

118TH CONGRESS  
2D SESSION

**S.** \_\_\_\_\_

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

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IN THE SENATE OF THE UNITED STATES

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Mr. HAGERTY introduced the following bill; which was read twice and referred to the Committee on \_\_\_\_\_

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**A BILL**

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

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Clarity for Payment  
5 Stablecoins Act of 2024”.

6 **SEC. 2. DEFINITIONS.**

7 In this Act:

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

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

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

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

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

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

9 (4) COMPTROLLER-REGULATED ENTITY.—The  
10 term “Comptroller-regulated entity” means any Fed-  
11 eral qualified nonbank payment stablecoin issuer  
12 that is subject to regulation and supervision exclu-  
13 sively by the Comptroller, pursuant to section  
14 4(a)(7).

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 which is  
19 recorded on a cryptographically-secured distributed  
20 ledger.

21 (7) DISTRIBUTED LEDGER.—The term “distrib-  
22 uted ledger” means technology where data is shared  
23 across a network that creates a public digital ledger  
24 of verified transactions or information among net-  
25 work participants and the data is linked using cryp-

1 tography to maintain the integrity of the public ledg-  
2 er and execute other functions.

3 (8) FEDERAL QUALIFIED NONBANK PAYMENT  
4 STABLECOIN ISSUER.—The term “Federal qualified  
5 nonbank payment stablecoin issuer” means a  
6 nonbank entity approved by the primary Federal  
7 payment stablecoin regulator, pursuant to section 5,  
8 to issue payment stablecoins.

9 (9) INSTITUTION-AFFILIATED PARTY.—With re-  
10 spect to a permitted payment stablecoin issuer, the  
11 term “institution-affiliated party” means any direc-  
12 tor, officer, employee, or person in control of, or  
13 agent for, the permitted payment stablecoin issuer.

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

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

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

22 (11) MONETARY VALUE.—The term “monetary  
23 value” means a national currency or deposit (as de-  
24 fined under Section 3 of the Federal Deposit Insur-  
25 ance Act) denominated in a national currency.

1           (12) NATIONAL CURRENCY.—The term “na-  
2           tional currency” means a Federal Reserve note (as  
3           the term is used in the first undesignated paragraph  
4           of section 16 of the Federal Reserve Act (12 U.S.C.  
5           411)), money issued by a central bank, and money  
6           issued by an intergovernmental organization pursu-  
7           ant to an agreement by 1 or more governments.

8           (13) NONBANK ENTITY.—The term “nonbank  
9           entity” means a person that is not an insured depos-  
10          itory institution or subsidiary of an insured deposi-  
11          tory institution.

12          (14) PAYMENT STABLECOIN.—The term “pay-  
13          ment stablecoin”—

14                (A) means a digital asset—

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

17                   (ii) the issuer of which—

18                        (I) is obligated to convert, re-  
19                        deem, or repurchase for a fixed  
20                        amount of monetary value; and

21                        (II) represents will maintain or  
22                        creates the reasonable expectation  
23                        that it will maintain a stable value rel-  
24                        ative to the value of a fixed amount of  
25                        monetary value; and

1 (B) that is not—

2 (i) a national currency; or

3 (ii) a security issued by an investment  
4 company registered under section 8(a) of  
5 the Investment Company Act of 1940 (15  
6 U.S.C. 80a-8(a)).

7 (15) PERMITTED PAYMENT STABLECOIN  
8 ISSUER.—The term “permitted payment stablecoin  
9 issuer” means—

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

13 (B) a Federal qualified nonbank payment  
14 stablecoin issuer that has been approved to  
15 issue payment stablecoins under section 5; or

16 (C) a State qualified payment stablecoin  
17 issuer.

18 (16) PERSON.—The term “person” means an  
19 individual, partnership, company, corporation, asso-  
20 ciation (incorporated or unincorporated), trust, es-  
21 tate, cooperative organization, or other entity.

22 (17) PRIMARY FEDERAL PAYMENT STABLECOIN  
23 REGULATOR.—

24 (A) IN GENERAL.—The term “primary  
25 Federal payment stablecoin regulator” means—

1 (i) with respect to an insured deposi-  
2 tory institution (other than an insured  
3 credit union) or a subsidiary of an insured  
4 depository institution (other than an in-  
5 sured credit union), the appropriate Fed-  
6 eral banking agency of such insured depos-  
7 itory institution (as defined under section  
8 3 of the Federal Deposit Insurance Act  
9 (12 U.S.C. 1813));

10 (ii) with respect to an insured credit  
11 union or a subsidiary of an insured credit  
12 union, the National Credit Union Adminis-  
13 tration;

14 (iii) with respect to a Federal quali-  
15 fied nonbank payment stablecoin issuer  
16 that is not a national bank, the Comp-  
17 troller; and

18 (iv) with respect to any entity char-  
19 tered by the Comptroller, the Comptroller.

20 (B) PRIMARY FEDERAL PAYMENT  
21 STABLECOIN REGULATORS.—The term “pri-  
22 mary Federal payment stablecoin regulators”  
23 means the Comptroller, the Board, the Corpora-  
24 tion, and the National Credit Union Adminis-  
25 tration.

1           (18) REGISTERED PUBLIC ACCOUNTING  
2 FIRM.—The term “registered public accounting  
3 firm” has the meaning given that term under section  
4 2 of the Sarbanes-Oxley Act of 2002 (15 U.S.C.  
5 7201).

