

AMENDMENT NO. _____ Calendar No. _____

Purpose: In the nature of a substitute.

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

S. 1582

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

Referred to the Committee on _____ and
ordered to be printed

Ordered to lie on the table and to be printed

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

Viz:

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

3 **SECTION 1. SHORT TITLE.**

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

7 **SEC. 2. DEFINITIONS.**

8 In this Act:

9 (1) APPROPRIATE FEDERAL BANKING AGEN-
10 CY.—The term “appropriate Federal banking agen-
11 cy” has the meaning given that term in section 3 of

1 the Federal Deposit Insurance Act (12 U.S.C.
2 1813).

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

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

7 (B) chapter 2 of title I of Public Law 91–
8 508 (12 U.S.C. 1951 et seq.); and

9 (C) subchapter II of chapter 53 of title 31,
10 United States Code.

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

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

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

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

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

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

1 States (including on behalf of customers or
2 users in the United States) of—

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

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

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

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

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

13 (B) does not include—

14 (i) a distributed ledger protocol;

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

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

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

24 (v) participating in a liquidity pool or
25 other similar mechanism for the provi-

1 sioning of liquidity for peer-to-peer trans-
2 actions.

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

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

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

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

22 (A) a nonbank entity, other than a State
23 qualified payment stablecoin issuer, approved
24 by the Comptroller, pursuant to section 5, to
25 issue payment stablecoins;

1 (B) an uninsured national bank—

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

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

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

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

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

19 (B) not a permitted payment stablecoin
20 issuer.

21 (13) INSTITUTION-AFFILIATED PARTY.—With
22 respect to a permitted payment stablecoin issuer, the
23 term “institution-affiliated party” means any direc-
24 tor, officer, employee, or controlling stockholder of
25 the permitted payment stablecoin issuer.

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

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

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

10 (B) an insured credit union.

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

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

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

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

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

6 (18) MONEY.—The term “money”—

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

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

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

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

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

22 (C) Money issued by a foreign central
23 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 is—

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

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

6 (C) a State qualified payment stablecoin
7 issuer.

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

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

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

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

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

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

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

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

10 (27) STABLECOIN CERTIFICATION REVIEW COM-
11 MITTEE.—The term “Stablecoin Certification Review
12 Committee” means the committee of that name and
13 having the functions as provided in this Act—

14 (A) of which—

15 (i) the Secretary of the Treasury shall
16 serve as Chair; and

17 (ii) the Chair of the Board (or the
18 Vice Chair for Supervision, as delegated by
19 the Chair of the Board), and the Chair of
20 the Corporation shall serve as members;
21 and

22 (B) which, unless otherwise specified in
23 this Act, shall act by $\frac{2}{3}$ vote of its members at
24 any meeting called by the Chair or by unani-
25 mous written consent.

1 (28) STATE.—The term “State” means each of
2 the several States of the United States, the District
3 of Columbia, and each territory of the United
4 States.

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

10 (30) STATE PAYMENT STABLECOIN REGU-
11 LATOR.—The term “State payment stablecoin regu-
12 lator” means a State agency that has primary regu-
13 latory and supervisory authority in such State over
14 entities that issue payment stablecoins.

15 (31) STATE QUALIFIED PAYMENT STABLECOIN
16 ISSUER.—The term “State qualified payment
17 stablecoin issuer” means an entity that—

18 (A) is legally established under the laws of
19 a State and approved to issue payment
20 stablecoins by a State payment stablecoin regu-
21 lator; and

22 (B) is not an uninsured national bank
23 chartered by the Comptroller pursuant to title
24 LXII of the Revised Statutes, a Federal
25 branch, an insured depository institution, or a

1 subsidiary of such national bank, Federal
2 branch, or insured depository institution.

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

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

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

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

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

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

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

6 (b) **PROHIBITION ON OFFERS OR SALES.**—

7 (1) **IN GENERAL.**—Except as provided in sub-
8 section (c) and section 18, beginning on the date
9 that is 3 years after the date of enactment of this
10 Act, it shall be unlawful for a digital asset service
11 provider to offer or sell a payment stablecoin to a
12 person in the United States, unless the payment
13 stablecoin is issued by a permitted payment
14 stablecoin issuer.

15 (2) **FOREIGN PAYMENT STABLECOIN**
16 **ISSUERS.**—It shall be unlawful for any digital asset
17 service provider to offer, sell, or otherwise make
18 available in the United States a payment stablecoin
19 issued by a foreign payment stablecoin issuer unless
20 the foreign payment stablecoin issuer has the tech-
21 nological capability to comply, and will comply, with
22 the terms of any lawful order and any reciprocal ar-
23 rangement pursuant to section 18.

24 (c) **LIMITED SAFE HARBORS.**—

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

4 (A) consistent with the purposes of the
5 Act;

6 (B) limited in scope; and

7 (C) apply to a de minimis volume of trans-
8 actions, as determined by the Secretary of the
9 Treasury.

10 (2) UNUSUAL AND EXIGENT CIR-
11 CUMSTANCES.—

12 (A) IN GENERAL.—If the Secretary of the
13 Treasury determines that unusual and exigent
14 circumstances exist, the Secretary may provide
15 limited safe harbors from subsection (a).

16 (B) JUSTIFICATION.—Prior to issuing a
17 limited safe harbor under this paragraph, the
18 Secretary of the Treasury shall submit to the
19 chairs and ranking members of the Committee
20 on Banking, Housing, and Urban Affairs of the
21 Senate and the Committee on Financial Serv-
22 ices of the House of Representatives a justifica-
23 tion for the determination of the unusual and
24 exigent circumstances, which may be contained
25 in a classified annex, as applicable.

1 (d) RULEMAKING.—Consistent with section 13, the
2 Secretary of the Treasury shall issue regulations to imple-
3 ment this section, including regulations to define terms.

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

8 (f) PENALTY FOR VIOLATION.—

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

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

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

22 (1) treated as cash or as a cash equivalent for
23 accounting purposes;

24 (2) eligible as cash or as a cash equivalent mar-
25 gin and collateral for futures commission merchants,

1 derivative clearing organizations, broker-dealers, reg-
2 istered clearing agencies, and swap dealers; or

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

7 (h) RULES OF CONSTRUCTION.—

8 (1) EXEMPT TRANSACTIONS.—This section
9 shall not apply to—

10 (A) the direct transfer of digital assets be-
11 tween 2 individuals acting on their own behalf
12 and for their own lawful purposes, without the
13 involvement of an intermediary;

14 (B) to any transaction involving the receipt
15 of digital assets by an individual between an ac-
16 count owned by the individual in the United
17 States and an account owned by the individual
18 abroad that are offered by the same parent
19 company; or

20 (C) to any transaction by means of a soft-
21 ware or hardware wallet that facilitates an indi-
22 vidual's own custody of digital assets.

23 (2) TREASURY AUTHORITY.—Nothing in this
24 Act shall alter the existing authority of the Sec-
25 retary of the Treasury to block, restrict, or limit

1 transactions involving payment stablecoins that ref-
2 erence or are denominated in United States dollars
3 that are subject to the jurisdiction of the United
4 States.

5 **SEC. 4. REQUIREMENTS FOR ISSUING PAYMENT**
6 **STABLECOINS.**

7 (a) STANDARDS FOR THE ISSUANCE OF PAYMENT
8 STABLECOINS.—

9 (1) IN GENERAL.—A permitted payment
10 stablecoin issuer shall—

11 (A) maintain identifiable reserves backing
12 the outstanding payment stablecoins of the per-
13 mitted payment stablecoin issuer on an at least
14 1 to 1 basis, with reserves comprising—

15 (i) United States coins and currency
16 (including Federal Reserve notes) or
17 money standing to the credit of an account
18 with a Federal Reserve Bank;

19 (ii) funds held as demand deposits (or
20 other deposits that may be withdrawn
21 upon request at any time) or insured
22 shares at an insured depository institution
23 (including any foreign branches or agents,
24 including correspondent banks, of an in-
25 sured depository institution), subject to

1 limitations established by the Corporation
2 and the National Credit Union Administra-
3 tion, as applicable, to address safety and
4 soundness risks of such insured depository
5 institution;

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

7 (I) with a remaining maturity of

8 93 days or less; or

9 (II) issued with a maturity of 93

10 days or less;

11 (iv) money received under repurchase
12 agreements, with the permitted payment
13 stablecoin issuer acting as a seller of secu-
14 rities and with an overnight maturity, that
15 are backed by Treasury bills with a matu-
16 rity of 93 days or less;

17 (v) reverse repurchase agreements,
18 with the permitted payment stablecoin
19 issuer acting as a purchaser of securities
20 and with an overnight maturity, that are
21 collateralized by Treasury notes, bills, or
22 bonds on an overnight basis, subject to
23 overcollateralization in line with standard
24 market terms, that are—

25 (I) tri-party;

1 (II) centrally cleared through a
2 clearing agency registered with the
3 Securities and Exchange Commission;
4 or

5 (III) bilateral with a
6 counterparty that the issuer has de-
7 termined to be adequately credit-
8 worthy even in the event of severe
9 market stress;

10 (vi) securities issued by an investment
11 company registered under section 8(a) of
12 the Investment Company Act of 1940 (15
13 U.S.C. 80a–8(a)), or other registered Gov-
14 ernment money market fund, and that are
15 invested solely in underlying assets de-
16 scribed in clauses (i) through (v);

17 (vii) any other similarly liquid Federal
18 Government-issued asset approved by the
19 primary Federal payment stablecoin regu-
20 lator, in consultation with the State pay-
21 ment stablecoin regulator, if applicable, of
22 the permitted payment stablecoin issuer; or

23 (viii) any reserve described in clause
24 (i) through (iii) or clause (vi) through (vii)
25 in tokenized form, provided that such re-

1 serves comply with all applicable laws and
2 regulations;

3 (B) publicly disclose the issuer's redemp-
4 tion policy, which shall—

5 (i) establish clear and conspicuous
6 procedures for timely redemption of out-
7 standing payment stablecoins, provided
8 that any discretionary limitations on timely
9 redemptions can only be imposed by a
10 State qualified payment stablecoin regu-
11 lator, the Corporation, the Comptroller, or
12 the Board, consistent with section 7; and

13 (ii) publicly, clearly, and conspicuously
14 disclose in plain language all fees associ-
15 ated with purchasing or redeeming the
16 payment stablecoins, provided that such
17 fees can only be changed upon not less
18 than 7 days' prior notice to consumers;
19 and

20 (C) publish the monthly composition of the
21 issuer's reserves on the website of the issuer,
22 containing—

23 (i) the total number of outstanding
24 payment stablecoins issued by the issuer;
25 and

1 (ii) the amount and composition of
2 the reserves described in subparagraph
3 (A), including the average tenor and geo-
4 graphic location of custody of each cat-
5 egory of reserve instruments.

