

AMENDMENT NO. _____ Calendar No. _____

Purpose: In the nature of a substitute.

IN THE SENATE OF THE UNITED STATES—119th Cong., 1st Sess.

S. _____

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

Referred to the Committee on _____ and
ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT IN THE NATURE OF A SUBSTITUTE intended
to be proposed by _____

Viz:

1 Strike all after the enacting clause and insert the fol-
2 lowing:

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—

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

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

3 (C) subchapter II of chapter 53 of title 31,
4 United States Code.

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

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

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

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

15 (B) any entity chartered by the Comp-
16 troller.

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

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

23 (7) DISTRIBUTED LEDGER.—The term “distrib-
24 uted ledger” means technology in which data is
25 shared across a network that creates a public digital

1 ledger of verified transactions or information among
2 network participants and cryptography is used to
3 link the data to maintain the integrity of the public
4 ledger and execute other functions.

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

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

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

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

21 (B) an insured credit union, as defined in
22 section 101 of the Federal Credit Union Act
23 (12 U.S.C. 1752).

24 (11) MONETARY VALUE.—The term “monetary
25 value” means a national currency or deposit (as de-

1 fined in section 3 of the Federal Deposit Insurance
2 Act) denominated in a national currency.

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

5 (A) legal tender;

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

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

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

12 (A) A Federal Reserve note (as the term is
13 used in the first undesignated paragraph of sec-
14 tion 16 of the Federal Reserve Act (12 U.S.C.
15 411)).

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

18 (C) Money issued by a foreign central
19 bank.

20 (D) Money issued by an intergovernmental
21 organization pursuant to an agreement by 1 or
22 more governments.

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

1 (15) PAYMENT STABLECOIN.—The term “pay-
2 ment stablecoin”—

3 (A) means a digital asset—

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

6 (ii) the issuer of which—

7 (I) is obligated to convert, re-
8 deem, or repurchase for a fixed
9 amount of monetary value, not includ-
10 ing a digital asset denominated in a
11 fixed amount of monetary value;

12 (II) represents that such issuer
13 will maintain or creates the reason-
14 able expectation that it will maintain
15 a stable value relative to the value of
16 a fixed amount of monetary value; or

17 (III) has complied with the au-
18 thorization requirements of this Act;

19 and

20 (B) that—

21 (i) is not a national currency;

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

1 (iii) does not offer a payment of yield
2 or interest; and

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

12 (16) PERMITTED PAYMENT STABLECOIN
13 ISSUER.—The term “permitted payment stablecoin
14 issuer” means a person incorporated in the United
15 States that is—

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

19 (B) a Federal qualified nonbank payment
20 stablecoin issuer that has been approved to
21 issue payment stablecoins under section 5; or

22 (C) a State qualified payment stablecoin
23 issuer.

24 (17) PERSON.—The term “person” means an
25 individual, partnership, company, corporation, asso-

1 ciation, trust, estate, cooperative organization, or
2 other business entity, incorporated or unincor-
3 porated.

4 (18) PRIMARY FEDERAL PAYMENT STABLECOIN
5 REGULATOR.—The term “primary Federal payment
6 stablecoin regulator” means—

7 (A) with respect to a subsidiary of an in-
8 sured depository institution (other than an in-
9 sured credit union), the appropriate Federal
10 banking agency (as defined under section 3 of
11 the Federal Deposit Insurance Act (12 U.S.C.
12 1813)) of such insured depository institution;

13 (B) with respect to an insured credit union
14 or a subsidiary of an insured credit union, the
15 National Credit Union Administration;

16 (C) with respect to a State chartered de-
17 pository institution not specified under subpara-
18 graph (A), the Corporation, the Comptroller, or
19 the Board; and

20 (D) with respect to a Federal qualified
21 nonbank payment stablecoin issuer or any enti-
22 ty chartered by the Comptroller, the Comp-
23 troller.

24 (19) REGISTERED PUBLIC ACCOUNTING
25 FIRM.—The term “registered public accounting

1 firm” has the meaning given that term under section
2 of the Sarbanes-Oxley Act of 2002 (15 U.S.C.
3 7201).

4 (20) STATE.—The term “State” means each of
5 the several States of the United States, the District
6 of Columbia, and each territory of the United
7 States.

8 (21) STATE QUALIFIED PAYMENT STABLECOIN
9 ISSUER.—The term “State qualified payment
10 stablecoin issuer” means an entity that is legally es-
11 tablished under the laws of a State and approved to
12 issue payment stablecoins by a State payment
13 stablecoin regulator.

14 (22) STATE PAYMENT STABLECOIN REGU-
15 LATOR.—The term “State payment stablecoin regu-
16 lator” means a State agency that has primary regu-
17 latory and supervisory authority in such State over
18 entities that issue payment stablecoins.

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

24 (24) SUBSIDIARY OF AN INSURED CREDIT
25 UNION.—With respect to an insured credit union,

1 the term “subsidiary of an insured credit union”
2 means—

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

9 (B) a credit union service organization, as
10 such term is used under part 712 of title 12,
11 Code of Federal Regulations, with respect to
12 which the insured credit union has an owner-
13 ship interest or to which the insured credit
14 union has extended a loan.

15 **SEC. 3. ISSUANCE AND TREATMENT OF PAYMENT**
16 **STABLECOINS.**

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

20 (b) **TREATMENT.**—A payment stablecoin that is not
21 issued by a permitted payment stablecoin issuer shall not
22 be—

23 (1) treated as cash or a cash equivalent for ac-
24 counting purposes;

1 (2) eligible as cash or a cash equivalent margin
2 and collateral for futures commission merchants, de-
3 rivative clearing organizations, broker-dealers, reg-
4 istered clearing agencies, and swap dealers; or

5 (3) acceptable as a settlement asset to facilitate
6 wholesale payments between banking organizations
7 or by a payment infrastructure to facilitate exchange
8 and settlement among banking organizations.

9 (c) PENALTY FOR VIOLATION.—

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

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

20 **SEC. 4. REQUIREMENTS FOR ISSUING PAYMENT**
21 **STABLECOINS.**

22 (a) STANDARDS FOR THE ISSUANCE OF PAYMENT
23 STABLECOINS.—

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

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

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

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

20 (iii) Treasury bills, notes, or bonds—

21 (I) with a remaining maturity of
22 93 days or less; or

23 (II) issued with a maturity of 93
24 days or less;

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

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

15 (I) tri-party;

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

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

24 (vi) securities issued by an investment
25 company registered under section 8(a) of

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

8 (vii) any other similarly liquid federal
9 government issued asset approved by the
10 primary Federal payment stablecoin regu-
11 lator, in consultation with the State pay-
12 ment stablecoin regulator, if applicable, of
13 the permitted payment stablecoin issuer; or

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

18 (B) publicly disclose the issuer’s redemp-
19 tion policy;

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

22 (D) publish the monthly composition of the
23 issuer’s reserves on the website of the issuer,
24 containing—

1 (i) the total number of outstanding
2 payment stablecoins issued by the issuer;
3 and

4 (ii) the amount and composition of
5 the reserves described under subparagraph
6 (A).

