



FS VECTOR

FSV Recap: STABLE Act 3.5(?)

(Revised Bill Text (March 26) + ANS (April 1))

April 1, 2025

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Relevant documents

- **STABLE Act (ANS) - as published on April 1 @ 10am EST ([read more](#)) (75 pages)**
 - Green highlights: inserted text from prior revision (March 26); blue strikethrough – text removed
- **STABLE Act discussion draft *revised* text (March 26): ([read more](#)) (72 pages (+15 pages from prior text))**
 - Yellow highlights: inserted text from prior revision; red strikethrough – text removed
- **HFSC markup of STABLE Act - April 2, 2025 ([read more](#))**

STABLE Act (March 26 + April 1 Revisions) Breakdown*

- **April 1:** Green highlighted text (newly inserted); blue strikethrough – removed text
- **March 26:** Yellow highlighted text (newly inserted); red strikethrough – removed text

**most of the revised text included in the breakdown*

| SECTION 1: Title | |
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| SECTION 2: Definitions | |
| Appropriate Federal Banking Agency | As defined under Section 3 of the FDI Act (12 U.S.C.1813) |
| Credit Union Terms | The terms ‘Federal credit union’, ‘insured credit union’, and ‘State credit union’ have the meanings given those terms, respectively, in section 101 of the Federal Credit Union Act (12 U.S.C. 1752). |
| Digital Asset | Any digital representation of value which is recorded on a cryptographically-secured distributed ledger |
| Distributed Ledger | Technology where data is shared across a network that creates a public digital ledger of verified transactions or information among network participants and the data is linked using cryptography to maintain the integrity of the public digital ledger and execute other functions. |
| Federal Qualified Nonbank Payment Stablecoin Issuer | A subsidiary of a nonbank entity approved by the primary Federal payment stablecoin regulator, pursuant to section 5, to issue payment stablecoins |
| Institution-affiliated party | Any director, officer, employee, or person in control of, or agent for, the permitted payment stablecoin issuer |
| Insured credit union | The term “insured credit union” has the meaning given that term in section 101 of the Federal Credit Union Act (12 U.S.C. 1752). |

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| Insured Depository Institution | <ul style="list-style-type: none"> A. An IDI, as defined in section 3 of the FDI Act (12 U.S.C. 1813); and B. An insured credit union |
| Monetary Value | <ul style="list-style-type: none"> A. Means - <ul style="list-style-type: none"> 1. A national currency; or 2. A deposit (as defined in section 3 of the FDI Act (12 U.S.C. 1813) that is denominated in a national currency; or and 3. An account (as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752)); and B. Does not include any agricultural or other physical commodity (as defined in section 1a of the Commodity Exchange Act (7 U.S.C. 1a)) |
| Money | Any financial instrument that is legal tender, is required to be received by a taxing authority in satisfaction of tax obligations, or is widely accepted in an economy for the payments of goods and services |
| National currency | A Federal Reserve note, (as the term is used in the first undesignated paragraph of 16 of the Federal Reserve Act (12 U.S.C. 411), money standing to the credit of an account with a Federal reserve bank, money issued by a central bank, and money issued by an intergovernmental organization pursuant to an agreement by one or more governments |
| Nonbank Entity | A person that is not an IDI or subsidiary of an IDI |
| Payment Stablecoin | <ul style="list-style-type: none"> A digital asset - <ul style="list-style-type: none"> A. That is or is designed to be used as a means of payment or settlement; B. That is denominated in a national currency; C. The issuer of which - <ul style="list-style-type: none"> 1. Is obligated to convert, redeem, or repurchase for a fixed amount of monetary value; or 2. Represents that the digital asset will maintain or creates the reasonable expectation that the digital asset will maintain a stable value relative to the value of a fixed amount of monetary value; and D. That is not - <ul style="list-style-type: none"> 1. A national currency; or 2. A security issued by - <ul style="list-style-type: none"> a. an investment company registered under section 8(a) of the Investment Company Act of 1940 (15 U.S.C. 80a-8(a)); b. a person that would be an investment company under the Investment Company Act of 1940 but for paragraphs (1) and (7) of section 3(c) of that Act (15 U.S.C. 80a-3(c)); or |

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| | <p>3. A deposit (as defined under section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813), regardless of the technology used to record such deposit; or</p> <p>4. An account (as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752)), regardless of the technology used to record such account.</p> |
| Permitted Payment Stablecoin Issuer | <p>Means -</p> <ul style="list-style-type: none"> A. A subsidiary of an IDI that has been approved to issue payment stablecoins under Section 5; B. A Federal qualified nonbank payment stablecoin issuer; or C. A State qualified payment stablecoin issuer <p>Treatment under the BSA: A permitted payment stablecoin issuer shall be treated as a financial institution for purposes of the BSA.</p> |
| Person | An individual, partnership, company, corporation, association (incorporated or unincorporated), trust, estate, cooperative organization, or other entity. |
| Primary Federal Payment Stablecoin Regulator | <p>Means -</p> <ul style="list-style-type: none"> 1. With respect to an IDI (other than an insured credit union) or a subsidiary of an IDI (other than an insured credit union), the appropriate Federal banking agency of such IDI; 2. With respect to an insured credit union or a subsidiary of an insured credit union, the NCUA 3. With respect to a Federal qualified nonbank payment stablecoin issuer and any nonbank entity that seeks to have a subsidiary approved as a Federal qualified nonbank payment stablecoin issuer, the Comptroller; and 4. With respect to any entity chartered by the Comptroller, the Comptroller |
| Primary Federal Payment Stablecoin Regulators | The OCC, the Fed Board, the FDIC, and the NCUA |
| Registered Public Accounting Firm | Has the meaning given that term under section 3 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7201) |
| State Qualified Payment Stablecoin Issuer | <p>An entity that -</p> <ul style="list-style-type: none"> A. Is legally established and approved to issue payment stablecoins by a State payment stablecoin regulator; and |

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| | <p>B. Issues a payment stablecoin in compliance with the laws and regulations of a State regulatory regime certified under section 4(b); and</p> <p>C. Is not -</p> <ul style="list-style-type: none"> a. Chartered by the Comptroller; b. A Federal credit union; or c. A subsidiary of a State credit union that - <ul style="list-style-type: none"> i. Has at least a partial ownership interest or loan from a Federal credit union; or ii. Has at least a partial ownership interest or loan from a State credit union that is organized in a different State than such subsidiary. |
| State Payment Stablecoin Regulator | <p>The term “State payment stablecoin regulator” means -</p> <ul style="list-style-type: none"> A. A State agency that has primary regulatory and supervisory authority in such State over entities that issue payment stablecoins; and B. With respect to a State qualified payment stablecoin issuer that is a subsidiary of a State-chartered depository institution (as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813) or a State credit union, the State agency that has primary regulatory authority and supervisory authority over entities that issue payment stablecoins in the State in which such State-chartered depository institution or State credit union is chartered. |
| Subsidiary of an Insured Credit Union | <p><i>Inclusion of sub-paragraph:</i></p> <p><i>(C) any subsidiary of an insured credit union that is a State credit union</i></p> |
| <p>SECTION 3: Limitation on Who May Issue a Payment Stablecoin</p> | |
| <p>(a) Limitation on Issuers - It shall be unlawful for any person other than a permitted payment stablecoin issuer to issue a payment stablecoin for use by any person in the U.S.</p> <p>(b) Limitation on offering or selling -</p> <ul style="list-style-type: none"> 1. In General - After the end of the 18 month 2-year period beginning on the date of enactment of this Act, it shall be unlawful for any custodial intermediary to offer or sell a payment stablecoin in the U.S. unless the payment stablecoin was issued by a permitted payment stablecoin issuer. 2. Exceptions for Comparable Payment Stablecoin Regimes - <ul style="list-style-type: none"> A. In General - Paragraph 1 (<i>In General</i>) - and subsection (a) (<i>limitation on issuers</i>) shall not apply to the offer or sale of a payment stablecoin if - <ul style="list-style-type: none"> i. The payment stablecoin was issued by a foreign payment stablecoin issuer; | |