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

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

14 (B) satisfying obligations associated with
15 the use, receipt, or provision of standard custo-
16 dial services; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (II) do not exceed requirements
25 that are sufficient to ensure the ongoing

1 ing operations of permitted payment
2 stablecoin issuers; and

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

14 (ii) the liquidity standard under para-
15 graph (1)(A);

16 (iii) reserve asset diversification, in-
17 cluding deposit concentration at banking
18 institutions, and interest rate risk manage-
19 ment standards applicable to permitted
20 payment stablecoin issuers that—

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

24 (II) do not exceed standards that
25 are sufficient to ensure the ongoing

1 operations of permitted payment
2 stablecoin issuers; and

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

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

12 (II) are consistent with applicable
13 law.

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

16 (i) the authority of the primary Fed-
17 eral payment stablecoin regulators, in pre-
18 scribing standards under this paragraph,
19 to tailor or differentiate among issuers on
20 an individual basis or by category, taking
21 into consideration the capital structure,
22 business model risk profile, complexity, fi-
23 nancial activities (including financial activi-
24 ties of subsidiaries), size, and any other
25 risk-related factors of permitted payment

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

8 (ii) any supervisory, regulatory, or en-
9 forcement authority of a primary Federal
10 payment stablecoin regulator to further the
11 safe and sound operation of an institution
12 for which the primary Federal payment
13 stablecoin regulator is the appropriate reg-
14 ulator.

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

17 (i) DEFINITION.—In this subpara-
18 graph, the term “depository institution
19 holding company” has the meaning given
20 that term under section 171(a)(3) of the
21 Financial Stability Act of 2010 (12 U.S.C.
22 5371(a)(3)).

23 (ii) APPLICABILITY OF FINANCIAL
24 STABILITY ACT.—With respect to the pro-
25 mulgation of rules under subparagraph (A)

1 and clauses (iii) and (iv) of this subpara-
2 graph, section 171 of the Financial Sta-
3 bility Act of 2010 (12 U.S.C. 5371) shall
4 not apply.

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

1 capital requirements issued pursuant to
2 subparagraph (A)(i).

3 (iv) MODIFICATIONS.—Not later than
4 the earlier of the rulemaking deadline
5 under section 13 or the date on which the
6 Federal payment stablecoin regulators
7 issue regulations to carry out this section,
8 each appropriate Federal banking agency
9 shall amend or otherwise modify any regu-
10 lation of the appropriate Federal banking
11 agency described in clause (iii) so that
12 such regulation, as amended or otherwise
13 modified, complies with clause (iii) of this
14 subparagraph.

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

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

1 (i) maintenance of an effective anti-
2 money laundering program, which shall in-
3 clude appropriate risk assessments and
4 designation of an officer to supervise the
5 program;

6 (ii) retention of appropriate records;

7 (iii) monitoring and reporting of any
8 suspicious transaction relevant to a pos-
9 sible violation of law or regulation;

10 (iv) technical capabilities, policies, and
11 procedures to block, freeze, and reject spe-
12 cific or impermissible transactions that vio-
13 late Federal or State laws, rules, or regula-
14 tions;

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

22 (vi) maintenance of an effective eco-
23 nomic sanctions compliance program, in-
24 cluding verification of sanctions lists, con-
25 sistent with Federal law.

1 (B) RULEMAKING.—The Secretary of the
2 Treasury shall adopt rules, tailored to the size
3 and complexity of permitted payment stablecoin
4 issuers, to implement subparagraph (A).

5 (C) RESERVATION OF AUTHORITY.—Noth-
6 ing in this Act shall restrict the authority of the
7 Secretary of the Treasury to implement, admin-
8 ister, and enforce the provisions of subchapter
9 II of chapter 53 of title 31, United States Code.

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

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

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

1 (ii) is not required to notify any per-
2 mitted payment stablecoin issuer of any in-
3 tended action described in clause (i) prior
4 to taking such action.

5 (B) COMPLIANCE WITH LAWFUL OR-
6 DERS.—A permitted payment stablecoin issuer
7 may issue payment stablecoins only if the issuer
8 has the technological capability to comply, and
9 will comply, with the terms of any lawful order.

10 (C) REPORT REQUIRED.—Not later than 1
11 year after the date of enactment of this Act, the
12 Attorney General and the Secretary of the
13 Treasury shall submit to the Committee on
14 Banking, Housing, and Urban Affairs of the
15 Senate and the Committee on Financial Serv-
16 ices of the House of Representatives a report,
17 which may include a classified annex if applica-
18 ble, on the coordination with permitted payment
19 stablecoin issuers required under subparagraph
20 (A).

21 (D) RULE OF CONSTRUCTION.—Nothing in
22 this paragraph shall be construed to alter or af-
23 fect the authority of State payment stablecoin
24 regulators with respect to the offer of foreign-

1 issued digital assets that are issued within a
2 foreign jurisdiction.

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

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

7 (i) issue payment stablecoins;

8 (ii) redeem payment stablecoins;

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

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

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

21 (B) RULE OF CONSTRUCTION.—Nothing in
22 subparagraph (A) shall limit a permitted pay-
23 ment stablecoin issuer from engaging in pay-
24 ment stablecoin activities or digital asset service
25 provider activities specified by this Act, and ac-

1 tivities incidental thereto, that are authorized
2 by the primary Federal payment stablecoin reg-
3 ulator or the State payment stablecoin regu-
4 lator, as applicable, consistent with all other
5 Federal and State laws, provided that the
6 claims of payment stablecoin holders rank sen-
7 ior to any potential claims of non-stablecoin
8 creditors with respect to the reserve assets, con-
9 sistent with section 11.

10 (8) PROHIBITION ON TYING.—

11 (A) IN GENERAL.—A permitted payment
12 stablecoin issuer may not provide services to a
13 customer on the condition that the customer ob-
14 tain an additional paid product or service from
15 the permitted payment stablecoin issuer, or any
16 of its subsidiaries, or agree to not obtain an ad-
17 ditional product or service from a competitor.

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

1 (9) PROHIBITION ON THE USE OF DECEPTIVE
2 NAMES.—

3 (A) IN GENERAL.—A permitted payment
4 stablecoin issuer may not—

5 (i) use any combination of terms re-
6 lating to the United States Government,
7 including “United States”, “United States
8 Government”, and “USG” in the name of
9 a payment stablecoin; or

10 (ii) market a payment stablecoin in
11 such a way that a reasonable person would
12 perceive the payment stablecoin to be—

13 (I) legal tender, as described in
14 section 5103 of title 31, United States
15 Code;

16 (II) issued by the United States;
17 or

18 (III) guaranteed or approved by
19 the Government of the United States.

20 (B) PEGGED STABLECOINS.—Abbrevia-
21 tions directly relating to the currency to which
22 a payment stablecoin is pegged, such as
23 “USD”, are not subject to the prohibitions in
24 subparagraph (A).

25 (10) AUDITS AND REPORTS.—

1 (A) ANNUAL FINANCIAL STATEMENT.—

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

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

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

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

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

13 (i) make such audited financial state-
14 ments publicly available on the website of
15 the permitted payment stablecoin issuer;
16 and

17 (ii) submit such audited financial
18 statements annually to their primary Fed-
19 eral payment stablecoin regulator.

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

1 representations that could mislead permitted
2 payment stablecoin holders.

(11) PROHIBITION ON INTEREST.—No permitted payment stablecoin issuer or foreign payment stablecoin issuer shall pay the holder of any payment stablecoin any form of interest or yield (whether in cash, tokens, or other consideration) solely in connection with the holding, use, or retention of such payment stablecoin.

10 (12) NON-FINANCIAL SERVICES PUBLIC COMPA-
11 NIES.—

12 (A) DEFINITIONS.—In this paragraph:

13 (i) FINANCIAL ACTIVITIES.—The term
14 “financial activities”—

(I) has the meaning given that
term in section 4(k) of the Bank
Holding Company Act of 1956 (12
U.S.C. 1843(k)); and

(II) for the avoidance of doubt,
includes those activities described in
subparagraphs (A) and (B) of section
2(7) and section 4(a)(7)(A) of this
Act.

24 (ii) PUBLIC COMPANY.—The term
25 “public company” means an issuer that is

1 required to file reports under section 13(a)
2 or 15(d) of the Securities Exchange Act of
3 1934 (15 U.S.C. 78m(a), 78o(d)).

4 (B) PROHIBITION.—

5 (i) IN GENERAL.—A public company
6 that is not predominantly engaged in 1 or
7 more financial activities, and its wholly or
8 majority owned subsidiaries or affiliates,
9 may not issue a payment stablecoin unless
10 the public company obtains a unanimous
11 vote of the Stablecoin Certification Review
12 Committee finding that—

13 (I) it will not pose a material risk
14 to the safety and soundness of the
15 United States banking system, the fi-
16 nancial stability of the United States,
17 or the Deposit Insurance Fund;

18 (II) the public company will com-
19 ply with data use limitations providing
20 that, unless the public company re-
21 ceives consent from the consumer,
22 nonpublic personal information ob-
23 tained from stablecoin transaction
24 data may not be—

1 (aa) used to target, person-
2 alize, or rank advertising or other
3 content;

4 (bb) sold to any third party;
5 or

6 (cc) shared with non-affili-
7 ates; and

8 (III) the public company and the
9 affiliates of the public company will
10 comply with the tying prohibitions
11 under paragraph (8).

12 (ii) EXCEPTION.—The prohibition
13 under clause (i) against the sharing of con-
14 sumer information shall not apply to shar-
15 ing of such information—

16 (I) to comply with Federal,
17 State, or local laws, rules, and other
18 applicable legal requirements;

19 (II) to comply with a properly
20 authorized civil, criminal, or regu-
21 latory investigation, subpoena, or
22 summons by a Federal, State, or local
23 authority; or

24 (III) to respond to judicial proc-
25 ess or a government regulatory au-

1 thority having jurisdiction over the
2 public company.

3 (C) EXTENSION OF PROHIBITION.—

4 (i) IN GENERAL.—Any company not
5 domiciled in the United States or its Terri-
6 tories that is not predominantly engaged in
7 1 or more financial activities, may not
8 issue a payment stablecoin unless the pub-
9 lic company obtains a unanimous vote of
10 the Stablecoin Certification Review Com-
11 mittee finding that—

12 (I) it will not pose a material risk
13 to the safety and soundness of the
14 United States banking system, the fi-
15 nancial stability of the United States,
16 or the Deposit Insurance Fund;

17 (II) the public company will com-
18 ply with data use limitations providing
19 that, unless the public company re-
20 ceives consent from the consumer,
21 nonpublic personal information ob-
22 tained from stablecoin transaction
23 data may not be—

1 (aa) used to target, person-
2 alize, or rank advertising or other
3 content;

4 (bb) sold to any third party;
5 or

6 (cc) shared with non-affili-
7 ates; except

8 (III) the public company and the
9 affiliates of the public company will
10 comply with the tying prohibitions
11 under paragraph (8).