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

12 (A) satisfying margin obligations in con-
13 nection with investments in permitted reserves
14 under clauses (iv) and (v) of paragraph (1)(A);

15 (B) satisfying obligations associated with
16 the use or receipt of provision of standard cus-
17 todial services; or

18 (C) creating liquidity to meet reasonable
19 expectations of requests to redeem payment
20 stablecoins, such that reserves in the form of
21 Treasury bills may be sold as purchased securi-
22 ties for repurchase agreements with a maturity
23 of 93 days or less, provided that either—

24 (i) the repurchase agreements are
25 cleared by a clearing agency registered

1 with the Securities and Exchange Commis-
2 sion; or

3 (ii) the permitted payment stablecoin
4 issuer receives the prior approval of its pri-
5 mary Federal payment stablecoin regulator
6 or State payment stablecoin regulator, as
7 applicable.

8 (3) MONTHLY CERTIFICATION; EXAMINATION
9 OF REPORTS BY REGISTERED PUBLIC ACCOUNTING
10 FIRM.—

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

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

21 (i) the primary Federal payment
22 stablecoin regulator of the permitted pay-
23 ment stablecoin issuer; or

1 (ii) the State payment stablecoin reg-
2 ulator of the permitted payment stablecoin
3 issuer.

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

10 (4) CAPITAL, LIQUIDITY, AND RISK MANAGE-
11 MENT REQUIREMENTS.—

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

18 (i) capital requirements applicable to
19 permitted payment stablecoin issuers
20 that—

21 (I) are tailored to the business
22 model and risk profile of permitted
23 payment stablecoin issuers;

24 (II) do not exceed requirements
25 which are sufficient to ensure the on-

1 going operations of permitted pay-
2 ment stablecoin issuers; and

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

14 (ii) regulations implementing the li-
15 quidity standard under clause (i);

16 (iii) reserve asset diversification and
17 interest rate risk management standards
18 applicable to permitted payment stablecoin
19 issuers that—

20 (I) are tailored to the business
21 model and risk profile of permitted
22 payment stablecoin issuers; and

23 (II) do not exceed standards
24 which are sufficient to ensure the on-

1 going operations of permitted pay-
2 ment stablecoin issuers; and

3 (iv) appropriate operational, compli-
4 ance, and information technology risk
5 management standards, including Bank
6 Secrecy Act and sanctions compliance,
7 that—

8 (I) are tailored to the business
9 model and risk profile of permitted
10 payment stablecoin issuers; and

11 (II) are consistent with applicable
12 law.

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

15 (i) the authority of the primary Fed-
16 eral regulators, in prescribing standards
17 under this paragraph, to tailor or differen-
18 tiate among issuers on an individual basis
19 or by category, taking into consideration
20 the capital structure, business model risk
21 profile, complexity, financial activities (in-
22 cluding financial activities of subsidiaries),
23 size, and any other risk related factors of
24 permitted payment stablecoin issuers that
25 the primary Federal regulator determines

1 appropriate, provided that such tailoring or
2 differentiation occurs without respect to
3 whether a permitted payment stablecoin
4 issuer is regulated by a State payment
5 stablecoin regulator; or

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

14 (C) APPLICABILITY OF EXISTING CAPITAL
15 STANDARDS.—

16 (i) DEFINITIONS.—In this subpara-
17 graph—

18 (I) “appropriate Federal banking
19 agency” has the meaning given that
20 term in section 3(q) of the Federal
21 Deposit Insurance Act (12 U.S.C.
22 1813(q); and

23 (II) “depository institution hold-
24 ing company” has the meaning given
25 that term under section 171(a)(3) of

1 the Financial Stability Act of 2010
2 (12 U.S.C. 5371(a)(3)).

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

10 (iii) RULES RELATING TO LEVERAGE
11 CAPITAL REQUIREMENTS OR RISK-BASED
12 CAPITAL REQUIREMENTS.—Any rule issued
13 by an appropriate Federal banking agency
14 that imposes, on a consolidated basis, a le-
15 verage capital requirement or risk-based
16 capital requirement with respect to an in-
17 sured depository institution or depository
18 institution holding company shall provide
19 that, for purposes of such leverage capital
20 requirement or risk-based capital require-
21 ment, any insured depository institution or
22 depository institution holding company
23 that includes, on a consolidated basis, a
24 permitted payment stablecoin issuer shall
25 not be required to hold, with respect to

1 such permitted payment stablecoin issuer
2 and its assets and operations, any amount
3 of regulatory capital in excess of the cap-
4 ital that such permitted payment
5 stablecoin issuer must maintain under the
6 capital requirements promulgated pursuant
7 to paragraph (1)(A)(i).

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

19 (5) TREATMENT UNDER THE BANK SECRECY
20 ACT AND SANCTIONS LAWS.—

21 (A) IN GENERAL.—A permitted payment
22 stablecoin issuer shall be treated as a financial
23 institution for purposes of the Bank Secrecy
24 Act, and as such, shall be subject to all Federal
25 laws applicable to a financial institution located

1 in the United States relating to economic sanc-
2 tions, prevention of money laundering, customer
3 identification, and due diligence, including—

4 (i) maintenance of an effective anti-
5 money laundering and economic sanctions
6 compliance program, which shall include
7 appropriate risk assessments, verification
8 of sanctions lists and designation of an of-
9 ficer to supervise the programs;

10 (ii) retention of appropriate records of
11 payment stablecoin transactions;

12 (iii) monitoring and reporting sus-
13 picious activity;

14 (iv) policies and procedures to block,
15 freeze, and reject specific or impermissible
16 transactions that violate Federal or State
17 laws, rules, or regulations; and

18 (v) maintenance of an effective cus-
19 tomer identification program, including
20 identification and verification of account
21 holders with the permitted payment
22 stablecoin issuer, high value transactions
23 and appropriate enhanced due diligence.

24 (B) RULEMAKING.—The Financial Crimes
25 Enforcement Network shall adopt rules, tailored

1 to the size and complexity of the permitted pay-
2 ment stablecoin issuer, to implement subpara-
3 graph (A).

4 (6) COORDINATION WITH PERMITTED PAYMENT
5 STABLECOIN ISSUERS WITH RESPECT TO BLOCKING
6 OF PROPERTY AND TECHNOLOGICAL CAPABILITIES
7 TO COMPLY WITH LAWFUL ORDERS.—

8 (A) IN GENERAL.—The Secretary of the
9 Treasury—

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

19 (ii) is not required to notify any per-
20 mitted payment stablecoin issuer of any in-
21 tended action described in clause (i) prior
22 to taking such action.

23 (B) COMPLIANCE WITH LAWFUL OR-
24 DERS.—

25 (i) IN GENERAL.—

1 (I) PERMITTED PAYMENT
2 STABLECOIN ISSUERS.—A permitted
3 payment stablecoin issuer may issue
4 payment stablecoins only if the issuer
5 has the technological capability to
6 comply and will comply with the terms
7 of any lawful order.

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

18 (ii) LAWFUL ORDER DEFINED.—In
19 this paragraph, the term “lawful order”
20 means any final and valid writ, process,
21 order, rule, decree, command, or other re-
22 quirement issued or promulgated under
23 Federal law, issued by a court of com-
24 petent jurisdiction or by an authorized

1 Federal agency pursuant to its statutory
2 authority, that—

3 (I) requires the permitted pay-
4 ment stablecoin issuer to seize, freeze,
5 burn, or prevent the transfer of pay-
6 ment stablecoins issued by the per-
7 mitted payment stablecoin issuer;

8 (II) specifies the digital assets or
9 accounts subject to blocking with rea-
10 sonable particularity; and

11 (III) is subject to judicial or ad-
12 ministrative review or appeal as pro-
13 vided by law.

