

## Calendar No. 66

119TH CONGRESS  
1ST SESSION**S. 1582**

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

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**IN THE SENATE OF THE UNITED STATES**

MAY 1, 2025

Mr. HAGERTY (for himself, Ms. LUMMIS, and Mr. SCOTT of South Carolina)  
introduced the following bill; which was read the first time

MAY 5, 2025

Read the second time and placed on the calendar

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**A BILL**

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

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

3 **SECTION 1. SHORT TITLE.**

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

7 **SEC. 2. DEFINITIONS.**

8 In this Act:

1           (1) APPROPRIATE FEDERAL BANKING AGEN-  
 2           CY.—The term “appropriate Federal banking agen-  
 3           cy” has the meaning given that term in section 3 of  
 4           the Federal Deposit Insurance Act (12 U.S.C.  
 5           1813).

6           (2) BANK SECRECY ACT.—The term “Bank Se-  
 7           crecy Act” means—

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

10                   (B) chapter 2 of title I of Public Law 91–  
 11                   508 (12 U.S.C. 1951 et seq.); and

12                   (C) subchapter II of chapter 53 of title 31,  
 13                   United States Code.

14           (3) BOARD.—The term “Board” means the  
 15           Board of Governors of the Federal Reserve System.

16           (4) COMPTROLLER.—The term “Comptroller”  
 17           means the Office of the Comptroller of the Currency.

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

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

24           (7) DIGITAL ASSET SERVICE PROVIDER.—The  
 25           term “digital asset service provider”—

(A) means a person that, for compensation or profit, engages in the business in the United States (including on behalf of customers or users in the United States) of—

(i) exchanging digital assets for monetary value;

(ii) exchanging digital assets for other digital assets;

(iii) transferring digital assets to a third party;

(iv) acting as a digital asset custodian; or

(v) participating in financial services relating to digital asset issuance; and

(B) does not include—

(i) a distributed ledger protocol;

(ii) developing, operating, or engaging in the business of developing distributed ledger protocols or self-custodial software interfaces;

(iii) an immutable and self-custodial software interface;

(iv) developing, operating, or engaging in the business of validating transactions or operating a distributed ledger node; or

1 (v) participating in a liquidity pool or  
2 other similar mechanism for the provi-  
3 sioning of liquidity for peer-to-peer trans-  
4 actions.

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

12 (9) DISTRIBUTED LEDGER PROTOCOL.—The  
13 term “distributed ledger protocol” means publicly  
14 available and accessible executable software deployed  
15 to a distributed ledger, including smart contracts or  
16 networks of smart contracts.

17 (10) FEDERAL BRANCH.—The term “Federal  
18 branch” has the meaning given that term in section  
19 3 of the Federal Deposit Insurance Act (12 U.S.C.  
20 1813).

21 (11) FEDERAL QUALIFIED PAYMENT  
22 STABLECOIN ISSUER.—The term “Federal qualified  
23 payment stablecoin issuer” means—

24 (A) a nonbank entity, other than a State  
25 qualified payment stablecoin issuer, approved

1 by the Comptroller, pursuant to section 5, to  
 2 issue payment stablecoins;

3 (B) an uninsured national bank—

4 (i) that is chartered by the Comp-  
 5 troller, pursuant to title LXII of the Re-  
 6 vised Statutes; and

7 (ii) that is approved by the Comp-  
 8 troller, pursuant to section 5, to issue pay-  
 9 ment stablecoins; and

10 (C) a Federal branch that is approved by  
 11 the Comptroller, pursuant to section 5, to issue  
 12 payment stablecoins.

13 (12) FOREIGN PAYMENT STABLECOIN  
 14 ISSUER.—The term “foreign payment stablecoin  
 15 issuer” means an issuer of a payment stablecoin  
 16 that is—

17 (A) organized under the laws of or domi-  
 18 ciled in a foreign country, a territory of the  
 19 United States, Puerto Rico, Guam, American  
 20 Samoa, or the Virgin Islands; and

21 (B) not a permitted payment stablecoin  
 22 issuer.

23 (13) INSTITUTION-AFFILIATED PARTY.—With  
 24 respect to a permitted payment stablecoin issuer, the  
 25 term “institution-affiliated party” means any direc-

1 tor, officer, employee, or controlling stockholder of  
2 the permitted payment stablecoin issuer.

3 (14) INSURED CREDIT UNION.—The term “in-  
4 sured credit union” has the meaning given that term  
5 in section 101 of the Federal Credit Union Act (12  
6 U.S.C. 1752).

7 (15) INSURED DEPOSITORY INSTITUTION.—The  
8 term “insured depository institution” means—

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

12 (B) an insured credit union.

13 (16) LAWFUL ORDER.—The term “lawful  
14 order” means any final and valid writ, process,  
15 order, rule, decree, command, or other requirement  
16 issued or promulgated under Federal law, issued by  
17 a court of competent jurisdiction or by an authorized  
18 Federal agency pursuant to its statutory authority,  
19 that—

20 (A) requires a person to seize, freeze, burn,  
21 or prevent the transfer of payment stablecoins  
22 issued by the person;

23 (B) specifies the payment stablecoins or  
24 accounts subject to blocking with reasonable  
25 particularity; and

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

3 (17) MONETARY VALUE.—The term “monetary  
4 value” means a national currency or deposit (as de-  
5 fined in section 3 of the Federal Deposit Insurance  
6 Act (12 U.S.C. 1813)) denominated in a national  
7 currency.

8 (18) MONEY.—The term “money”—

9 (A) means a medium of exchange currently  
10 authorized or adopted by a domestic or foreign  
11 government; and

12 (B) includes a monetary unit of account  
13 established by an intergovernmental organiza-  
14 tion or by agreement between 2 or more coun-  
15 tries.

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

18 (A) A Federal Reserve note (as the term is  
19 used in the first undesignated paragraph of sec-  
20 tion 16 of the Federal Reserve Act (12 U.S.C.  
21 411)).

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

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

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

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

7 (21) OFFER.—The term “offer” means to make  
 8 available for purchase, sale, or exchange.

9 (22) PAYMENT STABLECOIN.—The term “pay-  
 10 ment stablecoin”—

11 (A) means a digital asset—

12 (i) that is, or is designed to be, used  
 13 as a means of payment or settlement; and

14 (ii) the issuer of which—

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

20 (II) represents that such issuer  
 21 will maintain, or create the reasonable  
 22 expectation that it will maintain, a  
 23 stable value relative to the value of a  
 24 fixed amount of monetary value; and

25 (B) does not include a digital asset that—

1 (i) is a national currency;

2 (ii) is a deposit (as defined in section  
3 of the Federal Deposit Insurance Act  
4 (12 U.S.C. 1813)), including a deposit re-  
5 corded using distributed ledger technology;  
6 or

7 (iii) is a security, as defined in section  
8 2 of the Securities Act of 1933 (15 U.S.C.  
9 77b), section 3 of the Securities Exchange  
10 Act of 1934 (15 U.S.C. 78c), or section 2  
11 of the Investment Company Act of 1940  
12 (15 U.S.C. 80a–2), except that, for the  
13 avoidance of doubt, no bond, note, evidence  
14 of indebtedness, or investment contract  
15 that was issued by a permitted payment  
16 stablecoin issuer shall qualify as a security  
17 solely by virtue of its satisfying the condi-  
18 tions described in subparagraph (A), con-  
19 sistent with section 17 of this Act.

20 (23) PERMITTED PAYMENT STABLECOIN  
21 ISSUER.—The term “permitted payment stablecoin  
22 issuer” means a person formed in the United States  
23 that—

24 (A) is—

1 (i) a subsidiary of an insured depository  
2 institution that has been approved to  
3 issue payment stablecoins under section 5;

4 (ii) a Federal qualified payment  
5 stablecoin issuer; or

6 (iii) a State qualified payment  
7 stablecoin issuer; and

8 (B) does not offer a payment of yield or  
9 interest on its issued payment stablecoin.

10 (24) PERSON.—The term “person” means an  
11 individual, partnership, company, corporation, asso-  
12 ciation, trust, estate, cooperative organization, or  
13 other business entity, incorporated or unincor-  
14 porated.

15 (25) PRIMARY FEDERAL PAYMENT STABLECOIN  
16 REGULATOR.—The term “primary Federal payment  
17 stablecoin regulator” means—

18 (A) with respect to a subsidiary of an in-  
19 sured depository institution (other than an in-  
20 sured credit union), the appropriate Federal  
21 banking agency of such insured depository insti-  
22 tution;

23 (B) with respect to an insured credit union  
24 or a subsidiary of an insured credit union, the  
25 National Credit Union Administration;

1 (C) with respect to a State chartered de-  
2 pository institution not specified under subpara-  
3 graph (A), the Corporation, the Comptroller, or  
4 the Board; and

5 (D) with respect to a Federal qualified  
6 payment stablecoin issuer, the Comptroller.

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

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

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

21 (29) STATE PAYMENT STABLECOIN REGU-  
22 LATOR.—The term “State payment stablecoin regu-  
23 lator” means a State agency that has primary regu-  
24 latory and supervisory authority in such State over  
25 entities that issue payment stablecoins.

1           (30) STATE QUALIFIED PAYMENT STABLECOIN  
 2       ISSUER.—The term “State qualified payment  
 3       stablecoin issuer” means an entity that—

4           (A) is legally established under the laws of  
 5       a State and approved to issue payment  
 6       stablecoins by a State payment stablecoin regu-  
 7       lator; and

8           (B) is not an uninsured national bank  
 9       chartered by the Comptroller pursuant to title  
 10      LXII of the Revised Statutes, a Federal  
 11      branch, an insured depository institution, or a  
 12      subsidiary of such national bank, Federal  
 13      branch, or insured depository institution.

14       (31) SUBSIDIARY.—The term “subsidiary” has  
 15      the meaning given that term in section 3 of the Fed-  
 16      eral Deposit Insurance Act (12 U.S.C. 1813).

17       (32) SUBSIDIARY OF AN INSURED CREDIT  
 18      UNION.—With respect to an insured credit union,  
 19      the term “subsidiary of an insured credit union”  
 20      means—

21           (A) an organization providing services to  
 22      the insured credit union that are associated  
 23      with the routine operations of credit unions, as  
 24      described in section 107(7)(I) of the Federal  
 25      Credit Union Act (12 U.S.C. 1757(7)(I));

1 (B) a credit union service organization, as  
 2 such term is used under part 712 of title 12,  
 3 Code of Federal Regulations, with respect to  
 4 which the insured credit union has an owner-  
 5 ship interest or to which the insured credit  
 6 union has extended a loan; and

7 (C) a subsidiary of a State chartered in-  
 8 sured credit union authorized under State law.

9 **SEC. 3. ISSUANCE AND TREATMENT OF PAYMENT**  
 10 **STABLECOINS.**

11 (a) LIMITATION ON ISSUERS.—It shall be unlawful  
 12 for any person other than a permitted payment stablecoin  
 13 issuer to issue a payment stablecoin in the United States.

14 (b) PROHIBITION ON OFFERS OR SALES.—

15 (1) IN GENERAL.—Except as provided in sub-  
 16 section (c) and section 18, beginning on the date  
 17 that is 3 years after the date of enactment of this  
 18 Act, it shall be unlawful for any digital asset service  
 19 provider to offer or sell a payment stablecoin to a  
 20 person in the United States, unless the payment  
 21 stablecoin is issued by a permitted payment  
 22 stablecoin issuer.

23 (2) FOREIGN PAYMENT STABLECOIN  
 24 ISSUERS.—It shall be unlawful for any person to  
 25 offer, sell, or otherwise make available in the United

1 States a payment stablecoin issued by a foreign pay-  
2 ment stablecoin issuer unless the foreign payment  
3 stablecoin issuer has the technological capability to  
4 comply, and will comply, with the terms of any law-  
5 ful order or reciprocal arrangement pursuant to sec-  
6 tion 18.

7 (c) LIMITED SAFE HARBORS.—

8 (1) IN GENERAL.—The Secretary of the Treas-  
9 ury may issue regulations providing safe harbors  
10 from subsection (a) that are—

11 (A) consistent with the purposes of the  
12 Act;

13 (B) limited in scope; and

14 (C) apply to a de minimis volume of trans-  
15 actions, as determined by the Secretary of the  
16 Treasury.

17 (2) UNUSUAL AND EXIGENT CIR-  
18 CUMSTANCES.—If the Secretary of the Treasury de-  
19 termines that unusual and exigent circumstances  
20 exist, the Secretary may provide limited safe harbors  
21 from subsection (a).

22 (d) RULEMAKING.—The Secretary of the Treasury  
23 may, as the Secretary determines appropriate, issue regu-  
24 lations to implement this section, including regulations to  
25 define statutory terms.

1       (e) EXTRATERRITORIAL EFFECT.—This section is in-  
2 tended to have extraterritorial effect if conduct involves  
3 the offer or sale of a payment stablecoin to a person lo-  
4 cated in the United States.

5       (f) PENALTY FOR VIOLATION.—

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

10          (2) REFERRAL TO ATTORNEY GENERAL.—If a  
11 primary Federal payment stablecoin regulator has  
12 reason to believe that any person has knowingly vio-  
13 lated subsection (a), the primary Federal payment  
14 stablecoin regulator may refer the matter to the At-  
15 torney General.