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

9           (20) STATE QUALIFIED PAYMENT STABLECOIN  
10 ISSUER.—The term “State qualified payment  
11 stablecoin issuer” means an entity that—

12                   (A) is legally established and approved to  
13 issue payment stablecoins by a State payment  
14 stablecoin regulator; and

15                   (B) issues a payment stablecoin in compli-  
16 ance with the requirements under section 4.

17           (21) STATE PAYMENT STABLECOIN REGU-  
18 LATOR.—The term “State payment stablecoin regu-  
19 lator” means a State agency that has primary regu-  
20 latory and supervisory authority, or similar author-  
21 ity, in such State over entities that issue payment  
22 stablecoins.

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

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

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

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

15 **SEC. 3. LIMITATION ON WHO MAY ISSUE A PAYMENT**  
16 **STABLECOIN.**

17 It shall be unlawful for any person other than a per-  
18 mitted payment stablecoin issuer in the United States to  
19 issue a payment stablecoin for use by any person in the  
20 United States.

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

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



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

3                   (A) maintain reserves backing the issuer’s  
4    payment stablecoins outstanding on an at least  
5    1 to 1 basis, with reserves comprising—

6                           (i) United States coins and currency  
7                           (including Federal reserve notes);

8                           (ii) funds held as demand deposits (or  
9    other deposits that may be withdrawn  
10   upon request at any time) at insured de-  
11   pository institutions, regulated foreign de-  
12   pository institutions, or insured shares at  
13   insured depository institutions, subject to  
14   limitations established by the Corporation  
15   and the National Credit Union Administra-  
16   tion, respectively, to address safety and  
17   soundness risks of such insured depository  
18   institutions;

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

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

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

24                           (iv) repurchase agreements with a ma-  
25   turity of 7 days or less that are backed by

1 Treasury bills with a maturity of 90 days  
2 or less;

3 (v) reverse repurchase agreements  
4 with a maturity of 7 days or less that are  
5 collateralized by Treasury notes, bills, or  
6 bonds on an overnight basis, subject to  
7 overcollateralization in line with standard  
8 market terms, that are—

9 (I) tri-party;

10 (II) centrally cleared through a  
11 clearing house, such as Fixed Income  
12 Clearing Corporation;

13 (III) bilateral with a  
14 counterparty that the issuer has de-  
15 termined to be adequately credit-  
16 worthy even in the event of severe  
17 market stress; or

18 (IV) central bank reserve depos-  
19 its; or

20 (vi) money market funds, invested  
21 solely in underlying assets described in  
22 subclauses (I) through (IV) of clause (v);

23 (B) publicly disclose the issuer's redemp-  
24 tion policy;

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

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

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

9 (ii) the amount and composition of  
10 the reserves described under subparagraph  
11 (A).

12 (2) PROHIBITION ON REHYPOTHECATION.—Re-  
13 serves described under paragraph (1)(A) may not be  
14 pledged, rehypothecated, or reused, except for the  
15 purpose of creating liquidity to meet reasonable ex-  
16 pectations of requests to redeem payment  
17 stablecoins, such that reserves in the form of Treas-  
18 ury bills may be pledged as collateral for repurchase  
19 agreements with a maturity of 90 days or less, pro-  
20 vided that either—

21 (A) the repurchase agreements are cleared  
22 by a central clearing counterparty that is ap-  
23 proved by the primary Federal or State pay-  
24 ment stablecoin regulator; or

1 (B) the permitted payment stablecoin  
2 issuer receives the prior approval of the primary  
3 Federal or State payment stablecoin regulator.

4 (3) MONTHLY CERTIFICATION; EXAMINATION  
5 OF REPORTS BY REGISTERED PUBLIC ACCOUNTING  
6 FIRM.—

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

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

17 (i) the primary Federal payment  
18 stablecoin regulator; or

19 (ii) in the case of a State qualified  
20 payment stablecoin issuer, to the State  
21 payment stablecoin regulator.

22 (C) CRIMINAL PENALTY.—Any person who  
23 submits a certification required under subpara-  
24 graph (B) knowing that such certification is  
25 false shall be subject to the criminal penalties

1 set forth under section 1350(c) of title 18,  
2 United States Code.

3 (4) CAPITAL, LIQUIDITY, AND RISK MANAGE-  
4 MENT REQUIREMENTS.—The primary Federal pay-  
5 ment stablecoin regulators shall, jointly, or in the  
6 case of a State qualified payment stablecoin issuer,  
7 the State payment stablecoin regulator may, issue—

8 (A) capital requirements applicable to per-  
9 mitted payment stablecoin issuers, which may  
10 not exceed what is sufficient to ensure the per-  
11 mitted payment stablecoin issuer’s ongoing op-  
12 erations;

13 (B) liquidity requirements applicable to  
14 permitted payment stablecoin issuers, which  
15 may not exceed what is sufficient to ensure the  
16 financial integrity of the permitted payment  
17 stablecoin issuer and the ability of the issuer to  
18 meet the financial obligations of the issuer, in-  
19 cluding redemptions; and

20 (C) risk management requirements appli-  
21 cable to permitted payment stablecoin issuers,  
22 tailored to the business model and risk profile  
23 of the permitted payment stablecoin issuer.

24 (5) TREATMENT UNDER THE BANK SECRECY  
25 ACT.—A permitted payment stablecoin issuer shall

1 be treated as a financial institution for purposes of  
2 the Bank Secrecy Act.

3 (6) LIMITATION ON STABLECOIN ACTIVITIES.—

4 (A) IN GENERAL.—A permitted payment  
5 stablecoin issuer may only issue payment  
6 stablecoins, redeem payment stablecoins, man-  
7 age related reserves (including purchasing and  
8 holding reserve assets), provide custodial or  
9 safekeeping services for payment stablecoins or  
10 private keys of payment stablecoins, and under-  
11 take other functions that directly support the  
12 work of issuing and redeeming payment  
13 stablecoins.