12 (ii) EXCEPTION.—The prohibition
13 under clause (i) against the sharing of con-
14 sumer information shall not apply to shar-
15 ing of such information—

16 (I) to comply with Federal,
17 State, or local laws, rules, and other
18 applicable legal requirements;

19 (II) to comply with a properly
20 authorized civil, criminal, or regu-
21 latory investigation, subpoena, or
22 summons by a Federal, State, or local
23 authority; or

24 (III) to respond to judicial proc-
25 ess or a government regulatory au-

1 thority having jurisdiction over the
2 public company.

3 (D) RULEMAKING.—Not later than 1 year
4 after the date of enactment of this Act, the
5 Stablecoin Certification Review Committee shall
6 issue an interpretive rule clarifying the applica-
7 tion of this paragraph.

8 (13) ELIGIBILITY.—Nothing in this Act shall
9 be construed as expanding or contracting legal eligi-
10 bility to receive services available from a Federal Re-
11 serve bank or to make deposits with a Federal Re-
12 serve bank, in each case pursuant to the Federal Re-
13 serve Act.

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

19 (b) REGULATION BY THE COMPTROLLER.—

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

1 ant to section 5 of this Act shall be licensed, regu-
2 lated, examined, and supervised exclusively by the
3 Comptroller, which shall have authority, in coordina-
4 tion with other relevant primary Federal payment
5 stablecoin regulators and State payment stablecoin
6 regulators, to issue such regulations and orders as
7 necessary to ensure financial stability and implement
8 subsection (a).

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

12 “(3) REGULATION OF FEDERAL QUALIFIED
13 PAYMENT STABLECOIN ISSUERS.—The Comptroller
14 of the Currency shall, in coordination with other rel-
15 evant regulators and consistent with section 13 of
16 the GENIUS Act, issue such regulations and orders
17 as necessary to ensure financial stability and imple-
18 ment section 4(a) of that Act.”.

19 (c) STATE-LEVEL REGULATORY REGIMES.—

20 (1) OPTION FOR STATE-LEVEL REGULATORY
21 REGIME.—Notwithstanding the Federal regulatory
22 framework established under this Act, a State quali-
23 fied payment stablecoin issuer with a consolidated
24 total outstanding issuance of not more than
25 \$10,000,000,000 may opt for regulation under a

1 State-level regulatory regime, provided that the
2 State-level regulatory regime is substantially similar
3 to the Federal regulatory framework under this Act.

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 any recertification certification submitted by a
15 State payment stablecoin regulator under para-
16 graph (4), the Stablecoin Certification Review
17 Committee shall only deny the recertification
18 if—

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

23 (ii) the material change in the regime
24 or significant change in circumstances de-
25 scribed in clause (i) is such that the State-

1 level regulatory regime will not promote
2 the safe and sound operation of State
3 qualified payment stablecoin issuers under
4 its supervision.

5 (C) OPPORTUNITY TO CURE.—

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

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

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

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

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

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

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

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

23 (7) EXPEDITED CERTIFICATIONS OF EXISTING
24 REGULATORY REGIMES.—The Stablecoin Certifi-
25 cation Review Committee shall take all necessary

1 steps to endeavor that, with respect to a State that,
2 within 180 days of the date of enactment of this
3 Act, has in effect a prudential regulatory regime (in-
4 cluding regulations and guidance) for the super-
5 vision of digital assets or payment stablecoins, the
6 certification process under this paragraph with re-
7 spect to that regime occurs on an expedited timeline
8 after the effective date of this Act.

9 (d) TRANSITION TO FEDERAL OVERSIGHT.—

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

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

24 (B) beginning on the date the payment
25 stablecoin reaches such threshold, cease issuing

1 new payment stablecoins until the payment
2 stablecoin is under the \$10,000,000,000 con-
3 solidated total outstanding issuance threshold.

4 (2) OTHER INSTITUTIONS.—A State qualified
5 payment stablecoin issuer not described in para-
6 graph (1) with a payment stablecoin with a consoli-
7 dated total outstanding issuance of more than
8 \$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 under
12 subsection (a) administered by the relevant
13 State payment stablecoin regulator and the
14 Comptroller, acting in coordination; or

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

20 (3) WAIVER.—

21 (A) IN GENERAL.—Notwithstanding para-
22 graphs (1) and (2), the applicable primary Fed-
23 eral payment stablecoin regulator may permit a
24 State qualified payment stablecoin issuer with a
25 payment stablecoin with a consolidated total

1 outstanding issuance of more than
2 \$10,000,000,000 to remain solely supervised by
3 a State payment stablecoin regulator.

4 (B) CRITERIA FOR WAIVER.—The primary
5 Federal payment stablecoin regulator shall con-
6 sider the following exclusive criteria in deter-
7 mining whether to issue a waiver under this
8 paragraph:

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

11 (ii) The past operations and examina-
12 tion history of the State qualified payment
13 stablecoin issuer.

14 (iii) The experience of the State pay-
15 ment stablecoin regulator in supervising
16 payment stablecoin and digital asset activi-
17 ties.

18 (iv) The supervisory framework, in-
19 cluding regulations and guidance, of the
20 State qualified payment stablecoin issuer
21 with respect to payment stablecoins and
22 digital assets.

23 (C) RULE OF CONSTRUCTION.—

24 (i) FEDERAL OVERSIGHT.—A State
25 qualified payment stablecoin issuer subject

1 to Federal oversight under paragraph (1)
2 or (2) of this subsection that does not re-
3 ceive a waiver under this paragraph shall
4 continue to be supervised by the State pay-
5 ment stablecoin regulator of the State
6 qualified payment stablecoin issuer jointly
7 with the primary Federal payment
8 stablecoin regulator. Nothing in this sub-
9 section shall require the State qualified
10 payment stablecoin issuer to convert to a
11 Federal charter.

12 (ii) STATE OVERSIGHT.—A State
13 qualified payment stablecoin issuer super-
14 vised by a State payment stablecoin regu-
15 lator that has established a prudential reg-
16 ulatory regime (including regulations and
17 guidance) for the supervision of digital as-
18 sets or payment stablecoins before the 90-
19 day period ending on the date of enact-
20 ment of this Act that has been certified
21 pursuant to subsection (c) and has ap-
22 proved 1 or more issuers to issue payment
23 stablecoins under the supervision of such
24 State payment stablecoin regulator, shall
25 be presumptively approved for a waiver

1 under this paragraph, unless the Federal
2 payment stablecoin regulator finds, by
3 clear and convincing evidence, that the re-
4 quirements of subparagraph (B) are not
5 substantially met with respect to that
6 issuer or that the issuer poses significant
7 safety and soundness risks to the financial
8 system of the United States.

9 (e) MISREPRESENTATION OF INSURED STATUS.—

10 (1) IN GENERAL.—Payment stablecoins shall
11 not be backed by the full faith and credit of the
12 United States, guaranteed by the United States
13 Government, subject to deposit insurance by the
14 Federal Deposit Insurance Corporation, or subject
15 to share insurance by the National Credit Union Ad-
16 ministration.

17 (2) MISREPRESENTATION OF INSURED STA-
18 TUS.—

19 (A) IN GENERAL.—It shall be unlawful to
20 represent that payment stablecoins are backed
21 by the full faith and credit of the United
22 States, guaranteed by the United States Gov-
23 ernment, or subject to Federal deposit insur-
24 ance or Federal share insurance.

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 shall 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 Senate and the House of Rep-
15 resentatives, including section 208 of title 18,
16 United States Code, and sections 2635.702 and
17 2635.802 of title 5, Code of Federal Regulations.
18 For the avoidance of doubt, existing Office of Gov-
19 ernment Ethics laws and the ethics rules of the Sen-
20 ate and the House of Representatives prohibit any
21 member of Congress or senior executive branch offi-
22 cial from issuing a payment stablecoin during their
23 time in public service. For the purposes of this para-
24 graph, an employee described in section 202 of title
25 18, United States Code, shall be deemed an execu-

1 tive branch employee for purposes of complying with
2 section 208 of that title.

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

6 (a) APPLICATION.—

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

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

19 (B) establish a process and framework for
20 the licensing, regulation, examination, and su-
21 pervision of such entities that prioritizes the
22 safety and soundness of such entities.

23 (2) AUTHORITY TO ISSUE REGULATIONS AND
24 PROCESS APPLICATIONS.—The primary Federal pay-

1 ment stablecoin regulators shall, before the date de-
2 scribed in section 13—

3 (A) issue regulations consistent with that
4 section to carry out this section; and

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

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

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

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

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

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

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

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

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

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

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

1 (d) TIMING FOR DECISION; GROUNDS FOR DE-
2 NIAL.—

3 (1) TIMING FOR DECISIONS ON APPLICA-
4 TIONS.—

5 (A) IN GENERAL.—Not later than 120
6 days after receiving a substantially complete ap-
7 plication under subsection (a), a primary Fed-
8 eral payment stablecoin regulator shall render a
9 decision on the application.

10 (B) SUBSTANTIALLY COMPLETE.—

11 (i) IN GENERAL.—For purposes of
12 subparagraph (A), an application shall be
13 considered substantially complete if the ap-
14 plication contains sufficient information for
15 the primary Federal payment stablecoin
16 regulator to render a decision on whether
17 the applicant satisfies the factors described
18 in subsection (c).

19 (ii) NOTIFICATION.—Not later than
20 30 days after receiving an application
21 under subsection (a), a primary Federal
22 payment stablecoin regulator shall notify
23 the applicant as to whether the primary
24 Federal payment stablecoin regulator con-
25 siders the application to be substantially

complete and, if the application is not substantially complete, the additional information the applicant shall provide in order for the application to be considered substantially complete.

(iii) MATERIAL CHANGE IN CIRCUMSTANCES.—An application considered substantially complete under this subparagraph remains substantially complete unless there is a material change in circumstances that requires the primary Federal payment stablecoin regulator to treat the application as a new application.

(2) DENIAL OF APPLICATION.—

(A) GROUNDS FOR DENIAL.—

(i) IN GENERAL.—A primary Federal payment stablecoin regulator shall only deny a substantially complete application received under subsection (a) if the regulator determines that the activities of the applicant would be unsafe or unsound based on the factors described in subsection (c).

(ii) ISSUANCE ON OPEN, PUBLIC, OR DECENTRALIZED NETWORK NOT GROUND

1 FOR DENIAL.—The issuance of a payment
2 stablecoin on an open, public, or decentral-
3 ized network shall not be a valid ground
4 for denial of an application received under
5 subsection (a).