- ii. The foreign payment stablecoin issuer is subject to regulation by a foreign payment stablecoin regulator of a nation with a payment stablecoin regulatory regime that the Secretary of the Treasury determines under subparagraph (B) is comparable to the requirements under this Act; and
- iii. The foreign payment stablecoin issuer consents to be subject to reporting and examination requirements, as determined by -
 - a. The Comptroller, if the foreign payment stablecoin issuer is a nonbank; or
 - b. The Board, if the foreign payment stablecoin issuer is a banking institution or subsidiary thereof.
- B. Determination - With respect to a foreign nation, the Secretary of the Treasury shall determine, upon request of a foreign payment stablecoin issuer, a foreign payment stablecoin regulator, or on the Secretary's own initiative, and in consultation with the Federal payment stablecoin regulators, whether the payment stablecoin regulatory regime of such nation is comparable to the requirements under this Act.
- C. Public Notice - the Secretary shall make the list of nations for which a determination has been made under subparagraph (B) available to the public, and keep such list current.
- D. Rescinding Determinations -
 - i. Secretarial Action - The Secretary may, in consultation with the primary Federal payment stablecoin regulators, rescind a determination made under subparagraph (B) with respect to a foreign nation, if the Secretary determines that the regulatory regime of such nation is no longer comparable to the requirements under this Act
 - ii. Safeharbors - If the Secretary rescinds a determination pursuant to clause (i), a custodial intermediary shall not be in violation of this subsection by reason of the offer or sale of a payment stablecoin issued by such nation's foreign payment stablecoin issuer until 90 days after the determination is rescinded.
- 3. Penalty - Any person who violates this subsection shall be subject to a civil penalty of not more than \$100,000 for each day during which such violation continues.

(c) Rulemaking - Not later than 12 months after the date of enactment of this Act, the Secretary shall issue such rules as may be required to carry out this section

(d) Rule of Construction - This section does not apply to transactions in digital assets for an individual's own lawful purposes by means of a software or hardware wallet that facilitates such individual's own custody of digital assets.

SECTION 4: Requirements for Issuing Payment Stablecoins

Standards for the Issuance of

Each permitted payment stablecoin issuer shall -

- A. Maintain reserves backing the issuer's outstanding payment stablecoins on an at least 1 to 1 basis, with reserves comprising -

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| <p>Payment Stablecoins</p> | <ol style="list-style-type: none"> 1. US currency (including Federal reserve notes) or money standing to the credit of an account with a Federal reserve bank; 2. Funds held as demand deposits (or other deposits that may be withdrawn upon request at any time) at IDIs (including foreign branches and agencies of IDIs) or approved foreign depository institutions (as defined in paragraph (5)(A)(v)) (4)(iv)) or share drafts (or other deposits that may be withdrawn upon request at any time) at insured credit unions insured shares at IDIs, subject to limitations established by the FDIC and NCUA, respectively, to address safety and soundness risks of such IDIs; 3. Treasury bills notes, or bonds - <ol style="list-style-type: none"> A. With a remaining maturity of 93 30 days or less; or B. Issued with a maturity of 93 days or less 4. Repurchase agreements, wherein the permitted payment stablecoin issuer is acting as a seller of securities, or reverse repurchase agreements, wherein the permitted payment stablecoin issuer is acting as a purchaser of securities, with an overnight maturity and with a maturity of 7 days or less that are backed by Treasury bills with a maturity of 93 days or less that are - <ol style="list-style-type: none"> A. Centrally cleared through a clearing agency registered with the SEC; or B. Bilateral, settling either through delivery versus payment or through a tri-party control account, with a counterparty that the issuer has determined to be adequately credit worthy even in the event of severe market stress; 5. Securities issued by an investment company under section 8(a) of the ICA of 1940 that operates as a money market fund in compliance with Rule 2a-7 under the ICA of 1940 (or any successor rule) and that are invested solely in the underlying assets described in clauses (1-4) and (6); or 6. Any other similarly high quality and liquid asset approved pursuant to paragraph (4)(v); <p>B. publicly disclose the issuer’s redemption policy;</p> <p>C. establishes procedures for timely redemption of the issuer’s outstanding payment stablecoins; and</p> <p>D. publish a report on the monthly composition of the issuer’s reserves on the website of the issuer, containing -</p> <ol style="list-style-type: none"> 1. The total number of outstanding payment stablecoins issued by the issuer; and 2. The amount and composition of the reserves described under subparagraph (A). <p>(2) Eligibility - Nothing in this Act shall be construed as expanding or contracting legal eligibility to make deposits, or hold an account, at a Federal reserve bank. The requirements to maintain reserves under paragraph (1)(A) may not be construed as expanding or contracting eligibility to qualify as a depository institution under section 19(b)(1)(A) of the Federal Reserve Act (12 U.S.C. 461(b)(1(A))).</p> |
| <p>Prohibition on Rehypothecation</p> | <p>Prohibited, except -</p> |

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| | <p>1. for the purpose of satisfying obligations associated with reserves described under paragraph (1)(A)(iv); or</p> <p>2. By an IDI that provides custodial or safekeeping services for payment stablecoin reserves in the form of cash on deposit. if the permitted payment stablecoin issuer receives the prior approval of the primary Federal payment stablecoin regulator or the State payment stablecoin regulator.</p> |
| <p>Monthly certification, examination of reports by registered public accounting firm</p> | <p>A permitted payment stablecoin issuer shall, each month, have the information disclosed in the previous month-end report required under paragraph (1)(D)¹ examined by an independent registered public accounting firm.</p> <p>Certification – each month, the CEO and CFO of a permitted payment stablecoin issuer shall submit to, as applicable, the primary Federal payment stablecoin regulator or, in the case of a State qualified payment stablecoin issuer, the State payment stablecoin regulator, a certification that, based on such officers’ knowledge, the previous month-end report required under paragraph (1)(D) –</p> <ul style="list-style-type: none"> i. Does not contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading; and ii. Fairly presented in all material respects the information required under paragraph (1)(D) for the period presented in such report <p>a certification as to the accuracy of the previous month-end report to –</p> <ul style="list-style-type: none"> 1. The primary Federal payment stablecoin regulator; or 2. In the case of a State qualified payment stablecoin issuer, to the State payment stablecoin regulator. <p><i>Expansion of the criminal penalty sub-section with monetary value and years for imprisonment included depending on whether the above certification was submitted or willfully submitted where the certification “does not fairly present, in all material respects, the information required to be contained in such report” vs simply listing criminal penalties set forth in code: established under section 1350(e) of title 18, US Code</i></p> |
| <p>Capital, Liquidity, and Risk Management and</p> | <p>Primary Federal payment stablecoin regulator shall, jointly and in consultation with the State payment stablecoin regulators, issue rules to establish –</p> <ul style="list-style-type: none"> 1. Capital requirements applicable to a permitted payment stablecoin issuer that – <ul style="list-style-type: none"> a. Are tailored to the business model and risk profile of a permitted payment stablecoin issuer; |

¹ Publish a report on the monthly composition of the issuer’s reserves on the website of the issuer