14 (B) RULE OF CONSTRUCTION.—Nothing in  
15 subparagraph (A) shall prevent a permitted  
16 stablecoin issuer from engaging in non-  
17 stablecoin activities that are explicitly allowed  
18 by the relevant regulator.

19 (7) REGULATION BY THE COMPTROLLER.—

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

1           sure the safety and soundness of the issuers,  
2           consistent with the provisions of this Act.

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

6           “(3) REGULATION OF FEDERAL QUALIFIED  
7           NONBANK PAYMENT STABLECOIN ISSUERS.—The  
8           Comptroller of the Currency shall, in coordination  
9           with other relevant regulators, issue such regulations  
10          and orders as necessary to ensure the safety and  
11          soundness of any nonbank entity approved by the  
12          Comptroller to issue payment stablecoins.”.

13          (b) RULEMAKING.—

14                   (1) IN GENERAL.—The primary Federal pay-  
15          ment stablecoin regulators and State payment  
16          stablecoin regulators may issue such orders and reg-  
17          ulations as may be necessary to administer and  
18          carry out the requirements of this section, including  
19          to establish conditions, and to prevent evasions  
20          thereof.

21                   (2) JOINT ISSUANCE OF REGULATION.—All reg-  
22          ulations issued to carry out this section shall be  
23          issued jointly by the primary Federal payment  
24          stablecoin regulators, if not issued by a State pay-  
25          ment stablecoin regulator.





1           (2) EVALUATION OF APPLICATIONS.—A com-  
2           plete application received under paragraph (1) shall  
3           be evaluated by the Comptroller using the factors  
4           described in paragraph (3).

5           (3) FACTORS TO BE CONSIDERED.—The factors  
6           described in this paragraph are the following:

7                   (A) The ability of the applicant (or, in the  
8                   case of an applicant that is an insured deposi-  
9                   tory institution, the subsidiary of the appli-  
10                  cant), based on the financial condition and re-  
11                  sources, to meet the requirements set forth in  
12                  section 4.

13                  (B) The general character and fitness of  
14                  the management of the applicant.

15                  (C) The risks presented by the applicant  
16                  and benefits provided to consumers.

17           (4) TIMING FOR DECISION; GROUNDS FOR DE-  
18           DENIAL.—

19                   (A) TIMING.—The Comptroller shall  
20                   render a decision on an application no later  
21                   than 120 days after informing the applicant  
22                   that the application is complete.

23                   (B) DENIAL OF APPLICATION.—

24                           (i) GROUNDS FOR DENIAL.—The  
25                           Comptroller shall only deny a complete ap-

1 plication received under paragraph (1) if  
2 the regulator determines that the activities  
3 of the applicant would be unsafe or un-  
4 sound based on the factors described in  
5 paragraph (3).

6 (ii) EXPLANATION REQUIRED.—If the  
7 Comptroller denies a complete application  
8 received under paragraph (1), the regu-  
9 lator shall provide the applicant with writ-  
10 ten notice explaining such denial, including  
11 all findings made by the regulator with re-  
12 spect to all identified material short-  
13 comings regarding the application, includ-  
14 ing recommendations on how the applicant  
15 could address the identified material short-  
16 comings.

17 (iii) OPPORTUNITY FOR HEARING;  
18 FINAL DETERMINATION.—

19 (I) IN GENERAL.—Not later than  
20 30 days after the date of receipt of  
21 any notice of the denial of an applica-  
22 tion under this subsection, the appli-  
23 cant may request, in writing, an op-  
24 portunity for a written or oral hearing

1 before the Comptroller to appeal the  
2 denial.

3 (II) TIMING.—Upon receipt of a  
4 timely request, the Comptroller shall  
5 notice a time (not later than 30 days  
6 after the date of receipt of the re-  
7 quest) and place at which the appli-  
8 cant may appear, personally or  
9 through counsel, to submit written  
10 materials or provide oral testimony  
11 and oral argument).

12 (III) FINAL DETERMINATION.—  
13 Not later than 60 days after the date  
14 of a hearing under this clause, the  
15 Comptroller shall notify the applicant  
16 of the final determination of the  
17 Comptroller, which shall contain a  
18 statement of the basis for that deter-  
19 mination, with specific findings.

20 (IV) NOTICE IF NO HEARING.—If  
21 an applicant does not make a timely  
22 request for a hearing under this  
23 clause, the Comptroller shall notify  
24 the applicant, not later than 10 days  
25 after the date by which the applicant

1                   may request a hearing under this  
2                   clause, in writing, that the denial of  
3                   the application is a final determina-  
4                   tion of the Comptroller.

5                   (C) FAILURE TO RENDER A DECISION.—If  
6                   the Comptroller fails to render a decision on a  
7                   complete application within the time period  
8                   specified in subparagraph (A), the application  
9                   shall be deemed approved.

10                  (D) RIGHT TO REAPPLY.—The denial of  
11                  an application under this subsection shall not  
12                  prohibit the applicant from filing a subsequent  
13                  application.

14                  (5) REPORT ON PENDING APPLICATIONS.—The  
15                  Comptroller shall annually report to Congress on the  
16                  applications that have been pending for 6 months or  
17                  longer since the date of the initial application filed  
18                  under paragraph (1) where the applicant has been  
19                  informed that the application remains incomplete,  
20                  including providing documentation on the status of  
21                  the application and why the application has not yet  
22                  been approved.