16       (g) TREATMENT.—A payment stablecoin that is not  
17 issued by a permitted payment stablecoin issuer shall not  
18 be—

19           (1) treated as cash or a cash equivalent for ac-  
20 counting purposes;

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

1           (3) acceptable as a settlement asset to facilitate  
 2       wholesale payments between banking organizations  
 3       or by a payment infrastructure to facilitate exchange  
 4       and settlement among banking organizations.

5       (h) RULE OF CONSTRUCTION.—This section shall not  
 6       apply to—

7           (1) the direct transfer of digital assets between  
 8       2 individuals acting on their own behalf and for  
 9       their own lawful purposes, without the involvement  
 10      of an intermediary;

11          (2) to any transaction involving the receipt of  
 12      digital assets by an individual between an account  
 13      owned by the individual in the United States and an  
 14      account owned by the individual abroad that are of-  
 15      fered by the same parent company; or

16          (3) to any transaction by means of a software  
 17      or hardware wallet that facilitates an individual's  
 18      own custody of digital assets.

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

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

23          (1) IN GENERAL.—A permitted payment  
 24      stablecoin issuer 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  
7 money standing to the credit of an account  
8 with 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 or agents,  
14 including correspondent banks, of an in-  
15 sured depository institution), subject to  
16 limitations established by the Corporation  
17 and the National Credit Union Administra-  
18 tion, as applicable, to address safety and  
19 soundness risks of such insured depository  
20 institution;

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

22 (I) with a remaining maturity of  
23 93 days or less; or

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

1 (iv) money received under repurchase  
2 agreements, with the permitted payment  
3 stablecoin issuer acting as a seller of secu-  
4 rities and with an overnight maturity, that  
5 are backed by Treasury bills with a matu-  
6 rity of 93 days or 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 agency registered with the  
18 Securities and Exchange Commission;  
19 or

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

(vi) securities issued by an investment company registered under section 8(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–8(a)), or other registered Government money market fund, and that are invested solely in underlying assets described in clauses (i) through (v);

(vii) any other similarly liquid Federal Government-issued asset approved by the primary Federal payment stablecoin regulator, in consultation with the State payment stablecoin regulator, if applicable, of the permitted payment stablecoin issuer; or

(viii) any reserve described in clause (i) through (iii) or clause (vi) through (vii) in tokenized form, provided that such reserves comply with all applicable laws and regulations;

(B) publicly disclose the issuer’s redemption policy, which shall—

(i) establish clear and conspicuous procedures for timely redemption of outstanding payment stablecoins, provided that any discretionary limitations on timely redemptions can only be imposed by a

1 State qualified payment stablecoin regu-  
 2 lator, the Corporation, the Comptroller, or  
 3 the Board, consistent with section 7; and

4 (ii) publicly, clearly, and conspicuously  
 5 disclose in plain language all fees associ-  
 6 ated with purchasing or redeeming the  
 7 payment stablecoins, provided that such  
 8 fees can only be changed upon not less  
 9 than 7 days' prior notice to consumers;  
 10 and

11 (C) publish the monthly composition of the  
 12 issuer's reserves on the website of the issuer,  
 13 containing—

14 (i) the total number of outstanding  
 15 payment stablecoins issued by the issuer;  
 16 and

17 (ii) the amount and composition of  
 18 the reserves described in subparagraph  
 19 (A), including the average tenor and geo-  
 20 graphic location of custody of each cat-  
 21 egory of reserve instruments.

22 (2) PROHIBITION ON REHYPOTHECATION.—Re-  
 23 serves required under paragraph (1)(A) may not be  
 24 pledged, rehypothecated, or reused by the permitted

1 payment stablecoin issuer, either directly or indi-  
2 rectly, except for the purpose of—

3 (A) satisfying margin obligations in con-  
4 nection with investments in permitted reserves  
5 under clauses (iv) and (v) of paragraph (1)(A);

6 (B) satisfying obligations associated with  
7 the use, receipt, or provision of standard custo-  
8 dial services; or

9 (C) creating liquidity to meet reasonable  
10 expectations of requests to redeem payment  
11 stablecoins, such that reserves in the form of  
12 Treasury bills may be sold as purchased securi-  
13 ties for repurchase agreements with a maturity  
14 of 93 days or less, provided that either—

15 (i) the repurchase agreements are  
16 cleared by a clearing agency registered  
17 with the Securities and Exchange Commis-  
18 sion; or

19 (ii) the permitted payment stablecoin  
20 issuer receives the prior approval of its pri-  
21 mary Federal payment stablecoin regulator  
22 or State payment stablecoin regulator, as  
23 applicable.

1           (3) MONTHLY CERTIFICATION; EXAMINATION  
2       OF REPORTS BY REGISTERED PUBLIC ACCOUNTING  
3       FIRM.—

4           (A) IN GENERAL.—A permitted payment  
5       stablecoin issuer shall, each month, have the in-  
6       formation disclosed in the previous month-end  
7       report required under paragraph (1)(D) exam-  
8       ined by a registered public accounting firm.

9           (B) CERTIFICATION.—Each month, the  
10      Chief Executive Officer and Chief Financial Of-  
11      ficer of a permitted payment stablecoin issuer  
12      shall submit a certification as to the accuracy  
13      of the monthly report to, as applicable—

14           (i) the primary Federal payment  
15      stablecoin regulator of the permitted pay-  
16      ment stablecoin issuer; or

17           (ii) the State payment stablecoin reg-  
18      ulator of the permitted payment stablecoin  
19      issuer.

20           (C) CRIMINAL PENALTY.—Any person who  
21      submits a certification required under subpara-  
22      graph (B) knowing that such certification is  
23      false shall be subject to the same criminal pen-  
24      alties as those set forth under section 1350(c)  
25      of title 18, United States Code.

1           (4) CAPITAL, LIQUIDITY, AND RISK MANAGE-  
2           MENT REQUIREMENTS.—

3           (A) IN GENERAL.—The primary Federal  
4           payment stablecoin regulators shall, or in the  
5           case of a State qualified payment stablecoin  
6           issuer, the State payment stablecoin regulator  
7           shall, consistent with section 13, issue regula-  
8           tions implementing—

9           (i) capital requirements applicable to  
10          permitted payment stablecoin issuers  
11          that—

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

15           (II) do not exceed requirements  
16          that are sufficient to ensure the ongoing  
17          operations of permitted payment  
18          stablecoin issuers; and

19           (III) in the case of the primary  
20          Federal payment stablecoin regu-  
21          lators, if the primary Federal pay-  
22          ment stablecoin regulators determine  
23          that a capital buffer is necessary to  
24          ensure the ongoing operations of per-  
25          mitted payment stablecoin issuers,

1                   may include capital buffers that are  
2                   tailored to the business model and  
3                   risk profile of permitted payment  
4                   stablecoin issuers;

5                   (ii) the liquidity standard under para-  
6                   graph (1)(A);

7                   (iii) reserve asset diversification, in-  
8                   cluding deposit concentration at banking  
9                   institutions, and interest rate risk manage-  
10                  ment standards applicable to permitted  
11                  payment stablecoin issuers that—

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

15                   (II) do not exceed standards that  
16                   are sufficient to ensure the ongoing  
17                   operations of permitted payment  
18                   stablecoin issuers; and

19                   (iv) appropriate operational, compli-  
20                   ance, and information technology risk  
21                   management principles-based requirements  
22                   and standards, including Bank Secrecy Act  
23                   and sanctions compliance standards,  
24                   that—

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

4 (II) are consistent with applicable  
5 law.

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

8 (i) the authority of the primary Fed-  
9 eral payment stablecoin regulators, in pre-  
10 scribing standards under this paragraph,  
11 to tailor or differentiate among issuers on  
12 an individual basis or by category, taking  
13 into consideration the capital structure,  
14 business model risk profile, complexity, fi-  
15 nancial activities (including financial activi-  
16 ties of subsidiaries), size, and any other  
17 risk-related factors of permitted payment  
18 stablecoin issuers that a primary Federal  
19 payment stablecoin regulator determines  
20 appropriate, provided that such tailoring or  
21 differentiation occurs without respect to  
22 whether a permitted payment stablecoin  
23 issuer is regulated by a State payment  
24 stablecoin regulator; or

1 (ii) any supervisory, regulatory, or en-  
2 forcement authority of a primary Federal  
3 payment stablecoin regulator to further the  
4 safe and sound operation of an institution  
5 for which the primary Federal payment  
6 stablecoin regulator is the appropriate reg-  
7 ulator.

8 (C) APPLICABILITY OF EXISTING CAPITAL  
9 STANDARDS.—

10 (i) DEFINITION.—In this subpara-  
11 graph, the term “depository institution  
12 holding company” has the meaning given  
13 that term under section 171(a)(3) of the  
14 Financial Stability Act of 2010 (12 U.S.C.  
15 5371(a)(3)).

16 (ii) APPLICABILITY OF FINANCIAL  
17 STABILITY ACT.—With respect to the pro-  
18 mulgation of rules under subparagraph (A)  
19 and clauses (iii) and (iv) of this subpara-  
20 graph, section 171 of the Financial Sta-  
21 bility Act of 2010 (12 U.S.C. 5371) shall  
22 not apply.

23 (iii) RULES RELATING TO LEVERAGE  
24 CAPITAL REQUIREMENTS OR RISK-BASED  
25 CAPITAL REQUIREMENTS.—Any rule issued

1 by an appropriate Federal banking agency  
2 that imposes, on a consolidated basis, a le-  
3 verage capital requirement or risk-based  
4 capital requirement with respect to an in-  
5 sured depository institution or depository  
6 institution holding company shall provide  
7 that, for purposes of such leverage capital  
8 requirement or risk-based capital require-  
9 ment, any insured depository institution or  
10 depository institution holding company  
11 that includes, on a consolidated basis, a  
12 permitted payment stablecoin issuer, shall  
13 not be required to hold, with respect to  
14 such permitted payment stablecoin issuer  
15 and its assets and operations, any amount  
16 of regulatory capital in excess of the cap-  
17 ital that such permitted payment  
18 stablecoin issuer must maintain under the  
19 capital requirements issued pursuant to  
20 subparagraph (A)(i).

21 (iv) MODIFICATIONS.—Not later than  
22 the earlier of the rulemaking deadline  
23 under section 13 or the date on which the  
24 Federal payment stablecoin regulators  
25 issue regulations to carry out this section,

each appropriate Federal banking agency shall amend or otherwise modify any regulation of the appropriate Federal banking agency described in clause (iii) so that such regulation, as amended or otherwise modified, complies with clause (iii) of this subparagraph.

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

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

(i) maintenance of an effective anti-money laundering and economic sanctions compliance program, which shall include appropriate risk assessments, verification of sanctions lists, and designation of an officer to supervise the programs;

(ii) retention of appropriate records;

1 (iii) monitoring and reporting of any  
2 suspicious transaction relevant to a pos-  
3 sible violation of law or regulation;

4 (iv) policies and procedures to block,  
5 freeze, and reject specific or impermissible  
6 transactions that violate Federal or State  
7 laws, rules, or regulations; and

8 (v) maintenance of an effective cus-  
9 tomer identification program, including  
10 identification and verification of account  
11 holders with the permitted payment  
12 stablecoin issuer, high-value transactions,  
13 and appropriate enhanced due diligence.

14 (B) RULEMAKING.—The Financial Crimes  
15 Enforcement Network shall adopt rules, tailored  
16 to the size and complexity of permitted payment  
17 stablecoin issuers, to implement subparagraph  
18 (A).

19 (C) RESERVATION OF AUTHORITY.—Noth-  
20 ing in this Act shall restrict the authority of the  
21 Secretary of the Treasury to implement, admin-  
22 ister, and enforce the provisions of subchapter  
23 II of chapter 53 of title 31, United States Code.

24 (6) COORDINATION WITH PERMITTED PAYMENT  
25 STABLECOIN ISSUERS WITH RESPECT TO BLOCKING

1       OF PROPERTY AND TECHNOLOGICAL CAPABILITIES  
2       TO COMPLY WITH LAWFUL ORDERS.—

3               (A) IN GENERAL.—The Secretary of the  
4       Treasury—

5               (i) shall, to the best of the Secretary's  
6       ability, coordinate with a permitted pay-  
7       ment stablecoin issuer before taking any  
8       action to block and prohibit transactions in  
9       property and interests in property of a for-  
10      eign person to ensure that the permitted  
11      payment stablecoin issuer is able to effec-  
12      tively block a payment stablecoin of the  
13      foreign person upon issuance of the pay-  
14      ment stablecoin; and

15              (ii) is not required to notify any per-  
16      mitted payment stablecoin issuer of any in-  
17      tended action described in clause (i) prior  
18      to taking such action.

19              (B) COMPLIANCE WITH LAWFUL OR-  
20      DERS.—A permitted payment stablecoin issuer  
21      may issue payment stablecoins only if the issuer  
22      has the technological capability to comply, and  
23      will comply, with the terms of any lawful order.

24              (C) REPORT REQUIRED.—Not later than 1  
25      year after the date of enactment of this Act, the

1 Attorney General and the Secretary of the  
 2 Treasury shall submit to the Committee on  
 3 Banking, Housing, and Urban Affairs of the  
 4 Senate and the Committee on Financial Serv-  
 5 ices of the House of Representatives a report,  
 6 which may include a classified annex if applica-  
 7 ble, on the coordination with permitted payment  
 8 stablecoin issuers required under subparagraph  
 9 (A).