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

18 (C) OPPORTUNITY FOR HEARING; FINAL
19 DETERMINATION.—

20 (i) IN GENERAL.—Not later than 30
21 days after the date of receipt of any notice
22 of the denial of an application under this
23 section, the applicant may request, in writ-
24 ing, an opportunity for a written or oral
25 hearing before the primary Federal pay-

1 ment stablecoin regulator to appeal the de-
2 nial.

3 (ii) **TIMING.**—Upon receipt of a timely
4 request under clause (i), the primary Fed-
5 eral payment stablecoin regulator shall no-
6 tice a time (not later than 30 days after
7 the date of receipt of the request) and
8 place at which the applicant may appear,
9 personally or through counsel, to submit
10 written materials or provide oral testimony
11 and oral argument.

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

20 (iv) **NOTICE IF NO HEARING.**—If an
21 applicant does not make a timely request
22 for a hearing under this subparagraph, the
23 primary Federal payment stablecoin regu-
24 lator shall notify the applicant, not later
25 than 10 days after the date by which the

1 applicant may request a hearing under this
2 subparagraph, in writing, that the denial
3 of the application is a final determination
4 of the primary Federal payment stablecoin
5 regulator.

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

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

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

16 (1) notify Congress upon beginning to process
17 applications under this Act; and

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

1 (f) SAFE HARBOR FOR PENDING APPLICATIONS.—

2 The primary Federal payment stablecoin regulators may
3 waive the application of the requirements of this Act for
4 a period not to exceed 12 months beginning on the effec-
5 tive date of this Act, with respect to—

6 (1) a subsidiary of an insured depository insti-
7 tution, if the insured depository institution has an
8 application pending for the subsidiary to become a
9 permitted payment stablecoin issuer on that effective
10 date; or

11 (2) a Federal qualified payment stablecoin
12 issuer with a pending application on that effective
13 date.

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

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

1 stablecoin issuer. Nothing in this subsection shall preempt
2 or supersede the authority of a State to charter, license,
3 supervise, or regulate an insured depository institution or
4 credit union chartered in such State or to supervise a sub-
5 sidiary of such insured depository institution or credit
6 union that is approved under this section to be a permitted
7 payment stablecoin issuer.

8 (i) CERTIFICATION REQUIRED.—

9 (1) IN GENERAL.—Not later than 180 days
10 after the approval of an application, and on an an-
11 nual basis thereafter, each permitted payment
12 stablecoin issuer shall submit to its primary Federal
13 payment stablecoin regulator, or in the case of a
14 State qualified payment stablecoin issuer its State
15 payment stablecoin regulator, a certification that the
16 issuer has implemented anti-money laundering and
17 economic sanctions compliance programs that are
18 reasonably designed to prevent the permitted pay-
19 ment stablecoin issuer from facilitating money laun-
20 dering, in particular, facilitating money laundering
21 for cartels and organizations designated as foreign
22 terrorist organizations under section 219 of the Im-
23 migration and Nationality Act (8 U.S.C. 1189) and
24 the financing of terrorist activities, consistent with
25 the requirements of this Act.

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

6 (3) PENALTIES.—

7 (A) APPROVAL REVOCATION.—The pri-
8 mary Federal payment stablecoin regulator or
9 State payment stablecoin regulator of a per-
10 mitted payment stablecoin issuer that does not
11 submit a certification pursuant to paragraph
12 (1) may revoke the approval of the payment
13 stablecoin issuer under this section.

14 (B) CRIMINAL PENALTY.—

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

21 (ii) REFERRAL TO ATTORNEY GEN-
22 ERAL.—If a Federal payment stablecoin
23 regulator or State payment stablecoin reg-
24 ulator has reason to believe that any per-
25 son has knowingly violated paragraph (1),

1 the applicable regulator may refer the mat-
2 ter to the Attorney General or to the attor-
3 ney general of the payment stablecoin
4 issuer's host State.

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

9 (a) SUPERVISION.—

10 (1) IN GENERAL.—Each permitted payment
11 stablecoin issuer that is not a State qualified pay-
12 ment stablecoin issuer with a payment stablecoin
13 with a consolidated total outstanding issuance of less
14 than \$10,000,000,000 shall be subject to supervision
15 by the appropriate primary Federal payment
16 stablecoin regulator.

17 (2) SUBMISSION OF REPORTS.—Each permitted
18 payment stablecoin issuer described in paragraph (1)
19 shall, upon request, submit to the appropriate pri-
20 mary Federal payment stablecoin regulator a report
21 on—

22 (A) the financial condition of the permitted
23 payment stablecoin issuer;

1 (B) the systems of the permitted payment
2 stablecoin issuer for monitoring and controlling
3 financial and operating risks;

4 (C) compliance by the permitted payment
5 stablecoin issuer (and any subsidiary thereof)
6 with this Act; and

7 (D) the compliance of the Federal qualified
8 nonbank payment stablecoin issuer with the re-
9 quirements of the Bank Secrecy Act and with
10 laws authorizing the imposition of sanctions
11 and implemented by the Secretary of the Treas-
12 ury.

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

17 (A) the nature of the operations and finan-
18 cial condition of the permitted payment
19 stablecoin issuer;

20 (B) the financial, operational, techno-
21 logical, and other risks associated within the
22 permitted payment stablecoin issuer that may
23 pose a threat to—

24 (i) the safety and soundness of the
25 permitted payment stablecoin issuer; or

1 (ii) the stability of the financial sys-
2 tem of the United States; and

3 (C) the systems of the permitted payment
4 stablecoin issuer for monitoring and controlling
5 the risks described in subparagraph (B).

6 (4) REQUIREMENTS FOR EFFICIENCY.—

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

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

20 (C) CONSIDERATION OF BURDEN.—A pri-
21 mary Federal payment stablecoin regulator
22 shall, with respect to any examination or re-
23 quest for the submission of a report under this
24 subsection, only request examinations and re-
25 ports at a cadence and in a format that is simi-

1 lar to that required for similarly situated enti-
2 ties regulated by the primary Federal payment
3 stablecoin regulator.

4 (b) ENFORCEMENT.—

5 (1) SUSPENSION OR REVOCATION OF REGISTRA-
6 TION.—The primary Federal payment stablecoin
7 regulator of a permitted payment stablecoin issuer
8 that is not a State qualified payment stablecoin
9 issuer with a payment stablecoin with a consolidated
10 total outstanding issuance of less than
11 \$10,000,000,000 may prohibit the permitted pay-
12 ment stablecoin issuer from issuing payment
13 stablecoins, if the primary Federal payment
14 stablecoin regulator determines that such permitted
15 payment stablecoin issuer, or an institution-affiliated
16 party of the permitted payment stablecoin issuer is
17 willfully or recklessly violating or has willfully or
18 recklessly violated—

19 (A) this Act or any regulation or order
20 issued under this Act; or

21 (B) any condition imposed in writing by
22 the primary Federal payment stablecoin regu-
23 lator in connection with a written agreement
24 entered into between the permitted payment

1 stablecoin issuer and the primary Federal pay-
2 ment stablecoin regulator.

3 (2) CEASE-AND-DESIST PROCEEDINGS.—If the
4 primary Federal payment stablecoin regulator of a
5 permitted payment stablecoin issuer that is not a
6 State qualified payment stablecoin issuer with a pay-
7 ment stablecoin with a consolidated total out-
8 standing issuance of less than \$10,000,000,000 has
9 reasonable cause to believe that the permitted pay-
10 ment stablecoin issuer or any institution-affiliated
11 party of the permitted payment stablecoin issuer is
12 violating, has violated, or is attempting to violate
13 this Act, any regulation or order issued under this
14 Act, or any written agreement entered into with the
15 primary Federal payment stablecoin regulator or
16 condition imposed in writing by the primary Federal
17 payment stablecoin regulator in connection with any
18 application or other request, the primary Federal
19 payment stablecoin regulator may, by provisions that
20 are mandatory or otherwise, order the permitted
21 payment stablecoin issuer or institution-affiliated
22 party of the permitted payment stablecoin issuer
23 to—

24 (A) cease and desist from such violation or
25 practice; or

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

4 (3) REMOVAL AND PROHIBITION AUTHORITY.—

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

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

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

24 (4) PROCEDURES.—

1 (A) IN GENERAL.—If a primary Federal
2 payment stablecoin regulator identifies a viola-
3 tion or attempted violation of this Act or makes
4 a determination under paragraph (1), (2), or
5 (3), the primary Federal payment stablecoin
6 regulator shall comply with the procedures set
7 forth in subsections (b) and (e) of section 8 of
8 the Federal Deposit Insurance Act (12 U.S.C.
9 1818) or subsections (e) and (g) of section 206
10 the Federal Credit Union Act (12 U.S.C.
11 1786(e) and (g)), as applicable.

12 (B) JUDICIAL REVIEW.—A person ag-
13 grieved by a final action under this subsection
14 may obtain judicial review of such action exclu-
15 sively as provided in section 8(h) of the Federal
16 Deposit Insurance Act (12 U.S.C. 1818(h)) or
17 section 206(j) of the Federal Credit Union Act
18 (12 U.S.C. 1786(j)), as applicable.

19 (C) INJUNCTION.—A primary Federal pay-
20 ment stablecoin regulator may, at the discretion
21 of the regulator, follow the procedures provided
22 in section 8(i)(1) of the Federal Deposit Insur-
23 ance Act (12 U.S.C. 1818(i)(1)) or section
24 206(k)(1) of the Federal Credit Union Act (12
25 U.S.C. 1786(k)(1)), as applicable, for judicial

1 enforcement of any effective and outstanding
2 notice or order issued under this subsection.

3 (D) TEMPORARY CEASE-AND-DESIST PRO-
4 CEEDINGS.—If a primary Federal payment
5 stablecoin regulator determines that a violation
6 or attempted violation of this Act or an action
7 with respect to which a determination was made
8 under paragraph (1), (2), or (3), or the con-
9 tinuation thereof, is likely to cause insolvency or
10 significant dissipation of assets or earnings of a
11 permitted payment stablecoin issuer, or is likely
12 to weaken the condition of the permitted pay-
13 ment stablecoin issuer or otherwise prejudice
14 the interests of the customers of the permitted
15 payment stablecoin issuer prior to the comple-
16 tion of the proceedings conducted under this
17 paragraph, the primary Federal payment
18 stablecoin regulator may follow the procedures
19 provided in section 8(c) of the Federal Deposit
20 Insurance Act (12 U.S.C. 1818(c)) or section
21 206(f) of the Federal Credit Union Act (12
22 U.S.C. 1786(f)), as applicable, to issue a tem-
23 porary cease and desist order.

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

4 (A) FAILURE TO BE APPROVED.—Any per-
5 son that issues a United States dollar-denomi-
6 nated payment stablecoin in violation of section
7 3, and any institution-affiliated party of such a
8 person who knowingly participates in issuing
9 such a payment stablecoin, shall be liable for a
10 civil penalty of not more than \$100,000 for
11 each day during which such payment
12 stablecoins are issued.

