

117TH CONGRESS
2D SESSION

S. 5340

To provide a regulatory framework and consumer protections for the issuance of payment stablecoins, and for other purposes.

IN THE SENATE OF THE UNITED STATES

DECEMBER 21, 2022

Mr. TOOMEY introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To provide a regulatory framework and consumer protections for the issuance 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 “Stablecoin Trans-
5 parency of Reserves and Uniform Safe Transactions Act
6 of 2022” or the “Stablecoin TRUST Act of 2022”.

7 **SEC. 2. DEFINITIONS.**

8 In this Act:

1 (1) APPROPRIATE FEDERAL BANKING AGEN-
 2 CY.—The term “appropriate Federal banking agen-
 3 cy”—

4 (A) has the meaning given the term in sec-
 5 tion 3 of the Federal Deposit Insurance Act (12
 6 U.S.C. 1813); and

7 (B) includes the National Credit Union
 8 Administration.

9 (2) DEPOSIT.—The term “deposit” has the
 10 meaning given the term in section 3 of the Federal
 11 Deposit Insurance Act (12 U.S.C. 1813).

12 (3) DIGITAL ASSET.—The term “digital asset”
 13 means any digital representation of value that is re-
 14 corded on a cryptographically secured distributed
 15 ledger.

16 (4) INSURED DEPOSITORY INSTITUTION.—The
 17 term “insured depository institution” has the mean-
 18 ing given the term in section 3 of the Federal De-
 19 posit Insurance Act (12 U.S.C. 1813).

20 (5) LEVEL 1 HIGH-QUALITY LIQUID ASSET.—
 21 The term “level 1 high-quality liquid asset” means
 22 an asset described in section 249.20(a) of title 12,
 23 Code of Federal Regulations.

24 (6) MONEY TRANSMITTING BUSINESS.—The
 25 term “money transmitting business” has the mean-

1 ing given the term in section 5330 of title 31,
2 United States Code.

3 (7) NATIONAL LIMITED PAYMENT STABLECOIN
4 ISSUER.—The term “national limited payment
5 stablecoin issuer” means a person that—

6 (A) issues payment stablecoins; and

7 (B) receives a license from, and becomes
8 subject to the regulatory standards established
9 by, the Office of the Comptroller of the Cur-
10 rency under section 5244A of the Revised Stat-
11 utes, as added by section 6 of this Act.

12 (8) NON-DEPOSITORY TRUST COMPANY.—The
13 term “non-depository trust company” means a trust
14 company that does not receive deposits other than
15 trust funds.

16 (9) PAYMENT STABLECOIN.—The term “pay-
17 ment stablecoin” means a digital asset that—

18 (A) is designed to maintain a stable value
19 relative to a fiat currency or currencies;

20 (B) is convertible directly to fiat currency
21 by the issuer;

22 (C) is designed to be widely used as a me-
23 dium of exchange;

24 (D) is issued by a centralized entity;

1 (E) does not inherently pay interest to the
 2 holder; and

3 (F) is recorded on a public distributed
 4 ledger.

5 (10) PAYMENT STABLECOIN ISSUER.—The term
 6 “payment stablecoin issuer” means a person that
 7 issues a payment stablecoin under section 3(b) of
 8 this Act.

9 (11) REGISTERED PUBLIC ACCOUNTING
 10 FIRM.—The term “registered public accounting
 11 firm” has the meaning given the term in section
 12 2(a) of the Sarbanes-Oxley Act of 2002 (15 U.S.C.
 13 7201(a)).

14 (12) STATE BANKING SUPERVISOR.—The term
 15 “State banking supervisor” means the commissioner,
 16 superintendent, or similar official of a State who is
 17 responsible for the chartering, regulation, and exam-
 18 ination of depository institutions, trust companies,
 19 money transmitting businesses, and similar entities
 20 within the State.

21 **SEC. 3. ISSUANCE OF PAYMENT STABLECOINS.**

22 (a) IN GENERAL.—Except as provided in subsection
 23 (b), it shall be unlawful for any person to issue a payment
 24 stablecoin.

1 (b) EXCEPTIONS.—Subsection (a) shall not apply
2 to—

3 (1) a money transmitting business, a non-de-
4 pository trust company, or any other person that is
5 authorized by a State banking supervisor to issue
6 payment stablecoins;

7 (2) a national limited payment stablecoin
8 issuer;

9 (3) a depository institution, as defined in sec-
10 tion 19(b)(1) of the Federal Reserve Act (12 U.S.C
11 461(b)(1)); or

12 (4) a national trust bank.