10 (D) RULE OF CONSTRUCTION.—Nothing in  
 11 this paragraph shall be construed to alter or af-  
 12 fect the authority of State payment stablecoin  
 13 regulators with respect to the offer of foreign-  
 14 issued digital assets that are issued within a  
 15 foreign jurisdiction.

16 (7) LIMITATION ON PAYMENT STABLECOIN AC-  
 17 TIVITIES.—

18 (A) IN GENERAL.—A permitted payment  
 19 stablecoin issuer may only—

- 20 (i) issue payment stablecoins;
- 21 (ii) redeem payment stablecoins;
- 22 (iii) manage related reserves, includ-
- 23 ing purchasing, selling, and holding reserve
- 24 assets or providing custodial services for

1           reserve assets, consistent with State and  
2           Federal law;

3           (iv) provide custodial or safekeeping  
4           services for payment stablecoins, required  
5           reserves, or private keys of payment  
6           stablecoins, consistent with this Act; and

7           (v) undertake other activities that di-  
8           rectly support any of the activities de-  
9           scribed in clauses (i) through (iv).

10          (B) RULE OF CONSTRUCTION.—Nothing in  
11          subparagraph (A) shall limit a permitted pay-  
12          ment stablecoin issuer from engaging in non-  
13          payment stablecoin activities that are author-  
14          ized by the primary Federal payment stablecoin  
15          regulator or the State payment stablecoin regu-  
16          lator, as applicable, consistent with all other  
17          Federal and State laws, provided that the  
18          claims of payment stablecoin holders rank sen-  
19          ior to any potential claims of non-stablecoin  
20          creditors with respect to the reserve assets, con-  
21          sistent with section 11 and the amendments  
22          made by that section.

23          (8) PROHIBITION ON TYING.—

24          (A) IN GENERAL.—A permitted payment  
25          stablecoin issuer may not provide services to a

customer on the condition that the customer obtain an additional paid product or service from the permitted payment stablecoin issuer, or any of its subsidiaries, or agree to not obtain an additional product or service from a competitor.

(B) REGULATIONS.—The Board may issue such regulations as are necessary to carry out this paragraph, and, in consultation with other relevant primary Federal payment stablecoin regulators, may by regulation or order, permit such exceptions to subparagraph (A) as the Board considers will not be contrary to the purpose of this Act.

(9) PROHIBITION ON THE USE OF DECEPTIVE NAMES.—A permitted payment stablecoin issuer may not—

(A) use any combination of terms relating to the United States Government, including “United States” and “United States Government”, in the name of a payment stablecoin; or

(B) market a payment stablecoin in such a way that a reasonable person would perceive the payment stablecoin to be—

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

1 (ii) issued by the United States; or

2 (iii) guaranteed or approved by the  
3 Government of the United States.

4 (10) AUDITS AND REPORTS.—

5 (A) ANNUAL FINANCIAL STATEMENT.—

6 (i) IN GENERAL.—A permitted pay-  
7 ment stablecoin issuer with more than  
8 \$50,000,000,000 in consolidated total out-  
9 standing issuance, that is not subject to  
10 the reporting requirements under section  
11 13(a) or 15(d) of the Securities and Ex-  
12 change Act of 1934 (15 U.S.C. 78m,  
13 78o(d)), shall prepare, in accordance with  
14 generally accepted accounting principles,  
15 an annual financial statement, which shall  
16 include the disclosure of any related party  
17 transactions, as defined by such generally  
18 accepted accounting principles.

19 (ii) AUDITOR.—A registered public ac-  
20 counting firm shall perform an audit of the  
21 annual financial statements described in  
22 clause (i).

23 (iii) STANDARDS.—An audit described  
24 in clause (ii) shall be conducted in accord-  
25 ance with all applicable auditing standards

1 established by the Public Company Ac-  
 2 counting Oversight Board, including those  
 3 relating to auditor independence, internal  
 4 controls, and related party transactions.

5 (iv) RULE OF CONSTRUCTION.—Noth-  
 6 ing in this subparagraph shall be construed  
 7 to limit, alter, or expand the jurisdiction of  
 8 the Public Company Accounting Oversight  
 9 Board over permitted payment stablecoin  
 10 issuers or registered public accounting  
 11 firms.

12 (B) PUBLIC DISCLOSURE AND SUBMISSION  
 13 TO FEDERAL REGULATORS.—Each permitted  
 14 payment stablecoin issuer required to prepare  
 15 an audited annual financial statement under  
 16 subparagraph (A) shall—

17 (i) make such audited financial state-  
 18 ments publicly available on the website of  
 19 the permitted payment stablecoin issuer;  
 20 and

21 (ii) submit such audited financial  
 22 statements annually to their primary Fed-  
 23 eral payment stablecoin regulator.

24 (C) CONSULTATION.—The primary Fed-  
 25 eral payment stablecoin regulators may consult

1 with the Public Company Accounting Oversight  
 2 Board to determine best practices for deter-  
 3 mining audit oversight and to detect fraud, ma-  
 4 terial misstatements, and other financial mis-  
 5 representations that could mislead permitted  
 6 payment stablecoin holders.

7 (11) ELIGIBILITY.—The requirement to main-  
 8 tain reserves under paragraph (1)(A) may not be  
 9 construed as expanding or contracting eligibility to  
 10 qualify as a depository institution under section  
 11 19(b)(1)(A) of the Federal Reserve Act (12 U.S.C.  
 12 461(b)(1)(A)).

13 (12) RULE OF CONSTRUCTION.—Compliance  
 14 with this section does not alter or affect any addi-  
 15 tional requirement of a State payment stablecoin  
 16 regulator that may apply relating to the offering of  
 17 payment stablecoins.

18 (b) REGULATION BY THE COMPTROLLER.—

19 (1) IN GENERAL.—Notwithstanding section  
 20 5136C of the Revised Statutes (12 U.S.C. 25b), sec-  
 21 tion 6 of the Home Owners' Loan Act (12 U.S.C.  
 22 1465), or any applicable State law relating to licens-  
 23 ing and supervision, a Federal qualified payment  
 24 stablecoin issuer approved by the Comptroller pursu-  
 25 ant to section 5 of this Act shall be licensed, regu-

lated, examined, and supervised exclusively by the Comptroller, which shall have authority, in coordination with other relevant primary Federal payment stablecoin regulators and State payment stablecoin regulators, to issue such regulations and orders as necessary to ensure financial stability and implement subsection (a).

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

“(3) REGULATION OF FEDERAL QUALIFIED PAYMENT STABLECOIN ISSUERS.—The Comptroller of the Currency shall, in coordination with other relevant regulators and consistent with section 13 of the GENIUS Act, issue such regulations and orders as necessary to ensure financial stability and implement section 4(a) of that Act.”.

(c) STATE-LEVEL REGULATORY REGIMES.—

(1) OPTION FOR STATE-LEVEL REGULATORY REGIME.—Notwithstanding the Federal regulatory framework established under this Act, a State qualified payment stablecoin issuer with a consolidated total outstanding issuance of not more than \$10,000,000,000 may opt for regulation under a State-level regulatory regime, provided that the

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

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

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

16 (4) CERTIFICATION.—

17 (A) INITIAL CERTIFICATION.—Subject to  
18 subparagraph (B), not later than 1 year after  
19 the effective date of this Act, a State payment  
20 stablecoin regulator shall submit to the  
21 Stablecoin Certification Review Committee an  
22 initial certification that the State-level regu-  
23 latory regime meets the criteria for substantial  
24 similarity established pursuant to paragraph  
25 (2).

1 (B) FORM OF CERTIFICATION.—The initial  
 2 certification required under subparagraph (A)  
 3 shall contain, in a form prescribed by the  
 4 Stablecoin Certification Review Committee, an  
 5 attestation that the State-level regulatory re-  
 6 gime meets the criteria for substantial simi-  
 7 larity established pursuant to paragraph (2).

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

16 (5) CERTIFICATION REVIEW.—

17 (A) IN GENERAL.—Not later than 30 days  
 18 after the date on which a State payment  
 19 stablecoin regulator submits an initial certifi-  
 20 cation or a recertification under paragraph (4),  
 21 the Stablecoin Certification Review Committee  
 22 shall—

23 (i) approve such certification if the  
 24 Committee unanimously determines that  
 25 the State-level regulatory regime meets or

1 exceeds the standards and requirements  
2 described in subsection (a); or

3 (ii) deny such certification and pro-  
4 vide the State payment stablecoin regu-  
5 lator with a written explanation of the de-  
6 nial, describing the reasoned basis for the  
7 denial with sufficient detail to enable the  
8 State payment stablecoin regulator and  
9 State-level regulatory regime to make any  
10 changes necessary to meet or exceed the  
11 standards and requirements described in  
12 subsection (a).

13 (B) RECERTIFICATIONS.—With respect to  
14 recertification certification submitted by a State  
15 payment stablecoin regulator under paragraph  
16 (4), the Stablecoin Certification Review Com-  
17 mittee shall only deny the recertification if—

18 (i) the State-level regulatory regime  
19 has materially changed from the prior cer-  
20 tification or there has been a significant  
21 change in circumstances; and

22 (ii) the material change in the regime  
23 or significant change in circumstances de-  
24 scribed in clause (i) is such that the State-  
25 level regulatory regime will not promote

1 the safe and sound operation of State  
2 qualified payment stablecoin issuers under  
3 its supervision.

4 (C) OPPORTUNITY TO CURE.—

5 (i) IN GENERAL.—With respect to a  
6 denial described under subparagraph (A)  
7 or (B), the Stablecoin Certification Review  
8 Committee shall provide the State payment  
9 stablecoin regulator with not less than 180  
10 days from the date on which the State pay-  
11 ment stablecoin regulator is notified of  
12 such denial to—

13 (I) make such changes as may be  
14 necessary to ensure the State-level  
15 regulatory regime meets or exceeds  
16 the standards described in subsection  
17 (a); and

18 (II) resubmit the initial certifi-  
19 cation or recertification.

20 (ii) DENIAL.—If, after a State pay-  
21 ment stablecoin regulator resubmits an ini-  
22 tial certification or recertification under  
23 clause (i), the Stablecoin Certification Re-  
24 view Committee again determines that the  
25 initial certification or recertification shall

1 result in a denial, the Stablecoin Certifi-  
2 cation Review Committee shall, not later  
3 than 30 days after such determination,  
4 provide the State payment stablecoin regu-  
5 lator with a written explanation for the de-  
6 termination.

7 (D) APPEAL OF DENIAL.—A State pay-  
8 ment stablecoin regulator in receipt of a denial  
9 under subparagraph (C)(ii) may appeal the de-  
10 nial to the United States Court of Appeals for  
11 the District of Columbia Circuit.

12 (E) RIGHT TO RESUBMIT.—A State pay-  
13 ment stablecoin regulator in receipt of a denial  
14 under this paragraph shall not be prohibited  
15 from resubmitting a new certification under  
16 paragraph (4).

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

22 (7) STABLECOIN CERTIFICATION REVIEW COM-  
23 MITTEE ESTABLISHMENT.—For purposes of this  
24 subsection, the Stablecoin Certification Review Com-  
25 mittee shall consist of the Secretary of the Treasury,

1 the Chair of the Board, and the Chair of the Cor-  
 2 poration.

3 (d) TRANSITION TO FEDERAL OVERSIGHT.—

4 (1) DEPOSITORY INSTITUTION.—A State char-  
 5 tered depository institution that is a State qualified  
 6 payment stablecoin issuer with a payment stablecoin  
 7 with a consolidated total outstanding issuance of  
 8 more than \$10,000,000,000 shall—

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

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

23 (2) OTHER INSTITUTIONS.—A State qualified  
 24 payment stablecoin issuer not described in para-  
 25 graph (1) with a payment stablecoin with a consoli-

1       dated total outstanding issuance of more than  
2       \$10,000,000,000 shall—

3               (A) not later than 360 days after the pay-  
4       ment stablecoin reaches such threshold, transi-  
5       tion to the Federal regulatory framework under  
6       subsection (a) administered by the relevant  
7       State payment stablecoin regulator and the  
8       Comptroller, acting in coordination; or

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

14      (3) WAIVER.—

15              (A) IN GENERAL.—Notwithstanding para-  
16      graphs (1) and (2), the applicable primary Fed-  
17      eral payment stablecoin regulator may permit a  
18      State qualified payment stablecoin issuer with a  
19      payment stablecoin with a consolidated total  
20      outstanding issuance of more than  
21      \$10,000,000,000 to remain solely supervised by  
22      a State payment stablecoin regulator.

23              (B) CRITERIA FOR WAIVER.—The primary  
24      Federal payment stablecoin regulator shall con-  
25      sider the following exclusive criteria in deter-

mining whether to issue a waiver under this paragraph:

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

(ii) The past operations and examination history of the State qualified payment stablecoin issuer.

(iii) The experience of the State payment stablecoin regulator in supervising payment stablecoin and digital asset activities.

(iv) The supervisory framework, including regulations and guidance, of the State qualified payment stablecoin issuer with respect to payment stablecoins and digital assets.