13 (B) FIRST TIER.—Except as provided in
14 subparagraph (A), a permitted payment
15 stablecoin issuer or institution-affiliated party
16 of such permitted payment stablecoin issuer
17 that materially violates this Act or any regula-
18 tion or order issued under this Act, or that ma-
19 terially violates any condition imposed in writ-
20 ing by the appropriate primary Federal pay-
21 ment stablecoin regulator in connection with a
22 written agreement entered into between the per-
23 mitted payment stablecoin issuer and that pri-
24 mary Federal payment stablecoin regulator,
25 shall be liable for a civil penalty of not more

1 than \$100,000 for each day during which the
2 violation continues.

3 (C) SECOND TIER.—Except as provided in
4 subparagraph (A), and in addition to the pen-
5 alties described in subparagraph (B), a per-
6 mitted payment stablecoin issuer or institution-
7 affiliated party of such permitted payment
8 stablecoin issuer who knowingly participates in
9 a violation of any provision of this Act, or any
10 regulation or order issued under this Act, shall
11 be liable for a civil penalty of not more than an
12 additional \$100,000 for each day during which
13 the violation continues.

14 (D) PROCEDURE.—Any penalty imposed
15 under this paragraph may be assessed and col-
16 lected by the appropriate primary Federal pay-
17 ment stablecoin regulator pursuant to the pro-
18 cedures set forth in section 8(i)(2) of the Fed-
19 eral Deposit Insurance Act (12 U.S.C.
20 1818(i)(2)) or section 206(k)(2) of the Federal
21 Credit Union Act (12 U.S.C. 1786(k)(2)), as
22 applicable.

23 (E) NOTICE AND ORDERS AFTER SEPARA-
24 TION FROM SERVICE.—The resignation, termi-
25 nation of employment or participation, or sepa-

1 ration of an institution-affiliated party (includ-
2 ing a separation caused by the closing of a per-
3 mitted payment stablecoin issuer) shall not af-
4 fect the jurisdiction and authority of a primary
5 Federal payment stablecoin regulator to issue
6 any notice or order and proceed under this sub-
7 section against any such party, if such notice or
8 order is served before the end of the 6-year pe-
9 riod beginning on the date on which such party
10 ceased to be an institution-affiliated party with
11 respect to such permitted payment stablecoin
12 issuer.

13 (6) NON-APPLICABILITY TO A STATE QUALI-
14 FIED PAYMENT STABLECOIN ISSUER.—Notwith-
15 standing anything in this subsection to the contrary,
16 this subsection shall not apply to a State qualified
17 payment stablecoin issuer.

18 (c) RULE OF CONSTRUCTION.—Nothing in this Act
19 may be construed to modify or otherwise affect any right
20 or remedy under any Federal consumer financial law, in-
21 cluding 12 U.S.C. 5515 and 15 U.S.C. 41 et seq.

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

23 (a) IN GENERAL.—A State payment stablecoin regu-
24 lator shall have supervisory, examination, and enforcement

1 authority over all State qualified payment stablecoin
2 issuers of such State.

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

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

15 (d) RULEMAKING.—A State payment stablecoin regu-
16 lator may issue orders and rules under section 4 applicable
17 to State qualified payment stablecoin issuers to the same
18 extent as the primary Federal payment stablecoin regu-
19 lators issue orders and rules under section 4 applicable
20 to permitted payment stablecoin issuers that are not State
21 qualified payment stablecoin issuers.

22 (e) ENFORCEMENT AUTHORITY IN UNUSUAL AND
23 EXIGENT CIRCUMSTANCES.—

24 (1) BOARD.—

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

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

15 (C) LIMITATIONS.—If, after unusual and
16 exigent circumstances are determined to exist
17 pursuant to subparagraph (A), the Board deter-
18 mines that there is reasonable cause to believe
19 that the continuation by a State qualified pay-
20 ment stablecoin issuer of any activity con-
21 stitutes a serious risk to the financial safety,
22 soundness, or stability of the State qualified
23 payment stablecoin issuer, the Board may im-
24 pose such restrictions as the Board determines
25 to be necessary to address such risk during

1 such unusual and exigent circumstances, which
2 may include limitations on redemptions of pay-
3 ment stablecoins, and which shall be issued in
4 the form of a directive, with the effect of a
5 cease and desist order that has become final, to
6 the State qualified payment stablecoin issuer
7 and any of its affiliates, limiting—

8 (i) transactions between the State
9 qualified payment stablecoin issuer, a hold-
10 ing company, and the subsidiaries or affili-
11 ates of either the State qualified payment
12 stablecoin issuer or the holding company;
13 and

14 (ii) any activities of the State quali-
15 fied payment stablecoin issuer that might
16 create a serious risk that the liabilities of
17 a holding company and the affiliates of the
18 holding company may be imposed on the
19 State qualified payment stablecoin issuer.

20 (D) REVIEW OF DIRECTIVE.—

21 (i) ADMINISTRATIVE REVIEW.—

22 (I) IN GENERAL.—After a direc-
23 tive described in subparagraph (C) is
24 issued, the applicable State qualified
25 payment stablecoin issuer, or any in-

1 stitution-affiliated party of the State
2 qualified payment stablecoin issuer
3 subject to the directive, may object
4 and present to the Board, in writing,
5 the reasons why the directive should
6 be modified or rescinded.

7 (II) AUTOMATIC LAPSE OF DI-
8 RECTIVE.—If, after 10 days after the
9 receipt of a response described in sub-
10 clause (I), the Board does not affirm,
11 modify, or rescind the directive, the
12 directive shall automatically lapse.

13 (ii) JUDICIAL REVIEW.—

14 (I) IN GENERAL.—If the Board
15 affirms or modifies a directive pursu-
16 ant to clause (i), any affected party
17 may immediately thereafter petition
18 the United States district court for
19 the district in which the main office of
20 the affected party is located, or in the
21 United States District Court for the
22 District of Columbia, to stay, modify,
23 terminate, or set aside the directive.

24 (II) RELIEF FOR EXTRAOR-
25 DINARY CAUSE.—Upon a showing of

1 extraordinary cause, an affected party
2 may petition for relief under subclause
3 (I) without first pursuing or exhaust-
4 ing the administrative remedies under
5 clause (i).

6 (2) COMPTROLLER.—

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

16 (B) RULEMAKING.—Consistent with sec-
17 tion 13, the Comptroller shall issue rules to set
18 forth the unusual and exigent circumstances in
19 which the Comptroller may act under this para-
20 graph.

21 (C) LIMITATIONS.—If, after unusual and
22 exigent circumstances are determined to exist
23 under subparagraph (A), the Comptroller deter-
24 mines that there is reasonable cause to believe
25 that the continuation of any activity by a State

1 qualified payment stablecoin issuer that is a
2 nonbank entity constitutes a serious risk to the
3 financial safety, soundness, or stability of the
4 State qualified payment stablecoin issuer that is
5 a nonbank entity, the Comptroller shall impose
6 such restrictions as the Comptroller determines
7 to be necessary to address such risk during
8 such unusual and exigent circumstances, which
9 may include limitations on redemption of pay-
10 ment stablecoins, and which shall be issued in
11 the form of a directive, with the effect of a
12 cease and desist order that has become final, to
13 the State qualified payment stablecoin issuer
14 that is a nonbank entity and any of its affili-
15 ates, limiting—

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

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

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

3 (D) REVIEW OF DIRECTIVE.—

4 (i) ADMINISTRATIVE REVIEW.—

5 (I) IN GENERAL.—After a direc-
6 tive described in subparagraph (C) is
7 issued, the applicable Federal quali-
8 fied payment stablecoin issuer, or any
9 institution-affiliated party of the Fed-
10 eral qualified payment stablecoin
11 issuer subject to the directive, may
12 object and present to the Comptroller,
13 in writing, the reasons that the direc-
14 tive should be modified or rescinded.

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

22 (ii) JUDICIAL REVIEW.—

23 (I) IN GENERAL.—If the Comp-
24 troller affirms or modifies a directive
25 pursuant to clause (i), any affected

1 party may immediately thereafter pe-
2 tition the United States district court
3 for the district in which the main of-
4 fice of the affected party is located, or
5 in the United States District Court
6 for the District of Columbia, to stay,
7 modify, terminate, or set aside the di-
8 rective.

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

16 (f) EFFECT ON STATE LAW.—

17 (1) HOST STATE LAW.—Notwithstanding any
18 other provision of law, the laws of a host State, in-
19 cluding laws relating to consumer protection, shall
20 only apply to the activities conducted in the host
21 State by an out-of-State State qualified payment
22 stablecoin issuer to the same extent as such laws
23 apply to the activities conducted in the host State by
24 an out-of-State Federal qualified payment stablecoin
25 issuer.

1 (2) HOME STATE LAW.—If any host State law
2 is determined not to apply under paragraph (1), the
3 laws of the home State of the State qualified pay-
4 ment stablecoin issuer shall govern the activities of
5 the permitted payment stablecoin issuer conducted
6 in the host State.

7 (3) APPLICABILITY.—

8 (A) IN GENERAL.—This subsection shall
9 only apply to an out-of-State State qualified
10 payment stablecoin issuer chartered, licensed,
11 or otherwise authorized to do business by a
12 State that has a certification in place pursuant
13 to section 4(c) of this Act.

14 (B) EXCLUSION.—The laws applicable to
15 an out-of-State qualified payment stablecoin
16 issuer under paragraph (1) exclude host State
17 laws governing the chartering, licensure, or
18 other authorization to do business in the host
19 State as a permitted payment stablecoin issuer
20 pursuant to this Act.

21 (4) RULE OF CONSTRUCTION.—Except for
22 State laws relating to the chartering, licensure, or
23 other authorization to do business as a permitted
24 payment stablecoin issuer, nothing in this Act shall

1 preempt State consumer protection laws, including
2 common law, and the remedies available thereunder.

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

4 (a) PAYMENT STABLECOINS ISSUED BY A FOREIGN
5 PAYMENT STABLECOIN ISSUER.—

6 (1) IN GENERAL.—A payment stablecoin that is
7 issued by a foreign payment stablecoin issuer may
8 not be publicly offered, sold, or otherwise made
9 available for trading in the United States by a dig-
10 ital asset service provider unless the foreign payment
11 stablecoin issuer has the technological capability to
12 comply and complies with the terms of any lawful
13 order.

14 (2) ENFORCEMENT.—

15 (A) AUTHORITY.—The Secretary of the
16 Treasury shall have the authority to designate
17 any foreign issuer that publicly offers, sells, or
18 otherwise makes available a payment stablecoin
19 in violation of paragraph (1) as noncompliant.

