

119TH CONGRESS
1ST SESSION

S. _____

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

IN THE SENATE OF THE UNITED STATES

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

A BILL

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

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

3 **SECTION 1. SHORT TITLE.**

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

7 **SEC. 2. DEFINITIONS.**

8 In this Act:

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

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

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

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

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

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

11 (4) COMPTROLLER-REGULATED ENTITY.—The
12 term “Comptroller-regulated entity” means any Fed-
13 eral qualified nonbank payment stablecoin issuer
14 that is subject to regulation and supervision exclu-
15 sively by the Comptroller, pursuant to section
16 4(a)(7).

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

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

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

1 of verified transactions or information among net-
2 work participants and the data is linked using cryp-
3 tography to maintain the integrity of the public ledg-
4 er and execute other functions.

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

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

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

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

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

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

1 fined under Section 3 of the Federal Deposit Insur-
2 ance Act) denominated in a national currency.

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

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

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

16 (A) means a digital asset—

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

19 (ii) the issuer of which—

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

23 (II) represents will maintain or
24 creates the reasonable expectation
25 that it will maintain a stable value rel-

1 ative to the value of a fixed amount of
2 monetary value; and

3 (B) that is not—

4 (i) a national currency; or

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

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

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

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

18 (C) a State qualified payment stablecoin
19 issuer.

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

24 (17) PRIMARY FEDERAL PAYMENT STABLECOIN
25 REGULATOR.—

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

3 (i) with respect to an insured deposi-
4 tory institution (other than an insured
5 credit union) or a subsidiary of an insured
6 depository institution (other than an in-
7 sured credit union), the appropriate Fed-
8 eral banking agency of such insured depos-
9 itory institution (as defined under section
10 3 of the Federal Deposit Insurance Act
11 (12 U.S.C. 1813));

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

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

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

22 (B) PRIMARY FEDERAL PAYMENT
23 STABLECOIN REGULATORS.—The term “pri-
24 mary Federal payment stablecoin regulators”
25 means the Comptroller, the Board, the Corpora-

1 tion, and the National Credit Union Adminis-
2 tration.

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

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

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

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

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

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

24 (22) STATE REGULATED DEPOSITORY INSTITU-
25 TION.—The term “State regulated depository insti-

1 tution” has the meaning given the term “State de-
2 pository institution” in section 3(c) of the Federal
3 Deposit Insurance Act (12 U.S.C. 1813(c)).

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

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

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

20 **SEC. 3. LIMITATION ON WHO MAY ISSUE A PAYMENT**
21 **STABLECOIN.**

22 It shall be unlawful for any person other than a per-
23 mitted payment stablecoin issuer to issue a payment
24 stablecoin in the United States.

1 **SEC. 4. REQUIREMENTS FOR ISSUING PAYMENT**
2 **STABLECOINS.**

3 (a) STANDARDS FOR THE ISSUANCE OF PAYMENT
4 STABLECOINS.—

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

7 (A) maintain reserves backing the issuer's
8 payment stablecoins outstanding on an at least
9 1 to 1 basis, with reserves comprising—

10 (i) United States coins and currency
11 (including Federal reserve notes);

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

23 (iii) Treasury bills, notes, or bonds—
24 (I) with a remaining maturity of
25 93 days or less; or

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

3 (iv) repurchase agreements with a ma-
4 turity of 7 days or less that are backed by
5 Treasury bills with a maturity of 90 days
6 or less;

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

13 (I) tri-party;

14 (II) centrally cleared through a
15 clearing house; or

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

21 (vi) money market funds, invested
22 solely in underlying assets described in
23 clauses (i) through (iv) of subparagraph
24 (A); or

25 (vii) Central Bank reserve deposits;

1 (B) publicly disclose the issuer’s redemp-
2 tion policy;

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

5 (D) publish the monthly composition of the
6 issuer’s reserves on the website of the issuer,
7 containing—

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

11 (ii) the amount and composition of
12 the reserves described under subparagraph
13 (A).

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

23 (A) the repurchase agreements are cleared
24 by a central clearing counterparty that is ap-

1 proved by the primary Federal or State pay-
2 ment stablecoin regulator; or

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

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

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

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

19 (i) the primary Federal payment
20 stablecoin regulator; or

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

24 (C) CRIMINAL PENALTY.—Any person who
25 submits a certification required under subpara-

1 graph (B) knowing that such certification is
2 false shall be subject to the criminal penalties
3 set forth under section 1350(c) of title 18,
4 United States Code.

