stablecoins Act of 2025.”; and

24 (2) in subsection (d)—

1 (A) in paragraph (3)(B)(ii), by striking
2 “or” at the end;

3 (B) in paragraph (4)(B), by striking the
4 period at the end and inserting “; or”; and

5 (C) by inserting after paragraph (4) the
6 following:

7 “(5) with respect to the redemption of payment
8 stablecoins held by a person, if the court finds, sub-
9 ject to the motion and attestation of the debtor on
10 the petition date, there are payment stablecoin re-
11 serves available for distribution on a ratable basis to
12 similarly situated payment stablecoin holders, pro-
13 vided that the court shall use best efforts to enter
14 a final order to begin distributions under this para-
15 graph not later than 14 days after the date of the
16 required hearing.”.

17 (d) PRIORITY IN BANKRUPTCY PROCEEDINGS.—Sec-
18 tion 507 of title 11, United States Code, is amended—

19 (1) in subsection (a), by striking “The fol-
20 lowing” and inserting “Subject to subsection (e), the
21 following”; and

22 (2) by adding at the end the following:

23 “(e) Notwithstanding subsection (a), if a payment
24 stablecoin holder is not able to redeem all outstanding pay-
25 ment stablecoin claims from required payment stablecoin

1 reserves maintained by the debtor, any remaining claim
2 of a person holding a payment stablecoin issued by the
3 debtor shall have first priority over any other claim, in-
4 cluding over any expenses and claims that have priority
5 under that subsection, to the extent compliance with sec-
6 tion 4 of the Guiding and Establishing National Innova-
7 tion for U.S. Stablecoins Act of 2025 would have required
8 additional reserves to be maintained by the debtor for pay-
9 ment stablecoin holders.”.

10 (e) PAYMENT STABLECOIN RESERVES.—Section
11 541(b) of title 11, United States Code, is amended—

12 (1) in paragraph (9), in the flush text following
13 subparagraph (B), by striking “or” at the end;

14 (2) in paragraph (10)(C), by striking the period
15 and inserting “; or”; and

16 (3) by inserting after paragraph (10) the fol-
17 lowing:

18 “(11) required payment stablecoin reserves
19 under section 4 of the Guiding and Establishing Na-
20 tional Innovation for U.S. Stablecoins Act of 2025.”.

21 (f) INTERVENTION.—Section 1109 of title 11, United
22 States Code, is amended by adding at the end the fol-
23 lowing:

24 “(c) The Comptroller of the Currency or State pay-
25 ment stablecoin regulator (as defined in section 2 of the

1 Guiding and Establishing National Innovation for U.S.
2 Stablecoins Act of 2025) shall raise and shall appear and
3 be heard on any issue, including the protection of cus-
4 tomers, in a case under this chapter in which the debtor
5 is a permitted payment stablecoin issuer.”.

6 (g) APPLICATION OF EXISTING INSOLVENCY LAW.—
7 In accordance with otherwise applicable law, an insolvency
8 proceeding with respect to a permitted payment stablecoin
9 issuer shall occur as follows:

10 (1) A depository institution (as defined in sec-
11 tion 3 of the Federal Deposit Insurance Act (12
12 U.S.C. 1813)) shall be resolved by the Federal De-
13 posit Insurance Corporation, National Credit Union
14 Administration, or State payment stablecoin regu-
15 lator, as applicable.

16 (2) A subsidiary of a depository institution (as
17 defined in section 3 of the Federal Deposit Insur-
18 ance Act (12 U.S.C. 1813)) or a nonbank entity
19 may be considered a debtor under title 11, United
20 States Code.

21 **SEC. 11. INTEROPERABILITY STANDARDS.**

22 The primary Federal payment stablecoin regulators,
23 in consultation with the National Institute of Standards
24 and Technology, other relevant standard setting organiza-
25 tions, and State bank and credit union regulators, shall

1 assess and, if necessary, may, pursuant to section 553 of
2 title 5 and in a manner consistent with the National Tech-
3 nology Transfer and Advancement Act of 1995 (Public
4 Law 104–113), prescribe standards for permitted pay-
5 ment stablecoin issuers to promote compatibility and
6 interoperability with—

7 (1) other permitted payment stablecoin issuers;

8 and

9 (2) the broader digital finance ecosystem, in-
10 cluding accepted communications protocols and
11 blockchains, permissioned or public.