20 (B) DESIGNATION AS NONCOMPLIANT.—

21 Not later than 30 days after the Department of
22 the Treasury has identified a foreign payment
23 stablecoin issuer of any payment stablecoin
24 trading in the United States that is in violation
25 of paragraph (1), the Secretary of the Treas-

1 ury, in coordination with relevant Federal agen-
2 cies, may, pursuant to the authority under sub-
3 paragraph (A), designate the foreign payment
4 stablecoin issuer as noncompliant and notify the
5 foreign payment stablecoin issuer in writing of
6 the designation.

7 (3) APPEAL.—A determination of noncompli-
8 ance under this subsection is subject to judicial re-
9 view in the United States Court of Appeals for the
10 District of Columbia Circuit.

11 (b) PUBLICATION OF DESIGNATION; PROHIBITION
12 ON SECONDARY TRADING.—

13 (1) IN GENERAL.—If a foreign payment
14 stablecoin issuer does not come into compliance with
15 the lawful order within 30 days from the date of
16 issuance of the written notice described in subsection
17 (a), except as provided in subsection (c), the Sec-
18 retary of the Treasury shall—

19 (A) publish the determination of non-
20 compliance in the Federal Register, including a
21 statement on the failure of the foreign payment
22 stablecoin issuer to comply with the lawful
23 order after the written notice; and

24 (B) issue a notification in the Federal Reg-
25 ister prohibiting digital asset service providers

1 from facilitating secondary trading of payment
2 stablecoins issued by the foreign payment
3 stablecoin issuer in the United States.

4 (2) EFFECTIVE DATE OF PROHIBITION.—The
5 prohibition on facilitation of secondary trading de-
6 scribed in paragraph (1) shall become effective on
7 the date that is 30 days after the date of issue of
8 notification of the prohibition in the Federal Reg-
9 ister.

10 (3) EXPIRATION OF PROHIBITION.—

11 (A) IN GENERAL.—The prohibition on fa-
12 cilitation of secondary trading described in
13 paragraph (1)(B) shall expire upon the Sec-
14 retary of the Treasury’s determination that the
15 foreign payment stablecoin issuer is no longer
16 noncompliant.

17 (B) RULEMAKING.—Consistent with sec-
18 tion 13, the Secretary of the Treasury shall
19 specify the criteria that a noncompliant foreign
20 issuer must meet for the Secretary of the
21 Treasury to determine that the foreign payment
22 stablecoin issuer is no longer noncompliant.

23 (C) PUBLICATION.—Upon a determination
24 under subparagraph (A), the Secretary of the
25 Treasury shall publish the determination in the

1 Federal Register, including a statement detail-
2 ing how the foreign payment stablecoin issuer
3 has met the criteria described in subparagraph
4 (B).

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. Notwithstanding the foregoing, the Secretary of Treasury may determine that multiple acts of noncompliance constitute separate violations if such acts were the result of gross negligence, a reckless disregard for, or a pattern of indifference to, money laundering, financing of terrorism, or sanctions evasion requirements.

(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 engag-

1 ing in financial transactions in the United
2 States or with United States persons; or
3 (iii) seek an injunction to stop a dig-
4 ital asset service provider from offering on
5 the platform of the digital asset service
6 provider payment stablecoins issued by the
7 foreign payment stablecoin issuer.

8 (c) WAIVER AND LICENSING AUTHORITY EXEMP-
9 TIONS.—

10 (1) IN GENERAL.—The Secretary of the Treas-
11 ury may offer a waiver, general license, or specific
12 license to any United States person engaging in sec-
13 ondary trading described in subsection (b)(1)(B) on
14 a case-by-case basis if the Secretary determines
15 that—

16 (A) prohibiting secondary trading would
17 adversely affect the financial system of the
18 United States; or

19 (B) the foreign payment stablecoin issuer
20 is taking tangible steps to remedy the failure to
21 comply with the lawful order that resulted in
22 the noncompliance determination under sub-
23 section (a).

24 (2) NATIONAL SECURITY WAIVER.—The Sec-
25 retary of the Treasury, in consultation with the Di-

1 rector of National Intelligence and the Secretary of
2 State, may waive the application of the secondary
3 trading restrictions under subsection (b)(1)(B) if the
4 Secretary of the Treasury determines that the waiv-
5 er is in the national security interest of the United
6 States.

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

11 (A) activities subject to the reporting re-
12 quirements under title V of the National Secu-
13 rity Act of 1947 (50 U.S.C. 3091 et seq.), or
14 any authorized intelligence activities of the
15 United States; or

16 (B) activities necessary to carry out or as-
17 sist law enforcement activity of the United
18 States.

19 (4) REPORT REQUIRED.—Not later than 7 days
20 after issuing a waiver or a license under paragraph
21 (1), (2), or (3), the Secretary of the Treasury shall
22 submit to the chairs and ranking members of the
23 Committee on Banking, Housing, and Urban Affairs
24 of the Senate and the Committee on Financial Serv-
25 ices of the House of Representatives, a report, which

1 may include a classified annex, if applicable, includ-
2 ing the text of the waiver or license, as well as the
3 facts and circumstances justifying the waiver deter-
4 mination, and provide a briefing on the report.

5 (d) RULE OF CONSTRUCTION.—Nothing in this Act
6 shall be construed as altering the existing authority of the
7 Secretary of the Treasury to block, restrict, or limit trans-
8 actions involving payment stablecoins that reference or are
9 denominated in United States dollars that are subject to
10 the jurisdiction of the United States.

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

12 (a) PUBLIC COMMENT.—Beginning on the date that
13 is 30 days after the date of enactment of this Act, and
14 for a period of 60 days thereafter, the Secretary of the
15 Treasury shall seek public comment to identify innovative
16 or novel methods, techniques, or strategies that regulated
17 financial institutions use, or have the potential to use, to
18 detect illicit activity, such as money laundering, involving
19 digital assets, including comments with respect to—

- 20 (1) application program interfaces;
21 (2) artificial intelligence;
22 (3) digital identify verification; and
23 (4) use of blockchain technology and moni-
24 toring.

25 (b) TREASURY RESEARCH.—

1 (1) IN GENERAL.—Upon completion of the pub-
2 lic comment period described in subsection (a), the
3 Secretary of the Treasury shall conduct research on
4 the innovative or novel methods, techniques, or
5 strategies that regulated financial institutions use,
6 or have the potential to use, to detect illicit activity,
7 such as money laundering, involving digital assets
8 that were identified in such public comment period.

9 (2) RESEARCH FACTORS.—With respect to each
10 innovative or novel method, technique, or strategy
11 described in paragraph (1), the Financial Crimes
12 Enforcement Network shall evaluate and consider
13 the following factors against existing methods, tech-
14 niques, or strategies:

15 (A) Improvements in the ability of finan-
16 cial institutions to detect illicit activity involving
17 digital assets.

18 (B) Costs to regulated financial institu-
19 tions.

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

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

24 (E) Operational challenges and efficiency
25 considerations.

1 (F) Cybersecurity risks.

2 (G) Effectiveness of methods, techniques,
3 or strategies at mitigating illicit finance.

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

10 (1) the source of illicit activity, such as money
11 laundering and sanctions evasion involving digital
12 assets;

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

17 (3) the impact of existing regulatory frame-
18 works on the use and development of innovative
19 methods, techniques, or strategies by regulated fi-
20 nancial institutions; and

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

24 (d) FINCEN GUIDANCE OR RULEMAKING.—Not
25 later than 3 years after the date of enactment of this Act,

1 the Financial Crimes Enforcement Network shall issue
2 public guidance and notice and comment rulemaking,
3 based on the results of the research and risk assessments
4 required under this section, relating to the following:

5 (1) The implementation of innovative or novel
6 methods, techniques, or strategies by regulated fi-
7 nancial institutions to detect illicit activity involving
8 digital assets.

9 (2) Standards for payment stablecoin issuers to
10 identify and report illicit activity involving the pay-
11 ment stablecoin of a permitted payment stablecoin
12 issuer, including, fraud, cybercrime, money laun-
13 dering, financing of terrorism, sanctions evasion, or
14 insider trading.

15 (3) Standards for payment stablecoin issuers'
16 systems and practices to monitor transactions on
17 blockchains, digital asset mixing services, tumblers,
18 or other similar services that mix payment
19 stablecoins in such a way as to make such trans-
20 action or the identity of the transaction parties less
21 identifiable.

22 (4) Tailored risk management standards for fi-
23 nancial institutions interacting with decentralized fi-
24 nance protocols.

1 (e) RECOMMENDATIONS AND REPORT TO CON-
2 GRESS.—

3 (1) IN GENERAL.—Not later than 180 days
4 after the date of enactment of this Act, the Sec-
5 retary of the Treasury shall submit to the chairs and
6 ranking members of the Committee on Banking,
7 Housing, and Urban Affairs of the Senate and the
8 Committee on Financial Services of the House of
9 Representatives a report on—

10 (A) legislative and regulatory proposals to
11 allow regulated financial institutions to develop
12 and implement novel and innovative methods,
13 techniques, or strategies to detect illicit activity,
14 such as money laundering and sanctions eva-
15 sion, involving digital assets;

16 (B) the results of the research and risk as-
17 sessments conducted pursuant to this section;

18 (C) efforts to support the ability of finan-
19 cial institutions to implement novel and innova-
20 tive methods, techniques, or strategies to detect
21 illicit activity, such as money laundering and
22 sanctions evasion, involving digital assets;

23 (D) the extent to which transactions on
24 distributed ledgers, digital asset mixing serv-
25 ices, tumblers, or other similar services that

1 mix payment stablecoins in such a way as to
2 make such transaction or the identity of the
3 transaction parties less identifiable may facili-
4 tate illicit activity; and

5 (E) legislative recommendations relating to
6 the scope of the term “digital asset service pro-
7 vider” and the application of that term to de-
8 centralized finance.

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

11 (f) RULE OF CONSTRUCTION.—Nothing in this sec-
12 tion shall be construed to limit the existing authority of
13 the Secretary of the Treasury or the primary Federal pay-
14 ment stablecoin regulators to, prior to the submission of
15 a report required under this section, use existing exemp-
16 tive authorities, the no-action letter process, or rulemaking
17 authorities in a manner that encourages regulated finan-
18 cial institutions to adopt novel or innovative methods,
19 techniques, or strategies to detect illicit activity, such as
20 money laundering, involving digital assets.

21 **SEC. 10. CUSTODY OF PAYMENT STABLECOIN RESERVE**
22 **AND COLLATERAL.**

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

1 used as collateral, or the private keys used to issue per-
2 mitted payment stablecoins if the person—

3 (1) is subject to—

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

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

22 (2) complies with the requirements under sub-
23 section (b), unless such person holds such property
24 in accordance with similar requirements as required
25 by a primary Federal payment stablecoin regulator,

1 the Securities and Exchange Commission, or the
2 Commodity Futures Trading Commission.