14 (C) REPORT REQUIRED.—Not later than 1
15 year after the date of enactment of this Act, the
16 Secretary of the Treasury shall submit to the
17 Committee on Banking, Housing, and Urban
18 Affairs of the Senate and the Committee on Fi-
19 nancial Services of the House of Representa-
20 tives a report on the coordination with per-
21 mitted payment stablecoin issuers required
22 under subparagraph (A).

23 (7) LIMITATION ON PAYMENT STABLECOIN AC-
24 TIVITIES.—

1 (A) IN GENERAL.—A permitted payment
2 stablecoin issuer may only—

3 (i) issue payment stablecoins;
4 (ii) redeem payment stablecoins;
5 (iii) manage related reserves, includ-
6 ing purchasing, selling, and holding reserve
7 assets or providing custodial services for
8 reserve assets, consistent with State and
9 Federal law;

10 (iv) provide custodial or safekeeping
11 services for payment stablecoins, required
12 reserves, or private keys of payment
13 stablecoins, consistent with this Act; and

14 (v) undertake other activities that di-
15 rectly support any of the activities de-
16 scribed in clauses (i) through (iv).

17 (B) RULE OF CONSTRUCTION.—Nothing in
18 subparagraph (A) shall prevent a permitted
19 payment stablecoin issuer from engaging in
20 non-payment stablecoin activities that are al-
21 lowed by the primary Federal payment
22 stablecoin regulator or the State payment
23 stablecoin regulator, as applicable.

24 (8) PROHIBITION ON TYING.—

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

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

15 (9) PROHIBITION ON THE USE OF DECEPTIVE
16 NAMES.—A permitted payment stablecoin issuer may
17 not market a payment stablecoin in such a way that
18 a reasonable person would perceive the payment
19 stablecoin to be—

20 (A) legal tender, as described in section
21 5103 of title 31, United States Code;

22 (B) issued by the United States; or

23 (C) guaranteed or approved by the Govern-
24 ment of the United States.

25 (10) REGULATION BY THE COMPTROLLER.—

1 (A) IN GENERAL.—A Federal qualified
2 nonbank payment stablecoin issuer shall be reg-
3 ulated and supervised exclusively by the Comp-
4 troller, which shall have authority, in coordina-
5 tion with other relevant primary Federal pay-
6 ment stablecoin regulators and State payment
7 stablecoin regulators, to issue such regulations
8 and orders as necessary to ensure financial sta-
9 bility and implement this subsection.

10 (B) CONFORMING AMENDMENT.—Section
11 324(b) of the Revised Statutes (12 U.S.C. 1(b))
12 is amended by adding at the end the following:

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

22 (11) AUDITS AND REPORTS.—

23 (A) ANNUAL FINANCIAL STATEMENT.—

24 (i) IN GENERAL.—A permitted pay-
25 ment stablecoin issuer with more than

1 \$50,000,000,000 in consolidated total out-
2 standing issuance, that is not subject to
3 the reporting requirements under sections
4 13(a) or 15(d) of the Securities and Ex-
5 change Act of 1934 (15 U.S.C. 78m,
6 78o(d)), shall prepare, in accordance with
7 generally accepted accounting principles,
8 an annual financial statement, which shall
9 include the disclosure of any related party
10 transactions, as defined by such generally
11 accepted accounting principles.

12 (ii) AUDITOR.—A registered public ac-
13 counting firm shall perform an audit of the
14 annual financial statements described in
15 clause (i).

16 (iii) STANDARDS.—An audit described
17 in clause (ii) shall be conducted in accord-
18 ance with all applicable auditing standards
19 established by the Public Company Ac-
20 counting Oversight Board, including those
21 relating to auditor independence, internal
22 controls, and related party transactions.

23 (iv) RULE OF CONSTRUCTION.—Noth-
24 ing in this subparagraph shall be construed
25 to limit, alter, or expand the jurisdiction of

1 the Public Company Accounting Oversight
2 Board over permitted payment stablecoin
3 issuers or registered public accounting
4 firms.

5 (B) PUBLIC DISCLOSURE AND SUBMISSION
6 TO FEDERAL REGULATORS.—Each permitted
7 payment stablecoin issuer required to prepare
8 an audited annual financial statement under
9 subparagraph (A) shall:

10 (i) make such audited financial state-
11 ments publicly available on the website of
12 the permitted payment stablecoin issuer;
13 and

14 (ii) submit such audited financial
15 statements annually to their primary Fed-
16 eral payment stablecoin regulator.

17 (C) CONSULTATION.—The primary Fed-
18 eral payment stablecoin regulators may consult
19 with the Public Company Accounting Oversight
20 Board to determine best practices for deter-
21 mining audit oversight and to detect fraud, ma-
22 terial misstatements, and other financial mis-
23 representations that could mislead permitted
24 payment stablecoin holders.

1 (12) ELIGIBILITY.—The requirement to main-
2 tain reserves under paragraph (1)(A) may not be
3 construed as expanding or contracting eligibility to
4 qualify as a depository institution under section
5 19(b)(1)(A) of the Federal Reserve Act (12 U.S.C.
6 461(b)(1)(A)).

7 (b) STATE-LEVEL REGULATORY REGIMES.—

8 (1) OPTION FOR STATE-LEVEL REGULATORY
9 REGIME.—Notwithstanding the Federal regulatory
10 framework established under subsection (a), a State
11 qualified payment stablecoin issuer with a consoli-
12 dated total outstanding issuance of not more than
13 \$10,000,000,000 may opt for regulation under a
14 State-level regulatory regime, provided that the
15 State-level regulatory regime is substantially similar
16 to the Federal regulatory framework under that sub-
17 section.

18 (2) PRINCIPLES.—The Secretary of the Treas-
19 ury shall, through notice and comment rulemaking,
20 establish broad based principles for determining
21 whether a State-level regulatory regime is substan-
22 tially similar to the Federal regulatory framework
23 under subsection (a).

24 (3) REVIEW.—State payment stablecoin regu-
25 lators shall review State-level regulatory regimes ac-

1 cording to the principles established by the Secretary
2 of the Treasury under paragraph (2) and for the
3 purposes of establishing any necessary cooperative
4 agreements to implement section 7(f).

5 (4) CERTIFICATION.—

6 (A) INITIAL CERTIFICATION.—Subject to
7 subparagraph (B), not later than 1 year after
8 the effective date of this Act, a State payment
9 stablecoin regulator shall submit to the Sec-
10 retary of the Treasury an initial certification
11 that the State-level regulatory regime meets the
12 criteria for substantial similarity established
13 pursuant to paragraph (2).

14 (B) FORM OF CERTIFICATION.—The initial
15 certification required under subparagraph (A)
16 shall contain, in a form prescribed by the Sec-
17 retary of the Treasury, an attestation that the
18 State-level regulatory regime meets the criteria
19 for substantial similarity established pursuant
20 to paragraph (2).

21 (C) ANNUAL RECERTIFICATION.—Not later
22 than a date to be determined by the Secretary
23 each year, a State payment stablecoin regulator
24 shall submit to the Secretary of the Treasury
25 an additional certification that confirms the ac-

1 curacy of initial certification submitted under
2 subparagraph (A).

3 (5) NOT SUBSTANTIALLY SIMILAR.—

4 (A) IN GENERAL.—If a State payment
5 stablecoin regulator determines that the criteria
6 established under paragraph (2) are not meet
7 and the State payment stablecoin regulator
8 does not submit a certification under paragraph
9 (4), then a permitted payment stablecoin issuer
10 operating under this subsection shall be subject
11 to the Federal regulatory framework as de-
12 scribed in subsection (c), notwithstanding the
13 total issuance threshold therein.