(C) RULE OF CONSTRUCTION.—

(i) FEDERAL OVERSIGHT.—A State qualified payment stablecoin issuer subject to Federal oversight under paragraph (1) or (2) of this subsection that does not receive a waiver under this paragraph shall continue to be supervised by the State payment stablecoin regulator of the State qualified payment stablecoin issuer jointly

1 with the primary Federal payment  
2 stablecoin regulator. Nothing in this sub-  
3 section shall require the State qualified  
4 payment stablecoin issuer to convert to a  
5 Federal charter.

6 (ii) STATE OVERSIGHT.—A State  
7 qualified payment stablecoin issuer super-  
8 vised by a State payment stablecoin regu-  
9 lator that has established a prudential reg-  
10 ulatory regime (including regulations and  
11 guidance) for the supervision of digital as-  
12 sets or payment stablecoins before the 90-  
13 day period ending on the date of enact-  
14 ment of this Act that has been certified  
15 pursuant to subsection (c) and has ap-  
16 proved 1 or more issuers to issue a pay-  
17 ment stablecoin under the supervision of  
18 such State payment stablecoin regulator,  
19 shall be presumptively approved for a waiv-  
20 er under this paragraph, unless the Fed-  
21 eral payment stablecoin regulator finds, by  
22 clear and convincing evidence, that the re-  
23 quirements of subparagraph (B) are not  
24 substantially met with respect to that  
25 issuer or that the issuer poses significant

1 safety and soundness risks to the financial  
2 system of the United States.

3 (e) MISREPRESENTATION OF INSURED STATUS.—

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

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

13 (A) IN GENERAL.—It shall be unlawful to  
14 represent that payment stablecoins are backed  
15 by the full faith and credit of the United  
16 States, guaranteed by the United States Gov-  
17 ernment, or subject to Federal deposit insur-  
18 ance or Federal share insurance, provided that  
19 this subparagraph shall not prohibit a per-  
20 mitted payment stablecoin issuer from dis-  
21 closing which assets in its reserves are backed  
22 by the full faith and credit of the United States  
23 or what percentage of its total reserves are  
24 backed by the full faith and credit of the United  
25 States.

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

6 (3) MARKETING.—

7 (A) IN GENERAL.—It shall be unlawful to  
 8 market a product in the United States as a  
 9 payment stablecoin unless the product is issued  
 10 pursuant to this Act.

11 (B) PENALTY.—Whoever knowingly and  
 12 willfully participates in a violation of subpara-  
 13 graph (A) shall be fined by the Department of  
 14 the Treasury not more than \$500,000 for each  
 15 such violation.

16 (C) DETERMINATION OF THE NUMBER OF  
 17 VIOLATIONS.—For purposes of determining the  
 18 number of violations for which to impose pen-  
 19 alties under subparagraph (B), separate acts of  
 20 noncompliance are a single violation when the  
 21 acts are the result of—

22 (i) a common or substantially overlap-  
 23 ping originating cause; or

24 (ii) the same statement or publication.

1 (D) REFERRAL TO SECRETARY OF THE  
 2 TREASURY.—If a Federal payment stablecoin  
 3 regulator has reason to believe that any person  
 4 has knowingly and willfully violated subpara-  
 5 graph (A), the Federal payment stablecoin reg-  
 6 ulator may refer the matter to the Secretary of  
 7 the Treasury.

8 (f) OFFICERS OR DIRECTORS CONVICTED OF CER-  
 9 TAIN FELONIES.—

10 (1) IN GENERAL.—No individual who has been  
 11 convicted of a felony offense involving insider trad-  
 12 ing, embezzlement, cybercrime, money laundering, fi-  
 13 nancing of terrorism, or financial fraud may serve  
 14 as—

15 (A) an officer of a payment stablecoin  
 16 issuer; or

17 (B) a director of a payment stablecoin  
 18 issuer.

19 (2) PENALTY.—

20 (A) IN GENERAL.—Whoever knowingly  
 21 participates in a violation of paragraph (1) shall  
 22 be fined not more than \$1,000,000 for each  
 23 such violation, imprisoned for not more than 5  
 24 years, or both.

1 (B) REFERRAL TO ATTORNEY GENERAL.—

2 If a Federal payment stablecoin regulator has  
3 reason to believe that any person has knowingly  
4 violated paragraph (1), the Federal payment  
5 stablecoin regulator shall refer the matter to  
6 the Attorney General.

7 (g) CLARIFICATION RELATING TO FEDERAL SAVINGS  
8 ASSOCIATION RESERVES.—A Federal savings association  
9 established under the Home Owners' Loan Act (12 U.S.C.  
10 1461 et seq.) that holds a reserve that satisfies the re-  
11 quirements of section 4(a)(1) shall not be required to sat-  
12 isfy the qualified thrift lender test under section 10(m)  
13 of the Home Owners' Loan Act (12 U.S.C. 1467a(m))  
14 with respect to such reserve assets.

15 (h) RULEMAKING.—

16 (1) IN GENERAL.—Consistent with section 13,  
17 the primary Federal payment stablecoin regulators  
18 shall, and State payment stablecoin regulators may,  
19 issue such regulations relating to permitted payment  
20 stablecoin issuers as may be necessary to establish  
21 a payment stablecoin regulatory framework nec-  
22 essary to administer and carry out the requirements  
23 of this section, including to establish conditions, and  
24 to prevent evasion thereof.

1           (2) COORDINATED ISSUANCE OF REGULA-  
2           TIONS.—All regulations issued to carry out this sec-  
3           tion shall be issued in coordination by the primary  
4           Federal payment stablecoin regulators, if not issued  
5           by a State payment stablecoin regulator.

6           (i) RULES OF CONSTRUCTION.—Nothing in this Act  
7           shall be construed—

8                 (1) as expanding the authority of the Board  
9                 with respect to the services the Board can make di-  
10                rectly available to the public; or

11               (2) to limit or prevent the continued application  
12               of applicable ethics statutes and regulations adminis-  
13               tered by the Office of Government Ethics, or the  
14               ethics rules of the House of Representatives and the  
15               Senate, including section 208 of title 18, United  
16               States Code, and sections 2635.702 and 2635.802 of  
17               title 5, Code of Federal Regulations. For the avoid-  
18               ance of doubt, existing Office of Government Ethics  
19               laws and the ethics rules of the House of Represent-  
20               atives and the Senate prohibit any member of Con-  
21               gress or senior executive branch official from issuing  
22               a payment stablecoin product during their time in  
23               public service.

1 **SEC. 5. APPROVAL OF SUBSIDIARIES OF INSURED DEPOSI-**  
2 **TORY INSTITUTIONS AND FEDERAL QUALI-**  
3 **FIED PAYMENT STABLECOIN ISSUERS.**

4 (a) APPLICATION.—

5 (1) IN GENERAL.—Each primary Federal pay-  
6 ment stablecoin regulator shall—

7 (A) receive, review, and consider for ap-  
8 proval applications from any insured depository  
9 institution that seeks to issue payment  
10 stablecoins through a subsidiary and any  
11 nonbank entity, Federal branch, or uninsured  
12 national bank that is chartered by the Comp-  
13 troller pursuant to title LXII of the Revised  
14 Statutes, and that seeks to issue payment  
15 stablecoins as a Federal qualified payment  
16 stablecoin issuer; and

17 (B) establish a process and framework for  
18 the licensing, regulation, examination, and su-  
19 pervision of such entities that prioritizes the  
20 safety and 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 13—

25 (A) issue regulations consistent with that  
26 section to carry out this section; and

1 (B) pursuant to the regulations described  
2 in subparagraph (A), accept and process appli-  
3 cations described in paragraph (1).

4 (3) MANDATORY APPROVAL PROCESS.—A pri-  
5 mary Federal payment stablecoin regulator shall,  
6 upon receipt of a substantially complete application  
7 received under paragraph (1), evaluate and make a  
8 determination on each application based on the cri-  
9 teria established under this Act.

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

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

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

21 (2) Whether an individual who has been con-  
22 victed of a felony offense involving insider trading,  
23 embezzlement, cybercrime, money laundering, fi-  
24 nancing of terrorism, or financial fraud is serving as  
25 an officer or director of the applicant.

1           (3) The competence, experience, and integrity  
 2           of the officers, directors, and principal shareholders  
 3           of the applicant, its subsidiaries, and parent com-  
 4           pany, including—

5                   (A) the record of those officers, directors,  
 6                   and principal shareholders of compliance with  
 7                   laws and regulations; and

8                   (B) the ability of those officers, directors,  
 9                   and principal shareholders to fulfill any com-  
 10                  mitments to, and any conditions imposed by,  
 11                  their primary Federal payment stablecoin regu-  
 12                  lator in connection with the application at issue  
 13                  and any prior applications.

14           (4) Whether the redemption policy of the appli-  
 15           cant meets the standards under section 4(a)(1)(B).

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

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 factors described  
12          in 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 as to whether the primary  
18          Federal payment stablecoin regulator con-  
19          siders the application to be substantially  
20          complete and, if the application is not sub-  
21          stantially complete, the additional informa-  
22          tion the applicant shall provide in order for  
23          the application to be considered substan-  
24          tially 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.—A primary Federal  
12 payment stablecoin regulator shall only  
13 deny a substantially complete application  
14 received under subsection (a) if the regu-  
15 lator determines that the activities of the  
16 applicant would be unsafe or unsound  
17 based on the factors described in sub-  
18 section (c).

19 (ii) ISSUANCE ON OPEN, PUBLIC, OR  
20 DECENTRALIZED NETWORK NOT GROUND  
21 FOR DENIAL.—The issuance of a payment  
22 stablecoin on an open, public, or decentral-  
23 ized network shall not be a valid ground  
24 for denial of an application received under  
25 subsection (a).

1 (B) EXPLANATION REQUIRED.—If a pri-  
2 mary Federal payment stablecoin regulator de-  
3 nies a complete application received under sub-  
4 section (a), not later than 30 days after the  
5 date of such denial, the regulator shall provide  
6 the applicant with written notice explaining the  
7 denial with specificity, including all findings  
8 made by the regulator with respect to all identi-  
9 fied material shortcomings in the application,  
10 including actionable recommendations on how  
11 the applicant could address the identified mate-  
12 rial shortcomings.

13 (C) OPPORTUNITY FOR HEARING; FINAL  
14 DETERMINATION.—

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

23 (ii) TIMING.—Upon receipt of a timely  
24 request under clause (i), the primary Fed-  
25 eral payment stablecoin regulator shall no-

1           tice a time (not later than 30 days after  
2           the date of receipt of the request) and  
3           place at which the applicant may appear,  
4           personally or through counsel, to submit  
5           written materials or provide oral testimony  
6           and oral argument.

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

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

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

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

9       (e) REPORTS ON PENDING APPLICATIONS.—Each  
 10   primary Federal payment stablecoin regulator shall—

11           (1) notify Congress upon beginning to process  
 12       applications under this Act; and

13           (2) annually report to Congress on the applica-  
 14       tions that have been pending for 180 days or more  
 15       since the date the initial application was filed and  
 16       for which the applicant has been informed that the  
 17       application remains incomplete, including docu-  
 18       mentation on the status of such applications and  
 19       why such applications have not yet been approved.

20       (f) 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 of this Act, 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 Federal qualified payment stablecoin  
 7           issuer with a pending application on that effective  
 8           date.

9           (g) RULEMAKING.—Consistent with section 13, the  
 10          primary Federal payment stablecoin regulators shall issue  
 11          rules necessary for the regulation of the issuance of pay-  
 12          ment stablecoins, but may not impose requirements in ad-  
 13          dition to the requirements specified under section 4.

14          (h) RELATION TO OTHER LICENSING REQUIRE-  
 15          MENTS.—The provisions of this section supersede and pre-  
 16          empt any State requirement for a charter, license, or other  
 17          authorization to do business with respect to a Federal  
 18          qualified payment stablecoin issuer or subsidiary of an in-  
 19          sured depository institution or credit union that is ap-  
 20          proved under this section to be a permitted payment  
 21          stablecoin issuer.

22          (i) CERTIFICATION REQUIRED.—

23               (1) IN GENERAL.—Not later than 180 days  
 24               after the approval of an application, and on an an-  
 25               nual basis thereafter, each permitted payment

1       stablecoin issuer shall submit to its primary Federal  
2       payment stablecoin regulator, or in the case of a  
3       State qualified payment stablecoin issuer its State  
4       payment stablecoin regulator, a certification that the  
5       issuer has implemented anti-money laundering and  
6       economic sanctions compliance programs that are  
7       reasonably designed to prevent the permitted pay-  
8       ment stablecoin issuer from facilitating money laun-  
9       dering, including, in particular, facilitating money  
10      laundering for cartels and organizations designated  
11      as foreign terrorist organizations under section 219  
12      of the Immigration and Nationality Act (8 U.S.C.  
13      1189) and the financing of terrorist activities, con-  
14      sistent with the requirements of this Act.

15           (2) AVAILABILITY OF CERTIFICATIONS.—Fed-  
16      eral payment stablecoin regulators and State pay-  
17      ment stablecoin regulators shall make certifications  
18      described in paragraph (1) available to the Secretary  
19      of Treasury upon request.

20           (3) PENALTIES.—

21           (A) APPROVAL REVOCATION.—The pri-  
22      mary Federal payment stablecoin regulator or  
23      State payment stablecoin regulator of a per-  
24      mitted payment stablecoin issuer that does not  
25      submit a certification pursuant to paragraph

(1) may revoke the approval of the payment stablecoin issuer under this section.