5 (4) CAPITAL, LIQUIDITY, AND RISK MANAGE-
6 MENT REQUIREMENTS.—

7 (A) IN GENERAL.—The primary Federal
8 payment stablecoin regulators shall, jointly, or
9 in the case of a State qualified payment
10 stablecoin issuer, the State payment stablecoin
11 regulator shall, issue—

12 (i) capital requirements applicable to
13 permitted payment stablecoin issuers,
14 which may not exceed what is sufficient to
15 ensure the permitted payment stablecoin
16 issuer's ongoing operations;

17 (ii) appropriate liquidity and interest
18 rate risk management standards applicable
19 to permitted payment stablecoin issuers,
20 which may not exceed what is sufficient to
21 ensure the financial integrity of the per-
22 mitted payment stablecoin issuer and the
23 ability of the issuer to meet the financial
24 obligations of the issuer, including redemp-
25 tions; and

1 (iii) appropriate operational, compli-
2 ance, and information technology risk
3 management standards, including Bank
4 Secrecy Act and sanctions compliance, tai-
5 lored to the business model and risk profile
6 of the permitted payment stablecoin issuer,
7 consistent with other legal authorities.

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

10 (i) the authority of the primary Fed-
11 eral regulators, in prescribing standards
12 under this paragraph, to tailor or differen-
13 tiate among issuers on an individual basis
14 or by category, taking into consideration
15 their capital structure, riskiness, com-
16 plexity, financial activities (including finan-
17 cial activities of their subsidiaries), size,
18 and any other risk related factors that the
19 primary Federal regulator determines ap-
20 propriate; or

21 (ii) the supervisory, regulatory, or en-
22 forcement authority of an appropriate Fed-
23 eral banking agency to further the safe
24 and sound operation of an institution

1 under the supervision of the appropriate
2 Federal banking agency.

3 (C) APPLICABILITY OF EXISTING CAPITAL
4 STANDARDS.—With respect to the promulgation
5 of rules under subsection (a)(1)(A), section 171
6 of the Financial Stability Act of 2010 (12
7 U.S.C. 5371(a)(1)(A)) shall not apply.

8 (5) TREATMENT UNDER THE BANK SECRECY
9 ACT.—A permitted payment stablecoin issuer shall
10 be treated as a financial institution for purposes of
11 the Bank Secrecy Act.

12 (6) LIMITATION ON STABLECOIN ACTIVITIES.—

13 (A) IN GENERAL.—A permitted payment
14 stablecoin issuer may only—

15 (i) issue payment stablecoins;
16 (ii) redeem payment stablecoins;
17 (iii) manage related reserves (includ-
18 ing purchasing and holding reserve assets);

19 (iv) provide custodial or safekeeping
20 services for payment stablecoins, required
21 reserves, or private keys of payment
22 stablecoins; and

23 (v) undertake other functions that di-
24 rectly support the work of issuing and re-
25 deeming payment stablecoins.

1 (B) RULE OF CONSTRUCTION.—Nothing in
2 subparagraph (A) shall prevent a permitted
3 stablecoin issuer from engaging in non-
4 stablecoin activities that are explicitly allowed
5 by the relevant regulator.

6 (7) REGULATION BY THE COMPTROLLER.—

7 (A) IN GENERAL.—A Federal qualified
8 nonbank payment stablecoin issuer shall be reg-
9 ulated and supervised exclusively by the Comp-
10 troller, which shall have authority, in coordina-
11 tion with other relevant regulators, to issue
12 such regulations and orders as necessary to en-
13 sure the safety and soundness of the issuers,
14 consistent with the provisions of this Act.

15 (B) CONFORMING AMENDMENT.—Section
16 324(b) of the Revised Statutes (12 U.S.C. 1(b))
17 is amended by adding at the end the following:

18 “(3) REGULATION OF FEDERAL QUALIFIED
19 NONBANK PAYMENT STABLECOIN ISSUERS.—The
20 Comptroller of the Currency shall, in coordination
21 with other relevant regulators, issue such regulations
22 and orders as necessary to ensure the safety and
23 soundness of any nonbank entity approved by the
24 Comptroller to issue payment stablecoins.”.

25 (b) STATE-LEVEL REGULATORY REGIMES.—

1 (1) OPTION FOR STATE-LEVEL REGULATORY
2 REGIME.—Notwithstanding the Federal regulatory
3 framework established under subsection (a), a
4 stablecoin issuer with a total market capitalization
5 of not more than \$10,000,000,000 may opt for regu-
6 lation under a State-level regulatory regime, pro-
7 vided that the State-level regulatory regime is sub-
8 stantially similar to the Federal regulatory frame-
9 work under that subsection.