23                  (6) RULEMAKING.—The Comptroller shall issue  
24                  rules necessary for the regulation of the issuance of  
25                  payment stablecoins, but may not impose require-

1       ments inconsistent with the requirements specified  
2       under section 4.

3       (b) EFFECTIVE DATE.—

4           (1) IN GENERAL.—This section shall take effect  
5       on the earlier of—

6           (A) 18 months after the date of enactment  
7       of this Act; or

8           (B) the date that is 120 days after the  
9       date on which the Comptroller issues final regu-  
10      lations implementing this section.

11       (2) AUTHORITY TO ISSUE REGULATIONS AND  
12      PROCESS APPLICATIONS.—The Comptroller shall, be-  
13      fore the effective date described under paragraph  
14      (1)—

15           (A) issue regulations to carry out this sec-  
16      tion; and

17           (B) pursuant to regulations described  
18      under subparagraph (A), accept and process ap-  
19      plications described under this section.

20       (3) NOTICE TO CONGRESS.—The Comptroller  
21      shall notify Congress upon beginning to process ap-  
22      plications described under this section.

23       (4) SAFE HARBOR FOR PENDING APPLICA-  
24      TIONS.—The Comptroller may waive the application  
25      of the requirements of this section for a period not

1 to exceed 12 months beginning on the effective date  
2 described under paragraph (1), with respect to—

3 (A) a subsidiary of an insured depository  
4 institution, if the insured depository institution  
5 has an application pending for the subsidiary to  
6 become a permitted payment stablecoin issuer  
7 on the effective date described under paragraph  
8 (1); or

9 (B) a nonbank entity with an application  
10 pending to become a Comptroller-regulated en-  
11 tity on the effective date described under para-  
12 graph (1).

13 **SEC. 6. SUPERVISION AND ENFORCEMENT WITH RESPECT**  
14 **TO SUBSIDIARIES OF INSURED DEPOSITORY**  
15 **INSTITUTIONS AND COMPTROLLER-REGU-**  
16 **LATED ENTITIES.**

17 (a) SUPERVISION.—

18 (1) SUBSIDIARY OF AN INSURED DEPOSITORY  
19 INSTITUTION.—Each permitted payment stablecoin  
20 issuer that is a subsidiary of an insured depository  
21 institution shall be subject to supervision by the pri-  
22 mary Federal payment stablecoin regulator in the  
23 same manner as such insured depository institution.

24 (2) COMPTROLLER-REGULATED ENTITIES.—

1 (A) SUBMISSION OF REPORTS.—Each  
2 Comptroller-regulated entity shall, upon re-  
3 quest, submit reports to the Comptroller as  
4 to—

5 (i) the financial condition of the  
6 Comptroller-regulated entity, systems for  
7 monitoring and controlling financial and  
8 operating risks; and

9 (ii) compliance by the Comptroller-  
10 regulated entity (and any subsidiary there-  
11 of) with this Act.

12 (B) EXAMINATIONS.—The Comptroller  
13 may make examinations of a Comptroller-regu-  
14 lated entity and each subsidiary of such entity  
15 in order to inform the Comptroller of—

16 (i) the nature of the operations and fi-  
17 nancial condition of the Comptroller-regu-  
18 lated entity;

19 (ii) the financial, operational, and  
20 other risks within the Comptroller-regu-  
21 lated entity that may pose a threat to—

22 (I) the safety and soundness of  
23 the Comptroller-regulated entity; or

24 (II) the stability of the financial  
25 system of the United States; and

1 (iii) the systems of the Comptroller-  
2 regulated entity for monitoring and con-  
3 trolling the risks described in clause (ii).

4 (C) REQUIREMENT TO USE EXISTING RE-  
5 PORTS.—In supervising and examining a Comp-  
6 troller-regulated entity, the Comptroller shall,  
7 to the fullest extent possible, use existing re-  
8 ports and other supervisory information.

9 (D) AVOIDANCE OF DUPLICATION.—The  
10 Comptroller shall, to the fullest extent possible,  
11 avoid duplication of examination activities, re-  
12 porting requirements, and requests for informa-  
13 tion in carrying out this Act with respect to a  
14 Comptroller-regulated entity.

15 (3) RELATION TO GRAMM-LEACH-BLILEY  
16 ACT.—For purposes of title V of the Gramm-Leach-  
17 Bliley Act (15 U.S.C. 6801 et seq.) each permitted  
18 payment stablecoin issuer that is a subsidiary of an  
19 insured depository institution and each Comptroller-  
20 regulated entity shall be deemed a financial institu-  
21 tion.

22 (b) ENFORCEMENT.—

23 (1) SUSPENSION OR REVOCATION OF REGISTRA-  
24 TION.—



1 (A) IN GENERAL.—The primary Federal  
2 payment stablecoin regulator may prohibit a  
3 permitted payment stablecoin issuer from  
4 issuing payment stablecoins, if the primary  
5 Federal payment stablecoin regulator deter-  
6 mines that such permitted payment stablecoin  
7 issuer, or an institution-affiliated party of the  
8 permitted payment stablecoin issuer, is—

9 (i) violating or has violated this Act or  
10 any regulation or order issued under this  
11 Act; or

12 (ii) violating or has violated any con-  
13 dition imposed in writing by the primary  
14 Federal payment stablecoin regulator in  
15 connection with a written agreement en-  
16 tered into between the permitted payment  
17 stablecoin issuer and the primary Federal  
18 payment stablecoin regulator or a condi-  
19 tion imposed in connection with any appli-  
20 cation or other request.