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| Other Requirements | <p>b. Do not exceed requirements which are sufficient to ensure the ongoing operations of a permitted payment stablecoin issuer; and permitted payment stablecoin issuers, which may not exceed an amount that is sufficient to ensure the permitted payment stablecoin issuer's ongoing operations;</p> <p>c. If such regulators determine that a capital buffer is necessary to ensure the ongoing operations of a permitted payment stablecoin issuer, may include capital buffers that are tailored to the business model and risk profile of a permitted payment stablecoin issuer;</p> <p>2. Requirements implementing liquidity standards applicable to reserves described in paragraph (1)² for a permitted payment stablecoin issuers, which may not exceed an amount that is sufficient to ensure the financial integrity of a the permitted payment stablecoin issuer and the ability of the issuer to meet the financial obligations of the issuer, including redemptions;</p> <p>3. Reserve asset diversification and interest rate risk management standards applicable to a permitted payment stablecoin issuer that –</p> <p>a. Are tailored to the business model and risk profile of a permitted payment stablecoin issuer; and</p> <p>b. Do not exceed standards which are sufficient to ensure the ongoing operations of a permitted payment stablecoin issuer; and</p> <p>4. Risk management requirements applicable to permitted payment stablecoin issuers, including cybersecurity risk, tailored to the business model and risk profile of the permitted payment stablecoin issuer;</p> <p>5. Appropriate operational, compliance, information technology, and cybersecurity risk management standards that are tailored to the business model and risk profile of a permitted payment stablecoin issuer; and</p> <p>6. Requirements regarding the approval of foreign depository institutions that may hold demand deposits of a permitted payments stablecoin issuer.s-</p> <p>7. Such rules as may be appropriate to permit assets in addition to those described under paragraph (1)(A) to be held as reserves by permitted payment stablecoin issuers.</p> <p>Tailoring: The primary Federal payment stablecoin regulators shall, in issuing requirements under this paragraph, tailor or differentiate such requirements among permitted payment stablecoin issuers on an individual basis or by category, taking into consideration such issuers' capital structure, business model, risk profile, complexity, financial activities (including financial activities of any subsidiaries), size, and any other risk-related factors that the primary Federal payment stablecoin regulators determine appropriate.</p> <p>Rule of construction: Nothing in this paragraph may be construed to limit –</p> |
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² Reserve requirements

- a. The authority of the primary Federal payment stablecoin regulator, in prescribing standards under this paragraph, to tailor or differentiate among permitted payment stablecoin issuers on an individualized basis or by category, taking into consideration the capital structure, business model risk profile, complexity, financial activities, size, and any other risk related factors of permitted payment stablecoin issuers that the primary Federal payment stablecoin regulators determine appropriate; or
- b. the supervisory, regulatory, or enforcement authority of a Federal banking agency (as defined in section 3 of the FDI Act (12 U.S.C. 1813)) or the National Credit Union Administration to further the ability of an institution under the supervision of the Federal banking agency or the National Credit Union Administration to maintain safe and sound operations or ~~to~~ comply with this Act.

Applicability of existing capital standards: Section 171 of the Financial Stability Act of 2010 (12 U.S.C. 5371) shall not apply to requirements issued under this paragraph.

Rules relating to leverage capital requirements or risk-based capital requirements: Where an IDI or depository institution holding company, as defined under section 171(a)(3) of the Financial Stability Act of 2010 (12 U.S.C. 5371(a)(3)), includes, on a consolidated basis, a permitted payment stablecoin issuer, any rule issued by an appropriate Federal banking agency that imposes, on a consolidated basis, a leverage capital requirement or risk-based capital requirement on such IDI or depository institution holding company, shall not require such IDI or depository institution holding company to hold, with respect to the permitted payment stablecoin issuer and its assets and operations, any amount of regulatory capital in excess of the capital that such permitted payment stablecoin issuer must maintain under the capital requirements promulgated pursuant to paragraph (5)(A)(i).

Rulemaking: Not later than the date the primary Federal payment stablecoin regulators issue regulations to carry out this section, each Federal banking agency, as defined in section 3 of the FDI Act (12 U.S.C. 1813), shall amend or otherwise modify any regulation described in clause (ii) so that it complies with such clause (ii).

Treatment under the Bank Secrecy Act -

- A. In General - A permitted payment stablecoin issuer shall be treated as a financial institution for purposes of the Bank Secrecy Act
- B. Regulations - The Secretary of the Treasury - acting through the Director of the Financial Crimes Enforcement Network, and in consultation with the primary Federal payment stablecoin regulators, shall issue regulations to apply the Bank Secrecy Act to permitted payment stablecoin issuers that are tailored to the size and complexity of such issuers, including by requiring each permitted payment stablecoin issuer to -
 - a. Establish and maintain an AML and CFT program, which shall include -

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| | <ul style="list-style-type: none"> i. An appropriate risk assessment; ii. The development of internal policies, procedures, and controls; iii. The designation of a compliance officer; iv. An ongoing employee training program; and v. An independent audit function to test programs; <ul style="list-style-type: none"> b. Retain appropriate records of payment stablecoin transactions c. Monitor and report suspicious activity, which may include use of appropriate distributed ledger analytics; and d. maintain an effective customer identification program to identify and verify initial holders of a payment stablecoin and appropriate customer due diligence <p>Compliance with Sanctions: A permitted payment stablecoin issuer shall comply with all laws and regulations related to US sanctions administered by the Office of Foreign Assets Control</p> |
| Limitation on Payment Stablecoin Activities | <p>A permitted payment stablecoin issuer may only –</p> <ul style="list-style-type: none"> A. Issue payment stablecoins; B. Redeem payment stablecoins; C. Manage related reserves (including purchasing, selling, and holding reserve assets); D. Provide custodial or safekeeping services for payment stablecoins and private keys of payment stablecoins, and associated information of payment stablecoins; E. Provide custodial or safekeeping services for reserves; consistent with this Act; and F. Undertake other functions that directly support activities described in subparagraphs (A) through (E); and G. Undertake such non-payment stablecoin activities that are allowed by the primary Federal payment stablecoin regulator. |
| Prohibition on Yield | <p>A permitted payment stablecoin issuer may not pay interest or yield to holders of its payment stablecoins.</p> |
| Regulation of Federal Qualified Nonbank Payment Stablecoin Issuers by the Comptroller | <p>A Federal qualified nonbank payment stablecoin issuer shall be regulated and supervised exclusively by the Comptroller.</p> |

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| <p>State-level Regulatory Regimes</p> | <ol style="list-style-type: none"> 1. In General – A State qualified payment stablecoin issuer may only issue payment stablecoins pursuant to the regulation of a State payment stablecoin regulator of a State with a regulatory regime for issuing payment stablecoins that is certified under this subsection as meeting or exceeding the standards and requirements described in subsection (a).³ 2. Certification – <ol style="list-style-type: none"> a. In General – Beginning on the date that is 1 year after the date of enactment of this Act or 60 days after the rulemaking described in subsection (d) is completed, whichever is earlier, a State payment stablecoin regulator may submit to the Secretary of the Treasury a certification that the regulatory regime of the State for issuing payment stablecoins meets or exceeds the standards and requirements described in subsection (a).⁴ b. Validity of Certification – A certification under subparagraph (A)⁵ shall be valid upon submission and remain valid unless subject to a rejection by the Secretary of the Treasury rejects the certification under paragraph (6) (5). 3. Form of Certification – an initial a certification described under paragraph (2) – <ol style="list-style-type: none"> a. Shall contain an attestation that the regulatory regime of the State for issuing payment stablecoin meets or exceeds the standards and requirements described in subsection (a);⁶ and b. May include supporting information, such as a copy of any State law or regulation implementing such standards and requirements 4. Annual Report and attestation – <ol style="list-style-type: none"> a. In General – A State payment stablecoin regulator with a valid certification under this subsection that has made subsequent material changes to its State regulatory regime and wishes to maintain a valid certification shall submit to the Secretary of the Treasury an explanation of all such material changes. an annual report to the Secretary of the Treasury containing either— <ol style="list-style-type: none"> i.—An attestation that the State regulatory regime has not materially changed since the most recent annual report (or, for the first annual report, the initial certification); or ii.—An explanation of all material changes to the State regulatory regime since the most recent annual report (or, for the first annual report, the initial certification). b. Form of Material Changes Explanation – With respect to a State payment stablecoin regulator that submits an explanation of material changes to the State regulatory regime under subparagraph (A) (ii)⁷, the payment stablecoin regulator shall make such explanation in the same |
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³ Standards for the Issuance of Payment Stablecoins

⁴ Standards for the Issuance of Payment Stablecoins

⁵ See 'In General' right above

⁶ Standards for the Issuance of Payment Stablecoins

⁷ Subparagraph (A)(ii) - an explanation of all material changes to the State regulatory regime since the most recent annual report (or, for the first annual report, the initial certification).