10 (2) REVIEW.—State regulators shall review
11 State-level regulatory regimes according to criteria
12 the State regulators establish for determining wheth-
13 er a State-level regulatory regime is substantially
14 similar to the Federal regulatory framework under
15 subsection (a).

16 (3) CERTIFICATION.—

17 (A) INITIAL CERTIFICATION.—Subject to
18 subparagraph (B), not later than 1 year after
19 the date of enactment of this Act, State regu-
20 lators shall submit to the Secretary of the
21 Treasury an initial certification that their
22 State-level regulatory regime meets the criteria
23 for substantial similarity under paragraph (2).

24 (B) FORM OF CERTIFICATION.—The initial
25 certification required under subparagraph (A)

1 shall contain, in a form prescribed by the Sec-
2 retary of the Treasury, an attestation that the
3 State-level regulatory regime meets the criteria
4 for substantial similarity under paragraph (2).

5 (C) ANNUAL RECERTIFICATION.—Not later
6 than a date to be determined by the Secretary
7 each year, the State shall submit to the Sec-
8 retary of the Treasury an additional certifi-
9 cation that confirms the accuracy of initial cer-
10 tification submitted under subparagraph (A).

11 (4) NOT SUBSTANTIALLY SIMILAR.—

12 (A) IN GENERAL.—If a State regulator
13 does not submit a certification under paragraph
14 (3), then a payment stablecoin issuer operating
15 under this subsection shall be subject to the
16 Federal regulatory framework as described in
17 subsection (c), notwithstanding the market cap-
18 italization threshold therein.

19 (B) TREASURY REVIEW.—The Secretary of
20 the Treasury may reject a certification under
21 paragraph (3) if the Secretary determines that
22 the State-level regulatory regime is not substan-
23 tially similar to the Federal regulatory frame-
24 work under subsection (a), and the payment
25 stablecoin issuer shall be subject to the Federal

1 regulatory framework as described in subsection
2 (c), notwithstanding the market capitalization
3 threshold therein.

4 (C) APPELLATE REVIEW.—A payment
5 stablecoin issuer may challenge the determina-
6 tion of the State regulator or the Secretary of
7 the Treasury under this paragraph in the
8 United States District Court for the District of
9 Columbia.

10 (5) LIST.—The Secretary of the Treasury shall
11 publish and maintain in the Federal Register and on
12 the website of the Department of the Treasury a list
13 of States that have submitted initial certifications
14 and recertifications under paragraph (3).

15 (c) TRANSITION TO FEDERAL REGULATION.—

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

20 (A) not later than 360 days after reaching
21 such market capitalization, transition to regula-
22 tion under the Federal regulatory framework of
23 the Board; or

24 (B) beginning on the date of reaching such
25 market capitalization, cease issuing new

1 stablecoins until the State-regulated stablecoin
2 issuer is under the \$10,000,000,000 market
3 capitalization threshold.

4 (2) OTHER INSTITUTIONS.—A State qualified
5 payment stablecoin issuer not described in para-
6 graph (1) with a market capitalization of more than
7 \$10,000,000,000 shall—

8 (A) not later than 360 days after reaching
9 such market capitalization, transition to regula-
10 tion under the regulatory framework of the
11 Comptroller; or

12 (B) beginning on the date of reaching such
13 market capitalization, cease issuing new
14 stablecoins until the State-regulated stablecoin
15 issuer is under the \$10,000,000,000 market
16 capitalization threshold.

17 (3) CONDITIONAL APPROVAL.—Upon filing an
18 application with the appropriate Federal regulator, a
19 State qualified payment stablecoin issuer shall be
20 deemed conditionally approved, pending final ap-
21 proval or denial of the application.

22 (4) WAIVER.—The applicable Federal regulator
23 may waive the requirement under paragraph (1) or
24 (2) to permit a State qualified payment stablecoin

1 issuer to remain under a State-level regulatory re-
2 gime.

3 (d) RULEMAKING.—

4 (1) IN GENERAL.—The primary Federal pay-
5 ment stablecoin regulators and State payment
6 stablecoin regulators may issue such orders and reg-
7 ulations as may be necessary to administer and
8 carry out the requirements of this section, including
9 to establish conditions, and to prevent evasions
10 thereof.

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

16 (3) RULEMAKING DEADLINE.—Not later than
17 the end of the 180-day period beginning on the date
18 of enactment of this Act, the Federal payment
19 stablecoin regulators shall issue regulations to carry
20 out this section.