12 **SEC. 12. STUDY ON NON-PAYMENT STABLECOINS.**

13 (a) STUDY BY TREASURY.—

14 (1) STUDY.—The Secretary of the Treasury, in
15 consultation with the Board, the Comptroller, the
16 Corporation, the Securities and Exchange Commis-
17 sion, and the Commodity Futures Trading Commis-
18 sion shall carry out a study of non-payment
19 stablecoins, including endogenously collateralized
20 payment stablecoins.

21 (2) REPORT.—Not later than 365 days after
22 the date of the enactment of this Act, the Secretary
23 shall provide to the Committee on Financial Services
24 of the House of Representatives and the Committee
25 on Banking, Housing, and Urban Affairs of the Sen-

1 ate a report that contains all findings made in car-
2 rying out the study under paragraph (1), including
3 an analysis of—

4 (A) the categories of non-payment
5 stablecoins, including the benefits and risks of
6 technological design features;

7 (B) the participants in non-payment
8 stablecoin arrangements;

9 (C) utilization and potential utilization of
10 non-payment stablecoins;

11 (D) nature of reserve compositions;

12 (E) types of algorithms being employed;

13 (F) governance structure, including aspects
14 of decentralization;

15 (G) nature of public promotion and adver-
16 tising; and

17 (H) clarity and availability of consumer
18 notices disclosures.

19 (b) ENDOGENOUSLY COLLATERALIZED PAYMENT
20 STABLECOIN DEFINED.—In this section, the term
21 “endogenously collateralized payment stablecoin” means
22 any digital asset—

23 (1) in which its originator has represented will
24 be converted, redeemed, or repurchased for a fixed
25 amount of monetary value; and

1 (2) that relies solely on the value of another
2 digital asset created or maintained by the same
3 originator to maintain the fixed price.

4 **SEC. 13. REPORTS.**

5 (a) ANNUAL REPORTING REQUIREMENT.—Beginning
6 on the date that is 1 year after the date of enactment
7 of this Act, and annually thereafter, the primary Federal
8 payment stablecoin regulators shall submit to the Com-
9 mittee on Banking, Housing, and Urban Affairs of the
10 Senate, the Committee on Financial Services of the House
11 of Representatives, and the Director of the Office of Fi-
12 nancial Research a report on the status of the payment
13 stablecoin industry, including—

14 (1) an overview of trends in payment stablecoin
15 activities;

16 (2) a summary of the number of applications
17 for permitted payment stablecoin issuer under sec-
18 tion 5, including aggregate approvals and rejections
19 of applications; and

20 (3) a description of the potential financial sta-
21 bility risks posed to the safety and soundness of the
22 broader financial system by payment stablecoin ac-
23 tivities.

24 (b) FSOC REPORT.—The Financial Stability Over-
25 sight Council shall incorporate the findings in the report

1 under subsection (a) into the annual report of the Council
2 required under section 112(a)(2)(N) of the Dodd-Frank
3 Wall Street Reform and Consumer Protection Act (12
4 U.S.C. 5322).

5 **SEC. 14. AUTHORITY OF BANKING INSTITUTIONS.**

6 (a) **RULE OF CONSTRUCTION.**—Nothing in this Act
7 may be construed to limit the authority of a depository
8 institution, Federal credit union, State credit union, na-
9 tional bank, or trust company to engage in activities per-
10 missible pursuant to applicable State and Federal law, in-
11 cluding—

12 (1) accepting or receiving deposits and issuing
13 digital assets that represent deposits;

14 (2) utilizing a distributed ledger for the books
15 and records of the entity and to affect intrabank
16 transfers; and

17 (3) providing custodial services for payment
18 stablecoins, private keys of payment stablecoins, or
19 reserves backing payment stablecoins.

20 (b) **REGULATORY REVIEW.**—The primary Federal
21 payment stablecoin regulators shall review all existing
22 guidance and regulations, and if necessary, amend or pro-
23 mulgate new regulations and guidance, to clarify that reg-
24 ulated entities can engage in the payment stablecoin ac-
25 tivities contemplated in, and in accordance with, this Act.