21 (B) NOTICE.—The primary Federal pay-  
22 ment stablecoin regulator shall provide notice to  
23 a permitted payment stablecoin issuer, or an in-  
24 stitution-affiliated party of the permitted pay-  
25 ment stablecoin issuer described in subpara-

1 graph (A) of a determination described in that  
2 subparagraph and allow not less than 90 days  
3 for the permitted payment stablecoin issuer or  
4 institution-affiliated party of the permitted pay-  
5 ment stablecoin issuer to address the violation  
6 before taking enforcement action under this  
7 paragraph.

8 (2) CEASE-AND-DESIST PROCEEDINGS.—If the  
9 primary Federal payment stablecoin regulator has  
10 reasonable cause to believe that a permitted payment  
11 stablecoin issuer or any institution-affiliated party of  
12 a permitted payment stablecoin issuer is violating,  
13 has violated, or is attempting to violate this Act, any  
14 regulation or order issued under this Act, or any  
15 written agreement entered into with the primary  
16 Federal payment stablecoin regulator or condition  
17 imposed in writing by the primary Federal payment  
18 stablecoin regulator in connection with any applica-  
19 tion or other request, the primary Federal payment  
20 stablecoin regulator may, by provisions that are  
21 mandatory or otherwise, order the permitted pay-  
22 ment stablecoin issuer or institution-affiliated party  
23 of the permitted payment stablecoin issuer to—

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

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

4           (C) take such other action as the primary  
5           Federal payment stablecoin regulator deter-  
6           mines to be appropriate.

7           (3) REMOVAL AND PROHIBITION AUTHORITY.—  
8           The primary Federal payment stablecoin regulator  
9           may remove an institution-affiliated party of a per-  
10          mitted payment stablecoin issuer from their position  
11          or office or prohibit further participation in the af-  
12          fairs of the permitted payment stablecoin issuer or  
13          all permitted payment stablecoin issuers by such in-  
14          stitution-affiliated party, if the primary Federal pay-  
15          ment stablecoin regulator determines that—

16                (A) the institution-affiliated party has, di-  
17                rectly or indirectly, committed a violation or at-  
18                tempted violation of this Act or any regulation  
19                or order issued under this Act; or

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

24           (4) PROCEDURES.—

1           (A) IN GENERAL.—If the 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 sections 8 of  
8 the Federal Deposit Insurance Act (12 U.S.C.  
9 1818).

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

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

23           (D) TEMPORARY CEASE-AND-DESIST PRO-  
24 CEEDINGS.—If the primary Federal payment  
25 stablecoin regulator determines that a violation

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

17 (5) CIVIL MONEY PENALTIES.—

18 (A) FAILURE TO BE APPROVED.—Any per-  
19 son who knowingly issues a United States dol-  
20 lar-denominated payment stablecoin in violation  
21 of section 3, and any institution-affiliated party  
22 of such a person who knowingly participates is  
23 issuing such a payment stablecoin, shall be lia-  
24 ble for a civil penalty of not more than

1           \$100,000 for each day during which such pay-  
2           ment stablecoins are issued.

3           (B) FIRST TIER.—Except as provided in  
4           subparagraph (A), a permitted payment  
5           stablecoin issuer or institution-affiliated party  
6           of such permitted payment stablecoin issuer  
7           that violates this Act or any regulation or order  
8           issued under this Act, or that violates any con-  
9           dition imposed in writing by the primary Fed-  
10          eral payment stablecoin regulator in connection  
11          with a written agreement entered into between  
12          the permitted payment stablecoin issuer and the  
13          primary Federal payment stablecoin regulator  
14          or a condition imposed in connection with any  
15          application or other request, shall be liable for  
16          a civil penalty of up to \$100,000 for each day  
17          during which the violation continues.

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

1 for a civil penalty of up to an additional  
2 \$100,000 for each day during which the viola-  
3 tion continues.

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

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

1           (6) NON-APPLICABILITY TO A STATE QUALI-  
2           FIED PAYMENT STABLECOIN ISSUER.—This sub-  
3           section shall not apply to a State qualified payment  
4           stablecoin issuer.

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

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

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

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

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



1 lators issue orders and rules under section 4 applicable  
2 to permitted payment stablecoin issuers that are not a  
3 State qualified payment stablecoin issuers.

4 (e) ENFORCEMENT AUTHORITY IN EXIGENT CIR-  
5 CUMSTANCES.—

6 (1) BOARD.—

7 (A) IN GENERAL.—Subject to subpara-  
8 graph (C), in exigent circumstances, the Board  
9 may, after no less than 48 hours prior written  
10 notice to the applicable State payment  
11 stablecoin regulator, take an enforcement action  
12 against a State qualified payment stablecoin  
13 issuer or an institution-affiliated party of such  
14 issuer for violations of this Act.

15 (B) RULEMAKING.—Not later than the end  
16 of the 180-day period beginning on the date of  
17 enactment of this Act, the Board shall issue  
18 rules to set forth those exigent circumstances in  
19 which the Board may act under this paragraph.

20 (C) LIMITATIONS.—If the Board deter-  
21 mines that there is reasonable cause to believe  
22 that the continuation by a State qualified pay-  
23 ment stablecoin issuer of any activity con-  
24 stitutes a serious risk to the financial safety,  
25 soundness, or stability of the stablecoin issuer,

1 the Board may impose such restrictions as the  
2 Board determines to be necessary to address  
3 such risk. Such restrictions 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) the payment of dividends by the  
9 State qualified payment stablecoin issuer;

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

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

22 (D) REVIEW OF DIRECTIVE.—

23 (i) ADMINISTRATIVE REVIEW.—

24 (I) IN GENERAL.—After a direc-  
25 tive described in subparagraph (C) is

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

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

14 (ii) JUDICIAL REVIEW.—

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

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

8 (2) COMPTROLLER.—

9 (A) IN GENERAL.—Subject to subpara-  
10 graph (C), in exigent circumstances, the Comp-  
11 troller shall, after no less than 48 hours prior  
12 written notice to the applicable State payment  
13 stablecoin regulator, take an enforcement action  
14 against a Comptroller-regulated entity or an in-  
15 stitution-affiliated party of such entity for viola-  
16 tions of this Act.