21 **SEC. 5. APPROVAL OF SUBSIDIARIES OF INSURED DEPOSI-**
22 **TORY INSTITUTIONS AND FEDERAL QUALI-**
23 **FIED NONBANK PAYMENT STABLECOIN**
24 **ISSUERS.**

25 (a) APPLICATION.—

1 (1) IN GENERAL.—The primary Federal pay-
2 ment stablecoin regulator shall receive, review, and
3 approve applications from any insured depository in-
4 stitution that seeks to issue payment stablecoins
5 through a subsidiary and any nonbank entity that
6 seeks to issue payment stablecoins. The primary
7 Federal payment stablecoin regulator shall establish
8 a process for the licensing and regulation of these
9 entities.

10 (2) AUTHORITY TO ISSUE REGULATIONS AND
11 PROCESS APPLICATIONS.—The primary Federal pay-
12 ment stablecoin regulators shall, before the effective
13 date described in section 16—

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

16 (B) pursuant to the regulations described
17 in subparagraph (A), accept and process appli-
18 cations under this Act.

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

24 (b) EVALUATION OF APPLICATIONS.—A complete ap-
25 plication received under subsection (a) shall be evaluated

1 by the primary Federal payment stablecoin regulator
2 using the factors described in subsection (c).

3 (c) FACTORS TO BE CONSIDERED.—The factors de-
4 scribed in this subsection are the ability of the applicant
5 (or, in the case of an applicant that is an insured deposi-
6 tory institution, the subsidiary of the applicant), based on
7 the financial condition and resources, to meet the require-
8 ments set forth in section 4.

9 (d) TIMING FOR DECISION; GROUNDS FOR DE-
10 NIAL.—

11 (1) TIMING.—The primary Federal payment
12 stablecoin regulator shall render a decision on an ap-
13 plication no later than 120 days after informing the
14 applicant that the application is complete.

15 (2) DENIAL OF APPLICATION.—

16 (A) GROUNDS FOR DENIAL.—The primary
17 Federal payment stablecoin regulator shall only
18 deny a complete application received under sub-
19 section (a) if the regulator determines that the
20 activities of the applicant would be unsafe or
21 unsound based on the factors described in sub-
22 section (c).

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

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

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

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

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

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

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

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

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

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

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

6 (e) REPORT ON PENDING APPLICATIONS.—The
7 Comptroller shall annually report to Congress on the ap-
8 plications that have been pending for 6 months or longer
9 since the date of the initial application filed under sub-
10 section (a) where the applicant has been informed that the
11 application remains incomplete, including providing docu-
12 mentation on the status of the application and why the
13 application has not yet been approved.

14 (f) RULEMAKING.—The Comptroller shall issue rules
15 necessary for the regulation of the issuance of payment
16 stablecoins, but may not impose requirements inconsistent
17 with the requirements specified under section 4.

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

22 (a) SUPERVISION.—

23 (1) SUBSIDIARY OF AN INSURED DEPOSITORY
24 INSTITUTION.—

1 (A) IN GENERAL.—Each permitted pay-
2 ment stablecoin issuer that is a subsidiary of an
3 insured depository institution shall be subject to
4 supervision by the primary Federal payment
5 stablecoin regulator in the same manner as
6 such insured depository institution.

7 (B) GRAMM-LEACH-BLILEY ACT.—For
8 purposes of title V of the Gramm-Leach-Bliley
9 Act (15 U.S.C. 6801 et seq.) each permitted
10 payment stablecoin issuer that is a subsidiary
11 of an insured depository institution shall be
12 deemed a financial institution.

13 (2) COMPTROLLER-REGULATED ENTITIES.—

14 (A) SUBMISSION OF REPORTS.—Each
15 Comptroller-regulated entity shall, upon re-
16 quest, submit reports to the Comptroller as
17 to—

18 (i) the financial condition of the
19 Comptroller-regulated entity, systems for
20 monitoring and controlling financial and
21 operating risks; and

22 (ii) compliance by the Comptroller-
23 regulated entity (and any subsidiary there-
24 of) with this Act.

1 (B) EXAMINATIONS.—The Comptroller
2 may make examinations of a Comptroller-regu-
3 lated entity and each subsidiary of such entity
4 in order to inform the Comptroller of—

5 (i) the nature of the operations and fi-
6 nancial condition of the Comptroller-regu-
7 lated entity;

8 (ii) the financial, operational, and
9 other risks within the Comptroller-regu-
10 lated entity that may pose a threat to—

11 (I) the safety and soundness of
12 the Comptroller-regulated entity; or

13 (II) the stability of the financial
14 system of the United States; and

15 (iii) the systems of the Comptroller-
16 regulated entity for monitoring and con-
17 trolling the risks described in clause (ii).