14 (B) TREASURY REVIEW.—Not later than
15 30 days after the date of receipt of a certifi-
16 cation under paragraph (4), the Secretary re-
17 ject the certification if the Secretary determines
18 that the State-level regulatory regime is not
19 substantially similar to the Federal regulatory
20 framework under subsection (a), and the per-
21 mitted payment stablecoin issuer shall be sub-
22 ject to the Federal regulatory framework as de-
23 scribed in subsection (c), notwithstanding the
24 total issuance threshold therein.

1 (C) APPELLATE REVIEW.—A State pay-
2 ment stablecoin regulator may challenge the de-
3 termination of the Secretary of the Treasury
4 under this paragraph in the United States
5 Court of Appeals for the District of Columbia
6 Circuit.

7 (6) LIST.—The Secretary of the Treasury shall
8 publish and maintain in the Federal Register and on
9 the website of the Department of the Treasury a list
10 of States that have submitted initial certifications
11 and recertifications under paragraph (4).

12 (c) TRANSITION TO FEDERAL OVERSIGHT.—

13 (1) DEPOSITORY INSTITUTION.—A State char-
14 tered depository institution that is a State qualified
15 payment stablecoin issuer with a payment stablecoin
16 with a consolidated total outstanding issuance of
17 more than \$10,000,000,000 shall—

18 (A) not later than 360 days after the pay-
19 ment stablecoin reaches such threshold, transi-
20 tion to the Federal regulatory framework of the
21 primary Federal payment stablecoin regulator
22 of the State chartered depository institution,
23 which shall be administered by the State pay-
24 ment stablecoin regulator of the State chartered

1 depository institution and the primary Federal
2 payment stablecoin regulator acting jointly; or

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

8 (2) OTHER INSTITUTIONS.—A State qualified
9 payment stablecoin issuer not described in para-
10 graph (1) with a payment stablecoin with a consoli-
11 dated total outstanding issuance of more than
12 \$10,000,000,000 shall—

13 (A) not later than 360 days after the pay-
14 ment stablecoin reaches such threshold, transi-
15 tion to the Federal regulatory framework under
16 subsection (a) administered by the State pay-
17 ment stablecoin regulator of the State qualified
18 payment stablecoin issuer; or

19 (B) beginning on the date the payment
20 stablecoin reaches such threshold, cease issuing
21 new payment stablecoins until the payment
22 stablecoin is under the \$10,000,000,000 con-
23 solidated total outstanding issuance threshold.

24 (3) WAIVER.—

1 (A) IN GENERAL.—Notwithstanding para-
2 graphs (1) and (2), the applicable primary Fed-
3 eral payment stablecoin regulator may permit a
4 State qualified payment stablecoin issuer with a
5 payment stablecoin with a consolidated total
6 outstanding issuance of more than
7 \$10,000,000,000 to remain solely supervised by
8 a State payment stablecoin regulator.

9 (B) CRITERIA FOR WAIVER.—The primary
10 Federal payment stablecoin regulator shall con-
11 sider the following exclusive criteria in deter-
12 mining whether to issue a waiver under this
13 paragraph:

14 (i) The capital maintained by the
15 State qualified payment stablecoin issuer.

16 (ii) The past operations and examina-
17 tion history of the State qualified payment
18 stablecoin issuer.

19 (iii) The experience of the State pay-
20 ment stablecoin regulator in supervising
21 payment stablecoin and digital asset activi-
22 ties.

23 (iv) The laws and rules applicable to,
24 and the supervisory framework of, the
25 State qualified payment stablecoin issuer

1 with respect to payment stablecoins and
2 digital assets.

3 (C) RULE OF CONSTRUCTION.—A State
4 qualified payment stablecoin issuer subject to
5 Federal oversight under paragraph (1) or (2) of
6 this subsection that does not receive a waiver
7 under this paragraph shall continue to be su-
8 pervised by the State payment stablecoin regu-
9 lator of the State qualified payment stablecoin
10 issuer along jointly with the primary Federal
11 payment stablecoin regulator. Nothing in this
12 subsection shall require the State qualified pay-
13 ment stablecoin issuer to convert to a Federal
14 charter.

15 (d) MISREPRESENTATION OF INSURED STATUS;
16 MARKETING.—

17 (1) IN GENERAL.—Payment stablecoins shall
18 not be backed by the full faith and credit of the
19 United States, guaranteed by the United States
20 Government, subject to deposit insurance by the
21 Federal Deposit Insurance Corporation, or subject
22 to share insurance by the National Credit Union Ad-
23 ministration.

24 (2) MISREPRESENTATION OF INSURED STA-
25 TUS.—

1 (A) IN GENERAL.—It shall be unlawful to
2 represent that payment stablecoins are backed
3 by the full faith and credit of the United
4 States, guaranteed by the United States Gov-
5 ernment, or subject to Federal deposit insur-
6 ance or Federal share insurance.

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

12 (3) MARKETING.—It shall be unlawful to mar-
13 ket a digital asset in the United States as a payment
14 stablecoin unless the digital asset is issued pursuant
15 to this Act.

16 (e) OFFICERS OR DIRECTORS CONVICTED OF CER-
17 TAIN FELONIES.—

18 (1) IN GENERAL.—No individual who has been
19 convicted of a felony offense involving insider trad-
20 ing, embezzlement, cybercrime, money laundering, fi-
21 nancing of terrorism, or financial fraud may serve
22 as—

23 (A) an officer of a payment stablecoin
24 issuer; or

1 (B) a director of a payment stablecoin
2 issuer.

3 (2) PENALTY.—

4 (A) IN GENERAL.—Whoever knowingly
5 participates in a violation of paragraph (1) or
6 subsection (d)(3) shall be fined not more than
7 \$1,000,000 for each such violation, imprisoned
8 for not more than 5 years; or both.

9 (B) REFERRAL TO ATTORNEY GENERAL.—

10 If a Federal payment stablecoin regulator has
11 reason to believe that any person has knowingly
12 violated paragraph (1) or subsection (d)(3), the
13 Federal payment stablecoin regulator shall refer
14 the matter to the Attorney General.

15 (f) RULEMAKING.—

16 (1) IN GENERAL.—Consistent with section 18,
17 the primary Federal payment stablecoin regulators
18 and State payment stablecoin regulators shall issue
19 such regulations as may be necessary to establish a
20 payment stablecoin regulatory framework necessary
21 to administer and carry out the requirements of this
22 section, including to establish conditions, and to pre-
23 vent evasions thereof.

24 (2) JOINT ISSUANCE OF REGULATION.—All reg-
25 ulations issued to carry out this section shall be

1 issued jointly by the primary Federal payment
2 stablecoin regulators, if not issued by a State pay-
3 ment stablecoin regulator.

4 **SEC. 5. APPROVAL OF SUBSIDIARIES OF INSURED DEPOSI-**
5 **TORY INSTITUTIONS AND FEDERAL QUALI-**
6 **FIED NONBANK PAYMENT STABLECOIN**
7 **ISSUERS.**

8 (a) APPLICATION.—

9 (1) IN GENERAL.—Each primary Federal pay-
10 ment stablecoin regulator shall receive, review, and
11 consider for approval applications from any insured
12 depository institution that seeks to issue payment
13 stablecoins through a subsidiary and any nonbank
14 entity that seeks to issue payment stablecoins as a
15 Federal qualified nonbank payment stablecoin
16 issuer. Each primary Federal payment stablecoin
17 regulator shall establish a process and framework
18 for the licensing, regulation, examination, and super-
19 vision of such entities that prioritizes the safety and
20 soundness of such entities.