1 (c) TREATMENT OF CUSTODY ACTIVITIES.—The ap-
2 propriate Federal banking agency (as defined under sec-
3 tion 3 of the Federal Deposit Insurance Act (12 U.S.C.
4 1813)), the National Credit Union Administration (in the
5 case of a credit union), and the Securities and Exchange
6 Commission may not require a depository institution, na-
7 tional bank, Federal credit union, State credit union, or
8 trust company, or any institution-affiliated party there-
9 of—

10 (1) to include assets held in custody that are
11 not owned by the entity as a liability on the financial
12 statement or balance sheet of the entity, including
13 payment stablecoin custody or safekeeping activities;

14 (2) to hold regulatory capital against assets, in-
15 cluding reserves backing such assets described in
16 section 4(a)(1)(A), in custody or safekeeping, except
17 as necessary to mitigate against operational risks in-
18 herent with the custody or safekeeping services, as
19 determined by—

20 (A) the appropriate Federal banking agen-
21 cy;

22 (B) the National Credit Union Administra-
23 tion (in the case of a credit union);

1 (C) a State bank supervisor (as defined
2 under section 3 of the Federal Deposit Insur-
3 ance Act (12 U.S.C. 1813)); or

4 (D) a State credit union supervisor (as de-
5 fined under section 6003 of the Anti-Money
6 Laundering Act of 2020);

7 (3) to recognize a liability for any obligations
8 related to activities or services performed for digital
9 assets that the entity does not own in any amount
10 greater than the expense recognized in the income
11 statement or the consideration received as a result
12 of the corresponding obligation.

13 (d) DEFINITIONS.—In this section:

14 (1) DEPOSITORY INSTITUTION.—The term “de-
15 pository institution” has the meaning given that
16 term under section 3 of the Federal Deposit Insur-
17 ance Act (12 U.S.C. 1813).

18 (2) CREDIT UNION TERMS.—The terms “Fed-
19 eral credit union” and “State credit union” have the
20 meaning given those terms, respectively, under sec-
21 tion 101 of the Federal Credit Union Act.

1 **SEC. 15. AMENDMENTS TO CLARIFY THAT PAYMENT**
2 **STABLECOINS ARE NOT SECURITIES OR COM-**
3 **MODITIES AND PERMITTED PAYMENT**
4 **STABLECOIN ISSUERS ARE NOT INVESTMENT**
5 **COMPANIES.**

6 (a) INVESTMENT ADVISERS ACT OF 1940.—Section
7 202(a)(18) of the Investment Advisers Act of 1940 (15
8 U.S.C. 80b–2(a)(18)) is amended by adding at the end
9 the following: “The term ‘security’ does not include a pay-
10 ment stablecoin issued by a permitted payment stablecoin
11 issuer, as such terms are defined in section 2 of the Guid-
12 ing and Establishing National Innovation for U.S.
13 Stablecoins Act of 2025.”.

14 (b) INVESTMENT COMPANY ACT OF 1940.—The In-
15 vestment Company Act of 1940 is amended—

16 (1) in section 2(a)(36) (15 U.S.C. 80a–
17 2(a)(36))(15 U.S.C. 80a–2(a)(36)), by adding at the
18 end the following: “The term ‘security’ does not in-
19 clude a payment stablecoin issued by a permitted
20 payment stablecoin issuer, as such terms are defined
21 in section 2 of the Guiding and Establishing Na-
22 tional Innovation for U.S. Stablecoins Act of 2025.”;
23 and

24 (2) in section 3(c)(3) (15 U.S.C. 80a–3(c)(3)),
25 by inserting “any permitted payment stablecoin
26 issuer, as such term is defined in section 2 of the

1 Guiding and Establishing National Innovation for
2 U.S. Stablecoins Act of 2025;” after “therefor;”.

3 (c) SECURITIES ACT OF 1933.—Section 2(a)(1) of
4 the Securities Act of 1933 (15 U.S.C. 77b(a)(1)) is
5 amended by adding at the end the following: “The term
6 ‘security’ does not include a payment stablecoin issued by
7 a permitted payment stablecoin issuer, as such terms are
8 defined in section 2 of the Guiding and Establishing Na-
9 tional Innovation for U.S. Stablecoins Act of 2025.”.