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| | <p>manner, and containing the same attestation, as described under paragraph (3)⁸ for a initial certification.</p> <p>5. Advisory Opinions on Proposed Laws or Regulation – Upon request of any State payment stablecoin regulator, the Secretary of the Treasury shall –</p> <ul style="list-style-type: none"> a. Review any proposed law or regulation of the State provided by the State payment stablecoin regulator; and b. Not later than 30 days after being provided the proposed law or regulation, either – <ul style="list-style-type: none"> i. Inform the State payment stablecoin regulator that the proposed law or regulation is consistent with a State regulatory regime for issuing payment stablecoins that meets or exceeds the standards and requirements described in subsection (a);⁹ or ii. Provide the State payment stablecoin regulator with a detailed explanation of why the proposed law or regulation is not consistent with a State regulatory regime for issuing payment stablecoins that meets or exceeds the standards and requirements described in subsection (a).¹⁰ <p>6. Regimes that are not substantially similar</p> <ul style="list-style-type: none"> a. In General – The Secretary of the Treasury may reject a an initial certification under paragraph (3)¹¹ or a certification with respect to which a State payment stablecoin regulator has submitted an explanation of material changes under paragraph (4),¹² if the Secretary, not later than 30 days after the date on which the initial certification or explanation of material changes is submitted – <ul style="list-style-type: none"> i. Determines that the State regulatory regime does not meet or exceed the standards and requirements described in subsection (a); and ii. Provides the State payments stablecoin regulator with such a written explanation for the rejection, describing the reasoned basis for the rejection with sufficient detail such that the State can bring the State regulatory regime into compliance based on the explanation. b. Opportunity to Cure – <ul style="list-style-type: none"> i. In General – With respect to a rejection described under subparagraph (A),¹³ the Secretary of the Treasury shall provide the State payment stablecoin regulator with not less than a 180-day period from the date on which the State payment stablecoin regulator is notified of such rejection to – |
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⁸ Form of Certification

⁹ Standards for the Issuance of Payment Stablecoins

¹⁰ Standards for the Issuance of Payment Stablecoins

¹¹ Form of Certification

¹² Annual Report and Attestation

¹³ Detailing reasons for rejection by the Secretary of the Treasury

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| | <p>1. Make such changes as may be necessary to ensure the regulatory regime of the State for issuing payment stablecoins meets or exceeds the standards and requirements described in subsection (a) (e);¹⁴ and</p> <p>2. Resubmit the initial certification or explanation of material changes.</p> <p>ii. Rejection – if, after a State payment stablecoin regulator makes changes described under clause (i)¹⁵ during the period described in clause (i), the Secretary of the Treasury again determines that the certification should be rejected, the Secretary of the Treasury shall, not later than 30 days after such determination, provide the State payment stablecoin regulator with a written explanation for the determination, describing the reasoned basis for the determination with sufficient detail such that the State can bring its regime into compliance based on the explanation.</p> <p>c. Appeal of rejection –</p> <p>i. In General – A State payment stablecoin regulator that has had a certification rejected under this paragraph may, after the cure period described under subparagraph (B)(i),¹⁶ appeal such rejection to the U.S. Court of Appeals for the District of Columbia Circuit, which shall, upon a determination that the regulatory regime of the State for issuing payment stablecoins meets or exceeds the standards and requirements described in subsection (a),¹⁷ reverse such rejection.</p> <p>ii. Review by the Supreme Court – The judgment and decree of the Court of Appeals shall be final, except that the same shall be subject to review by the Supreme Court upon certiorari, as provided in section 1254 of title 28.</p> <p>d. Right to resubmit – A State payment stablecoin regulator that has had a certification rejected under this paragraph may resubmit a new certification under paragraph (2).¹⁸</p> <p>7. Appropriate Exemptive Relief – The Secretary of the Treasury shall issue such rules and orders as are necessary to provide appropriate exemptive relief and safe harbors for State qualified payment stablecoin issuers to continue operations during such periods in which any rules promulgated pursuant to subsection (a) materially affect a previously certified State regulatory regime’s ability to meet or exceed the standards and requirements described in subsection (a).</p> |
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¹⁴ Rulemaking

¹⁵ State provided opportunity to make changes within 180 day period determined by the Secretary of the Treasury

¹⁶ 180 day period

¹⁷ Standards for the Issuance of Payment Stablecoins

¹⁸ Certification

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| <p>Not Insured by the Federal Government; Misrepresentation of Insured Status</p> | <ol style="list-style-type: none"> 1. In General – Payment stablecoins are not backed by the full faith and credit of the US, guaranteed by the US Government, subject to deposit insurance by the Corporation, or subject to share insurance by the NCUA. 2. Misrepresentation of Insured Status – It shall be unlawful to represent that a payment stablecoin is backed by the full faith and credit of the US, guaranteed by the US Government, or subject to Federal deposit insurance or Federal share insurance. 3. Disclosure – Permitted payment stablecoin issuers shall clearly and prominently disclose on their website that payment stablecoins issued by such permitted payment stablecoin issuer are not guaranteed by the US Government, covered by deposit insurance by the FDIC, or by share insurance of the NCUA. 4. Penalties – Any person who violates this subsection may be prosecuted to the fullest extent of the law, including, as applicable under – <ol style="list-style-type: none"> a. Section 18(a)(4) of the FDI Act (relating to the prohibition on false advertising in connection with deposit insurance, the misuse of FDIC names, and misrepresentations of insured status); b. Section 709 of title 18, US Code (relating to false advertising or misuses of names to indicate a Federal agency); c. Criminal penalties under title 18, US Code, related to fraud; and d. Other remedies available under the law. |
| <p>Officers and Directors Convicted of Certain Felonies</p> | <p>No individual who has been convicted of a felony offense involving insider trading, embezzlement, cybercrime, money laundering, financing of terrorism, or financial fraud may serve as –</p> <ol style="list-style-type: none"> 1. An officer of a payment stablecoin issuer; or 2. A director of a payment stablecoin issuer |
| <p>Rulemaking</p> | <p>In General – The primary Federal payment stablecoin regulators may issue such orders and regulations as may be necessary to administer and carry out the requirements of this section, including to establish conditions, and to prevent evasions thereof.</p> <p>Joint Issuance of Regulation – All regulations issued to carry out this section by the primary Federal payment stablecoin regulators shall be issued jointly; after consultation with State payment stablecoin regulators</p> <p>Rulemaking deadline – No later than 180-day period beginning on the date of enactment of this Act, the Federal payment stablecoin regulators shall issue regulations to carry out this section.</p> |
| <p>SECTION 5: Approval of Subsidiaries of IDIs and Subsidiaries of Nonbank Entities</p> | |

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| Application | <p>A. In General – The primary Federal payment stablecoin regulator shall receive, and review, and consider for approval applications from any IDI that seeks to issue payment stablecoins through a subsidiary and any nonbank entity that seeks to issue payment stablecoins through a subsidiary.</p> <p>B. Sharing of Information – With respect to applications submitted by State-chartered IDIs, the primary Federal payment stablecoin regulator shall share such applications with the relevant State bank or State credit union supervisor.</p> <p>C. Completion of Application –</p> <ol style="list-style-type: none"> a. In General – The primary Federal payment stablecoin regulator shall consider an application complete if such application contains sufficient information for the primary Federal payment stablecoin regulator to render a decision on whether the applications meets the requirements set forth in section 4. b. Material Change in Circumstances – An application described under clause (i) - <i>In General</i> – that is considered complete With respect to an application filed under this paragraph, once the primary Federal payment stablecoin regulator has informed the applicant that the application is complete, such application shall remain complete be deemed to be complete unless the primary Federal payment stablecoin regulator determines that a significant material change in circumstances requires otherwise. <p>D. Evaluation of applications – A complete application received under paragraph (1) shall be evaluated by the primary Federal payment stablecoin regulator based on the ability of the subsidiary of the applicant to meet the requirements set forth in section 4.¹⁹</p> <p>E. Timing for Decision, Grounds for Denial –</p> <ol style="list-style-type: none"> 1. Timing – The primary Federal payment stablecoin regulator shall – <ol style="list-style-type: none"> a. No later than 30 days after receiving the application – <ol style="list-style-type: none"> a. Inform the applicant whether the applicant has submitted a complete application not later than 45 days after receiving the application; and b. If the application is not complete, inform the applicant of the additional information the applicant must provide in order for the application to be considered complete, and c. Render a decision on an application. Not later than 120 days after informing the applicant that the application is complete, render a decision on an application |
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¹⁹ Requirements for Issuing Payment Stablecoins