18 (C) REQUIREMENTS FOR EFFICIENCY.—

19 (i) USE OF EXISTING REPORTS.—In
20 supervising and examining a Comptroller-
21 regulated entity, the Comptroller shall, to
22 the fullest extent possible, use existing re-
23 ports and other supervisory information.

24 (ii) AVOIDANCE OF DUPLICATION.—
25 The Comptroller shall, to the fullest extent

1 possible, avoid duplication of examination
2 activities, reporting requirements, and re-
3 quests for information in carrying out this
4 Act with respect to a Comptroller-regu-
5 lated entity.

6 (iii) CONSIDERATION OF BURDEN.—
7 The Comptroller shall, with respect to any
8 examination or request for the submission
9 of a report under this paragraph, only re-
10 quest examinations and reports at a ca-
11 dence and in a format that is similar to
12 those required for similarly situated Comp-
13 troller-regulated entities.

14 (b) ENFORCEMENT.—

15 (1) SUSPENSION OR REVOCATION OF REGISTRA-
16 TION.—The primary Federal payment stablecoin
17 regulator may prohibit a permitted payment
18 stablecoin issuer from issuing payment stablecoins, if
19 the primary Federal payment stablecoin regulator
20 determines that such permitted payment stablecoin
21 issuer, or an institution-affiliated party of the per-
22 mitted payment stablecoin issuer, is—

23 (A) materially violating or has materially
24 violated this Act or any regulation or order
25 issued under this Act; or

1 (B) materially violating or has materially
2 violated any condition imposed in writing by the
3 primary Federal payment stablecoin regulator
4 in connection with a written agreement entered
5 into between the permitted payment stablecoin
6 issuer and the primary Federal payment
7 stablecoin regulator.

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; 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 may remove an institution-affiliated party of a per-
7 mitted payment stablecoin issuer from their position
8 or office or prohibit further participation in the af-
9 fairs of the permitted payment stablecoin issuer or
10 all permitted payment stablecoin issuers by such in-
11 stitution-affiliated party, if the primary Federal pay-
12 ment stablecoin regulator determines that—

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

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

21 (4) PROCEDURES.—

22 (A) IN GENERAL.—If the primary Federal
23 payment stablecoin regulator identifies a viola-
24 tion or attempted violation of this Act or makes
25 a determination under paragraph (1), (2), or

1 (3), the primary Federal payment stablecoin
2 regulator shall comply with the procedures set
3 forth in subsections (b) and (e) of sections 8 of
4 the Federal Deposit Insurance Act (12 U.S.C.
5 1818).

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

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

19 (D) TEMPORARY CEASE-AND-DESIST PRO-
20 CEEDINGS.—If the primary Federal payment
21 stablecoin regulator determines that a violation
22 or attempted violation of this Act or an action
23 with respect to which a determination was made
24 under paragraph (1), (2), or (3), or the con-
25 tinuation thereof, is likely to cause insolvency or

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

13 (5) CIVIL MONEY PENALTIES.—

14 (A) FAILURE TO BE APPROVED.—Any per-
15 son who issues a United States dollar-denomi-
16 nated payment stablecoin and who is not a per-
17 mitted payment stablecoin issuer, and any insti-
18 tution-affiliated party of such a person who
19 knowingly participates in issuing such a pay-
20 ment stablecoin, shall be liable for a civil pen-
21 alty of not more than \$100,000 for each day
22 during which such payment stablecoins are
23 issued.

24 (B) FIRST TIER.—Except as provided in
25 subparagraph (A), a permitted payment

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

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

24 (D) PROCEDURE.—Any penalty imposed
25 under this paragraph may be assessed and col-

1 lected by the primary Federal payment
2 stablecoin regulator pursuant to the procedures
3 set forth in section 8(i)(2) of the Federal De-
4 posit Insurance Act (12 U.S.C. 1818(i)(2)).

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

20 (6) NON-APPLICABILITY TO A STATE QUALI-
21 FIED PAYMENT STABLECOIN ISSUER.—This sub-
22 section shall not apply to a State qualified payment
23 stablecoin issuer.

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

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

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

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

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

25 (e) ENFORCEMENT AUTHORITY IN EXIGENT CIR-
26 CUMSTANCES.—

1 (1) BOARD.—

2 (A) IN GENERAL.—Subject to subpara-
3 graph (C), in exigent circumstances, the Board
4 may, after not less than 5 days prior written
5 notice to the applicable State payment
6 stablecoin regulator, take an enforcement action
7 against a State qualified payment stablecoin
8 issuer or an institution-affiliated party of such
9 issuer for violations of this Act that are exigent
10 in nature.