13 (c) JOINT SUPERVISION.—

14 (1) IN GENERAL.—If a person is authorized by
15 the appropriate Federal banking agency and the ap-
16 plicable State banking supervisor to issue payment
17 stablecoins, the person shall be jointly supervised by
18 the appropriate Federal banking agency and the
19 State banking supervisor.

20 (2) DEPOSITORY INSTITUTIONS.—A depository
21 institution described in subsection (b)(3)—

22 (A) may become a member bank of the
23 Federal Reserve System or obtain deposit or
24 share insurance; and

1 (B) shall not be required to satisfy sub-
2 paragraph (A) as a condition to operate.

3 (d) INJUNCTIVE RELIEF.—The Comptroller of the
4 Currency may bring an action in the appropriate district
5 court of the United States or the court of any territory
6 of the United States for the enforcement of this section
7 and such courts shall have jurisdiction and power to order
8 and require compliance herewith, including through in-
9 junctive relief.

10 (e) FEDERAL RESERVE ACCOUNTS AND SERVICES.—
11 Each Federal Reserve bank shall, upon application from
12 a national limited payment stablecoin issuer or a payment
13 stablecoin issuer that only engages in the business of
14 issuing and redeeming payment stablecoins and engaging
15 in activities incidental to such issuance or redemption—

16 (1) establish and maintain an account for the
17 payment stablecoin issuer; and

18 (2) provide to the payment stablecoin issuer—

19 (A) the services listed in section 11A(b) of
20 the Federal Reserve Act (12 U.S.C. 248a(b));
21 and

22 (B) a deposit account in accordance with
23 the first undesignated paragraph of section 13
24 of the Federal Reserve Act (12 U.S.C. 342).

1 **SEC. 4. DISCLOSURES, REDEMPTION POLICIES, ATTESTA-**
2 **TIONS, AND PERMISSIBLE ASSETS FOR PAY-**
3 **MENT STABLECOIN ISSUERS.**

4 (a) IN GENERAL.—Any person described in section
5 3(b) that issues a payment stablecoin shall—

6 (1) publicly disclose the assets backing the pay-
7 ment stablecoin on a monthly basis;

8 (2) adopt and publicly disclose policies for re-
9 deeming the payment stablecoin, including whether
10 redemption requests will be met on demand or with
11 a time lag;

12 (3) undergo quarterly attestations by a reg-
13 istered public accounting firm and publicly disclose
14 the results; and

15 (4) attest that the assets backing the payment
16 stablecoin do not materially diverge from those dis-
17 closed.

18 (b) FILING OF DISCLOSURES.—Disclosures described
19 in subsection (a) shall—

20 (1) be filed with the Secretary of the Treasury;
21 and

22 (2) made publicly available on a Department of
23 the Treasury website on a form which shall include
24 an executive summary not longer than 1 page in
25 length.

1 (c) RULEMAKING.—The Secretary of the Treasury
 2 may promulgate regulations under section 553 of title 5,
 3 United States Code, to develop a template form for ensur-
 4 ing that the disclosures described in subsection (a) are
 5 complete, clear, and understandable.

6 (d) PERMISSIBLE ASSETS.—Payment stablecoins
 7 issued by a payment stablecoin issuer shall be backed by
 8 assets—

9 (1) with a market value equal to not less than
 10 100 percent of the par value of the payment
 11 stablecoins outstanding; and

12 (2) that are—

13 (A) level 1 high-quality liquid assets, de-
 14 nominated in United States dollars;

15 (B) United States coins and currency, as
 16 described in section 5103 of title 31, United
 17 States Code; and

18 (C) any deposit with an insured depository
 19 institution.

20 **SEC. 5. EQUAL TREATMENT FOR DEPOSITORY INSTITU-**
 21 **TIONS.**

22 (a) NATIONAL BANKING ASSOCIATIONS.—Section
 23 5136 of the Revised Statutes (12 U.S.C. 24) is amended
 24 by adding at the end the following:

25 “Twelfth. To issue payment stablecoins.”.

1 (b) SEGREGATION.—A depository institution, as de-
 2 fined in section 19(b)(1) of the Federal Reserve Act (12
 3 U.S.C. 461(b)(1))—

4 (1) may segregate into a separate legal entity
 5 the issuance of payment stablecoins and manage-
 6 ment of such payment stablecoin reserve assets from
 7 other activities; and

8 (2) that elects to segregate under paragraph
 9 (1), or which only issues payment stablecoins or
 10 manages payment stablecoin reserve assets—

11 (A) shall be subject to the same tailored
 12 regulatory standards as a national limited pay-
 13 ment stablecoin issuer for that activity; and

14 (B) shall remain subject to regulation, ex-
 15 amination, and supervision by the same regu-
 16 lator as the depository institution.