17 (B) RULEMAKING.—Not later than the end  
18 of the 180-day period beginning on the date of  
19 enactment of this Act, the Comptroller shall  
20 issue rules to set forth those exigent cir-  
21 cumstances in which the Comptroller may act  
22 under this paragraph.

23 (C) LIMITATIONS.—If the Comptroller de-  
24 termines that there is reasonable cause to be-  
25 lieve that the continuation by a Comptroller-

1 regulated entity of any activity constitutes a se-  
2 rious risk to the financial safety, soundness, or  
3 stability of the stablecoin issuer, the Comp-  
4 troller shall impose such restrictions as the  
5 Comptroller determines to be necessary to ad-  
6 dress such risk. Such restrictions shall be  
7 issued in the form of a directive, with the effect  
8 of a cease and desist order that has become  
9 final, to the State qualified payment stablecoin  
10 issuer and any of its affiliates, limiting—

11 (i) the payment of dividends by the  
12 Comptroller-regulated entity;

13 (ii) transactions between the Comp-  
14 troller-regulated entity, a holding company,  
15 and the subsidiaries or affiliates of either  
16 the Comptroller-regulated entity or the  
17 holding company; and

18 (iii) any activities of the Comptroller-  
19 regulated entity that might create a seri-  
20 ous risk that the liabilities of a holding  
21 company and the affiliates of the holding  
22 company may be imposed on the Comp-  
23 troller-regulated entity.

24 (D) REVIEW OF DIRECTIVE.—

25 (i) ADMINISTRATIVE REVIEW.—

1 (I) IN GENERAL.—After a direc-  
2 tive described in subparagraph (C) is  
3 issued, the Comptroller-regulated enti-  
4 ty, or any affiliate of the Comptroller-  
5 regulated entity subject to the direc-  
6 tive, may object and present to the  
7 Comptroller, in writing, the reasons  
8 why the directive should be modified  
9 or rescinded.

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

17 (ii) JUDICIAL REVIEW.—

18 (I) IN GENERAL.—If the Comp-  
19 troller affirms or modifies a directive  
20 pursuant to clause (i), any affected  
21 party may immediately thereafter pe-  
22 tition the United States district court  
23 for the district in which the main of-  
24 fice of the affected party is located or  
25 in the United States District Court

1 for the District of Columbia to stay,  
2 modify, terminate, or set aside the di-  
3 rective.

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

11 (f) GRAMM-LEACH-BLILEY ACT.—For purposes of  
12 title V of the Gramm-Leach-Bliley Act (15 U.S.C. 6801  
13 et seq.) a State qualified payment stablecoin issuer is  
14 deemed a financial institution.

15 (g) EFFECT ON STATE LAW.—The provisions of this  
16 section do not preempt any law of a State and do not su-  
17 percede any State licensing requirement.

18 **SEC. 8. CUSTOMER PROTECTION.**

19 (a) IN GENERAL.—A person may only engage in the  
20 business of providing custodial or safekeeping services for  
21 permitted payment stablecoins or private keys of per-  
22 mitted payment stablecoins, if the person—

23 (1) is subject to—

24 (A) supervision or regulation by a primary  
25 Federal payment stablecoin regulator or a pri-

1           mary financial regulatory agency described  
2           under subparagraph (B) or (C) of section 2(12)  
3           of the Dodd-Frank Wall Street Reform and  
4           Consumer Protection Act (12 U.S.C.  
5           5301(12)); or

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

16          (2) complies with the segregation requirements  
17          under subsection (b), unless such person complies  
18          with similar requirements as required by a primary  
19          Federal payment stablecoin regulator, the Securities  
20          and Exchange Commission, or the Commodity Fu-  
21          tures Trading Commission.

22          (b) SEGREGATION REQUIREMENT.—A person de-  
23          scribed in subsection (a) shall—

24                  (1) treat and deal with the payment stablecoins,  
25          private keys, cash, and other property of a person



1 for whom or on whose behalf the person receives, ac-  
2 quires, or holds payment stablecoins, private keys,  
3 cash, and other property (hereinafter in this section  
4 referred to as the “customer”) as belonging to such  
5 customer; and

6 (2) take such steps as are appropriate to pro-  
7 tect the payment stablecoins, private keys, cash, and  
8 other property of a customer from the claims of  
9 creditors of the person.

10 (c) COMMINGLING PROHIBITED.—

11 (1) IN GENERAL.—Payment stablecoins, cash,  
12 and other property of a customer shall be separately  
13 accounted for by a person described in subsection  
14 (a) and shall not be commingled with the funds of  
15 the person.

16 (2) EXCEPTION.—Notwithstanding paragraph  
17 (1)—

18 (A) the payment stablecoins, cash, and  
19 other property of a customer may, for conven-  
20 ience, be commingled and deposited in an omni-  
21 bus account holding the payment stablecoins,  
22 cash, and other property of more than 1 cus-  
23 tomer at an insured depository institution or  
24 trust company;

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

10 (C) in accordance with such terms and  
11 conditions as the Board may prescribe by rule,  
12 regulation, or order, any customer payment  
13 stablecoin, cash, and other property described  
14 in this subsection may be commingled and de-  
15 posited in customer accounts with payment  
16 stablecoins, cash, and other property received  
17 by the person and required by the Board to be  
18 separately accounted for, treated, and dealt  
19 with as belonging to customers.