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

16 (C) LIMITATIONS.—If the Board deter-
17 mines that there is reasonable cause to believe
18 that the continuation by a State qualified pay-
19 ment stablecoin issuer of any activity con-
20 stitutes a serious risk to the financial safety,
21 soundness, or stability of the stablecoin issuer,
22 the Board may impose such restrictions as the
23 Board determines to be necessary to address
24 such risk. Such restrictions shall be issued in
25 the form of a directive, with the effect of a

1 object and present to the Board, in
2 writing, the reasons why the directive
3 should be modified or rescinded.

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

10 (ii) JUDICIAL REVIEW.—

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

21 (II) RELIEF FOR EXTRAOR-
22 DINARY CAUSE.—Upon a showing of
23 extraordinary cause, an affected party
24 may petition for relief under subclause
25 (I) without first pursuing or exhaust-

1 ing the administrative remedies under
2 clause (i).

3 (2) COMPTROLLER.—

4 (A) IN GENERAL.—Subject to subpara-
5 graph (C), in exigent circumstances, the Comp-
6 troller shall, after not less than 5 days prior
7 written notice to the applicable State payment
8 stablecoin regulator, take an enforcement action
9 against a Comptroller-regulated entity or an in-
10 stitution-affiliated party of such entity for viola-
11 tions of this Act.

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

18 (C) LIMITATIONS.—If the Comptroller de-
19 termines that there is reasonable cause to be-
20 lieve that the continuation by a Comptroller-
21 regulated entity of any activity constitutes a se-
22 rious risk to the financial safety, soundness, or
23 stability of the stablecoin issuer, the Comp-
24 troller shall impose such restrictions as the
25 Comptroller determines to be necessary to ad-

1 dress such risk. Such restrictions shall be
2 issued in the form of a directive, with the effect
3 of a cease and desist order that has become
4 final, to the State qualified payment stablecoin
5 issuer and any of its affiliates, limiting—

6 (i) the payment of dividends by the
7 Comptroller-regulated entity;

8 (ii) transactions between the Comp-
9 troller-regulated entity, a holding company,
10 and the subsidiaries or affiliates of either
11 the Comptroller-regulated entity or the
12 holding company; and

13 (iii) any activities of the Comptroller-
14 regulated entity that might create a seri-
15 ous risk that the liabilities of a holding
16 company and the affiliates of the holding
17 company may be imposed on the Comp-
18 troller-regulated entity.

19 (D) REVIEW OF DIRECTIVE.—

20 (i) ADMINISTRATIVE REVIEW.—

21 (I) IN GENERAL.—After a direc-
22 tive described in subparagraph (C) is
23 issued, the Comptroller-regulated enti-
24 ty, or any affiliate of the Comptroller-
25 regulated entity subject to the direc-

1 tive, may object and present to the
2 Comptroller, in writing, the reasons
3 why the directive should be modified
4 or rescinded.

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

12 (ii) JUDICIAL REVIEW.—

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

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

10 (g) EFFECT ON STATE LAW.—

11 (1) HOST STATE LAW.—The consumer protec-
12 tion laws that generally apply to the operation of a
13 payment stablecoin issuer of the Host State apply to
14 the activities conducted in the Host State by an out-
15 of-State State qualified payment stablecoin issuer to
16 the same extent as those requirements apply to the
17 activities conducted in the Host State by an out-of-
18 State Federal qualified nonbank payment stablecoin
19 issuer.

20 (2) HOME STATE LAW.—If any Host State law
21 is determined not to apply under paragraph (1), the
22 laws of the Home State of the payment stablecoin
23 issuer shall govern the activities of the payment
24 stablecoin issuer conducted in the Host State.

1 **SEC. 8. CUSTOMER PROTECTION.**

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

6 (1) is subject to—

7 (A) supervision or regulation by a primary
8 Federal payment stablecoin regulator or a pri-
9 mary financial regulatory agency described
10 under subparagraph (B) or (C) of section 2(12)
11 of the Dodd-Frank Wall Street Reform and
12 Consumer Protection Act (12 U.S.C.
13 5301(12)); or

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

24 (2) complies with the segregation requirements
25 under subsection (b), unless such person complies
26 with similar requirements as required by a primary

1 Federal payment stablecoin regulator, the Securities
2 and Exchange Commission, or the Commodity Fu-
3 tures Trading Commission.