21 (2) AUTHORITY TO ISSUE REGULATIONS AND
22 PROCESS APPLICATIONS.—The primary Federal pay-
23 ment stablecoin regulators shall, before the date de-
24 scribed in section 18—

1 (A) issue regulations consistent with that
2 section to carry out this section; and

3 (B) pursuant to the regulations described
4 in subparagraph (A), accept and process appli-
5 cations under this Act.

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

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

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

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

22 (2) Whether an individual who has been con-
23 victed of a felony offense involving insider trading,
24 embezzlement, cybercrime, money laundering, fi-

1 financing of terrorism, or financial fraud is serving as
2 an officer or director of the applicant.

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

7 (4) The competence, experience, and integrity
8 of the officers, directors, and principal shareholders
9 of the applicant, its subsidiaries, and parent com-
10 pany, including—

11 (A) the record of those officers, directors,
12 and principal shareholders of compliance with
13 laws and regulations; and

14 (B) the ability of those officers, directors,
15 and principal shareholders to fulfill any com-
16 mitments to, and any conditions imposed by,
17 their primary Federal payment stablecoin regu-
18 lator in connection with the application at issue
19 and any prior applications.

20 (d) TIMING FOR DECISION; GROUNDS FOR DE-
21 NIAL.—

22 (1) TIMING FOR DECISIONS ON APPLICA-
23 TIONS.—

24 (A) IN GENERAL.—Not later than 120
25 days after receiving a substantially complete ap-

1 plication under subsection (a), a primary Fed-
2 eral payment stablecoin regulator shall render a
3 decision on the application.

4 (B) SUBSTANTIALLY COMPLETE.—

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

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

1 (iii) MATERIAL CHANGE IN CIR-
2 CUMSTANCES.—An application considered
3 substantially complete under this subpara-
4 graph remains substantially complete un-
5 less there is a material change in cir-
6 cumstances that requires the primary Fed-
7 eral payment stablecoin regulator to treat
8 the application as a new application.

9 (2) DENIAL OF APPLICATION.—

10 (A) GROUNDS FOR DENIAL.—

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

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

23 (B) EXPLANATION REQUIRED.—If the pri-
24 mary Federal payment stablecoin regulator de-
25 nies a complete application received under sub-

1 section (a), not later than 30 days after the
2 date of such denial, the regulator shall provide
3 the applicant with written notice explaining the
4 denial with specificity, including all findings
5 made by the regulator with respect to all identi-
6 fied material shortcomings in the application,
7 including actionable recommendations on how
8 the applicant could address the identified mate-
9 rial shortcomings.

10 (C) OPPORTUNITY FOR HEARING; FINAL
11 DETERMINATION.—

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

20 (ii) TIMING.—Upon receipt of a timely
21 request, the primary Federal payment
22 stablecoin regulator shall notice a time
23 (not later than 30 days after the date of
24 receipt of the request) and place at which
25 the applicant may appear, personally or

1 through counsel, to submit written mate-
2 rials or provide oral testimony and oral ar-
3 gument).

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

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

23 (3) FAILURE TO RENDER A DECISION.—If the
24 primary Federal payment stablecoin regulator fails
25 to render a decision on a complete application within

1 the time period specified in paragraph (1), the appli-
2 cation shall be deemed approved.

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

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

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

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

24 (a) SUPERVISION.—

1 (1) IN GENERAL.—Each permitted payment
2 stablecoin issuer that is not a State qualified pay-
3 ment stablecoin issuer with a payment stablecoin
4 with a consolidated total outstanding issuance of less
5 than \$10,000,000,000 shall be subject to supervision
6 by the appropriate primary Federal payment
7 stablecoin regulator.

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

12 (A) the financial condition of the permitted
13 payment stablecoin issuer;

14 (B) the systems of the permitted payment
15 stablecoin issuer for monitoring and controlling
16 financial and operating risks; and

17 (C) compliance by the permitted payment
18 stablecoin issuer (and any subsidiary thereof)
19 with this Act.

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

1 (A) the nature of the operations and finan-
2 cial condition of the permitted payment
3 stablecoin issuer;

4 (B) the financial, operational, techno-
5 logical, and other risks within the permitted
6 payment stablecoin issuer that may pose a
7 threat to—

8 (i) the safety and soundness of the
9 permitted payment stablecoin issuer; or

10 (ii) the stability of the financial sys-
11 tem of the United States; and

12 (C) the systems of the permitted payment
13 stablecoin issuer for monitoring and controlling
14 the risks described in subparagraph (B).

15 (4) REQUIREMENTS FOR EFFICIENCY.—

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

22 (B) AVOIDANCE OF DUPLICATION.—A pri-
23 mary Federal payment stablecoin regulator
24 shall, to the fullest extent possible, avoid dupli-
25 cation of examination activities, reporting re-

1 quirements, and requests for information in
2 carrying out this subsection with respect to a
3 permitted payment stablecoin issuer.

4 (C) CONSIDERATION OF BURDEN.—A pri-
5 mary Federal payment stablecoin regulator
6 shall, with respect to any examination or re-
7 quest for the submission of a report under this
8 subsection, only request examinations and re-
9 ports at a cadence and in a format that is simi-
10 lar to those required for similarly situated enti-
11 ties regulated by the primary Federal payment
12 stablecoin regulator.

13 (b) ENFORCEMENT.—

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

1 (A) is recklessly violating or has recklessly
2 violated this Act or any regulation or order
3 issued under this Act; or

4 (B) is recklessly violating or has recklessly
5 violated any condition imposed in writing by the
6 primary Federal payment stablecoin regulator
7 in connection with a written agreement entered
8 into between the permitted payment stablecoin
9 issuer and the primary Federal payment
10 stablecoin regulator.

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

1 mandatory or otherwise, order the permitted pay-
2 ment stablecoin issuer or institution-affiliated party
3 of the permitted payment stablecoin issuer to—

4 (A) cease and desist from such violation or
5 practice; or

6 (B) take affirmative action to correct the
7 conditions resulting from any such violation or
8 practice.

9 (3) REMOVAL AND PROHIBITION AUTHORITY.—

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

20 (A) the institution-affiliated party has
21 knowingly committed a violation or attempted
22 violation of this Act or any regulation or order
23 issued under this Act; or

24 (B) the institution-affiliated party has
25 knowingly committed a violation of any provi-

1 sion of subchapter II of chapter 53 of title 31,
2 United States Code.

3 (4) PROCEDURES.—

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

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

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

1 (D) TEMPORARY CEASE-AND-DESIST PRO-
2 CEEDINGS.—If the primary Federal payment
3 stablecoin regulator determines that a violation
4 or attempted violation of this Act or an action
5 with respect to which a determination was made
6 under paragraph (1), (2), or (3), or the con-
7 tinuation thereof, is likely to cause insolvency or
8 significant dissipation of assets or earnings of a
9 permitted payment stablecoin issuer, or is likely
10 to weaken the condition of the permitted pay-
11 ment stablecoin issuer or otherwise prejudice
12 the interests of the customers of the permitted
13 payment stablecoin issuer prior to the comple-
14 tion of the proceedings conducted under this
15 paragraph, the primary Federal payment
16 stablecoin regulator may follow the procedures
17 provided in section 8(c) of the Federal Deposit
18 Insurance Act (12 U.S.C. 1818(c)) to issue a
19 temporary cease-and-desist order.