20 (d) REGULATORY INFORMATION.—A person de-  
21 scribed under subsection (a) shall submit to the Board in-  
22 formation concerning the person's business operations and  
23 processes to protect customer assets, in such form and  
24 manner as the Board shall determine.

1 (e) EXCLUSION.—The requirements of this section  
2 shall not apply to any person solely on the basis that such  
3 person engages in the business of providing hardware or  
4 software to facilitate a customer’s own custody or safe-  
5 keeping of the customer’s payment stablecoins or private  
6 keys.

7 **SEC. 9. INTEROPERABILITY STANDARDS.**

8 The primary Federal payment stablecoin regulators,  
9 in consultation with the National Institute of Standards  
10 and Technology, other relevant standard setting organiza-  
11 tions, and State governments, shall assess and, if nec-  
12 essary, may, pursuant to section 553 of title 5 and in a  
13 manner consistent with the National Technology Transfer  
14 and Advancement Act of 1995 (Public Law 104–113),  
15 prescribe standards for payment stablecoin issuers to pro-  
16 mote compatibility and interoperability.

17 **SEC. 10. MORATORIUM ON ENDOGENOUSLY**  
18 **COLLATERALIZED STABLECOINS.**

19 (a) MORATORIUM.—During the 2-year period begin-  
20 ning on the date of enactment of this Act, it shall be un-  
21 lawful to issue, create, or originate an endogenously  
22 collateralized stablecoin not in existence on the date of en-  
23 actment of this Act.

24 (b) STUDY BY TREASURY.—

1           (1) STUDY.—The Secretary of the Treasury, in  
2           consultation with the Board, the Comptroller, the  
3           Corporation, and the Securities and Exchange Com-  
4           mission, shall carry out a study of endogenously  
5           collateralized stablecoins.

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

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

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

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

21                 (D) nature of reserve compositions;

22                 (E) types of algorithms being employed;

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

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

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

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

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

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

14 **SEC. 11. REPORT ON RULEMAKING STATUS.**

15 Not later than 6 months after the date of enactment  
16 of this Act, the primary Federal payment stablecoin regu-  
17 lators shall provide a status update on the development  
18 of the rulemaking under this Act to the Committee on Fi-  
19 nancial Services of the House of Representatives and the  
20 Committee on Banking, Housing, and Urban Affairs of  
21 the Senate.

22 **SEC. 12. AUTHORITY OF BANKING INSTITUTIONS.**

23 (a) RULE OF CONSTRUCTION.—Nothing in this Act  
24 may be construed to limit the authority of a depository  
25 institution, National Bank, Federal credit union, State

1 credit union, or trust company to engage in activities per-  
2 missible pursuant to applicable State and Federal law, in-  
3 cluding—

4 (1) accepting or receiving deposits and issuing  
5 digital assets that represent deposits;

6 (2) utilizing a distributed ledger for the books  
7 and records of the entity and to affect intrabank  
8 transfers; and

9 (3) providing custodial services for payment  
10 stablecoins, private keys of payment stablecoins, or  
11 reserves backing payment stablecoins.

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

20 (1) to include assets held in custody as a liabil-  
21 ity on any financial statement or balance sheet, in-  
22 cluding payment stablecoin custody or safekeeping  
23 activities;

24 (2) to hold additional regulatory capital against  
25 assets in custody or safekeeping, except as necessary

1 to mitigate against operational risks inherent with  
2 the custody or safekeeping services, as determined  
3 by—

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

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

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

11 (D) a State credit union supervisor (as de-  
12 fined under section 6003 of the Anti-Money  
13 Laundering Act of 2020);

14 (3) to recognize a liability for any obligations  
15 related to activities or services performed for digital  
16 assets that the entity does not own if that liability  
17 would exceed the expense recognized in the income  
18 statement as a result of the corresponding obliga-  
19 tion.

20 (c) DEFINITIONS.—In this section:

21 (1) DEPOSITORY INSTITUTION.—The terms  
22 “depository institution” has the meaning given that  
23 term under section 3 of the Federal Deposit Insur-  
24 ance Act.

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

5     **SEC. 13. AMENDMENTS TO CLARIFY THAT PAYMENT**  
6           **STABLECOINS ARE NOT SECURITIES.**

7           (a) INVESTMENT ADVISERS ACT OF 1940.—Section  
8     202(a)(18) of the Investment Advisers Act of 1940 (15  
9     U.S.C. 80b–2(a)(18)) is amended by adding at the end  
10    the following: “The term ‘security’ does not include a pay-  
11    ment stablecoin issued by a permitted payment stablecoin  
12    issuer, as such terms are defined, respectively, in section  
13    2 of the Clarity for Payment Stablecoins Act of 2024.”.

14          (b) INVESTMENT COMPANY ACT OF 1940.—Section  
15    2(a)(36) of the Investment Company Act of 1940 (15  
16    U.S.C. 80a–2(a)(36)) 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, respectively, in section  
20    2 of the Clarity for Payment Stablecoins Act of 2024.”.