3 (b) CUSTOMER PROPERTY REQUIREMENT.—A per-
4 son described in subsection (a) shall, with respect to other
5 property described in that subsection—

6 (1) treat and deal with the payment stablecoins,
7 private keys, cash, and other property of a person
8 for whom or on whose behalf the person described
9 in that subsection receives, acquires, or holds pay-
10 ment stablecoins, private keys, cash, and other prop-
11 erty (hereinafter referred to in this section as the
12 “customer”) as belonging to such customer and not
13 as the property of such person; and

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

18 (c) COMMINGLING PROHIBITED.—

19 (1) IN GENERAL.—Payment stablecoin reserves,
20 payment stablecoins, cash, and other property of a
21 permitted payment stablecoin issuer or customer
22 shall be separately accounted for by a person de-
23 scribed in subsection (a) and shall be segregated
24 from and not be commingled with the assets of the
25 person.

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

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

20 (B) such share of the payment stablecoin
21 reserves, payment stablecoins, cash, and other
22 property of the permitted payment stablecoin
23 issuer or customer that shall be necessary to
24 transfer, adjust, or settle a transaction or
25 transfer of assets may be withdrawn and ap-

1 plied to such purposes, including the payment
2 of commissions, taxes, storage, and other
3 charges lawfully accruing in connection with the
4 provision of services by a person described in
5 subsection (a);

6 (C) in accordance with such terms and
7 conditions as a primary Federal payment
8 stablecoin regulator may prescribe by rule, reg-
9 ulation, or order, any payment stablecoin re-
10 serves, payment stablecoins, cash, and other
11 property described in this subsection may be
12 commingled and deposited in permitted pay-
13 ment stablecoin issuer or customer accounts
14 with payment stablecoin reserves, payment
15 stablecoins, cash, and other property received
16 by the person and required by the primary Fed-
17 eral payment stablecoin regulator to be sepa-
18 rately accounted for, treated as, and dealt with
19 as belonging to such permitted payment
20 stablecoin issuers or customers; or

21 (D) an insured depository institution that
22 provides custodial or safekeeping services for
23 payment stablecoin reserves shall be permitted
24 to hold payment stablecoin reserves in the form

1 of cash on deposit provided such treatment is
2 consistent with Federal law.

3 (3) CUSTOMER PRIORITY.—With respect to pay-
4 ment stablecoins held by a person described in sub-
5 section (a) for a customer, with or without the seg-
6regation required under paragraph (1), the claims of
7 the customer against such person with respect to
8 such payment stablecoins shall have priority over the
9 claims of any person other than the claims of an-
10 other customer with respect to payment stablecoins
11 held by such person described in subsection (a), un-
12 less the customer expressly consents to the priority
13 of such other claim.

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

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

1 **SEC. 11. TREATMENT OF PAYMENT STABLECOIN ISSUERS**
2 **IN INSOLVENCY PROCEEDINGS.**

3 (a) IN GENERAL.—Subject to section 507(e) of title
4 11, United States Code, as added by subsection (d), in
5 any insolvency proceeding of a permitted payment
6 stablecoin issuer under Federal or State law, including any
7 proceeding under that title and any insolvency proceeding
8 administered by a State payment stablecoin regulator with
9 respect to a permitted payment stablecoin issuer—

10 (1) the claim of a person holding payment
11 stablecoins issued by the permitted payment
12 stablecoin issuer shall have priority, on a ratable
13 basis with the claims of other persons holding such
14 payment stablecoins, over the claims of the per-
15 mitted payment stablecoin issuer and any other
16 holder of claims against the permitted payment
17 stablecoin issuer, with respect to required payment
18 stablecoin reserves;

19 (2) notwithstanding any other provision of law,
20 including the definition of “claim” under section
21 101(5) of title 11, United States Code, any person
22 holding a payment stablecoin issued by the per-
23 mitted payment stablecoin issuer shall be deemed to
24 hold a claim; and

1 (3) the priority under paragraph (1) shall not
2 apply to claims other than those arising directly
3 from the holding of payment stablecoins.

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

7 “(40C) The terms ‘payment stablecoin’ and
8 ‘permitted payment stablecoin issuer’ have the
9 meanings given those terms in section 2 of the GE-
10 NIUS Act.”.

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

13 (1) in subsection (a)—

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

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

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

18 “(9) the redemption of payment stablecoins
19 issued by the permitted payment stablecoin issuer,
20 from payment stablecoin reserves required to be
21 maintained under section 4 of the GENIUS Act.”;
22 and

23 (2) in subsection (d)—

24 (A) in paragraph (3)(B)(ii), by striking

25 “or” at the end;

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

3 (C) by inserting after paragraph (4) the
4 following:

5 “(5) with respect to the redemption of payment
6 stablecoins held by a person, if the court finds, sub-
7 ject to the motion and attestation of the permitted
8 payment stablecoin issuer, which shall be filed on
9 the petition date or as soon as practicable thereafter,
10 there are payment stablecoin reserves available for
11 distribution on a ratable basis to similarly situated
12 payment stablecoin holders, provided that the court
13 shall use best efforts to enter a final order to begin
14 distributions under this paragraph not later than 14
15 days after the date of the required hearing.”.

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

18 (1) in subsection (a), in the matter preceding
19 paragraph (1), by striking “The following” and in-
20 serting “Subject to subsection (e), the following”;
21 and

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

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

1 reserves maintained by the permitted payment stablecoin
2 issuer, any such remaining claim arising from a person's
3 holding of a payment stablecoin issued by the permitted
4 payment stablecoin issuer shall be a claim against the es-
5 tate and shall have first priority over any other claim, in-
6 cluding over any expenses and claims that have priority
7 under that subsection, to the extent compliance with sec-
8 tion 4 of the GENIUS Act would have required additional
9 reserves to be maintained by the permitted payment
10 stablecoin issuer for payment stablecoin holders.”.

11 (e) PAYMENT STABLECOIN RESERVES.—Section
12 541(b) of title 11, United States Code, is amended—

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

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

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

19 “(11) required payment stablecoin reserves
20 under section 4 of the GENIUS Act, provided that
21 notwithstanding the exclusion of such reserves from
22 the property of the estate, section 362 of this title
23 shall apply to such reserves.”.

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

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

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

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

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

1 (h) STUDY BY PRIMARY FEDERAL PAYMENT
2 STABLECOIN REGULATORS.—

3 (1) STUDY REQUIRED.—The primary Federal
4 payment stablecoin regulators shall perform a study
5 of the potential insolvency proceedings of permitted
6 payment stablecoin issuers, including an examination
7 of—

8 (A) existing gaps in the bankruptcy laws
9 and rules for permitted payment stablecoin
10 issuers;

11 (B) the ability of payment stablecoin hold-
12 ers to be paid out in full in the event a per-
13 mitted payment stablecoin issuer is insolvent;
14 and

15 (C) the utility of orderly insolvency admin-
16 istration regimes and whether any additional
17 authorities are needed to implement such re-
18 gimes.

19 (2) REPORT.—Not later than 3 years after the
20 date of enactment of this Act, the primary Federal
21 payment stablecoin regulators shall submit to the
22 Committee on Banking, Housing, and Urban Affairs
23 of the Senate and the Committee on Financial Serv-
24 ices of the House of Representatives a report that

1 contains all findings of the study under paragraph
2 (1), including any legislative recommendations.

3 **SEC. 12. INTEROPERABILITY STANDARDS.**

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

14 (1) other permitted payment stablecoin issuers;

15 and

16 (2) the broader digital finance ecosystem, in-
17 cluding accepted communications protocols and
18 blockchains, permissioned or public.

19 **SEC. 13. RULEMAKING.**

20 (a) IN GENERAL.—Not later than 1 year after the
21 date of enactment of this Act, each primary Federal pay-
22 ment stablecoin regulator, the Secretary of the Treasury,
23 and each State payment stablecoin regulator shall promul-
24 gate regulations to carry out this Act through appropriate
25 notice and comment rulemaking.

1 (b) COORDINATION.—Federal payment stablecoin
2 regulators, the Secretary of the Treasury, and State pay-
3 ment stablecoin regulators should coordinate, as appro-
4 priate, on the issuance of any regulations to implement
5 this Act.

6 (c) REPORT REQUIRED.—Not later than 180 days
7 after the effective date of this Act, each Federal banking
8 agency shall submit to the Committee on Banking, Hous-
9 ing, and Urban Affairs of the Senate and the Committee
10 on Financial Services of the House of Representatives a
11 report that confirms and describes the regulations promul-
12 gated to carry out this Act.

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

14 (a) STUDY BY TREASURY.—

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

22 (2) REPORT.—Not later than 365 days after
23 the date of the enactment of this Act, the Secretary
24 of the Treasury shall provide to the Committee on
25 Banking, Housing, and Urban Affairs of the Senate

1 and the Committee on Financial Services of the
2 House of Representatives a report that contains all
3 findings made in carrying out the study under para-
4 graph (1), including an analysis of—

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

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

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

12 (D) the nature of reserve compositions;

13 (E) types of algorithms being employed;

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

16 (G) the nature of public promotion and ad-
17 vertising; and

18 (H) the clarity and availability of con-
19 sumer notices disclosures.

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

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

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

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

7 **SEC. 15. REPORTS.**

8 (a) ANNUAL REPORTING REQUIREMENT.—Beginning
9 on the date that is 1 year after the date of enactment
10 on the date that is 1 year after the date of enactment
11 of this Act, and annually thereafter, the primary Federal
12 payment stablecoin regulators, in consultation with State
13 payment stablecoin regulators, as necessary, shall submit
14 to the Committee on Banking, Housing, and Urban Af-
15 fairs of the Senate, the Committee on Financial Services
16 of the House of Representatives, and the Director of the
17 Office of Financial Research a report, which may include
18 a classified annex, if applicable, on the status of the pay-
19 ment stablecoin industry, including—

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

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

1 (3) a description of the potential financial sta-
2 bility risks posed to the safety and soundness of the
3 broader financial system by payment stablecoin ac-
4 tivities.

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

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

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

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

20 (2) utilizing a distributed ledger for the books
21 and records of the entity and to effect intrabank
22 transfers; and

23 (3) providing custodial services for payment
24 stablecoins, private keys of payment stablecoins, or
25 reserves backing payment stablecoins.

1 (b) REGULATORY REVIEW.—Entities regulated by
2 the primary Federal payment stablecoin regulators are au-
3 thorized to engage in the payment stablecoin activities and
4 investments contemplated by this Act, including acting as
5 a principal or agent with respect to any payment
6 stablecoin and payment of fees to facilitate customer
7 transactions. The primary Federal payment stablecoin
8 regulators shall review all existing guidance and regula-
9 tions, and if necessary, amend or promulgate new regula-
10 tions and guidance, to clarify that regulated entities are
11 authorized to engage in such activities and investments.