2. Denial of application -

a. Grounds for denial -

- a. **In General -** The primary Federal payment stablecoin regulator may only deny a complete application received under Paragraph (1)²⁰ if the regulator determines that the activities of the applicant would be unsafe or unsound based on the ability of the subsidiary of the applicant to meet the requirements set forth in section 4.²¹
- b. **Treatment of Certain Issuances -** The issuance of a payment stablecoin on an open, public and decentralized network shall not be valid ground for denial of an application received under paragraph (1)

- b. **Explanation required -** If the primary Federal payment stablecoin regulator denies a complete application received under paragraph (1), the regulator shall, not later than 30 days after the date of such denial, provide the applicant with -
 - 1. Written notice explaining the denial with specificity, including all findings made by the regulator with respect to all identified material shortcomings in the application; and
 - 2. Actionable recommendations on how the applicant could address the identified material shortcomings

c. Opportunity for Hearing; Final Determination

- 1. **In General -** Not later than 30 days after the date of receipt of any notice of the denial of an application under this subsection, the applicant may request, in writing, an opportunity for a written or oral hearing before the primary Federal payment stablecoin regulator to appeal the denial.
- 2. **Timing -** Upon receipt of a timely request, the primary Federal payment stablecoin regulator shall notice a time (not later than 30 days after the date of receipt of the request) and place at which the applicant may appear, personally or through counsel, to appeal the denial, to submit written materials, or to provide oral testimony and oral argument.
- 3. **Final Determination -** Not later than 60 days after the date of a hearing under this clause, the primary Federal payment stablecoin regulator shall notify the applicant of the final determination of the primary Federal payment stablecoin regulator with respect to the appeal, which shall contain a statement of the basis for such determination, with specific findings.
- 4. **Notice if NO Hearing -** If an applicant does not make a timely request for a hearing under this clause, the primary Federal payment stablecoin regulator shall notify the applicant not later than 10 days after the date by which the applicant may request a hearing under this clause, in writing,

²⁰ Application

²¹ Requirements for Issuing Payment Stablecoins

that the denial of the application is a final determination of the primary Federal payment stablecoin regulator.

- F. **Failure to render a Decision** – If the primary Federal payment stablecoin regulator fails to render a decision on a complete application within the time period specified in subparagraph (A),²² the application shall be deemed approved.
- G. **Right to Reapply** – The denial of an application under this subsection shall not prohibit the applicant from filing a subsequent application.
- H. **Report on Pending Applications** – Each of the primary Federal payment stablecoin regulators shall annually report to Congress on –
 - a. The number of calendar days each applicant waited for either an approval or denial of an application under this subsection;
 - b. The number of calendar days each applicant with an outstanding application has waited for a decision; and
 - c. The number of applications that have been pending for 6 months or longer since the date of the initial application filed under paragraph (1) where the applicant has been informed that the application remains incomplete, including providing documentation on the status of the application and why the application has not yet been approved.
- I. **Rulemaking** –
 - a. **In General** – Not later than 180 days after the date of enactment of this Act, the primary Federal payment stablecoin regulators shall, jointly, issue rules to carry out this section, which may only relate to the application process under this subsection and may not implement the requirements set forth in section 4.²³
 - b. **Tailoring of Rules** – The joint rulemaking required under subparagraph (A)²⁴ shall be tailored so as to minimize any incremental burden placed on well capitalized and highly-rated IDIs.

Effective Date of this section:

- 1. **In General** – This section shall take effect on the earlier of –
 - a. 12 months after the date of enactment of this Act; or ~~18 months after the date of enactment of this Act;~~

²² Timing

²³ Requirements for Issuing Payment Stablecoins

²⁴ Rulemaking – In General

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| | <p>b. the date that is 120 days after the date on which the primary Federal payment stablecoin regulators issue final regulations implementing this section.</p> <p>2. Notice to Congress: Each of the primary Federal payment stablecoin regulators shall notify Congress upon receiving their first application described under this section.</p> <p>Authority to issue regulations and process applications: The primary Federal payment stablecoin regulators may, before the effective date issue regulations to carry out this section; and pursuant to regulations described under subparagraph (A), accept and process applications described under this section.</p> <p>Effect on State Law for Payment Stablecoin Issuers Approved by Federal Payment Stablecoin Regulators Under this Section – The provisions of this section preempt any conflicting State law and supersede any State licensing requirement for any nonbank entity or subsidiary of an IDI or credit union that is approved under this section to be a permitted payment stablecoin issuer.</p> <p>Safe Harbor for Pending Applications: The primary Federal payment stablecoin regulator may waive the application of the requirements of this section for a period not to exceed 12 months beginning on the effective date described under paragraph (1),²⁵ with respect to –</p> <p>1. A subsidiary of an IDI, if the IDI has an application pending for the subsidiary to become a permitted payment stablecoin issuer on the effective date described under paragraph (1); or</p> <p>2. A subsidiary of a nonbank entity, if the nonbank entity has an application pending to become a Federal qualified nonbank payment stablecoin issuer on the effective date described under paragraph (1)</p> |
| <p>SECTION 6: Supervision and Enforcement with Respect to Subsidiaries of IDIs and Federal Qualified Nonbank Payment Stablecoin Issuers</p> | |
| <p>Subsidiary of an IDI</p> | <p>Each permitted payment stablecoin issuer that is a subsidiary of an IDI shall be subject to supervision by the primary Federal payment stablecoin regulator in the same manner as such insured depository institution.</p> <p>GLBA – each permitted payment stablecoin issuer that is a subsidiary of an IDI shall be deemed a financial institution</p> |
| <p>Federal Qualified Nonbank</p> | <p>A. Submission of Reports: Each Federal qualified nonbank payment stablecoin issuer shall, upon request, submit reports to the OCC as to –</p> <p>1. The financial condition of the Federal qualified nonbank payment stablecoin issuer;</p> |

²⁵ Effective Date – In General

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| <p>Payments Stablecoin Issuer</p> | <ol style="list-style-type: none"> 2. The systems of the Federal qualified nonbank payment stablecoin issuer for monitoring and controlling financial and operating risks; and 3. Compliance with this Act by the Federal qualified nonbank payment stablecoin issuer. <p>B. Examinations – The OCC may examine a Federal qualified nonbank payment stablecoin issuer in order to inform the Comptroller of –</p> <ol style="list-style-type: none"> 1. The nature of the operations and financial condition of the Federal qualified nonbank payment stablecoin issuer; 2. The financial, operational, and other risks within the Federal qualified nonbank payment stablecoin issuer that may pose a threat to – <ol style="list-style-type: none"> a. The safety and soundness of the Federal qualified nonbank payment stablecoin issuer; or b. The stability of the financial system of the U.S.; 3. The systems of the Federal qualified nonbank payment stablecoin issuer for monitoring and controlling the risks described in clause (2); and 4. The compliance of the Federal qualified nonbank payment stablecoin issuer with this Act and regulations issued pursuant to this Act; and with the requirements of the Bank Secrecy Act. 5. The compliance of the Federal qualified nonbank payment stablecoin issuer with the requirements of the Bank Secrecy Act and laws authorizing the imposition of sanctions and implemented by the Secretary of the Treasury. <p>C. Requirements for Efficiency: In supervising and examining a Federal qualified nonbank payment stablecoin issuer, the OCC shall, to the fullest extent possible, use existing reports and other supervisory information</p> <p>D. Avoidance of Duplication – The OCC shall, to the fullest extent possible, avoid duplication of examination activities, reporting requirements, and requests for information in carrying out this Act with respect to a Federal qualified nonbank payment stablecoin issuer</p> <p>E. GLBA – each Federal qualified nonbank payment stablecoin issuer shall be deemed a financial institution</p> |
| <p>Enforcement</p> | <ol style="list-style-type: none"> 1. Suspension or Revocation of Registration – The primary Federal payment stablecoin regulator may prohibit a permitted payment stablecoin issuer from issuing payment stablecoins, if the primary Federal payment stablecoin regulator determines that such permitted payment stablecoin issuer, or an institution-affiliated party of the permitted payment stablecoin issuer, is – <ol style="list-style-type: none"> a. Materially violating or has materially violated this Act or any regulation or order issued under this Act, including the issuer’s obligations under the section 4(a)(6); or |