21          (c) SECURITIES ACT OF 1933.—Section 2(a)(1) of  
22    the Securities Act of 1933 (15 U.S.C. 77b(a)(1)) is  
23    amended by adding at the end the following: “The term  
24    ‘security’ does not include a payment stablecoin issued by  
25    a permitted payment stablecoin issuer, as such terms are



1 defined, respectively, in section 2 of the Clarity for Pay-  
2 ment Stablecoins Act of 2024.”.

3 (d) SECURITIES EXCHANGE ACT OF 1934.—Section  
4 3(a)(10) of the Securities Exchange Act of 1934 (15  
5 U.S.C. 78c(a)(10)) is amended by adding at the end the  
6 following: “The term ‘security’ does not include a payment  
7 stablecoin issued by a permitted payment stablecoin  
8 issuer, as such terms are defined, respectively, in section  
9 2 of the Clarity for Payment Stablecoins Act of 2024.”.

10 (e) SECURITIES INVESTOR PROTECTION ACT OF  
11 1970.—Section 16(14) of the Securities Investor Protec-  
12 tion Act of 1970 (15 U.S.C. 78lll(14)) is amended by add-  
13 ing at the end the following: “The term ‘security’ does  
14 not include a payment stablecoin issued by a permitted  
15 payment stablecoin issuer, as such terms are defined, re-  
16 spectively, in section 2 of the Clarity for Payment  
17 Stablecoins Act of 2024.”.

18 **SEC. 14. STATE-LEVEL REGULATORY REGIME.**

19 (a) OPTION FOR STATE-LEVEL REGULATORY RE-  
20 GIME.—Notwithstanding the Federal regulatory frame-  
21 work established under this Act, a stablecoin issuer may  
22 opt for regulation under a State-level regulatory regime  
23 if—

24 (1) the stablecoin issuer has a total market cap-  
25 italization of not more than \$10,000,000,000 and

1 the State-level regulatory regime is substantially  
2 similar to the Federal regulatory framework under  
3 this Act; or

4 (2) the stablecoin issuer has a total market cap-  
5 italization of not more than \$1,000,000.

6 (b) CRITERIA; REVIEW AND APPROVAL.—

7 (1) IN GENERAL.—State regulators shall review  
8 State-level regulatory regimes according to criteria  
9 the State regulators establish for determining wheth-  
10 er a State-level regulatory regime is substantially  
11 similar to the Federal regulatory framework under  
12 this Act.

13 (2) APPROVAL.—If State regulators determine  
14 that a State-level regulatory regime meets the cri-  
15 teria for substantial similarity under paragraph (1),  
16 the State regulators may approve the State-level reg-  
17 ulatory regime.

18 (3) NOT SUBSTANTIALLY SIMILAR.—If State  
19 regulators determine that a State-level regulatory re-  
20 gime does not meet the criteria for substantial simi-  
21 larity under paragraph (1), Federal regulators may  
22 review the State-level regulatory regime and decide  
23 to require a stablecoin issuer to transition to regula-  
24 tion under the Federal regulatory framework as de-

1       scribed in subsection (c), notwithstanding the mar-  
2       ket capitalization threshold therein.

3               (4) REGULATION BY FEDERAL REGULATORS.—

4       If, pursuant to paragraph (3), Federal regulators  
5       decide to require a stablecoin issuer to transition to  
6       regulation under the Federal regulatory framework,  
7       Federal regulators shall notify Congress and proceed  
8       with requiring such transition only after ratification  
9       by Congress.

10       (c) TRANSITION TO FEDERAL REGULATION.—

11               (1) DEPOSITORY INSTITUTION.—A State-regu-  
12       lated depository institution that has been approved  
13       as a payment stablecoin issuer with a market cap-  
14       italization of more than \$10,000,000,000 shall—

15                       (A) not later than 360 days after reaching  
16                       such market capitalization, transition to regula-  
17                       tion under the Federal regulatory framework of  
18                       the Board; or

19                       (B) beginning on the date of reaching such  
20                       market capitalization, cease issuing new  
21                       stablecoins until the State-regulated stablecoin  
22                       issuer is under the \$10,000,000,000 market  
23                       capitalization threshold.

24               (2) NONBANKS.—A State qualified payment  
25       stablecoin issuer not described in paragraph (1) with

1 a market capitalization of more than  
2 \$10,000,000,000 shall—

3 (A) not later than 360 days after reaching  
4 such market capitalization, transition to regula-  
5 tion under the regulatory framework of the  
6 Comptroller; or

7 (B) beginning on the date of reaching such  
8 market capitalization, cease issuing new  
9 stablecoins until the State-regulated stablecoin  
10 issuer is under the \$10,000,000,000 market  
11 capitalization threshold.

12 (3) **CONDITIONAL APPROVAL.**—Upon filing an  
13 application with the appropriate Federal regulator, a  
14 State qualified payment stablecoin issuer shall be  
15 deemed conditionally approved, pending final ap-  
16 proval or denial of the application.

17 (4) **WAIVER.**—The applicable Federal regulator  
18 may waive the requirement under paragraph (1) or  
19 (2) to permit a State qualified payment stablecoin  
20 issuer to remain under a State-level regulatory re-  
21 gime. Such waiver shall be renewed by the Federal  
22 regulator on an annual basis.

1 **SEC. 15. RECIPROCITY FOR STABLECOINS ISSUED IN OVER-**  
2 **SEAS JURISDICTIONS.**

3       The Federal Reserve, in collaboration with the Sec-  
4 retary of the Treasury, shall create and implement recip-  
5 rocal arrangements or other bilateral agreements between  
6 the United States and jurisdictions with substantially  
7 similar payment stablecoin regulatory regimes to facilitate  
8 international transactions and interoperability with United  
9 States dollar-denominated stablecoins issued overseas.