(B) CRIMINAL PENALTY.—

(i) IN GENERAL.—Any person that knowingly submits a certification pursuant to paragraph (1) that is false shall be subject to the criminal penalties set forth under section 1001 of title 18, United States Code.

(ii) REFERRAL TO ATTORNEY GENERAL.—If a Federal payment stablecoin regulator or State payment stablecoin regulator has reason to believe that any person has knowingly violated paragraph (1), the applicable regulator may refer the matter to the Attorney General or to the attorney general of the payment stablecoin issuer's host State.

**SEC. 6. SUPERVISION AND ENFORCEMENT WITH RESPECT TO FEDERAL QUALIFIED PAYMENT STABLECOIN ISSUERS AND SUBSIDIARIES OF INSURED DEPOSITORY INSTITUTIONS.**

(a) SUPERVISION.—

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

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

6               (2) SUBMISSION OF REPORTS.—Each permitted  
7       payment stablecoin issuer described in paragraph (1)  
8       shall, upon request, submit to the appropriate pri-  
9       mary Federal payment stablecoin regulator a report  
10      on—

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

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

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

19               (D) the compliance of the Federal qualified  
20      nonbank payment stablecoin issuer with the re-  
21      quirements of the Bank Secrecy Act and with  
22      laws authorizing the imposition of sanctions to  
23      be implemented by the Secretary of the Treas-  
24      ury.

1           (3) EXAMINATIONS.—The appropriate primary  
2       Federal payment stablecoin regulator shall examine  
3       a permitted payment stablecoin issuer described in  
4       paragraph (1) in order to assess—

5           (A) the nature of the operations and finan-  
6       cial condition of the permitted payment  
7       stablecoin issuer;

8           (B) the financial, operational, techno-  
9       logical, and other risks associated with the per-  
10      mitted payment stablecoin issuer that may pose  
11      a threat to—

12           (i) the safety and soundness of the  
13      permitted payment stablecoin issuer; or

14           (ii) the stability of the financial sys-  
15      tem of the United States; and

16           (C) the systems of the permitted payment  
17      stablecoin issuer for monitoring and controlling  
18      the risks described in subparagraph (B).

19       (4) REQUIREMENTS FOR EFFICIENCY.—

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

1 (B) AVOIDANCE OF DUPLICATION.—A pri-  
2 mary Federal payment stablecoin regulator  
3 shall, to the fullest extent possible, avoid dupli-  
4 cation of examination activities, reporting re-  
5 quirements, and requests for information in  
6 carrying out this subsection with respect to a  
7 permitted payment stablecoin issuer.

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

17 (b) ENFORCEMENT.—

18 (1) SUSPENSION OR REVOCATION OF REGISTRA-  
19 TION.—The primary Federal payment stablecoin  
20 regulator of a permitted payment stablecoin issuer  
21 that is not a State qualified payment stablecoin  
22 issuer with a payment stablecoin with a consolidated  
23 total outstanding issuance of less than  
24 \$10,000,000,000 may prohibit the permitted pay-  
25 ment stablecoin issuer from issuing payment

1       stablecoins, if the primary Federal payment  
2       stablecoin regulator determines that such permitted  
3       payment stablecoin issuer, or an institution-affiliated  
4       party of the permitted payment stablecoin issuer is  
5       willfully violating or has willfully violated—

6               (A) this Act or any regulation or order  
7               issued under this Act; or

8               (B) any condition imposed in writing by  
9       the primary Federal payment stablecoin regu-  
10      lator in connection with a written agreement  
11      entered into between the permitted payment  
12      stablecoin issuer and the primary Federal pay-  
13      ment stablecoin regulator.

14       (2) CEASE-AND-DESIST PROCEEDINGS.—If the  
15      primary Federal payment stablecoin regulator of a  
16      permitted payment stablecoin issuer that is not a  
17      State qualified payment stablecoin issuer with a pay-  
18      ment stablecoin with a consolidated total out-  
19      standing issuance of less than \$10,000,000,000 has  
20      reasonable cause to believe that the permitted pay-  
21      ment stablecoin issuer or any institution-affiliated  
22      party of the permitted payment stablecoin issuer is  
23      violating, has violated, or is attempting to violate  
24      this Act, any regulation or order issued under this  
25      Act, or any written agreement entered into with the

1 primary Federal payment stablecoin regulator or  
2 condition imposed in writing by the primary Federal  
3 payment stablecoin regulator in connection with any  
4 application or other request, the primary Federal  
5 payment stablecoin regulator may, by provisions that  
6 are mandatory or otherwise, order the permitted  
7 payment stablecoin issuer or institution-affiliated  
8 party of the permitted payment stablecoin issuer  
9 to—

10 (A) cease and desist from such violation or  
11 practice; or

12 (B) take affirmative action to correct the  
13 conditions resulting from any such violation or  
14 practice.

15 (3) REMOVAL AND PROHIBITION AUTHORITY.—

16 The primary Federal payment stablecoin regulator  
17 of a permitted payment stablecoin issuer that is not  
18 a State qualified payment stablecoin issuer may re-  
19 move an institution-affiliated party of the permitted  
20 payment stablecoin issuer from the position or office  
21 of that institution-affiliated party or prohibit further  
22 participation in the affairs of the permitted payment  
23 stablecoin issuer or of all such permitted payment  
24 stablecoin issuers by that institution-affiliated party,

1 if the primary Federal payment stablecoin regulator  
2 determines that—

3 (A) the institution-affiliated party has  
4 knowingly committed a violation or attempted  
5 violation of this Act or any regulation or order  
6 issued under this Act; or

7 (B) the institution-affiliated party has  
8 knowingly committed a violation of any provi-  
9 sion of subchapter II of chapter 53 of title 31,  
10 United States Code.

11 (4) PROCEDURES.—

12 (A) IN GENERAL.—If a primary Federal  
13 payment stablecoin regulator identifies a viola-  
14 tion or attempted violation of this Act or makes  
15 a determination under paragraph (1), (2), or  
16 (3), the primary Federal payment stablecoin  
17 regulator shall comply with the procedures set  
18 forth in subsections (b) and (e) of section 8 of  
19 the Federal Deposit Insurance Act (12 U.S.C.  
20 1818) or subsections (e) and (g) of section 206  
21 the Federal Credit Union Act (12 U.S.C.  
22 1786(e) and (g)), as applicable.

23 (B) JUDICIAL REVIEW.—A person ag-  
24 grieved by a final action under this subsection  
25 may obtain judicial review of such action exclu-

1 sively as provided in section 8(h) of the Federal  
2 Deposit Insurance Act (12 U.S.C. 1818(h)) or  
3 section 206(j) of the Federal Credit Union Act  
4 (12 U.S.C. 1786(j)), as applicable.

5 (C) INJUNCTION.—A primary Federal pay-  
6 ment stablecoin regulator may, at the discretion  
7 of the regulator, follow the procedures provided  
8 in section 8(i)(1) of the Federal Deposit Insur-  
9 ance Act (12 U.S.C. 1818(i)(1)) or section  
10 206(k)(1) of the Federal Credit Union Act (12  
11 U.S.C. 1786(k)(1)), as applicable, for judicial  
12 enforcement of any effective and outstanding  
13 notice or order issued under this subsection.

14 (D) TEMPORARY CEASE-AND-DESIST PRO-  
15 CEEDINGS.—If a primary Federal payment  
16 stablecoin regulator determines that a violation  
17 or attempted violation of this Act or an action  
18 with respect to which a determination was made  
19 under paragraph (1), (2), or (3), or the con-  
20 tinuation thereof, is likely to cause insolvency or  
21 significant dissipation of assets or earnings of a  
22 permitted payment stablecoin issuer, or is likely  
23 to weaken the condition of the permitted pay-  
24 ment stablecoin issuer or otherwise prejudice  
25 the interests of the customers of the permitted

1 payment stablecoin issuer prior to the comple-  
2 tion of the proceedings conducted under this  
3 paragraph, the primary Federal payment  
4 stablecoin regulator may follow the procedures  
5 provided in section 8(c) of the Federal Deposit  
6 Insurance Act (12 U.S.C. 1818(c)) or section  
7 206(f) of the Federal Credit Union Act (12  
8 U.S.C. 1786(f)), as applicable, to issue a tem-  
9 porary cease and desist order.

10 (5) CIVIL MONEY PENALTIES.—Unless other-  
11 wise specified in this Act, the civil money penalties  
12 for violations of this Act consist of the following:

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

22 (B) FIRST TIER.—Except as provided in  
23 subparagraph (A), a permitted payment  
24 stablecoin issuer or institution-affiliated party  
25 of such permitted payment stablecoin issuer

1 that materially violates this Act or any regula-  
2 tion or order issued under this Act, or that ma-  
3 terially violates any condition imposed in writ-  
4 ing by the appropriate primary Federal pay-  
5 ment stablecoin regulator in connection with a  
6 written agreement entered into between the per-  
7 mitted payment stablecoin issuer and that pri-  
8 mary Federal payment stablecoin regulator,  
9 shall be liable for a civil penalty of not more  
10 than \$100,000 for each day during which the  
11 violation continues.

12 (C) SECOND TIER.—Except as provided in  
13 subparagraph (A), and in addition to the pen-  
14 alties described in subparagraph (B), a per-  
15 mitted payment stablecoin issuer or institution-  
16 affiliated party of such permitted payment  
17 stablecoin issuer who knowingly participates in  
18 a violation of any provision of this Act, or any  
19 regulation or order issued under this Act, shall  
20 be liable for a civil penalty of not more than an  
21 additional \$100,000 for each day during which  
22 the violation continues.

23 (D) PROCEDURE.—Any penalty imposed  
24 under this paragraph may be assessed and col-  
25 lected by the appropriate primary Federal pay-

1           ment stablecoin regulator pursuant to the pro-  
2           cedures set forth in section 8(i)(2) of the Fed-  
3           eral Deposit Insurance Act (12 U.S.C.  
4           1818(i)(2)) or section 206(k)(2) of the Federal  
5           Credit Union Act (12 U.S.C. 1786(k)(2)), as  
6           applicable.

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

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

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

3       (c) **FEDERAL TRADE COMMISSION JURISDICTION.**—

4       Nothing in this Act shall be construed to limit, impair,  
5       or otherwise affect the authority or jurisdiction of the Fed-  
6       eral Trade Commission under the Federal Trade Commis-  
7       sion Act (15 U.S.C. 41 et seq.) or any other applicable  
8       Federal law.

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

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

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

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

1       (d) RULEMAKING.—A State payment stablecoin regu-  
2   lator may issue orders and rules under section 4 applicable  
3   to State qualified payment stablecoin issuers to the same  
4   extent as the primary Federal payment stablecoin regu-  
5   lators issue orders and rules under section 4 applicable  
6   to permitted payment stablecoin issuers that are not State  
7   qualified payment stablecoin issuers.

8       (e) ENFORCEMENT AUTHORITY IN UNUSUAL AND  
9   EXIGENT CIRCUMSTANCES.—

10       (1) BOARD.—

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

21           (B) RULEMAKING.—Consistent with sec-  
22   tion 13, the Board shall issue rules to set forth  
23   the unusual and exigent circumstances in which  
24   the Board may act under this paragraph.

1 (C) LIMITATIONS.—If, after unusual and  
2 exigent circumstances are determined to exist  
3 pursuant to subparagraph (A), the Board deter-  
4 mines that there is reasonable cause to believe  
5 that the continuation by a State qualified pay-  
6 ment stablecoin issuer of any activity con-  
7 stitutes a serious risk to the financial safety,  
8 soundness, or stability of the State qualified  
9 payment stablecoin issuer, the Board may im-  
10 pose such restrictions as the Board determines  
11 to be necessary to address such risk during  
12 such unusual and exigent circumstances, which  
13 may include limitations on redemptions of pay-  
14 ment stablecoins, and which shall be issued in  
15 the form of a directive, with the effect of a  
16 cease and desist order that has become final, to  
17 the State qualified payment stablecoin issuer  
18 and any of its affiliates, limiting—

19 (i) transactions between the State  
20 qualified payment stablecoin issuer, a hold-  
21 ing company, and the subsidiaries or affili-  
22 ates of either the State qualified payment  
23 stablecoin issuer or the holding company;  
24 and

(ii) any activities of the State qualified payment stablecoin issuer that might create a serious risk that the liabilities of a holding company and the affiliates of the holding company may be imposed on the State qualified payment stablecoin issuer.

(D) REVIEW OF DIRECTIVE.—

(i) ADMINISTRATIVE REVIEW.—

(I) IN GENERAL.—After a directive described in subparagraph (C) is issued, the applicable State qualified payment stablecoin issuer, or any institution-affiliated party of the State qualified payment stablecoin issuer subject to the directive, may object and present to the Board, in writing, the reasons why the directive should be modified or rescinded.

(II) AUTOMATIC LAPSE OF DIRECTIVE.—If, after 10 days after the receipt of a response described in subclause (I), the Board does not affirm, modify, or rescind the directive, the directive shall automatically lapse.