- b. Materially violating or has materially violated any condition imposed in writing by the primary Federal payment stablecoin regulator in connection with a written agreement entered into between the permitted payment stablecoin issuer and the primary Federal payment stablecoin regulator
- 2. Cease-and-Desist Proceedings – If the primary Federal payment stablecoin regulator has reasonable cause to believe that a permitted payment stablecoin issuer or any institution-affiliated party of a permitted payment stablecoin issuer is violating, has violated, or is attempting to violate this Act, any regulation or order issued under this Act, or any written agreement entered into with the primary Federal stablecoin regulator or condition imposed in writing by the primary Federal payment stablecoin regulator in connection with any application or other request, the primary Federal payment stablecoin regulator may order the permitted payment stablecoin issuer or institution-affiliated party of the permitted payment stablecoin issuer to -
 - a. Cease and desist from such violation or practice; or
 - b. Take affirmative action to correct the conditions resulting from any such violation or practice
- 3. Removal and Prohibition Authority – The primary Federal payment stablecoin regulator may remove an institution-affiliated party of a permitted stablecoin issuer from their position or office or prohibit further participation in the affairs of the permitted payment stablecoin issuer or all permitted payment stablecoin issuers by such institution-affiliated party, if the primary Federal payment stablecoin regulator determines that -
 - a. The institution-affiliated party has, directly or indirectly, committed a violation or attempted violation of this Act or any regulation or order issued under this Act; or
 - b. The institution-affiliated party has committed a violation of any provision of sub-chapter II of chapter 53 of title 31, US Code.
- 4. Procedures -
 - a. In General – If the primary Federal payment stablecoin regulator identifies a violation or attempted violation of this Act or makes a determination under paragraph (1), (2), or (3), the primary Federal payment stablecoin regulator shall comply with the procedures set forth, **as applicable in -**
 - i. Subsections (b) and (e) of sections 8 of the FDI Act (12 U.S.C. 1818); or
 - ii. Subsections (e) and (g) of section 206 of the Federal Credit Union Act (12 U.S.C. 1786)
 - b. Judicial Review – A person aggrieved by a final action under this subsection may obtain judicial review of such action exclusively as provided, **as applicable, in -**
 - i. Section 8(h) of the Federal Deposit Insurance Act (12 U.S.C. 1818(h)); or
 - ii. Section 206(j) of the Federal Credit Union Act (12 U.S.C. 1786(j)).

- c. Injunction – The primary Federal payment stablecoin regulator may, in the discretion of the regulator, follow the procedures for judicial enforcement of any effective and outstanding notice or order issued under this subsection provided, **as applicable, in -**
 - i. Section 8(i)(1) of the FDI Act (12 U.S.C. 1818(i)(1)); or
 - ii. **Section 206(k)(1) of the Federal Credit Union Act (12 U.S.C. 1786(k)(1)).**
 - d. Temporary Cease-and-Desist Proceedings – If the primary Federal payment stablecoin regulator determines that a violation or attempted violation of this Act or an action with respect to which a determination was made under paragraph (1), (2), or (3), or the continuation thereof, is likely to cause insolvency or significant dissipation of assets or earnings of a permitted payment stablecoin issuer, or is likely to weaken the condition of the permitted payment stablecoin issuer or otherwise prejudice the interests or the customers of the permitted payment stablecoin issuer prior to the completion of the proceedings conducted under this paragraph, the primary Federal payment stablecoin regulator may follow the procedures provided, **as applicable, in -**
 - i. Section 8(c) of the FDI Act (12 U.S.C. 1818(c)) to issue a temporary cease-and-desist order; or
 - ii. **Section 206(f) of the Federal Credit Union Act (12 U.S.C. 1786(f) to issue a temporary cease-and-desist order.**
5. Civil Money Penalties – *only changes in ‘Procedure’ with the inclusion of section 206(k)(2) of the Federal Credit Union Act (12 U.S.C. 1786(k)(2) - see below*
- D. Procedure – Any penalty imposed under this paragraph may be assessed and collected by the primary Federal payment stablecoin regulator pursuant to the procedures set forth, **as applicable, in -**
- i. **section 8(1)(2) of the FDI Act (12 U.S.C. 1818(i)(2)); or**
 - ii. **Section 206(k)(2) of the Federal Credit Union Act (12 U.S.C. 1786(k)(2)).**

Non-applicability to a State Qualified Payment Stablecoin Issuer – This subsection shall not apply to a State qualified payment stablecoin issuer, except ~~in exigent circumstances~~, as described in section 7(e).

Sharing of Information – A State payment stablecoin regulator and the primary Federal payment stablecoin regulator shall share information on an ongoing basis with respect to a permitted payment stablecoin issuer that is a subsidiary of a State-chartered insured depository institution.

SECTION 7: State qualified payment stablecoin issuers

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| <p>In General</p> <p>Authority to Enter into Agreements</p> <p>Sharing of Information</p> <p>Rulemaking</p> | <p>In General: With respect to a State, a State payment stablecoin regulator shall have supervisory, examination, and enforcement authority over a State qualified payment stablecoin issuer of such State.</p> <p>Authority to Enter into Agreements:</p> <ol style="list-style-type: none"> In General - A state payment stablecoin regulator may enter into a memorandum of understanding with the primary Federal banking agency Board and the Comptroller setting out the manner in which the primary Federal banking agency and Comptroller may participate, under which the Board and Comptroller may participate in the supervision, examination, and enforcement authority with respect to the State qualified payment stablecoin issuers of such State. Rule of Construction - Nothing in this subsection or a memorandum entered into under this subsection may be construed to limit the authority of the primary Federal banking agency or Comptroller under subsection (e) or any other provision. <p>Sharing of Information:</p> <ol style="list-style-type: none"> In General - A State payment stablecoin regulator and, as applicable, the Comptroller, the Board, the Corporation, and the National Credit Union Administration shall share information on an ongoing basis with respect to each State qualified payment stablecoin issuer of such State, including a copy of all initial applications and any accompanying documents. Privileges not Affected by Sharing of Information - The sharing of information under paragraph (1) shall not be construed as waiving, destroying, or otherwise affecting any privilege applicable to such information under Federal or State law as to any person or entity other than the State payment stablecoin regulator, the Comptroller, the Board, the Corporation, and the National Credit Union Administration. <p>Rulemaking: A State payment stablecoin regulator may, to the same extent as the primary Federal payment stablecoin regulators issue orders and rules under section 4 applicable to a permitted payment stablecoin issuer that is not a State qualified payment stablecoin issuers, to the same extent as the primary Federal payment stablecoin regulators issue orders and rules related to the requirements under section 4²⁶ applicable to permitted payment stablecoin issuers that are not a State qualified payment stablecoin issuers.</p> |
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²⁶ Requirements for Issuing Payment Stablecoins