20 (5) CIVIL MONEY PENALTIES.—

21 (A) FAILURE TO BE APPROVED.—Any per-
22 son who issues a United States dollar-denomi-
23 nated payment stablecoin in violation of section
24 3, and any institution-affiliated party of such a
25 person who knowingly participates in issuing

1 such a payment stablecoin, shall be liable for a
2 civil penalty of not more than \$100,000 for
3 each day during which such payment
4 stablecoins are issued.

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

19 (C) SECOND TIER.—Except as provided in
20 subparagraph (A), and in addition to the pen-
21 alties described under subparagraph (B), a per-
22 mitted payment stablecoin issuer or institution-
23 affiliated party of such permitted payment
24 stablecoin issuer who knowingly participates in
25 a violation of any provision of this Act, or any

1 regulation or order issued thereunder, is liable
2 for a civil penalty of up to an additional
3 \$100,000 for each day during which the viola-
4 tion continues.

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

11 (E) NOTICE AND ORDERS AFTER SEPARA-
12 TION FROM SERVICE.—The resignation, termi-
13 nation of employment or participation, or sepa-
14 ration of an institution-affiliated party (includ-
15 ing a separation caused by the closing of a per-
16 mitted payment stablecoin issuer) shall not af-
17 fect the jurisdiction and authority of the pri-
18 mary Federal payment stablecoin regulator to
19 issue any notice or order and proceed under
20 this subsection against any such party, if such
21 notice or order is served before the end of the
22 6-year period beginning on the date such party
23 ceased to be an institution-affiliated party with
24 respect to such permitted payment stablecoin
25 issuer.

1 (6) NON-APPLICABILITY TO A STATE QUALI-
2 FIED PAYMENT STABLECOIN ISSUER.—Notwith-
3 standing anything in this subsection to the contrary,
4 this subsection shall not apply to a State qualified
5 payment stablecoin issuer.

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

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

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

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

23 (d) RULEMAKING.—A State payment stablecoin regu-
24 lator may issue orders and rules under section 4 applicable
25 to State qualified payment stablecoin issuers to the same

1 extent as the primary Federal payment stablecoin regu-
2 lators issue orders and rules under section 4 applicable
3 to permitted payment stablecoin issuers that are not a
4 State qualified payment stablecoin issuers.

5 (e) ENFORCEMENT AUTHORITY IN UNUSUAL AND
6 EXIGENT CIRCUMSTANCES.—

7 (1) BOARD.—

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

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

22 (C) LIMITATIONS.—If, after unusual and
23 exigent circumstances are determined to exist
24 pursuant to subparagraph (A), the Board deter-
25 mines that there is reasonable cause to believe

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

14 (i) the payment of dividends by the
15 State qualified payment stablecoin issuer;

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

22 (iii) any activities of the State quali-
23 fied payment stablecoin issuer that might
24 create a serious risk that the liabilities of
25 a holding company and the affiliates of the

1 holding company may be imposed on the
2 State qualified payment stablecoin issuer.

3 (D) REVIEW OF DIRECTIVE.—

4 (i) ADMINISTRATIVE REVIEW.—

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

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

21 (ii) JUDICIAL REVIEW.—

22 (I) IN GENERAL.—If the Board
23 affirms or modifies a directive pursu-
24 ant to clause (i), any affected party
25 may immediately thereafter petition

1 the United States district court for
2 the district in which the main office of
3 the affected party is located or in the
4 United States District Court for the
5 District of Columbia to stay, modify,
6 terminate, or set aside the directive.

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

14 (2) COMPTROLLER.—

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

24 (B) RULEMAKING.—Consistent with sec-
25 tion 18, the Comptroller shall issue rules to set

1 forth the unusual and exigent circumstances in
2 which the Comptroller may act under this para-
3 graph.

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

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

1 (ii) transactions between the State
2 qualified payment stablecoin issuer, a hold-
3 ing company, and the subsidiaries or affili-
4 ates of either the State qualified payment
5 stablecoin issuer or the holding company;
6 and

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

13 (D) REVIEW OF DIRECTIVE.—

14 (i) ADMINISTRATIVE REVIEW.—

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

24 (II) AUTOMATIC LAPSE OF DI-
25 RECTIVE.—If, after 10 days after the

1 receipt of a response described in sub-
2 clause (I), the Comptroller does not
3 affirm, modify, or rescind the direc-
4 tive, the directive shall automatically
5 lapse.

6 (ii) JUDICIAL REVIEW.—

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

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

25 (f) EFFECT ON STATE LAW.—

1 (1) **HOST STATE LAW.**—The laws of a host
2 State, including generally applicable laws relating to
3 consumer protection, shall only apply to the activi-
4 ties conducted in the host State by an out-of-State
5 State qualified payment stablecoin issuer to the
6 same extent as such laws apply to the activities con-
7 ducted in the host State by an out-of-State Federal
8 qualified nonbank payment stablecoin issuer.

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

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

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

21 (a) **DEFINITIONS.**—In this subsection:

22 (1) **DIGITAL ASSET SERVICE PROVIDER.**—The
23 term “digital asset service provider”—

24 (A) means a person that, for compensation
25 or profit, engages in the business in the United

1 States or for customers or users in the United
2 States, of—

3 (i) exchanging digital assets for mone-
4 tary value;

5 (ii) exchanging digital assets for other
6 digital assets;

7 (iii) transferring digital assets to a
8 third party;

9 (iv) acting as a digital asset custo-
10 dian; or

11 (v) participating in financial services
12 related to a digital asset issuance; and

13 (B) does not include—

14 (i) a distributed ledger protocol or a
15 person solely developing such a protocol; or

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

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

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

1 (4) **LAWFUL ORDER.**—The term “lawful order”
2 means any final and valid writ, process, order, rule,
3 decree, command, or other requirement issued or
4 promulgated under Federal law, issued by a court of
5 competent jurisdiction or by an authorized Federal
6 agency pursuant to its statutory authority, that—

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

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

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

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

1 (c) PUBLICATION OF DESIGNATION; PROHIBITION ON
2 SECONDARY TRADING.—

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

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

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

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

24 (3) WAIVERS AND EXTENSIONS.—With respect
25 to the prohibition on facilitation of secondary trad-

1 ing described in paragraph (1), the Secretary of the
2 Treasury may issue waivers and time extensions to
3 digital asset service providers on a case by case
4 basis.

5 (4) CIVIL MONETARY PENALTIES.—

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

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

1 (d) APPEAL.—A determination of noncompliance
2 under subsection (b) is subject to judicial review in the
3 United States Court of Appeals for the District of Colum-
4 bia Circuit.

5 (e) WAIVER, LICENSING AUTHORITY, AND EXCEP-
6 TIONS.—

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

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

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

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

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

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

9 (B) activities necessary to carry out or as-
10 sist law enforcement activity of the United
11 States.