17 **SEC. 6. NATIONAL LIMITED PAYMENT STABLECOIN**
 18 **ISSUERS.**

19 The Revised Statutes are amended by inserting after
 20 section 5244 (12 U.S.C. 43) the following:

21 **“SEC. 5244A. NATIONAL LIMITED PAYMENT STABLECOIN**
 22 **ISSUERS.**

23 “(a) APPLICATION.—An entity may submit to the
 24 Comptroller of the Currency an application for a national
 25 limited payment stablecoin issuer license.

1 “(b) AUTHORITY.—A license for a national limited
 2 payment stablecoin issuer shall authorize the national lim-
 3 ited payment stablecoin issuer to issue and redeem pay-
 4 ment stablecoins and engage in any activities incidental
 5 to such issuance or redemption, including making a mar-
 6 ket in such payment stablecoin and holding and managing
 7 the reserve assets of such payment stablecoins.

8 “(c) LIMITATION ON OTHER ACTIVITIES.—A na-
 9 tional limited payment stablecoin issuer shall not engage
 10 in any activities, such as making loans or other extensions
 11 of credit, other than those authorized by subsection (b).

12 “(d) REVIEW.—

13 “(1) IN GENERAL.—Except as provided in para-
 14 graph (2), the Comptroller of the Currency shall
 15 grant applications for national limited payment
 16 stablecoin issuer licenses not later than 90 days
 17 after the date on which the application is submitted.

18 “(2) CONSIDERATIONS.—

19 “(A) IN GENERAL.—The Comptroller of
 20 the Currency may deny an application for a li-
 21 cense under this subsection only if the Comp-
 22 troller determines that the activities of the ap-
 23 plicant would be unsafe or unsound based on
 24 the factors described in subparagraph (B).

1 “(B) FACTORS.—The factors described in
2 this subparagraph are as follows:

3 “(i) The financial condition and busi-
4 ness plan of the applicant.

5 “(ii) The general character and fit-
6 ness of the management of the applicant.

7 “(iii) The risks presented and the po-
8 tential benefits that could be delivered to
9 consumers.

10 “(3) DEFAULT.—If the Comptroller of the Cur-
11 rency fails to approve or deny an application before
12 the expiration of the 90-day period under paragraph
13 (1), the application shall be deemed to have been ap-
14 proved.

15 “(4) RESPONSE.—If the Comptroller of the
16 Currency denies an application under this section,
17 the Comptroller shall respond to the applicant with
18 a detailed written explanation for such denial.

19 “(e) CORPORATE GOVERNANCE.—A national limited
20 payment stablecoin issuer may elect, by designating in the
21 bylaws of the issuer, to follow the corporate governance
22 provisions of—

23 “(1) the law of the State in which the issuer is
24 incorporated;

1 “(2) the law of the State in which the main of-
2 fice of the issuer is located;

3 “(3) chapter 1 of title 8 of the Delaware Code;
4 or

5 “(4) the Model Business Corporation Act.

6 “(f) SUPERVISION.—A license for a national limited
7 payment stablecoin issuer shall permit supervision, exam-
8 ination, and regulation by the Comptroller of the Currency
9 of only the legal entity that issues payment stablecoins.

10 “(g) REGULATIONS.—The Office of the Comptroller
11 of the Currency may establish only the following regula-
12 tions, in accordance with section 553 of title 5, United
13 States Code, for national limited payment stablecoin
14 issuers:

15 “(1) Capital requirements which shall not ex-
16 ceed 6 months of operating expenses.

17 “(2) Liquidity requirements.

18 “(3) Governance and risk-management require-
19 ments tailored to the business model and risk profile
20 of national limited payment stablecoin issuers.

21 “(h) ENFORCEMENT.—If the Comptroller of the Cur-
22 rency determines that a national limited payment
23 stablecoin issuer has violated the requirements of this sub-
24 section or any other applicable law (including regulations),
25 the Comptroller of the Currency may issue a temporary

1 order requiring the national limited payment stablecoin
2 issuers to—

3 “(1) cease and desist from any such violation;
4 and
5 “(2) take affirmative action to prevent or rem-
6 edy such violation.”.

7 **SEC. 7. EXEMPTION FROM SECURITIES REQUIREMENTS.**

8 (a) SECURITIES.—

9 (1) SECURITIES ACT OF 1933.—Section 2(a)(1)
10 of the Securities Act of 1933 (15 U.S.C. 77b(a)(1))
11 is amended by adding at the end the following: “The
12 term ‘security’ does not include a payment
13 stablecoin, as that term is defined in section 2 of the
14 Stablecoin TRUST Act of 2022.”.