(ii) JUDICIAL REVIEW.—

1 (I) IN GENERAL.—If the Board  
2 affirms or modifies a directive pursu-  
3 ant to clause (i), any affected party  
4 may immediately thereafter petition  
5 the United States district court for  
6 the district in which the main office of  
7 the affected party is located, or in the  
8 United States District Court for the  
9 District of Columbia, to stay, modify,  
10 terminate, or set aside the directive.

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

18 (2) COMPTROLLER.—

19 (A) IN GENERAL.—Subject to subpara-  
20 graph (C), under unusual and exigent cir-  
21 cumstances determined to exist by the Comp-  
22 troller, the Comptroller shall, after not less  
23 than 48 hours' prior written notice to the appli-  
24 cable State payment stablecoin regulator, take  
25 an enforcement action against a State qualified

1 payment stablecoin issuer that is a nonbank en-  
2 tity for violations of this Act.

3 (B) RULEMAKING.—Consistent with sec-  
4 tion 13, the Comptroller shall issue rules to set  
5 forth the unusual and exigent circumstances in  
6 which the Comptroller may act under this para-  
7 graph.

8 (C) LIMITATIONS.—If, after unusual and  
9 exigent circumstances are determined to exist  
10 under subparagraph (A), the Comptroller deter-  
11 mines that there is reasonable cause to believe  
12 that the continuation of any activity by a State  
13 qualified payment stablecoin issuer that is a  
14 nonbank entity constitutes a serious risk to the  
15 financial safety, soundness, or stability of the  
16 State qualified payment stablecoin issuer that is  
17 a nonbank entity, the Comptroller shall impose  
18 such restrictions as the Comptroller determines  
19 to be necessary to address such risk during  
20 such unusual and exigent circumstances, which  
21 may include limitations on redemption of pay-  
22 ment stablecoins, and which shall be issued in  
23 the form of a directive, with the effect of a  
24 cease and desist order that has become final, to  
25 the State qualified payment stablecoin issuer

1           that is a nonbank entity and any of its affili-  
 2           ates, limiting—

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

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

15           (D) REVIEW OF DIRECTIVE.—

16                   (i) ADMINISTRATIVE REVIEW.—

17                           (I) IN GENERAL.—After a direc-  
 18                           tive described in subparagraph (C) is  
 19                           issued, the applicable Federal quali-  
 20                           fied payment stablecoin issuer, or any  
 21                           institution-affiliated party of the Fed-  
 22                           eral qualified payment stablecoin  
 23                           issuer subject to the directive, may  
 24                           object and present to the Comptroller,

1 in writing, the reasons that the direc-  
 2 tive should be modified or rescinded.

3 (II) AUTOMATIC LAPSE OF DI-  
 4 RECTIVE.—If, after 10 days after the  
 5 receipt of a response described in sub-  
 6 clause (I), the Comptroller does not  
 7 affirm, modify, or rescind the direc-  
 8 tive, the directive shall automatically  
 9 lapse.

10 (ii) JUDICIAL REVIEW.—

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

22 (II) RELIEF FOR EXTRAOR-  
 23 DINARY CAUSE.—Upon a showing of  
 24 extraordinary cause, an affected party  
 25 may petition for relief under subclause

1 (I) without first pursuing or exhaust-  
2 ing the administrative remedies under  
3 clause (i).

4 (f) EFFECT ON STATE LAW.—

5 (1) HOST STATE LAW.—Unless otherwise pro-  
6 vided in this Act, the laws of a host State, including  
7 laws relating to consumer protection, shall only  
8 apply to the activities conducted in the host State by  
9 an out-of-State State qualified payment stablecoin  
10 issuer to the same extent as such laws apply to the  
11 activities conducted in the host State by an out-of-  
12 State Federal qualified payment stablecoin issuer.

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

19 (3) APPLICABILITY.—

20 (A) IN GENERAL.—This subsection shall  
21 only apply to an out-of-State State qualified  
22 payment stablecoin issuer chartered, licensed,  
23 or otherwise authorized to do business by a  
24 State that has a certification in place pursuant  
25 to section 4(c) of this Act.

1 (B) EXCLUSION.—The laws applicable to  
 2 an out-of-State qualified payment stablecoin  
 3 issuer under paragraph (1) exclude host State  
 4 laws governing the chartering, licensure, or  
 5 other authorization to do business in the host  
 6 State as a permitted payment stablecoin issuer  
 7 pursuant to this Act.

8 (4) RULE OF CONSTRUCTION.—Except as speci-  
 9 fied in this subsection, nothing in this Act shall pre-  
 10 empt State consumer protection laws, including com-  
 11 mon law, and the remedies available thereunder.

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

13 (a) PAYMENT STABLECOIN ISSUED BY A FOREIGN  
 14 PAYMENT STABLECOIN ISSUER.—

15 (1) IN GENERAL.—Payment stablecoin that is  
 16 issued by a foreign payment stablecoin issuer may  
 17 not be publicly offered, sold, or otherwise made  
 18 available for trading in the United States unless the  
 19 foreign payment stablecoin issuer has the techno-  
 20 logical capability to comply and complies with the  
 21 terms of any lawful order.

22 (2) ENFORCEMENT.—

23 (A) AUTHORITY.—The Secretary of the  
 24 Treasury shall have the authority to designate  
 25 any foreign issuer that publicly offers, sells, or

1 otherwise makes available a payment stablecoin  
 2 in violation of paragraph (1) as noncompliant.

3 (B) DESIGNATION AS NONCOMPLIANT.—

4 Not later than 30 days after the Department of  
 5 the Treasury has identified a foreign payment  
 6 stablecoin issuer of any payment stablecoin that  
 7 is trading in the United States that is in viola-  
 8 tion of paragraph (1), the Secretary of the  
 9 Treasury, in coordination with relevant Federal  
 10 agencies, may, pursuant to the authority under  
 11 subparagraph (A), designate the foreign pay-  
 12 ment stablecoin issuer as noncompliant and no-  
 13 tify the foreign payment stablecoin issuer in  
 14 writing of the designation.

15 (3) APPEAL.—A determination of noncompli-  
 16 ance under this subsection is subject to judicial re-  
 17 view in the United States Court of Appeals for the  
 18 District of Columbia Circuit.

19 (b) PUBLICATION OF DESIGNATION; PROHIBITION  
 20 ON SECONDARY TRADING.—

21 (1) IN GENERAL.—If a foreign payment  
 22 stablecoin issuer does not come into compliance with  
 23 the lawful order within 30 days from the date of  
 24 issuance of the written notice described in subsection  
 25 (a), the Secretary of the Treasury may—

1 (A) publish the determination of non-  
 2 compliance in the Federal Register, including a  
 3 statement on the failure of the foreign payment  
 4 stablecoin issuer to comply with the lawful  
 5 order after the written notice; and

6 (B) issue a notification in the Federal Reg-  
 7 ister prohibiting digital asset service providers  
 8 from facilitating secondary trading of payment  
 9 stablecoins issued by the foreign payment  
 10 stablecoin issuer in the United States.

11 (2) EFFECTIVE DATE OF PROHIBITION.—The  
 12 prohibition on facilitation of secondary trading de-  
 13 scribed in paragraph (1) shall become effective on  
 14 the date that is 30 days after the date of issue of  
 15 notification of the prohibition in the Federal Reg-  
 16 ister.

17 (3) EXPIRATION OF PROHIBITION.—

18 (A) IN GENERAL.—The prohibition on fa-  
 19 cilitation of secondary trading described in  
 20 paragraph (1)(B) shall expire upon the Sec-  
 21 retary of the Treasury's determination that the  
 22 foreign payment stablecoin issuer is no longer  
 23 noncompliant.

24 (B) RULEMAKING.—Consistent with sec-  
 25 tion 13, the Secretary of the Treasury shall

1 specify the criteria that a noncompliant foreign  
2 issuer must meet for the Secretary of the  
3 Treasury to determine that the foreign payment  
4 stablecoin issuer is no longer noncompliant.

5 (4) CIVIL MONETARY PENALTIES.—The Sec-  
6 retary of the Treasury may impose a civil monetary  
7 penalty as follows:

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

14 (B) FOREIGN PAYMENT STABLECOIN  
15 ISSUERS.—Any foreign payment stablecoin  
16 issuer that knowingly continues to publicly offer  
17 a payment stablecoin in the United States after  
18 publication of the determination of noncompli-  
19 ance under paragraph (1)(A) shall be subject to  
20 a civil monetary penalty of not more than  
21 \$1,000,000 per violation per day, and the Sec-  
22 retary of the Treasury may seek an injunction  
23 in a district court of the United States to bar  
24 the foreign payment stablecoin issuer from en-

gaging in financial transactions in the United States or with United States persons.

(C) DETERMINATION OF THE NUMBER OF VIOLATIONS.—For purposes of determining the number of violations for which to impose a penalty under subparagraph (A) or (B), separate acts of noncompliance are a single violation when the acts are the result of a common or substantially overlapping originating cause.

(D) COMMENCEMENT OF CIVIL ACTIONS.—The Secretary of the Treasury may commence a civil action against a foreign payment stablecoin issuer in a district court of the United States to—

(i) recover a civil monetary penalty assessed under subparagraph (A) or (B);

(ii) seek an injunction to bar the foreign payment stablecoin issuer from engaging in financial transactions in the United States or with United States persons; or

(iii) seek an injunction to stop a digital asset service provider from offering on the platform of the digital asset service provider payment stablecoins issued by the foreign payment stablecoin issuer.

1 (c) WAIVER AND LICENSING AUTHORITY EXEMP-  
2 TIONS.—

3 (1) IN GENERAL.—The Secretary of the Treas-  
4 ury may offer a waiver, general license, or specific  
5 license to any United States person engaging in sec-  
6 ondary trading described in subsection (b)(1)(B) on  
7 a case-by-case basis if the Secretary determines  
8 that—

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

12 (B) the foreign payment stablecoin issuer  
13 is taking tangible steps to remedy the failure to  
14 comply with the lawful order that resulted in  
15 the noncompliance determination under sub-  
16 section (a).

17 (2) NATIONAL SECURITY WAIVER.—The Sec-  
18 retary of the Treasury, in consultation with the Di-  
19 rector of National Intelligence and the Secretary of  
20 State, may waive the application of the secondary  
21 trading restrictions under subsection (b)(1)(B) if the  
22 Secretary of the Treasury determines that the waiv-  
23 er is in the national security interest of the United  
24 States.

1           (3) WAIVER FOR INTELLIGENCE AND LAW EN-  
 2           FORCEMENT ACTIVITIES.—The head of a depart-  
 3           ment or agency may waive the application of this  
 4           section with respect to—

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

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

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

23 **SEC. 9. ANTI-MONEY LAUNDERING INNOVATION.**

24           (a) PUBLIC COMMENT.—Beginning on the date that  
 25           is 30 days after the date of enactment of this Act, and

1 for a period of 60 days thereafter, the Secretary of the  
2 Treasury shall seek public comment to identify innovative  
3 or novel methods, techniques, or strategies that regulated  
4 financial institutions use, or have the potential to use, to  
5 detect illicit activity, such as money laundering, involving  
6 digital assets, including comments with respect to—

- 7 (1) application program interfaces;
- 8 (2) artificial intelligence;
- 9 (3) digital identify verification; and
- 10 (4) use of blockchain technology and moni-  
11 toring.

12 (b) TREASURY RESEARCH.—

13 (1) IN GENERAL.—Upon completion of the pub-  
14 lic comment period described in subsection (a), the  
15 Secretary of the Treasury shall conduct research on  
16 the innovative or novel methods, techniques, or  
17 strategies that regulated financial institutions use,  
18 or have the potential to use, to detect illicit activity,  
19 such as money laundering, involving digital assets  
20 that were identified in such public comment period.

21 (2) RESEARCH FACTORS.—With respect to each  
22 innovative or novel method, technique, or strategy  
23 described in paragraph (1), the Financial Crimes  
24 Enforcement Network shall evaluate and consider

1 the following factors against existing methods, tech-  
2 niques, or strategies:

3 (A) Improvements in the ability of finan-  
4 cial institutions to detect illicit activity involving  
5 digital assets.

6 (B) Costs to regulated financial institu-  
7 tions.

8 (C) The amount and sensitivity of informa-  
9 tion that is collected or reviewed.

10 (D) Privacy risks associated with the infor-  
11 mation that is collected or reviewed.

12 (E) Operational challenges and efficiency  
13 considerations.

14 (F) Cybersecurity risks.

15 (G) Effectiveness of methods, techniques,  
16 or strategies at mitigating illicit finance.

17 (c) TREASURY RISK ASSESSMENT.—As part of the  
18 national strategy for combating terrorist and other illicit  
19 financing required under sections 261 and 262 of the  
20 Countering America’s Adversaries Through Sanctions Act  
21 (Public Law 115–44; 131 Stat. 934), the Secretary of the  
22 Treasury shall consider—

23 (1) the source of illicit activity, such as money  
24 laundering and sanctions evasion involving digital  
25 assets;

1           (2) the effectiveness of and gaps in existing  
2       methods, techniques, and strategies used by regu-  
3       lated financial institutions in detecting illicit activity,  
4       such as money laundering, involving digital assets;

5           (3) the impact of existing regulatory frame-  
6       works on the use and development of innovative  
7       methods, techniques, or strategies by regulated fi-  
8       nancial institutions; and

9           (4) any foreign jurisdictions that pose a high  
10      risk of facilitating illicit activity through the use of  
11      digital assets to obtain fiat currency.