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

22 **SEC. 9. CUSTODY OF PAYMENT STABLECOIN RESERVE AND**
23 **COLLATERAL.**

24 (a) IN GENERAL.—A person may only engage in the
25 business of providing custodial or safekeeping services for

1 the payment stablecoin reserve, the payment stablecoins
2 used as collateral, or the private keys of permitted pay-
3 ment stablecoins if the person—

4 (1) is subject to—

5 (A) supervision or regulation by a primary
6 Federal payment stablecoin regulator or a pri-
7 mary financial regulatory agency described
8 under subparagraph (B) or (C) of section 2(12)
9 of the Dodd-Frank Wall Street Reform and
10 Consumer Protection Act (12 U.S.C.
11 5301(12)); or

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

22 (2) complies with the requirements under sub-
23 section (b), unless such person complies with similar
24 requirements as required by a primary Federal pay-
25 ment stablecoin regulator, the Securities and Ex-

1 change Commission, or the Commodity Futures
2 Trading Commission.

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

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

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

17 (c) COMMINGLING PROHIBITED.—

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

23 (2) EXCEPTION.—Notwithstanding paragraph
24 (1)—

1 (A) the payment stablecoins, cash, and
2 other property of a customer may, for conven-
3 ence, be commingled and deposited in an omni-
4 bus account holding the payment stablecoins,
5 cash, and other property of more than 1 cus-
6 tomer at a State chartered depository institu-
7 tion, an insured depository institution, national
8 bank, or trust company;

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

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

1 by the person and required by the primary Fed-
2 eral payment stablecoin regulator to be sepa-
3 rately accounted for, treated, and dealt with as
4 belonging to customers.

5 (3) CUSTOMER PRIORITY.—With or without the
6 segregation required under paragraph (1), the
7 claims of a customer with respect to the property de-
8 scribed in that paragraph shall have priority over
9 the claims of any person other than a customer
10 against a person described in subparagraph (a) un-
11 less the customer expressly consents to such other
12 priority of claim.

13 (d) REGULATORY INFORMATION.—A person de-
14 scribed under subsection (a) shall submit to the applicable
15 primary Federal payment stablecoin regulator information
16 concerning the person’s business operations and processes
17 to protect customer assets, in such form and manner as
18 the primary regulator shall determine.

19 (e) EXCLUSION.—The requirements of this section
20 shall not apply to any person solely on the basis that such
21 person engages in the business of providing hardware or
22 software to facilitate a customer’s own custody or safe-
23 keeping of the customer’s payment stablecoins or private
24 keys.

1 **SEC. 10. TREATMENT OF PAYMENT STABLECOIN ISSUERS**
2 **IN INSOLVENCY PROCEEDINGS.**

3 (a) IN GENERAL.—In any insolvency proceeding of
4 a permitted payment stablecoin issuer under Federal or
5 State law, including any proceeding under title 11, United
6 States Code, and any insolvency proceeding administered
7 by a State payment stablecoin regulator with respect to
8 a permitted payment stablecoin issuer, the claim of a per-
9 son holding payment stablecoins issued by the permitted
10 payment stablecoin issuer shall have priority over the
11 claims of the permitted payment stablecoin issuer and any
12 other creditor of the permitted payment stablecoin issuer,
13 with respect to required payment stablecoin reserves, sub-
14 ject to section 507(e) of title 11, United States Code.

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

18 “(40C) The terms ‘payment stablecoin’ and
19 ‘permitted payment stablecoin issuer’ have the
20 meanings given those terms in section 2 of the Guid-
21 ing and Establishing National Innovation for U.S.
22 Stablecoins Act of 2025.”.

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

25 (1) in subsection (a)—

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

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

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

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

9 (2) in subsection (d)—

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

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

14 (C) by inserting after paragraph (4) the
15 following:

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

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

3 (1) in subsection (a), by striking “The fol-
4 lowing” and inserting “Subject to subsection (e), the
5 following”; and

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

7 “(e) Notwithstanding subsection (a), if a payment
8 stablecoin holder is not able to redeem all outstanding pay-
9 ment stablecoin claims from required payment stablecoin
10 reserves maintained by the debtor, any remaining claim
11 of a person holding a payment stablecoin issued by the
12 debtor shall have first priority over any other claim, in-
13 cluding over any expenses and claims that have priority
14 under that subsection, to the extent compliance with sec-
15 tion 4 of the Guiding and Establishing National Innova-
16 tion for U.S. Stablecoins Act of 2025 would have required
17 additional reserves to be maintained by the debtor for pay-
18 ment stablecoin holders.”.

19 (e) PAYMENT STABLECOIN RESERVES.—Section
20 541(b) of title 11, United States Code, is amended—

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

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

1 (3) by inserting after paragraph (10) the fol-
2 lowing:

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

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

9 “(c) The Comptroller of the Currency or State pay-
10 ment stablecoin regulator (as defined in section 2 of the
11 Guiding and Establishing National Innovation for U.S.
12 Stablecoins Act of 2025) shall raise and shall appear and
13 be heard on any issue, including the protection of cus-
14 tomers, in a case under this chapter in which the debtor
15 is a permitted payment stablecoin issuer.”.

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

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

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

6 **SEC. 11. INTEROPERABILITY STANDARDS.**

7 The primary Federal payment stablecoin regulators,
8 in consultation with the National Institute of Standards
9 and Technology, other relevant standard setting organiza-
10 tions, and State bank and credit union regulators, shall
11 assess and, if necessary, may, pursuant to section 553 of
12 title 5 and in a manner consistent with the National Tech-
13 nology Transfer and Advancement Act of 1995 (Public
14 Law 104–113), prescribe standards for permitted pay-
15 ment stablecoin issuers to promote compatibility and
16 interoperability with—

17 (1) other permitted payment stablecoin issuers;
18 and

19 (2) the broader digital finance ecosystem, in-
20 cluding accepted communications protocols and
21 blockchains, permissioned or public.

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

23 (a) STUDY BY TREASURY.—

24 (1) STUDY.—The Secretary of the Treasury, in
25 consultation with the Board, the Comptroller, the

1 Corporation, the Securities and Exchange Commis-
2 sion, and the Commodity Futures Trading Commis-
3 sion shall carry out a study of non-payment
4 stablecoins, including endogenously collateralized
5 payment stablecoins.

6 (2) REPORT.—Not later than 365 days after
7 the date of the enactment of this Act, the Secretary
8 shall provide to the Committee on Financial Services
9 of the House of Representatives and the Committee
10 on Banking, Housing, and Urban Affairs of the Sen-
11 ate a report that contains all findings made in car-
12 rying out the study under paragraph (1), including
13 an analysis of—

14 (A) the categories of non-payment
15 stablecoins, including the benefits and risks of
16 technological design features;

17 (B) the participants in non-payment
18 stablecoin arrangements;

19 (C) utilization and potential utilization of
20 non-payment stablecoins;

21 (D) nature of reserve compositions;

22 (E) types of algorithms being employed;

23 (F) governance structure, including aspects
24 of decentralization;

1 (G) nature of public promotion and adver-
2 tising; and

3 (H) clarity and availability of consumer
4 notices disclosures.

5 (b) ENDOGENOUSLY COLLATERALIZED PAYMENT
6 STABLECOIN DEFINED.—In this section, the term
7 “endogenously collateralized payment stablecoin” means
8 any digital asset—

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

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

15 **SEC. 13. REPORTS.**

16 (a) ANNUAL REPORTING REQUIREMENT.—Beginning
17 on the date that is 1 year after the date of enactment
18 of this Act, and annually thereafter, the primary Federal
19 payment stablecoin regulators shall submit to the Com-
20 mittee on Banking, Housing, and Urban Affairs of the
21 Senate, the Committee on Financial Services of the House
22 of Representatives, and the Director of the Office of Fi-
23 nancial Research a report on the status of the payment
24 stablecoin industry, including—

1 (1) a summary of trends in payment stablecoin
2 activities;

3 (2) a summary of the number of applications
4 for permitted payment stablecoin issuer under sec-
5 tion 5, including aggregate approvals and rejections
6 of applications; and

7 (3) a description of the potential financial sta-
8 bility risks posed to the safety and soundness of the
9 broader financial system by payment stablecoin ac-
10 tivities.