15 (2) SECURITIES EXCHANGE ACT OF 1934.—Sec-
16 tion 3(a)(10) of the Securities Exchange Act of
17 1934 (15 U.S.C. 78c(a)(10)) is amended by adding
18 before the period at the end the following: “, and
19 shall also not include a payment stablecoin, as that
20 term is defined in section 2 of the Stablecoin
21 TRUST Act of 2022”.

22 (3) INVESTMENT COMPANY ACT OF 1940.—Sec-
23 tion 2(a)(36) of the Investment Company Act of
24 1940 (15 U.S.C. 80a–2(a)(36)) is amended by add-
25 ing at the end the following: “The term ‘security’

1 does not include a payment stablecoin, as that term
 2 is defined in section 2 of the Stablecoin TRUST Act
 3 of 2022.”.

4 (4) INVESTMENT ADVISERS ACT OF 1940.—Sec-
 5 tion 202(a)(18) of the Investment Advisers Act of
 6 1940 (15 U.S.C. 80b–2(a)(18)) is amended by add-
 7 ing at the end the following: “The term ‘security’
 8 does not include a payment stablecoin, as that term
 9 is defined in section 2 of the Stablecoin TRUST Act
 10 of 2022.”.

11 (b) INVESTMENT COMPANY.—Section 3(c) of the In-
 12 vestment Company Act of 1940 (15 U.S.C. 80a–3(c)) is
 13 amended by adding at the end the following:

14 “(15) Any payment stablecoin issuer, as that
 15 term is defined in section 2 of the Stablecoin
 16 TRUST Act of 2022.”.

17 (c) INVESTMENT ADVISER.—Section 202(a)(11) of
 18 the Investment Advisers Act of 1940 (15 U.S.C. 80b–
 19 2(a)(11)) is amended—

20 (1) by striking “;; (G)” and inserting “; (G)”;

21 (2) by striking “or (H)” and inserting “(H)”;

22 and

23 (3) by inserting “; or (I) any payment
 24 stablecoin issuer, defined in section 2 of the

1 Stablecoin TRUST Act of 2022” before the period
2 at the end.

3 **SEC. 8. PRIVACY PROTECTIONS FOR DIGITAL ASSETS AND**
4 **PAYMENT STABLECOIN USERS.**

5 (a) EXEMPTION FROM REPORTING REQUIRE-
6 MENTS.—The Secretary of the Treasury may not collect
7 or mandate the collection of nonpublic information about
8 digital asset transactions unless the information is—

9 (1) particularly described in a search warrant
10 granted by a judge upon a finding of probable cause
11 that 1 or more of the participants to the transaction
12 committed or is committing a crime; or

13 (2) voluntarily provided by a customer of a fi-
14 nancial institution, business, or other third party
15 and held for a legitimate business purpose by that
16 financial institution, business, or third party.

17 (b) APPLICABILITY OF OTHER LAWS.—A national
18 limited payment stablecoin issuer shall be subject to title
19 V of the Gramm-Leach-Bliley Act (15 U.S.C. 6801 et
20 seq.).

21 (c) RULE OF CONSTRUCTION.—Nothing in this sec-
22 tion may be construed to limit—

23 (1) any duty to report taxable income;

24 (2) any duty to disclose foreign account owner-
25 ship; or

1 (3) the ability of the Internal Revenue Service
2 to conduct investigations pursuant to a warrant or
3 other regular legal process.

4 **SEC. 9. TREATMENT OF INSOLVENT PAYMENT STABLECOIN**
5 **ISSUERS.**

6 In any insolvency proceeding, including any pro-
7 ceeding under title 11, United States Code, or any insol-
8 vency proceeding by an appropriate Federal banking agen-
9 cy or a State banking supervisor with respect to a payment
10 stablecoin issuer, a claim of a person holding payment
11 stablecoins issued by the payment stablecoin issuer shall
12 have priority over all other claims against the payment
13 stablecoin issuer.

14 **SEC. 10. RULES OF CONSTRUCTION.**

15 (a) **APPLICABILITY TO OTHER INSTRUMENTS.**—
16 Nothing in sections 2 through 6 may be construed as re-
17 stricting activities involving instruments other than pay-
18 ment stablecoins.

19 (b) **RELATION TO STATE AND FEDERAL AUTHOR-**
20 **ITY.**—Nothing in this Act may be construed as—

21 (1) preventing a State banking supervisor from
22 imposing additional or stricter regulatory standards
23 on a person licensed by the State banking supervisor
24 to issue payment stablecoins;

1 (2) superseding any requirement of State law
2 relating to money transmitting businesses operating
3 in that State, other than for payment stablecoin
4 issuers; or

5 (3) limiting the authority of an insured deposi-
6 tory institution to engage in activities permissible
7 pursuant to applicable State and Federal law, in-
8 cluding accepting or receiving deposits and issuing
9 digital assets that represent deposits.

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