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

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

24 (2) to hold in custody or safekeeping regulatory
25 capital against digital assets and reserves backing

1 such assets described in section 4(a)(1)(A), except
2 as necessary to mitigate against operational risks in-
3 herent in custody or safekeeping services, as deter-
4 mined by—

5 (A) the appropriate Federal banking agen-
6 cy;

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

9 (C) a State bank supervisor; or

10 (D) a State credit union supervisor.

11 (d) STATE-CHARTERED DEPOSITORY INSTITU-
12 TIONS.—

13 (1) IN GENERAL.—A depository institution
14 chartered under the banking laws of a State, that
15 has a subsidiary that is a permitted payment
16 stablecoin issuer, may engage in the business of
17 money transmission or provide custodial services
18 through the permitted payment stablecoin issuer in
19 any State if such State-chartered depository institu-
20 tion is—

21 (A) required by the laws or regulations of
22 the home State to establish and maintain ade-
23 quate liquidity, and such liquidity is regularly
24 reassessed by the home State banking super-
25 visor to take into account any changes in the fi-

1 nancial condition and risk profile of the institu-
2 tion, including any uninsured deposits main-
3 tained by such institution; and

4 (B) required by the laws or regulations of
5 the home State to establish and maintain ade-
6 quate capital, and such capital is regularly reas-
7 sessed by the home State banking supervisor to
8 take into account any changes in the financial
9 condition and risk profile of the institution, in-
10 cluding any uninsured deposits maintained by
11 such institution.

12 (2) RULE OF CONSTRUCTION.—Nothing in this
13 section shall limit, or be construed to limit, the au-
14 thority of a host State bank regulator, to perform
15 examinations of a depository institution’s subsidiary
16 permitted payment stablecoin issuer or activities
17 conducted through the permitted payment stablecoin
18 issuer to ensure compliance with host State con-
19 sumer protection laws that the host State bank reg-
20 ulator has specific jurisdiction to enforce, which
21 shall apply to such institution consistent with section
22 7(f).

23 (e) DEFINITIONS.—In this section:

1 (1) HOME STATE.—The term “home State”
2 means the State by which the depository institution
3 is chartered.

4 (2) HOST STATE.—The term “host State”
5 means a State in which a depository institution es-
6 tablishes a branch, solicits customers, or otherwise
7 engages in business activities, other than the home
8 State.

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

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

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

24 (1) in section 2(a)(36) of the Act (15 U.S.C.
25 80a–2(a)(36)), by adding at the end the following:

1 “The term ‘security’ does not include a payment
2 stablecoin issued by a permitted payment stablecoin
3 issuer, as such terms are defined in section 2 of the
4 GENIUS Act.”; and

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

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

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

22 (e) SECURITIES INVESTOR PROTECTION ACT OF
23 1970.—Section 16(14) of the Securities Investor Protec-
24 tion Act of 1970 (15 U.S.C. 78lll(14)) is amended by add-
25 ing at the end the following: “The term ‘security’ does

1 not include a payment stablecoin issued by a permitted
2 payment stablecoin issuer, as such terms are defined in
3 section 2 of the GENIUS Act.”.

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

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

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

17 (1) The foreign payment stablecoin issuer is
18 subject to regulation and supervision by a foreign
19 payment stablecoin regulator of a foreign country, a
20 territory of the United States, Puerto Rico, Guam,
21 American Samoa, or the Virgin Islands that has a
22 regulatory and supervisory regime with respect to
23 payment stablecoins that the Secretary of the Treas-
24 ury determines, pursuant to subsection (b), is com-
25 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 (4) The foreign country in which the foreign
13 payment stablecoin issuer is domiciled and regulated
14 is not subject to comprehensive economic sanctions
15 by the United States or in a jurisdiction that the
16 Secretary of the Treasury has determined to be a ju-
17 risdiction of primary money laundering concern.

18 (b) TREASURY DETERMINATION.—

19 (1) IN GENERAL.—The Secretary of the Treas-
20 ury may make a determination as to whether a for-
21 eign country has a regulatory and supervisory re-
22 gime that is comparable to the requirements estab-
23 lished under this Act, including the requirements
24 under section 4(a). The Secretary of the Treasury
25 may make such a determination only upon a rec-

1 commendation from each other member of the
2 Stablecoin Certification Review Committee. Prior to
3 such determination taking effect, the Secretary of
4 the Treasury shall publish in the Federal Register a
5 justification for such determination, including how
6 the foreign country's regulatory and supervisory re-
7 gime is comparable to the requirements established
8 under this Act, including the requirements under
9 section 4(a).

10 (2) REQUEST.—A foreign payment stablecoin
11 issuer or a foreign payment stablecoin regulator may
12 request from the Secretary of the Treasury a deter-
13 mination under paragraph (1).

14 (3) TIMING FOR DETERMINATION.—If a foreign
15 payment stablecoin issuer or foreign payment
16 stablecoin regulator requests a determination under
17 paragraph (2), the Secretary of the Treasury shall
18 render a decision on the determination not later
19 than 210 days after the receipt of a substantially
20 complete determination request.

21 (4) RESCISSION OF DETERMINATION.—

22 (A) IN GENERAL.—The Secretary of the
23 Treasury may, in consultation with the Federal
24 payment stablecoin regulators, rescind a deter-
25 mination made under paragraph (1), if the Sec-

1 retary determines that the regulatory regime of
2 such foreign country is no longer comparable to
3 the requirements established under this Act.
4 Prior to such rescission taking effect, the Sec-
5 retary of the Treasury shall publish in the Fed-
6 eral Register a justification for the rescission.

7 (B) LIMITED SAFE HARBOR.—If the Sec-
8 retary of the Treasury rescinds a determination
9 pursuant to subparagraph (A), a digital asset
10 service provider shall have 90 days before the
11 offer or sale of a payment stablecoin issued by
12 the foreign payment stablecoin issuer that is
13 the subject of the rescinded determination shall
14 be in violation of section 3.

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

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

23 (c) REGISTRATION AND ONGOING MONITORING.—

24 (1) REGISTRATION.—

1 (A) IN GENERAL.—A foreign payment
2 stablecoin issuer may offer or sell payment
3 stablecoins using a digital asset service provider
4 if the foreign payment stablecoin issuer is reg-
5 istered with the Comptroller.

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

14 (C) STANDARDS FOR REJECTION.—In de-
15 termining whether to reject a foreign payment
16 stablecoin issuer's registration, the Comptroller
17 shall consider—

18 (i) the final determination of the Sec-
19 retary of the Treasury under this section;

20 (ii) the financial and managerial re-
21 sources of the United States operations of
22 the foreign payment stablecoin issuer;

23 (iii) whether the foreign payment
24 stablecoin issuer will provide adequate in-
25 formation to the Comptroller as the Comp-

1 troller determines is necessary to deter-
2 mine compliance with this Act;

3 (iv) whether the foreign payment
4 stablecoin presents a risk to the financial
5 stability of the United States; and

6 (v) whether the foreign payment
7 stablecoin issuer presents illicit finance
8 risks to the United States.

9 (D) PROCEDURE FOR APPEAL.—If the
10 Comptroller rejects a registration, not later
11 than 30 days after the date of receipt of such
12 rejection, the foreign payment stablecoin issuer
13 may appeal the rejection by notifying the
14 Comptroller of the request to appeal.

15 (E) RULEMAKING.—Pursuant to section
16 13 of this Act, the Comptroller shall issue rules
17 relating to the standards for approval of reg-
18 istration requests and the process for appealing
19 denials of such registration requests.

20 (F) PUBLIC NOTICE.—The Comptroller
21 shall keep and make publicly available a current
22 list of foreign payment stablecoin issuer reg-
23 istrations that have been approved.

24 (2) ONGOING MONITORING.—A foreign payment
25 stablecoin issuer shall—

1 (A) be subject to reporting, supervision,
2 and examination requirements as determined by
3 the Comptroller; and

4 (B) consent to United States jurisdiction
5 relating to the enforcement of this Act.

6 (3) LACK OF COMPLIANCE.—

7 (A) COMPTROLLER ACTION.—The Comp-
8 troller may, in consultation with the Secretary
9 of the Treasury, rescind approval of a registra-
10 tion of a foreign payment stablecoin issuer
11 under this subsection if the Comptroller deter-
12 mines that the foreign payment stablecoin
13 issuer is not in compliance with the require-
14 ments of this Act, including for maintaining in-
15 sufficient reserves or posing an illicit finance
16 risk or financial stability risk. Prior to such re-
17 scission taking effect, the Comptroller shall
18 publish in the Federal Register a justification
19 for the rescission.

20 (B) SECRETARY ACTION.—The Secretary
21 of the Treasury, in consultation with the Comp-
22 troller, may revoke a registration of a foreign
23 payment stablecoin issuer under this subsection
24 if the Secretary determines that reasonable
25 grounds exist for concluding that the foreign

1 payment stablecoin issuer presents economic
2 sanctions evasion, money laundering, or other
3 illicit finance risks, or, as applicable, violations,
4 or facilitation thereof.

5 (d) RECIPROCITY.—

6 (1) IN GENERAL.—The Secretary of the Treas-
7 ury may create and implement reciprocal arrange-
8 ments or other bilateral agreements between the
9 United States and jurisdictions with payment
10 stablecoin regulatory regimes that are comparable to
11 the requirements established under this Act. The
12 Secretary of the Treasury shall consider whether the
13 jurisdiction’s requirements for payment stablecoin
14 issuers include—

15 (A) similar requirements to those under
16 section 4(a);

17 (B) adequate anti-money laundering and
18 counter-financing of terrorism program and
19 sanction compliance standards; and

20 (C) adequate supervisory and enforcement
21 capacity to facilitate international transactions
22 and interoperability with United States dollar-
23 denominated payment stablecoins issued over-
24 seas.

1 (2) PUBLICATION.—Not later than 90 days
2 prior to the entry into force of any arrangement or
3 agreement under paragraph (1), the Secretary of the
4 Treasury shall publish the arrangement or agree-
5 ment in the Federal Register.

6 (3) COMPLETION.—The Secretary of the Treas-
7 ury should complete the arrangements under this
8 subsection not later than the date that is 2 years
9 after the date of enactment of this Act.

10 **SEC. 19. DISCLOSURE RELATING TO PAYMENT**
11 **STABLECOINS.**

12 Section 13104(a)(3) of title 5, United States Code,
13 is amended, in the first sentence, by striking “, or any
14 deposits” and inserting “, any payment stablecoins issued
15 by a permitted payment stablecoin issuer aggregating
16 \$5,000 or less held, or any deposits”.

17 **SEC. 20. EFFECTIVE DATE.**

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

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

22 (2) the date that is 120 days after the date on
23 which the primary Federal payment stablecoin regu-
24 lators issue any final regulations implementing this
25 Act.