12      (d) FINCEN GUIDANCE OR RULEMAKING.—Not  
13      later than 2 years after the date of enactment of this Act,  
14      the Financial Crimes Enforcement Network shall issue  
15      public guidance or notice and comment rulemaking, based  
16      on the results of the research and risk assessments re-  
17      quired under this section, relating to the following:

18           (1) The implementation of innovative or novel  
19      methods, techniques, or strategies by regulated fi-  
20      nancial institutions to detect illicit activity involving  
21      digital assets.

22           (2) Best practices for payment stablecoin  
23      issuers to identify and report illicit activity involving  
24      the payment stablecoin of a permitted payment  
25      stablecoin issuer, including, fraud, cybercrime,

1 money laundering, financing of terrorism, sanctions  
2 evasion, and insider trading.

3 (3) Best practices for payment stablecoin  
4 issuers' systems and practices to monitor trans-  
5 actions on blockchains, digital asset mixing services,  
6 tumblers, or other similar services that mix payment  
7 stablecoins in such a way as to make such trans-  
8 action or the identity of the transaction parties less  
9 identifiable.

10 (e) RECOMMENDATIONS AND REPORT TO CON-  
11 GRESS.—Not later than 2 years after the date of enact-  
12 ment of this Act, and annually thereafter for a period of  
13 4 years, the Secretary of the Treasury shall submit to the  
14 chairs and ranking members of the Committee on Bank-  
15 ing, Housing, and Urban Affairs of the Senate and the  
16 Committee on Financial Services of the House of Rep-  
17 resentatives a report, and provide a briefing of such re-  
18 port, on—

19 (1) legislative and regulatory proposals to allow  
20 regulated financial institutions to develop and imple-  
21 ment novel and innovative methods, techniques, or  
22 strategies to detect illicit activity, such as money  
23 laundering and sanctions evasion, involving digital  
24 assets;

(3) efforts to support the ability of financial institutions to implement novel and innovative methods, techniques, or strategies to detect illicit activity, such as money laundering and sanctions evasion, involving digital assets.

(f) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to limit the existing authority of the Secretary of the Treasury or the primary Federal payment stablecoin regulators to, prior to the submission of a report required under this section, use existing exemptive authorities, the no-action letter process, or rulemaking authorities in a manner that encourages regulated financial institutions to adopt novel or innovative methods, techniques, or strategies to detect illicit activity, such as money laundering, involving digital assets.

18 SEC. 10. CUSTODY OF PAYMENT STABLECOIN RESERVE  
19 AND COLLATERAL.

(a) IN GENERAL.—A person may only engage in the business of providing custodial or safekeeping services for the payment stablecoin reserve, the payment stablecoins used as collateral, or the private keys used to issue permitted payment stablecoins if the person—

25 (1) is subject to—

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

8 (B) supervision by a State bank super-  
 9 visor, as defined under section 3 of the Federal  
 10 Deposit Insurance Act (12 U.S.C. 1813), or a  
 11 State credit union supervisor, as defined under  
 12 section 6003 of the Anti-Money Laundering Act  
 13 of 2020 (31 U.S.C. 5311 note), and such State  
 14 bank supervisor or State credit union supervisor  
 15 makes available to the Board such information  
 16 as the Board determines necessary and relevant  
 17 to the categories of information under sub-  
 18 section (d); and

19 (2) complies with the requirements under sub-  
 20 section (b), unless such person holds such property  
 21 in accordance with similar requirements as required  
 22 by a primary Federal payment stablecoin regulator,  
 23 the Securities and Exchange Commission, or the  
 24 Commodity Futures Trading Commission.

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

3 (1) with respect to payment stablecoin reserves  
4 received from a permitted payment stablecoin issuer  
5 for deposit in a reserve account, treat and deal with  
6 such payment stablecoin reserves as belonging to the  
7 holders of the permitted payment stablecoins issued  
8 by such issuer and not as the property of such per-  
9 son or of such permitted payment stablecoin issuer;  
10 and

11 (2) with respect to other property described in  
12 subsection (a)—

13 (A) treat and deal with the payment  
14 stablecoins, private keys, cash, and other prop-  
15 erty of a person for whom or on whose behalf  
16 the person described in that subsection receives,  
17 acquires, or holds payment stablecoins, private  
18 keys, cash, and other property (hereinafter re-  
19 ferred to in this section as the “customer”) as  
20 belonging to such customer and not as the  
21 property of such person; and

22 (B) take such steps as are appropriate to  
23 protect the payment stablecoins, private keys,  
24 cash, and other property of a customer from  
25 the claims of creditors of the person.

1 (c) COMMINGLING PROHIBITED.—

2 (1) IN GENERAL.—Payment stablecoin reserves,  
3 payment stablecoins, cash, and other property of a  
4 permitted payment stablecoin issuer or customer  
5 shall be separately accounted for by a person de-  
6 scribed in subsection (a) and shall be segregated  
7 from and not be commingled with the funds of the  
8 person.

9 (2) EXCEPTIONS.—Notwithstanding paragraph  
10 (1) or subsection (b)—

11 (A) the payment stablecoin reserves, pay-  
12 ment stablecoins, cash, and other property of a  
13 permitted payment stablecoin issuer or cus-  
14 tomer may, for convenience, be commingled and  
15 deposited in an omnibus account holding the  
16 payment stablecoin reserves, payment  
17 stablecoins, cash, and other property of more  
18 than 1 permitted payment stablecoin issuer or  
19 customer at a State chartered depository insti-  
20 tution, an insured depository institution, na-  
21 tional bank, or trust company, and any pay-  
22 ment stablecoin reserves in the form of cash  
23 held in the form of a deposit liability at a de-  
24 pository institution shall not be subject to any  
25 requirement relating to the separation of such

1 cash from the property of the applicable deposi-  
2 tory institution;

3 (B) such share of the payment stablecoin  
4 reserves, payment stablecoins, cash, and other  
5 property of the permitted payment stablecoin  
6 issuer or customer that shall be necessary to  
7 transfer, adjust, or settle a transaction or  
8 transfer of assets may be withdrawn and ap-  
9 plied to such purposes, including the payment  
10 of commissions, taxes, storage, and other  
11 charges lawfully accruing in connection with the  
12 provision of services by a person described in  
13 subsection (a);

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

1           rately accounted for, treated as, and dealt with  
2           as belonging to such permitted payment  
3           stablecoin issuers or customers; or

4           (D) an insured depository institution that  
5           provides custodial or safekeeping services for  
6           payment stablecoin reserves shall be permitted  
7           to hold payment stablecoin reserves in the form  
8           of cash on deposit.

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

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

23          (e) EXCLUSION.—The requirements of this section  
24          shall not apply to any person solely on the basis that such  
25          person engages in the business of providing hardware or

1 software to facilitate a customer’s own custody or safe-  
 2 keeping of the customer’s payment stablecoins or private  
 3 keys.

4 **SEC. 11. TREATMENT OF PAYMENT STABLECOIN ISSUERS**  
 5 **IN INSOLVENCY PROCEEDINGS.**

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

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

22 “(40C) The terms ‘payment stablecoin’ and  
 23 ‘permitted payment stablecoin issuer’ have the  
 24 meanings given those terms in section 2 of the GE-  
 25 NIUS Act.”.

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

3           (1) in subsection (a)—

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

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

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

8           “(9) the redemption of payment stablecoins  
9 issued by the permitted payment stablecoin issuer,  
10 from payment stablecoin reserves required to be  
11 maintained under section 4 of the GENIUS Act.”;  
12 and

13          (2) in subsection (d)—

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

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

18               (C) by inserting after paragraph (4) the  
19 following:

20          “(5) with respect to the redemption of payment  
21 stablecoins held by a person, if the court finds, sub-  
22 ject to the motion and attestation of the permitted  
23 payment stablecoin issuer on the petition date, there  
24 are payment stablecoin reserves available for dis-  
25 tribution on a ratable basis to similarly situated pay-

1       ment stablecoin holders, provided that the court  
2       shall use best efforts to enter a final order to begin  
3       distributions under this paragraph not later than 14  
4       days after the date of the required hearing.”.

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

7               (1) in subsection (a), in the matter preceding  
8       paragraph (1), by striking “The following” and in-  
9       serting “Subject to subsection (e), the following”;  
10      and

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

12       “(e) Notwithstanding subsection (a), if a payment  
13       stablecoin holder is not able to redeem all outstanding pay-  
14       ment stablecoin claims from required payment stablecoin  
15       reserves maintained by the permitted payment stablecoin  
16       issuer, any remaining claim of a person holding a payment  
17       stablecoin issued by the permitted payment stablecoin  
18       issuer shall have first priority over any other claim, includ-  
19       ing over any expenses and claims that have priority under  
20       that subsection, to the extent compliance with section 4  
21       of the GENIUS Act would have required additional re-  
22       serves to be maintained by the permitted payment  
23       stablecoin issuer for payment stablecoin holders.”.

24       (e) PAYMENT STABLECOIN RESERVES.—Section  
25       541(b) of title 11, United States Code, is amended—

1           (1) in paragraph (9), in the matter following  
2           subparagraph (B), by striking “or” at the end;

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

5           (3) by inserting after paragraph (10) the fol-  
6           lowing:

7           “(11) required payment stablecoin reserves  
8           under section 4 of the GENIUS Act.”.

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

12          “(c) The Comptroller of the Currency or State pay-  
13          ment stablecoin regulator (as defined in section 2 of the  
14          GENIUS Act) shall raise, and shall appear and be heard  
15          on, any issue, including the protection of customers, in  
16          a case under this chapter in which the debtor is a per-  
17          mitted payment stablecoin issuer.”.

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

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

1 Administration, or State payment stablecoin regu-  
2 lator, as applicable.

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

8 **SEC. 12. INTEROPERABILITY STANDARDS.**

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

19 (1) other permitted payment stablecoin issuers;  
20 and

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

1   **SEC. 13. RULEMAKING.**

2           (a) IN GENERAL.—Not later than 1 year after the  
3   date of enactment of this Act, each primary Federal pay-  
4   ment stablecoin regulator, the Secretary of the Treasury,  
5   and each State payment stablecoin regulator shall promul-  
6   gate regulations to carry out this Act through appropriate  
7   notice and comment rulemaking.

8           (b) COORDINATION.—Federal payment stablecoin  
9   regulators, the Secretary of the Treasury, and State pay-  
10   ment stablecoin regulators should coordinate, as appro-  
11   priate, on the issuance of any regulations to implement  
12   this Act.

13          (c) REPORT REQUIRED.—Not later than 180 days  
14   after the effective date of this Act, each Federal banking  
15   agency shall submit to the Committee on Banking, Hous-  
16   ing, and Urban Affairs of the Senate and the Committee  
17   on Financial Services of the House of Representatives a  
18   report that confirms and describes the regulations promul-  
19   gated to carry out this Act.

20   **SEC. 14. STUDY ON NON-PAYMENT STABLECOINS.**

21          (a) STUDY BY TREASURY.—

22               (1) STUDY.—The Secretary of the Treasury, in  
23   consultation with the Board, the Comptroller, the  
24   Corporation, the Securities and Exchange Commis-  
25   sion, and the Commodity Futures Trading Commis-  
26   sion shall carry out a study of non-payment

1       stablecoins, including endogenously collateralized  
2       payment stablecoins.

3           (2) REPORT.—Not later than 365 days after  
4       the date of the enactment of this Act, the Secretary  
5       of the Treasury shall provide to the Committee on  
6       Banking, Housing, and Urban Affairs of the Senate  
7       and the Committee on Financial Services of the  
8       House of Representatives a report that contains all  
9       findings made in carrying out the study under para-  
10      graph (1), including an analysis of—

11           (A) the categories of non-payment  
12           stablecoins, including the benefits and risks of  
13           technological design features;

14           (B) the participants in non-payment  
15           stablecoin arrangements;

16           (C) utilization and potential utilization of  
17           non-payment stablecoins;

18           (D) the nature of reserve compositions;

19           (E) types of algorithms being employed;

20           (F) governance structure, including aspects  
21           of decentralization;

22           (G) the nature of public promotion and ad-  
23           vertising; and

24           (H) the clarity and availability of con-  
25           sumer notices disclosures.

1           (3) CLASSIFIED ANNEX.—A report under this  
2       section may include a classified annex, if applicable.

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

7           (1) the originator of which has represented will  
8       be converted, redeemed, or repurchased for a fixed  
9       amount of monetary value; and

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

13 **SEC. 15. REPORTS.**

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

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

1           (2) a summary of the number of applications  
2       for approval as a permitted payment stablecoin  
3       issuer under section 5, including aggregate approvals  
4       and rejections of applications; and

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

9       (b) FSOC REPORT.—The Financial Stability Over-  
10   sight Council shall incorporate the findings in the report  
11   under subsection (a) into the annual report of the Council  
12   required under section 112(a)(2)(N) of the Financial Sta-  
13   bility Act of 2010 (12 U.S.C. 5322(a)(2)(N)).