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| <p>Back-up Enforcement Authority</p> | <p>(1) By the Primary Federal Banking Agency -</p> <ul style="list-style-type: none"> a. In General – Subject to subparagraph (C),²⁷ in exigent circumstances, the primary Federal banking agency may, after not less than 48 hours 5 days prior written notice to any the applicable State payment stablecoin regulator, take an enforcement action against a State qualified payment stablecoin issuer that is a subsidiary of an IDI or an institution-affiliated party thereof for violations of this Act if - that are exigent in nature. <ul style="list-style-type: none"> i. The applicable State payment stablecoin regulator has not commenced an enforcement action to correct such violation; and ii. Failure to take such action would create a material risk of loss to holders of such issuer's stablecoins or create a material threat to U.S. financial stability. b. Rulemaking – Not later than the end of the 180-day period beginning on the date of enactment of this Act, the primary Federal banking agencies shall issue rules to set forth the standards that would be used by the primary Federal bank agencies to exercise the back-up authority under this paragraph. those exigent circumstances in which the primary Federal banking agency may act under this paragraph. c. Exigent Back-up Authority under Section 6(b)²⁸ – Solely for purposes of carrying out this paragraph, section 6(b) shall apply to a State qualified payment stablecoin issuer that is a subsidiary of an IDI as if the primary Federal banking agency were the primary Federal payment stablecoin regulator with respect to the State qualified payment stablecoin issuer. d. Imposition of Restrictions— If the primary Federal banking agency determines that there is reasonable cause to believe that the continuation of any activity by a State qualified payment stablecoin issuer that is a subsidiary of an IDI constitutes a violation of this Act, the primary Federal banking agency may impose such restrictions as the primary Federal banking agency determines to be necessary to address such activity. e. Primary Federal Banking Agency Defined - <ul style="list-style-type: none"> i. Primary Federal banking agency means: <ul style="list-style-type: none"> 1. The appropriate Federal banking agency; and 2. The NCUA, in the case of an insured credit union; and ii. The term 'primary Federal banking agencies' means the Board, the Comptroller, the Corporation, and the National Credit Union Administration. <p>(2) By the OCC</p> |
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²⁷ Imposition of Restrictions

²⁸ Enforcement

- a. **In General** – Subject to paragraph (C),²⁹ in exigent circumstances, the Comptroller shall, after not less than **48 hours** ~~5 days~~ prior written notice to ~~any~~ the applicable State payment stablecoin regulator, take an enforcement action against a State qualified payment stablecoin issuer that is a nonbank entity or an institution-affiliated party thereof for violations of this Act if –
- i. The applicable State payment stablecoin regulator has not commenced an enforcement action to correct such violation; and
 - ii. The failure to take such action would create a material risk of loss to holders of such issuer's stablecoins or create a material threat to U.S. financial stability.
- ~~b. **Rulemaking** – Not later than the end of the 180-day period beginning on the date of enactment of this Act, the Comptroller shall issue rules to set forth the standards that would be used by the Comptroller to exercise the back-up authority under this paragraph. ~~those exigent circumstances in which the Comptroller may act under this paragraph.~~~~
- ~~c. **Limitations** – If the Comptroller determines that there is reasonable cause to believe that the continuation of any activity by a State qualified payment stablecoin issuer that is a nonbank entity constitutes a violation of this Act, the Comptroller shall impose such restrictions as the Comptroller determines to be necessary to address such activity.~~
- d. **Exigent Back-up Authority under Section 6(b)** – Solely for purposes of carrying out this paragraph, section 6(b) shall apply to a State qualified payment stablecoin issuer that is a nonbank entity as if the Comptroller were the primary Federal payment stablecoin regulator with respect to the State qualified payment stablecoin issuer.

GLBA – a state qualified payment stablecoin issuer is deemed a financial institution

Interstate Payment Stablecoin Market -

1. **Definitions** – for the purposes of this subsection –
 - a. The term ‘home State’ means the State of a State qualified payment stablecoin issuer’s State payment stablecoin regulator; and
 - b. The term ‘host State’ means a State other than that of the State qualified payment stablecoin issuer’s State payment stablecoin regulator.
2. **Authority to Issue Payment Stablecoins in Host States** – Subject to the requirements of paragraph (3), a State qualified payment stablecoin issuer may issue payment stablecoins in a host State without a charter or license to issue payment stablecoins from such host State.
3. **State Obligations** – Where a State qualified payment stablecoin issuer issues a payment stablecoin in a host State pursuant to paragraph (2) –

²⁹ Imposition of Restrictions

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| | <p>a. Such State qualified payment stablecoin issuer shall notify any State payment stablecoin in such host State of the issuer’s intention to do business in the host State no less than 30 days before such issuer commences business in the host State and in a manner prescribed by the host State’s State payment stablecoin regulator or State banking regulator if such State does not have a regime certified under section 4(b), provided that such notice does not impose a de facto licensure or chartering requirement on such State qualified payment stablecoin issuer;</p> <p>b. Such State qualified payment stablecoin issuer shall comply with all requirements of the issuer’s home State regulatory regime when conducting business in the host State, and where the host State maintains a payment stablecoin regulatory regime that is certified under section 4(b), such issuer shall comply with any obligations of the host State’s payment stablecoin regulatory regime that exceed those of such issuer’s home State regulatory regime;</p> <p>c. Where the host State does not maintain a payment stablecoin regulatory regime that is certified under section 4(b), such State qualified payment stablecoin issuer shall remain subject to all applicable consumer protection laws of such host State; and</p> <p>d. Where the host State maintains a payment stablecoin regulatory regime that is certified under section 4(b), such State qualified payment stablecoin issuer shall remain subject to applicable consumer protection laws of such host State, but only to the same extent as State qualified payment stablecoin issuers chartered or licensed in that host State.</p> <p>Effect on State Law—The provisions of this section do not preempt any law of a State and do not supersede any State licensing requirement.</p> |
| <p>SECTION 8: Customer Protection</p> | |
| <p>In General</p> | <p>A person may only engage in the business of providing custodial or safekeeping services for permitted payment stablecoins, reserves described in section 4(a)(1)(A), or private keys of permitted payment stablecoins, if the person -</p> <ol style="list-style-type: none"> 1. Is subject to - <ol style="list-style-type: none"> a. Supervision or regulation by a primary Federal payment stablecoin regulator or a primary financial regulatory agency described under subparagraph (B) or (C) of section 2(12) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5301(12)); or b. Supervision by a State bank supervisor, as defined in section 3 of the FDI Act (12 U.S.C. 1813) or a State credit union supervisor, as defined in section 6003 of the AML Act of 2020 (31 U.S.C. 5311 note), and such State bank supervisor or State credit union supervisor makes available to the Board such information as the Board determines necessary and relevant to the categories of information under subsection (d); and |

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| | <p>2. Complies with the segregation requirements under subsections (b), (c), and (d),³⁰ unless such person complies with similar requirements as required by the Board, the Comptroller, the Corporation, the Securities and Exchange Commission, or the Commodity Futures Trading Commission, as applicable.</p> |
| Customer Property Requirements | <p>A person described in subsection (a)³¹ shall -</p> <ol style="list-style-type: none"> 1. Treat and deal with the payment stablecoins, private keys, cash, and other property of another person for whom or on whose behalf the person receives, acquires, or holds payment stablecoins, private keys, cash, and other property (hereinafter in this section referred to as the ‘customer’) as belonging to such customer and not as the property of such person; and 2. Take such steps as are appropriate to protect the payment stablecoins, private keys, cash, and other property of a customer from the claims of creditors of the person. |
| Commingling Prohibited | <p>In General – Payment stablecoins, cash, and other property of a customer shall be separately accounted for by a person described in subsection (a) and shall not be commingled with the funds of the person.</p> <p>Customer priority – In any insolvency, the claims against reserves of a payment stablecoin issuer from persons holding payment stablecoins issued by the payment stablecoin issuer of a customer with respect to property of the customer shall have priority over all other the claims, other than for administrative expenses, against the payment stablecoin issuer of a payment stablecoin issuer or any creditor of a payment stablecoin issuer or any creditor of a payment stablecoin issuer unless the customer expressly consents otherwise.</p> <p>Exception – Notwithstanding “In General” -</p> <ol style="list-style-type: none"> A. The payment stablecoins, cash, and other property of a customer may be commingled and deposited in an omnibus account holding the payment stablecoins, cash, and other property of more than 1 customer at a depository institution (as defined in section 3 of the FDI Act), trust company, Federal credit union, or State credit union. an IDI or trust company; B. Such share of the payment stablecoins, cash, and other property of the customer that shall be necessary to transfer, adjust, or settle a transaction or transfer of assets may be withdrawn and applied to such purposes, including the payment of commissions, taxes, storage, and other charges lawfully accruing in connection with the provision of services by a person described in subsection (a); and C. In accordance with such terms and conditions as the Board may prescribe by rule, regulation, or order, any customer payment stablecoin, cash, and other property described in this subsection may be commingled and deposited in customer accounts with payments stablecoins, cash, and other property |

³⁰ (b) Customer Property Requirements; (c) Commingling Prohibited; (d) Regulatory Information

³¹ Customer Protection – In General

received by the person and required by the Board to be separately accounted for, treated, and dealt with as belonging to customers.