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

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 receives, ac-
9 quires, or holds payment stablecoins, private keys,
10 cash, and other property (hereinafter in this section
11 referred to as the “customer”) as belonging to such
12 customer; and

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

17 (c) COMMINGLING PROHIBITED.—

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

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

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

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

17 (C) in accordance with such terms and
18 conditions as the Board may prescribe by rule,
19 regulation, or order, any customer payment
20 stablecoin, cash, and other property described
21 in this subsection may be commingled and de-
22 posited in customer accounts with payment
23 stablecoins, cash, and other property received
24 by the person and required by the Board to be

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

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

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

15 **SEC. 9. TREATMENT OF INSOLVENT PAYMENT STABLECOIN**
16 **ISSUERS.**

17 (a) **IN GENERAL.**—In any insolvency proceeding, in-
18 cluding any proceeding under title 11, United States Code,
19 or any insolvency proceeding by a primary Federal pay-
20 ment stablecoin regulator or a State banking supervisor
21 with respect to a payment stablecoin issuer, the claim of
22 a person holding payment stablecoins issued by the pay-
23 ment stablecoin issuer shall have priority over all other
24 claims against the payment stablecoin issuer.

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

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

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

7 “(e) Notwithstanding subsection (a), any claim of a
8 person holding payment stablecoins, as defined in section
9 2 of the Guiding and Establishing National Innovation for
10 U.S. Stablecoins of 2025, issued by a debtor shall have
11 first priority over any other claim against the debtor under
12 this title.”.

13 (c) DEBTOR.—A payment stablecoin issuer that is
14 not a depository institution (as defined in section 3 of the
15 Federal Deposit Insurance Act (12 U.S.C. 1813)) may be
16 considered a debtor under title 11, United States Code.

17 **SEC. 10. INTEROPERABILITY STANDARDS.**

18 The primary Federal payment stablecoin regulators,
19 in consultation with the National Institute of Standards
20 and Technology, other relevant standard setting organiza-
21 tions, and State governments, shall assess and, if nec-
22 essary, may, pursuant to section 553 of title 5 and in a
23 manner consistent with the National Technology Transfer
24 and Advancement Act of 1995 (Public Law 104–113),

1 prescribe standards for payment stablecoin issuers to pro-
2 mote compatibility and interoperability.

3 **SEC. 11. STUDY ON ENDOGENOUSLY COLLATERALIZED**
4 **STABLECOINS.**

5 (a) STUDY BY TREASURY.—

6 (1) STUDY.—The Secretary of the Treasury, in
7 consultation with the Board, the Comptroller, the
8 Corporation, and the Securities and Exchange Com-
9 mission, shall carry out a study of endogenously
10 collateralized stablecoins.

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

19 (A) the categories of non-payment
20 stablecoins, including the benefits and risks of
21 technological design features;

22 (B) the participants in non-payment
23 stablecoin arrangements;

24 (C) utilization and potential utilization of
25 non-payment stablecoins;

- 1 (D) nature of reserve compositions;
2 (E) types of algorithms being employed;
3 (F) governance structure, including aspects
4 of decentralization;
5 (G) nature of public promotion and adver-
6 tising; and
7 (H) clarity and availability of consumer
8 notices disclosures.

9 (b) ENDOGENOUSLY COLLATERALIZED STABLECOIN
10 DEFINED.—In this section, the term “endogenously
11 collateralized stablecoin” means any digital asset—

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

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

18 **SEC. 12. REPORTS.**

19 (a) RULEMAKING STATUS.—Not later than 6 months
20 after the date of enactment of this Act, the primary Fed-
21 eral payment stablecoin regulators shall provide a status
22 update on the development of the rulemaking under this
23 Act to the Committee on Financial Services of the House
24 of Representatives and the Committee on Banking, Hous-
25 ing, and Urban Affairs of the Senate.

1 (b) ANNUAL REPORTING REQUIREMENT.—Begin-
2 ning on the date that is 1 year after the date of enactment
3 of this Act, and annually thereafter, the Board and Comp-
4 troller shall submit to the Committee on Banking, Hous-
5 ing, and Urban Affairs of the Senate, the Committee on
6 Financial Services of the House of Representatives, and
7 the Director of the Office of Financial Research a report
8 on the status of the payment stablecoin industry, includ-
9 ing—

10 (1) an overview of trends in payment stablecoin
11 activities;

12 (2) a summary of the number of applications
13 for permitted payment stablecoin issuer under sec-
14 tion 5, including aggregate approvals and rejections
15 of applications; and

16 (3) a description of the potential financial sta-
17 bility risks posed to the safety and soundness of the
18 broader financial system by payment stablecoin ac-
19 tivities.

20 (c) FSOC REPORT.—The Financial Stability Over-
21 sight Council shall incorporate the findings in the report
22 under subsection (b) into the annual report of the Council
23 required under section 112(a)(2)(N) of the Dodd-Frank
24 Wall Street Reform and Consumer Protection Act (12
25 U.S.C. 5322).

