The regulatory certainty provided by this incredible bipartisan work product will launch a golden age of innovation and the golden age of digital assets. Today, now, this moment, this is a watershed victory for this country. Today we do something real.

Ms. CRAIG. Mr. Speaker, I am prepared to close, and I reserve the balance of my time.

Mr. THOMPSON of Pennsylvania. Mr. Speaker, I yield myself the balance of my time for the purpose of closing.

Mr. Speaker, I thank the gentleman from South Dakota for his remarks and, quite frankly, I couldn't agree more. I also thank, again, my Agriculture partner, Ranking Member ANGIE CRAIG with the Agriculture Committee, and DON DAVIS and our leadership and all those who have the foresight to see that this is about the future. Well, it is about today because, you know, companies are struggling with this, but more importantly, it is about the future of both the financial sector and the technological sector.

A vote for the CLARITY Act is a vote for America's future and America's leadership. I urge all my colleagues to vote ''yes'' on the CLARITY Act. I yield back the balance of my time.

Ms. CRAIG. Mr. Speaker, I yield myself the balance of my time to close.

Mr. Speaker, I, too, would like to thank the gentleman from Pennsylvania, Chairman G.T. THOMPSON, and his team for working on this consumer protection legislation in a bipartisan manner.

I believe bipartisan legislation is always preferable to partisan legislation. It is stronger. It is harder to undo when it has broad support and leadership changes overnight.

I heard my chairman talk about the farm bill. I regret that it wasn't a bipartisan path through reconciliation for farm bill provisions, but I am optimistic that we can work together in many other areas.

While I wait to see what the gentleman has in store for us for farm programs left behind, I, too, agree that rural development is incredibly important, Mr. Speaker. I hope that the bipartisanship shown through the CLARITY Act process can act as a reminder that we accomplish more and we go further when we work together.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. All time for debate on the bill has expired.

The Chair understands that amendment No. 1 will not be offered.

The SPEAKER pro tempore. Pursuant to the rule, the previous question is ordered on the bill, as amended.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Ms. CRAIG. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this question will be postponed.

## GUIDING AND ESTABLISHING NATIONAL INNOVATION FOR U.S. STABLECOINS ACT

Mr. HILL of Arkansas. Mr. Speaker, pursuant to House Resolution 580, I call up the bill (S. 1582) to provide for the regulation of payment stablecoins, and for other purposes, and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 580, the bill is considered read.

The text of the bill is as follows:

S. 1582

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the ''Guiding and Establishing National Innovation for U.S. Stablecoins Act'' or the ''GENIUS Act''.

**SEC. 2. DEFINITIONS.**

In this Act:

(1) APPROPRIATE FEDERAL BANKING AGENCY.—The term ''appropriate Federal banking agency'' has the meaning given that term in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).

(2) BANK SECRECY ACT.—The term ''Bank Secrecy Act'' means—

(A) section 21 of the Federal Deposit Insurance Act (12 U.S.C. 1829b);

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

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

(3) BOARD.—The term ''Board'' means the Board of Governors of the Federal Reserve System.

(4) COMPTROLLER.—The term ''Comptroller'' means the Office of the Comptroller of the Currency.

(5) CORPORATION.—The term ''Corporation'' means the Federal Deposit Insurance Corporation.

(6) DIGITAL ASSET.—The term ''digital asset'' means any digital representation of value that is recorded on a cryptographically secured distributed ledger.

(7) DIGITAL ASSET SERVICE PROVIDER.—The term ''digital asset service provider''—

(A) means a person that, for compensation or profit, engages in the business in the United States (including on behalf of customers or users in the United States) of—

(i) exchanging digital assets for monetary value;

(ii) exchanging digital assets for other digital assets;

(iii) transferring digital assets to a third party;

(iv) acting as a digital asset custodian; or

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

(B) does not include—

(i) a distributed ledger protocol;

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

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

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

(v) participating in a liquidity pool or other similar mechanism for the provisioning of liquidity for peer-to-peer transactions.

(8) DISTRIBUTED LEDGER.—The term ''distributed ledger'' means technology in which data is shared across a network that creates a public digital ledger of verified transactions or information among network participants and cryptography is used to link the data to maintain the integrity of the public ledger and execute other functions.

(9) DISTRIBUTED LEDGER PROTOCOL.—The term ''distributed ledger protocol'' means publicly available and accessible executable software deployed to a distributed ledger, including smart contracts or networks of smart contracts.

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

(11) FEDERAL QUALIFIED PAYMENT STABLECOIN ISSUER.—The term ''Federal qualified payment stablecoin issuer'' means—

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

(B) an uninsured national bank—

(i) that is chartered by the Comptroller, pursuant to title LXII of the Revised Statutes; and

(ii) that is approved by the Comptroller, pursuant to section 5, to issue payment stablecoins; and

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

(12) FOREIGN PAYMENT STABLECOIN ISSUER.—The term ''foreign payment stablecoin issuer'' means an issuer of a payment stablecoin that is—

(A) organized under the laws of or domiciled in a foreign country, a territory of the United States, Puerto Rico, Guam, American Samoa, or the Virgin Islands; and

(B) not a permitted payment stablecoin issuer.

(13) INSTITUTION-AFFILIATED PARTY.—With respect to a permitted payment stablecoin issuer, the term ''institution-affiliated party'' means any director, officer, employee, or controlling stockholder of the permitted payment stablecoin issuer.