11 (b) FSOC REPORT.—The Financial Stability Over-
12 sight Council shall incorporate the findings in the report
13 under subsection (a) into the annual report of the Council
14 required under section 112(a)(2)(N) of the Dodd-Frank
15 Wall Street Reform and Consumer Protection Act (12
16 U.S.C. 5322).

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

18 (a) RULE OF CONSTRUCTION.—Nothing in this Act
19 may be construed to limit the authority of a depository
20 institution, Federal credit union, State credit union, na-
21 tional bank, or trust company to engage in activities per-
22 missible pursuant to applicable State and Federal law, in-
23 cluding—

24 (1) accepting or receiving deposits and issuing
25 digital assets that represent deposits;

1 (2) utilizing a distributed ledger for the books
2 and records of the entity and to affect intrabank
3 transfers; and

4 (3) providing custodial services for payment
5 stablecoins, private keys of payment stablecoins, or
6 reserves backing payment stablecoins.

7 (b) REGULATORY REVIEW.—The primary Federal
8 payment stablecoin regulators shall review all existing
9 guidance and regulations, and if necessary, amend or pro-
10 mulgate new regulations and guidance, to clarify that reg-
11 ulated entities can engage in the payment stablecoin ac-
12 tivities contemplated in, and in accordance with, this Act.

13 (c) TREATMENT OF CUSTODY ACTIVITIES.—The ap-
14 propriate Federal banking agency (as defined under sec-
15 tion 3 of the Federal Deposit Insurance Act (12 U.S.C.
16 1813)), the National Credit Union Administration (in the
17 case of a credit union), and the Securities and Exchange
18 Commission may not require a depository institution, na-
19 tional bank, Federal credit union, State credit union, or
20 trust company, or any institution-affiliated party there-
21 of—

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

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

7 (A) the appropriate Federal banking agen-
8 cy;

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

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

14 (D) a State credit union supervisor (as de-
15 fined under section 6003 of the Anti-Money
16 Laundering Act of 2020);

17 (3) to recognize a liability for any obligations
18 related to activities or services performed for digital
19 assets that the entity does not own in any amount
20 greater than the expense recognized in the income
21 statement or the consideration received as a result
22 of the corresponding obligation.

23 (d) DEFINITIONS.—In this section:

24 (1) DEPOSITORY INSTITUTION.—The term “de-
25 pository institution” has the meaning given that

1 term under section 3 of the Federal Deposit Insur-
2 ance Act (12 U.S.C. 1813).

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

7 **SEC. 15. AMENDMENTS TO CLARIFY THAT PAYMENT**
8 **STABLECOINS ARE NOT SECURITIES OR COM-**
9 **MODITIES AND PERMITTED PAYMENT**
10 **STABLECOIN ISSUERS ARE NOT INVESTMENT**
11 **COMPANIES.**

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

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

22 (1) in section 2(a)(36) (15 U.S.C. 80a–
23 2(a)(36))(15 U.S.C. 80a–2(a)(36)), by adding at the
24 end the following: “The term ‘security’ does not in-
25 clude a payment stablecoin issued by a permitted

1 payment stablecoin issuer, as such terms are defined
2 in section 2 of the Guiding and Establishing Na-
3 tional Innovation for U.S. Stablecoins Act of 2025.”;
4 and

5 (2) in section 3(c)(3) (15 U.S.C. 80a–3(c)(3)),
6 by inserting “any permitted payment stablecoin
7 issuer, as such term is defined in section 2 of the
8 Guiding and Establishing National Innovation for
9 U.S. Stablecoins Act of 2025;” after “therefor;”.

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

17 (d) SECURITIES EXCHANGE ACT OF 1934.—Section
18 3(a)(10) of the Securities Exchange Act of 1934 (15
19 U.S.C. 78c(a)(10)) is amended by adding at the end the
20 following: “The term ‘security’ does not include a payment
21 stablecoin issued by a permitted payment stablecoin
22 issuer, as such terms are defined in section 2 of the Guid-
23 ing and Establishing National Innovation for U.S.
24 Stablecoins Act of 2025.”.

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

9 (f) COMMODITY EXCHANGE ACT.—Section 1a of the
10 Commodity Exchange Act (7 U.S.C. 1a) is amended by
11 adding at the end the following: “The term ‘commodity’
12 does not include a payment stablecoin issued by a per-
13 mitted payment stablecoin issuer, as such terms are de-
14 fined in section 2 of the Guiding and Establishing Na-
15 tional Innovation for U.S. payment stablecoins Act of
16 2025.”

17 **SEC. 16. RECIPROCITY FOR PAYMENT STABLECOINS**
18 **ISSUED IN OVERSEAS JURISDICTIONS.**

19 Notwithstanding section 2(15)(A)(ii)(III), the Sec-
20 retary of the Treasury shall create and implement recip-
21 rocal arrangements or other bilateral agreements between
22 the United States and jurisdictions with substantially
23 similar payment stablecoin regulatory regimes to the re-
24 quirements under this Act, including reserve requirements,
25 supervision, anti-money laundering and counter-terrorism

1 features, sanctions compliance standards, liquidity re-
2 quirements, and risk management standards, to facilitate
3 international transactions and interoperability with United
4 States dollar-denominated payment stablecoins issued
5 overseas. The Secretary of the Treasury shall aim to com-
6 plete such arrangements not later than the date that is
7 2 years after the date of enactment of this Act.

8 **SEC. 17. EFFECTIVE DATE.**

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

11 (1) 18 months after the date of enactment of
12 this Act; or

13 (2) the date that is 120 days after the date on
14 which the primary Federal payment stablecoin regu-
15 lators issue any final regulations implementing this
16 Act.

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

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

1 (1) a subsidiary of an insured depository insti-
2 tution, if the insured depository institution has an
3 application pending for the subsidiary to become a
4 permitted payment stablecoin issuer on that effective
5 date; or

6 (2) a nonbank entity with an application pend-
7 ing to become a Comptroller-regulated entity on that
8 effective date.

9 **SEC. 18. RULEMAKING.**

10 (a) **IN GENERAL.**—Not later than 1 year after the
11 date of enactment of this Act, each primary Federal pay-
12 ment stablecoin regulator, the Secretary of the Treasury,
13 and each State payment stablecoin regulator shall imple-
14 ment this Act through appropriate notice and comment
15 rulemaking, including promulgating regulations as de-
16 scribed in this Act as necessary.

17 (b) **COORDINATION.**—Federal payment stablecoin
18 regulators and State payment stablecoin regulators should
19 coordinate on the issuance of any regulations to implement
20 this Act.

21 (c) **REPORT REQUIRED.**—Not later than 180 days
22 after the date of enactment of this Act, each Federal
23 banking agency shall submit to the Committee on Bank-
24 ing, Housing, and Urban Affairs of the Senate and the
25 Committee on Financial Services of the House of Rep-

- 1 representatives a report that confirms and describes the rules
- 2 promulgated to implement this Act.