1 **SEC. 13. AUTHORITY OF BANKING INSTITUTIONS.**

2 (a) **RULE OF CONSTRUCTION.**—Nothing in this Act
3 may be construed to limit the authority of a depository
4 institution, Federal credit union, State credit union, or
5 trust company to engage in activities permissible pursuant
6 to applicable State and Federal law, including—

7 (1) accepting or receiving deposits and issuing
8 digital assets that represent deposits;

9 (2) utilizing a distributed ledger for the books
10 and records of the entity and to affect intrabank
11 transfers; and

12 (3) providing custodial services for payment
13 stablecoins, private keys of payment stablecoins, or
14 reserves backing payment stablecoins.

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

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

1 (2) to hold additional regulatory capital against
2 assets in custody or safekeeping, except as necessary
3 to mitigate against operational risks inherent with
4 the custody or safekeeping services, as determined
5 by—

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

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

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

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

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

22 (c) DEFINITIONS.—In this section:

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

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

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

7 **SEC. 14. AMENDMENTS TO CLARIFY THAT PAYMENT**
8 **STABLECOINS ARE NOT SECURITIES OR COM-**
9 **MODITIES.**

10 (a) INVESTMENT ADVISERS ACT OF 1940.—Section
11 202(a)(18) of the Investment Advisers Act of 1940 (15
12 U.S.C. 80b–2(a)(18)) is amended by adding at the end
13 the following: “The term ‘security’ does not include a pay-
14 ment stablecoin issued by a permitted payment stablecoin
15 issuer, as such terms are defined, respectively, in section
16 2 of the Clarity for Payment Stablecoins Act of 2023.”.

17 (b) INVESTMENT COMPANY ACT OF 1940.—Section
18 2(a)(36) of the Investment Company Act of 1940 (15
19 U.S.C. 80a–2(a)(36)) is amended by adding at the end
20 the following: “The term ‘security’ does not include a pay-
21 ment stablecoin issued by a permitted payment stablecoin
22 issuer, as such terms are defined, respectively, in section
23 2 of the Clarity for Payment Stablecoins Act of 2023.”.

24 (c) SECURITIES ACT OF 1933.—Section 2(a)(1) of
25 the Securities Act of 1933 (15 U.S.C. 77b(a)(1)) is

1 amended by adding at the end the following: “The term
2 ‘security’ does not include a payment stablecoin issued by
3 a permitted payment stablecoin issuer, as such terms are
4 defined, respectively, in section 2 of the Clarity for Pay-
5 ment Stablecoins Act of 2023.”.

6 (d) SECURITIES EXCHANGE ACT OF 1934.—Section
7 3(a)(10) of the Securities Exchange Act of 1934 (15
8 U.S.C. 78c(a)(10)) is amended by adding at the end the
9 following: “The term ‘security’ does not include a payment
10 stablecoin issued by a permitted payment stablecoin
11 issuer, as such terms are defined, respectively, in section
12 2 of the Clarity for Payment Stablecoins Act of 2023.”.

13 (e) SECURITIES INVESTOR PROTECTION ACT OF
14 1970.—Section 16(14) of the Securities Investor Protec-
15 tion Act of 1970 (15 U.S.C. 78lll(14)) is amended by add-
16 ing at the end the following: “The term ‘security’ does
17 not include a payment stablecoin issued by a permitted
18 payment stablecoin issuer, as such terms are defined, re-
19 spectively, in section 2 of the Clarity for Payment
20 Stablecoins Act of 2023.”.

21 **SEC. 15. RECIPROCITY FOR STABLECOINS ISSUED IN OVER-**
22 **SEAS JURISDICTIONS.**

23 The Federal Reserve, in collaboration with the Sec-
24 retary of the Treasury, shall create and implement recip-
25 rocal arrangements or other bilateral agreements between

1 the United States and jurisdictions with substantially
2 similar payment stablecoin regulatory regimes to facilitate
3 international transactions and interoperability with United
4 States dollar-denominated stablecoins issued overseas.

5 **SEC. 16. EFFECTIVE DATE.**

6 (a) IN GENERAL.—This Act shall take effect on the
7 earlier of—

8 (1) 18 months after the date of enactment of
9 this Act; or

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

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

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

22 (1) a subsidiary of an insured depository insti-
23 tution, if the insured depository institution has an
24 application pending for the subsidiary to become a

1 permitted payment stablecoin issuer on that effective
2 date; or
3 (2) a nonbank entity with an application pend-
4 ing to become a Comptroller-regulated entity on that
5 effective date.