14   **SEC. 16. AUTHORITY OF BANKING INSTITUTIONS.**

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

21           (1) accepting or receiving deposits or shares (in  
22       the case of a credit union), and issuing digital assets  
23       that represent those deposits or shares;

1           (2) utilizing a distributed ledger for the books  
2           and records of the entity and to effect 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.—Entities regulated by  
8           the primary Federal payment stablecoin regulators are au-  
9           thorized to engage in the payment stablecoin activities and  
10          investments contemplated by this Act, including acting as  
11          a principal or agent with respect to any payment  
12          stablecoin and payment of fees to facilitate customer  
13          transactions. The primary Federal payment stablecoin  
14          regulators shall review all existing guidance and regula-  
15          tions, and if necessary, amend or promulgate new regula-  
16          tions and guidance, to clarify that regulated entities are  
17          authorized to engage in such activities and investments.

18          (c) TREATMENT OF CUSTODY ACTIVITIES.—The ap-  
19          propriate Federal banking agency, the National Credit  
20          Union Administration (in the case of a credit union), and  
21          the Securities and Exchange Commission may not require  
22          a depository institution, national bank, Federal credit  
23          union, State credit union, or trust company, or any affil-  
24          iate thereof—

1           (1) to include digital assets held in custody that  
 2           are not owned by the entity as a liability on the fi-  
 3           nancial statement or balance sheet of the entity, in-  
 4           cluding payment stablecoin custody or safekeeping  
 5           activities; or

6           (2) to hold in custody or safekeeping regulatory  
 7           capital against digital assets and reserves backing  
 8           such assets described in section 4(a)(1)(A), except  
 9           as necessary to mitigate against operational risks in-  
 10          herent in custody or safekeeping services, as deter-  
 11          mined by—

12                   (A) the appropriate Federal banking agen-  
 13                   cy;

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

16                   (C) a State bank supervisor; or

17                   (D) a State credit union supervisor.

18          (d) STATE-CHARTERED DEPOSITORY INSTITU-  
 19          TIONS.—A State-chartered depository institution char-  
 20          tered under the banking laws of a State shall not be re-  
 21          quired to obtain a charter, license, or other authorization  
 22          to do business from a State to engage in the business of  
 23          money transmission, the issuance of payment instruments  
 24          or stored value, custodial services, or any similar or re-

lated activity, if such State-chartered depository institution is—

(1) subject to prudential regulation and supervision by the chartering State in a manner that is substantially similar to the prudential regulation and supervision applicable to insured depository institutions chartered by such State; and

(2) required by the laws of the chartering State to maintain reserves for any outstanding deposit liabilities in an amount equal to or greater than such liabilities and to hold such reserves in a manner that is at least as protective of customers as is required under section 8.

(e) DEFINITIONS.—In this section:

(1) DEPOSITORY INSTITUTION; STATE BANK SUPERVISOR.—The terms “depository institution” and “State bank supervisor” have the meanings given those terms under section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).

(2) FEDERAL CREDIT UNION; STATE CREDIT UNION.—The terms “Federal credit union” and “State credit union” have the meanings given those terms in section 101 of the Federal Credit Union Act (12 U.S.C. 1752).

1           (3) STATE CREDIT UNION SUPERVISOR.—The  
 2           term “State credit union supervisor” has the mean-  
 3           ing given that term in section 6003 of the Anti-  
 4           Money Laundering Act of 2020 (31 U.S.C. 5311  
 5           note).

6 **SEC. 17. AMENDMENTS TO CLARIFY THAT PAYMENT**  
 7                               **STABLECOINS ARE NOT SECURITIES OR COM-**  
 8                               **MODITIES AND PERMITTED PAYMENT**  
 9                               **STABLECOIN ISSUERS ARE NOT INVESTMENT**  
 10                              **COMPANIES.**

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

18           (b) INVESTMENT COMPANY ACT OF 1940.—The In-  
 19 vestment Company Act of 1940 (15 U.S.C. 80a–1 et seq.)  
 20 is amended—

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

1 issuer, as such terms are defined in section 2 of the  
2 GENIUS Act.”; and

3 (2) in section 3(c)(3) of the Act (15 U.S.C.  
4 80a–3(c)(3)), by inserting “any permitted payment  
5 stablecoin issuer, as such term is defined in section  
6 2 of the GENIUS Act;” after “therefor;”.

7 (c) SECURITIES ACT OF 1933.—Section 2(a)(1) of  
8 the Securities Act of 1933 (15 U.S.C. 77b(a)(1)) is  
9 amended by adding at the end the following: “The term  
10 ‘security’ does not include a payment stablecoin issued by  
11 a permitted payment stablecoin issuer, as such terms are  
12 defined in section 2 of the GENIUS Act.”.

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

20 (e) SECURITIES INVESTOR PROTECTION ACT OF  
21 1970.—Section 16(14) of the Securities Investor Protec-  
22 tion Act of 1970 (15 U.S.C. 78lll(14)) is amended by add-  
23 ing at the end the following: “The term ‘security’ does  
24 not include a payment stablecoin issued by a permitted

1 payment stablecoin issuer, as such terms are defined in  
2 section 2 of the GENIUS Act.”.

3 (f) COMMODITY EXCHANGE ACT.—Section 1a(9) of  
4 the Commodity Exchange Act (7 U.S.C. 1a(9)) is amend-  
5 ed by adding at the end the following: “The term ‘com-  
6 modity’ does not include a payment stablecoin issued by  
7 a permitted payment stablecoin issuer, as such terms are  
8 defined in section 2 of the GENIUS Act.”

9 **SEC. 18. EXCEPTION FOR FOREIGN PAYMENT STABLECOIN**  
10 **ISSUERS AND RECIPROCITY FOR PAYMENT**  
11 **STABLECOINS ISSUED IN OVERSEAS JURIS-**  
12 **DICTIONS.**

13 (a) IN GENERAL.—The prohibitions under section 3  
14 shall not apply to a foreign payment stablecoin issuer if  
15 all of the following apply:

16 (1) The foreign payment stablecoin issuer is  
17 subject to regulation and supervision by a foreign  
18 payment stablecoin regulator of a foreign country, a  
19 territory of the United States, Puerto Rico, Guam,  
20 American Samoa, or the Virgin Islands that has a  
21 regulatory and supervisory regime with respect to  
22 payment stablecoins that the Secretary of the Treas-  
23 ury determines, pursuant to subsection (b), is com-  
24 parable to the regulatory and supervisory regime es-

1       tablished under this Act, including, in particular, the  
2       requirements under section 4(a).

3           (2) The foreign payment stablecoin issuer is  
4       registered with the Comptroller pursuant to sub-  
5       section (c).

6           (3) The foreign payment stablecoin issuer holds  
7       reserves in a United States financial institution suf-  
8       ficient to meet liquidity demands of United States  
9       customers, unless otherwise permitted under a recip-  
10      rocal arrangement established pursuant to sub-  
11      section (d).

12      (b) TREASURY DETERMINATION.—

13           (1) IN GENERAL.—The Secretary of the Treas-  
14      ury may, in consultation with the Federal payment  
15      stablecoin regulators, make a determination as to  
16      whether a foreign country has a regulatory and su-  
17      pervisory regime that is comparable to the require-  
18      ments established under this Act, including the re-  
19      quirements under section 4(a).

20           (2) REQUEST.—A foreign payment stablecoin  
21      issuer or a foreign payment stablecoin regulator may  
22      request from the Secretary of the Treasury a deter-  
23      mination under paragraph (1).

24           (3) TIMING FOR DETERMINATION.—If a foreign  
25      payment stablecoin issuer or foreign payment

1       stablecoin regulator requests a determination under  
2       paragraph (2), the Secretary of the Treasury shall  
3       render a decision on the determination not later  
4       than 210 days after the receipt of a substantially  
5       complete determination request.

6               (4) RESCISSION OF DETERMINATION.—

7               (A) IN GENERAL.—The Secretary of the  
8       Treasury may, in consultation with the Federal  
9       payment stablecoin regulators, rescind a deter-  
10      mination made under paragraph (1), if the Sec-  
11      retary determines that the regulatory regime of  
12      such foreign country is no longer comparable to  
13      the requirements established under this Act.

14              (B) LIMITED SAFE HARBOR.—If the Sec-  
15      retary of the Treasury rescinds a determination  
16      pursuant to subparagraph (A), a digital asset  
17      service provider shall have 90 days before the  
18      offer or sale of a payment stablecoin issued by  
19      the foreign payment stablecoin issuer that is  
20      the subject of the rescinded determination shall  
21      be in violation of section 3.

22              (5) PUBLIC NOTICE.—The Secretary of the  
23      Treasury shall keep and make publicly available a  
24      current list of foreign countries for which a deter-  
25      mination under paragraph (1) has been made.

1           (6) RULEMAKING.—Not later than 1 year after  
2           the date of enactment of this Act, the Secretary of  
3           the Treasury shall issue such rules as may be re-  
4           quired to carry out this section.

5           (c) REGISTRATION AND ONGOING MONITORING.—

6           (1) REGISTRATION.—

7                   (A) IN GENERAL.—A foreign payment  
8                   stablecoin issuer may offer or sell payment  
9                   stablecoins using a digital asset service provider  
10                  if the foreign payment stablecoin issuer is reg-  
11                  istered with the Comptroller.

12                  (B) REGISTRATION APPROVAL.—A reg-  
13                  istration of a foreign payment stablecoin issuer  
14                  filed in accordance with this section shall be  
15                  deemed approved on the date that is 30 days  
16                  after the date the Comptroller receives the reg-  
17                  istration, unless the Comptroller notifies the  
18                  foreign payment stablecoin issuer in writing  
19                  that such registration has been rejected.

20                  (C) STANDARDS FOR REJECTION.—In de-  
21                  termining whether to reject a foreign payment  
22                  stablecoin issuer's registration, the Comptroller  
23                  shall consider—

24                          (i) the final determination of the Sec-  
25                          retary of the Treasury under this section;

1           (ii) the financial and managerial re-  
2           sources of the United States operations of  
3           the foreign payment stablecoin issuer;

4           (iii) whether the foreign payment  
5           stablecoin issuer will provide adequate in-  
6           formation to the Comptroller as the Comp-  
7           troller determines is necessary to deter-  
8           mine compliance with this Act;

9           (iv) whether the foreign payment  
10          stablecoin presents a risk to the financial  
11          stability of the United States; and

12          (v) whether the foreign payment  
13          stablecoin issuer presents illicit finance  
14          risks to the United States.

15          (D) PROCEDURE FOR APPEAL.—If the  
16          Comptroller rejects a registration, not later  
17          than 30 days after the date of receipt of such  
18          rejection, the foreign payment stablecoin issuer  
19          may appeal the rejection by notifying the  
20          Comptroller of the request to appeal.

21          (E) RULEMAKING.—Pursuant to section  
22          13 of this Act, the Comptroller shall issue rules  
23          relating to the standards for approval of reg-  
24          istration requests and the process for appealing  
25          denials of such registration requests.

1 (F) PUBLIC NOTICE.—The Comptroller  
2 shall keep and make publicly available a current  
3 list of foreign payment stablecoin issuer reg-  
4 istrations that have been approved.

5 (2) ONGOING MONITORING.—A foreign payment  
6 stablecoin issuer shall—

7 (A) be subject to reporting, supervision,  
8 and examination requirements as determined by  
9 the Comptroller; and

10 (B) consent to United States jurisdiction  
11 relating to the enforcement of this Act.

12 (3) LACK OF COMPLIANCE.—

13 (A) COMPTROLLER ACTION.—The Comp-  
14 troller may, in consultation with the Secretary  
15 of the Treasury, rescind approval of a registra-  
16 tion of a foreign payment stablecoin issuer  
17 under this subsection if the Comptroller deter-  
18 mines that the foreign payment stablecoin  
19 issuer is not in compliance with the require-  
20 ments of this Act, including for maintaining in-  
21 sufficient reserves or posing an illicit finance  
22 risk or financial stability risk.

23 (B) SECRETARY ACTION.—The Secretary  
24 of the Treasury, in consultation with the Comp-  
25 troller, may revoke a registration of a foreign

1 payment stablecoin issuer under this subsection  
2 if the Secretary determines that reasonable  
3 grounds exist for concluding that the foreign  
4 payment stablecoin issuer presents economic  
5 sanctions evasion, money laundering, or other  
6 illicit finance risks, or, as applicable, violations,  
7 or facilitation thereof.

8 (d) RECIPROCITY.—

9 (1) IN GENERAL.—The Secretary of the Treas-  
10 ury may create and implement reciprocal arrange-  
11 ments or other bilateral agreements between the  
12 United States and jurisdictions with payment  
13 stablecoin regulatory regimes that are comparable to  
14 the requirements established under this Act, includ-  
15 ing, in particular, section 4(a), and can demonstrate  
16 adequate supervisory and enforcement capacity to  
17 facilitate international transactions and interoper-  
18 ability with United States dollar-denominated pay-  
19 ment stablecoins issued overseas.

20 (2) COMPLETION.—The Secretary of the Treas-  
21 ury should complete the arrangements under this  
22 subsection not later than the date that is 2 years  
23 after the date of enactment of this Act.

1 **SEC. 19. EFFECTIVE DATE.**

2       This Act, and the amendments made by this Act,  
3 shall take effect on the earlier of—

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

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



Calendar No. 66

119<sup>TH</sup> CONGRESS  
1<sup>ST</sup> Session

**S. 1582**

**A BILL**

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

MAY 5, 2025

Read the second time and placed on the calendar