10 (d) SECURITIES EXCHANGE ACT OF 1934.—Section
11 3(a)(10) of the Securities Exchange Act of 1934 (15
12 U.S.C. 78c(a)(10)) is amended by adding at the end the
13 following: “The term ‘security’ does not include a payment
14 stablecoin issued by a permitted payment stablecoin
15 issuer, as such terms are defined in section 2 of the Guid-
16 ing and Establishing National Innovation for U.S.
17 Stablecoins Act of 2025.”.

18 (e) SECURITIES INVESTOR PROTECTION ACT OF
19 1970.—Section 16(14) of the Securities Investor Protec-
20 tion Act of 1970 (15 U.S.C. 78lll(14)) is amended by add-
21 ing at the end the following: “The term ‘security’ does
22 not include a payment stablecoin issued by a permitted
23 payment stablecoin issuer, as such terms are defined in
24 section 2 of the Guiding and Establishing National Inno-
25 vation for U.S. Stablecoins Act of 2025.”.

1 (f) COMMODITY EXCHANGE ACT.—Section 1a of the
2 Commodity Exchange Act (7 U.S.C. 1a) is amended by
3 adding at the end the following: “The term ‘commodity’
4 does not include a payment stablecoin issued by a per-
5 mitted payment stablecoin issuer, as such terms are de-
6 fined in section 2 of the Guiding and Establishing Na-
7 tional Innovation for U.S. payment stablecoins Act of
8 2025.”

9 **SEC. 16. RECIPROCITY FOR PAYMENT STABLECOINS**
10 **ISSUED IN OVERSEAS JURISDICTIONS.**

11 The Secretary of the Treasury shall create and imple-
12 ment reciprocal arrangements or other bilateral agree-
13 ments between the United States and jurisdictions with
14 substantially similar payment stablecoin regulatory re-
15 gimes to the requirements under this Act, including re-
16 serve requirements, supervision, anti-money laundering
17 and counter-terrorism features, sanctions compliance
18 standards, liquidity requirements, and risk management
19 standards, to facilitate international transactions and
20 interoperability with United States dollar-denominated
21 payment stablecoins issued overseas. The Secretary of the
22 Treasury shall aim to complete such arrangements not
23 later than the date that is 2 years after the date of enact-
24 ment of this Act.

1 **SEC. 17. EFFECTIVE DATE.**

2 (a) IN GENERAL.—This Act, and the amendments
3 made by this Act, shall take effect on the earlier of—

4 (1) 18 months after the date of enactment of
5 this Act; or

6 (2) the date that is 120 days after the date on
7 which the primary Federal payment stablecoin regu-
8 lators issue any final regulations implementing this
9 Act.

10 (b) NOTICE TO CONGRESS.—The primary Federal
11 payment stablecoin regulators shall notify Congress upon
12 beginning to process applications under this Act.

13 (c) SAFE HARBOR FOR PENDING APPLICATIONS.—
14 The primary Federal payment stablecoin regulators may
15 waive the application of the requirements of this Act for
16 a period not to exceed 12 months beginning on the effec-
17 tive date described under subsection (a), with respect to—

18 (1) a subsidiary of an insured depository insti-
19 tution, if the insured depository institution has an
20 application pending for the subsidiary to become a
21 permitted payment stablecoin issuer on that effective
22 date; or

23 (2) a nonbank entity with an application pend-
24 ing to become a Comptroller-regulated entity on that
25 effective date.

1 **SEC. 18. RULEMAKING.**

2 (a) **IN GENERAL.**—Not later than 1 year after the
3 date of enactment of this Act, each primary Federal pay-
4 ment stablecoin regulator, the Secretary of the Treasury,
5 and each State payment stablecoin regulator shall imple-
6 ment this Act through appropriate notice and comment
7 rulemaking, including promulgating regulations as de-
8 scribed in this Act as necessary.

9 (b) **COORDINATION.**—Federal payment stablecoin
10 regulators and State payment stablecoin regulators should
11 coordinate on the issuance of any regulations to implement
12 this Act.

13 (c) **REPORT REQUIRED.**—Not later than 180 days
14 after the date of enactment of this Act, each Federal
15 banking agency shall submit to the Committee on Bank-
16 ing, Housing, and Urban Affairs of the Senate and the
17 Committee on Financial Services of the House of Rep-
18 resentatives a report that confirms and describes the rules
19 promulgated to implement this Act.