Regulatory information – A person described under subsection (a) shall submit to the primary Federal payment stablecoin regulator (of, if the person does not have a primary Federal payment stablecoin regulator, to the Board) information concerning the person’s business operations and processes to protect customer payment stablecoins, cash, and other property, in such form and manner as the primary Federal payment stablecoin regulator (or, if the person does not have a primary Federal payment stablecoin regulator, the Board) shall determine.

Exclusion: The requirements of this section shall not apply to any person solely on the basis that such person engages in the business of providing hardware or software to facilitate a customer’s own custody or safekeeping of the customer’s payment stablecoins or private keys.

SECTION 9: Rule of Construction

A digital asset shall not be construed to be a payment stablecoin, if it is –

1. Redeemable ~~exclusively by the issuer exclusively~~ for other digital assets, provided that such digital assets for which it is redeemable are not primarily –
 - a. Payment stablecoins; or
 - b. Representations of permissible reserves described under section 4(a)(1)(A) of similar such assets; or
2. Primarily used within a system controlled by such digital asset’s issuer as a means of accessing products, services, or loyalty rewards

SECTION 910: Interoperability Standards

The primary Federal payment stablecoin regulators, in consultation with the National Institute of Standards and Technology, other relevant standard setting organizations, and State governments –

1. Shall assess compatibility and interoperability standards for payment stablecoin issuers; and
2. If necessary, may, pursuant to section 553 of title 5 and in a manner consistent with the National Technology Transfer and Advancement Act of 1995 (Public Law 104-113), prescribe standards for payment stablecoin issuers to promote compatibility and interoperability.

Agreements with Foreign Regulators – The Secretary of the Treasury shall seek to enter into agreements with foreign jurisdictions with comparable payment stablecoin regulatory regimes to facilitate international transactions and interoperability with any US dollar-denominated payment stablecoins issued overseas.

SECTION 1110: Moratorium on Endogenously Collateralized Stablecoins

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| Moratorium | During the 2-year period beginning on the date of enactment of this Act, it shall be unlawful to issue, create, or originate an endogenously collateralized stablecoin not in existence on the date of enactment of this Act. |
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| Endogenously Collateralized Stablecoins Defined | In this section, the term endogenously collateralized stablecoins' means any digital asset - <ol style="list-style-type: none">1. In which its issuer has represented will be converted, redeemed, or repurchased for a fixed amount of monetary value; and2. That relies solely on the value of another digital asset created or maintained by the same originator to maintain the fixed price. |
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SECTION 1211: Studies and Reports ~~Study on Non-Payment Stablecoins~~

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| Study | The Secretary of the Treasury, in consultation with the Board, the Comptroller, the Corporation, the National Credit Union Administration , and the Securities and Exchange Commission, shall carry out a study of non-payment stablecoins, including decentralized stablecoins. |
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| Report | No later than 365 days after the enactment of this Act, the Secretary shall provide to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a report that contains all findings made in carrying out the study under subsection (a) paragraph (1) , including an analysis of - <ol style="list-style-type: none">A. The categories of non-payment stablecoins, including the benefits and risks of technological design features;B. The participants in non-payment stablecoin arrangements;C. Utilization and potential utilization of non-payment stablecoins;D. Nature of reserve compositions;E. Governance structure, including aspects of decentralization;F. Nature of public promotion and advertising; andG. Clarity and availability of consumer notices disclosures |
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| Impact Study | <p>In General – The Secretary of the Treasury, in consultation with the Board, the Comptroller, and the Corporation, the National Credit Union Administration, and the Securities and Exchange Commission, shall carry out a study on the impact of payment stablecoins.</p> <p>Report: Not later than 365 days after the date of enactment of this Act, the Secretary shall provide the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a report containing all findings made in carrying out the study under paragraph (1), including an analysis of –</p> <ul style="list-style-type: none"> a. The impact of payment stablecoins on the cost of domestic and cross-border payments and remittances; b. The role of payment stablecoins in providing access to a stable currency in the Global South; c. The use of payment stablecoins by populations in the Global South to mitigate exposure to the effects of inflations; d. The extent to which payment stablecoin adoption reinforces the role of the United States dollar as the world’s reserve currency e. The extent to which payment stablecoins may expand demand for US Treasury securities and reduce the cost of United States Government borrowing. |
| <p>SECTION 1312: Report on Rulemaking Status</p> | |
| <p>Not later than 6 months after the date of enactment of this Act, the primary Federal payment stablecoin regulators shall provide a status update on the development of the rulemaking under this Act to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate.</p> | |
| <p>SECTION 1413: Authority of Banking Institutions</p> | |
| Rule of Construction | <p>Nothing in this Act may be construed to limit the authority of a depository institution, Federal credit union, or State credit union, or trust company to engage in activities permissible pursuant to applicable State and Federal law, including –</p> <ul style="list-style-type: none"> 1. Accepting or receiving deposits and issuing digital assets that represent deposits; 2. Utilizing a distributed ledger for the books and records of the entity and to affect intrabank transfers; and 3. Providing custodial services for payment stablecoins, private keys of payments stablecoins, or reserves backing payment stablecoins |

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| <p>Regulatory Review</p> | <p>The primary Federal payment stablecoin regulators shall review all existing regulations and guidance and, if necessary, amend such regulations or guidance or issue new regulations or guidance to clarify that regulated entities can engage in the payment stablecoin activities contemplated in, and in accordance with, this Act.</p> |
| <p>Treatment of Custody Activities</p> | <p>The appropriate Federal banking agency, the National Credit Union Administration (in the case of a credit union), and the Securities and Exchange Commission may not require a depository institution, national bank, Federal credit union, State credit union, or trust company, or any affiliate thereof (the 'entity') -</p> <ol style="list-style-type: none"> 1. To include assets held in custody that are not owned by the entity as a liability on the any financial statement or balance sheet of the entity, including payment stablecoin custody or safekeeping activities; 2. To hold additional regulatory capital against assets in custody or safekeeping, except as necessary to mitigate against operational risks inherent with the custody or safekeeping services, as determined by - <ol style="list-style-type: none"> A. The appropriate Federal banking agency; B. The NCUA (in the case of a credit union) C. A State bank supervisor (as defined in section 3 of the FDI Act (12 U.S.C. 1813)); or D. A State credit union supervisor (as defined in section 6003 of the AML Act of 2020 (31 U.S.C. 5311 note)); 3. To recognize a liability for any obligations related to activities or services performed for digital assets that the entity does not own if that liability would exceed the expense recognized in the income statement as a result of the corresponding obligation. |
| <p>Definitions</p> | <p>Depository Institution – has the meaning given that term in section 3 of the FDI Act (12 U.S.C. 1813)</p> <p>Credit Union Terms – ‘Federal credit union’ and ‘State credit union’ have the meaning given those terms, respectively, under section 101 of the Federal Credit Union Act.</p> |
| <p>SECTION 1514: Amendments to Clarify that Payment Stablecoins are Not Securities</p> | |
| <p><i>No changes from prior text</i></p> <ul style="list-style-type: none"> ● Investment Company Act of 1940 ● Investment Advisers Act of 1940 ● Securities Act of 1933 | |

- Securities Exchange Act of 1934
- Securities Investor Protection Act of 1970

SECTION 15: Reciprocity for Stablecoins Issued in Overseas Jurisdictions

~~The Board, in collaboration with the Secretary of the Treasury, shall create and implement reciprocal arrangements or other bilateral agreements between the U.S. and jurisdictions with substantially similar payment stablecoin regulatory regimes to facilitate international transactions and interoperability with any United States dollar-denominated stablecoins issued overseas.~~

Section removed. Similar language (without the Board) included in Sec. 10(b) - 'Agreements with Foreign Regulators' (see above)