(14) 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).

(15) INSURED DEPOSITORY INSTITUTION.—The term ''insured depository institution'' means—

(A) an insured depository institution, as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813); and

(B) an insured credit union.

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

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

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

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

(17) MONETARY VALUE.—The term ''monetary value'' means a national currency or deposit (as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)) denominated in a national currency.

(18) MONEY.—The term ''money''—

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

(B) includes a monetary unit of account established by an intergovernmental organization or by agreement between 2 or more countries.

(19) NATIONAL CURRENCY.—The term ''national currency'' means each of the following:

(A) A Federal Reserve note (as the term is used in the first undesignated paragraph of section 16 of the Federal Reserve Act (12 U.S.C. 411)).

(B) Money standing to the credit of an account with a Federal Reserve Bank.

(C) Money issued by a foreign central bank.

(D) Money issued by an intergovernmental organization pursuant to an agreement by 2 or more governments.

(20) NONBANK ENTITY.—The term ''nonbank entity'' means a person that is not a depository institution or subsidiary of a depository institution.

(21) OFFER.—The term ''offer'' means to make available for purchase, sale, or exchange.

(22) PAYMENT STABLECOIN.—The term ''payment stablecoin''—

(A) means a digital asset—

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

(ii) the issuer of which—

(I) is obligated to convert, redeem, or repurchase for a fixed amount of monetary value, not including a digital asset denominated in a fixed amount of monetary value; and

(II) represents that such issuer will maintain, or create the reasonable expectation that it will maintain, a stable value relative to the value of a fixed amount of monetary value; and

(B) does not include a digital asset that—

(i) is a national currency;

(ii) is a deposit (as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)), including a deposit recorded using distributed ledger technology; or

(iii) is a security, as defined in section 2 of the Securities Act of 1933 (15 U.S.C. 77b), section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c), or section 2 of the Investment Company Act of 1940 (15 U.S.C. 80a–2), except that, for the avoidance of doubt, no bond, note, evidence of indebtedness, or investment contract that was issued by a permitted payment stablecoin issuer shall qualify as a security solely by virtue of its satisfying the conditions described in subparagraph (A), consistent with section 17 of this Act.

(23) PERMITTED PAYMENT STABLECOIN ISSUER.—The term ''permitted payment stablecoin issuer'' means a person formed in the United States that is—

(A) a subsidiary of an insured depository institution that has been approved to issue payment stablecoins under section 5;

(B) a Federal qualified payment stablecoin issuer; or

(C) a State qualified payment stablecoin issuer.

(24) PERSON.—The term ''person'' means an individual, partnership, company, corporation, association, trust, estate, cooperative organization, or other business entity, incorporated or unincorporated.

(25) PRIMARY FEDERAL PAYMENT STABLECOIN REGULATOR.—The term ''primary Federal payment stablecoin regulator'' means—

(A) with respect to a subsidiary of an insured depository institution (other than an insured credit union), the appropriate Federal banking agency of such insured depository institution;

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

(C) with respect to a State chartered depository institution not specified under subparagraph (A), the Corporation, the Comptroller, or the Board; and

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

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

(27) STABLECOIN CERTIFICATION REVIEW COMMITTEE.—The term ''Stablecoin Certification Review Committee'' means the committee of that name and having the functions as provided in this Act—

(A) of which—

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

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

(B) which, unless otherwise specified in this Act, shall act by ⅔ vote of its members at any meeting called by the Chair or by unanimous written consent.

(28) STATE.—The term ''State'' means each of the several States of the United States, the District of Columbia, and each territory of the United States.

(29) STATE CHARTERED DEPOSITORY INSTITUTION.—The term ''State chartered depository institution'' has the meaning given the term ''State depository institution'' in section 3(c) of the Federal Deposit Insurance Act (12 U.S.C. 1813(c)).

(30) STATE PAYMENT STABLECOIN REGULATOR.—The term ''State payment stablecoin regulator'' means a State agency that has primary regulatory and supervisory authority in such State over entities that issue payment stablecoins.

(31) STATE QUALIFIED PAYMENT STABLECOIN ISSUER.—The term ''State qualified payment stablecoin issuer'' means an entity that—

(A) is legally established under the laws of a State and approved to issue payment stablecoins by a State payment stablecoin regulator; and

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

(32) SUBSIDIARY.—The term ''subsidiary'' has the meaning given that term in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).

(33) SUBSIDIARY OF AN INSURED CREDIT UNION.—With respect to an insured credit union, the term ''subsidiary of an insured credit union'' means—

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

(B) a credit union service organization, as such term is used under part 712 of title 12, Code of Federal Regulations, with respect to which the insured credit union has an ownership interest or to which the insured credit union has extended a loan; and

(C) a subsidiary of a State chartered insured credit union authorized under State law.

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

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

(b) PROHIBITION ON OFFERS OR SALES.—

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

(2) FOREIGN PAYMENT STABLECOIN ISSUERS.—It shall be unlawful for any digital asset service provider to offer, sell, or otherwise make available in the United States a payment stablecoin issued by a foreign payment stablecoin issuer unless the foreign payment stablecoin issuer has the technological capability to comply, and will comply, with the terms of any lawful order and any reciprocal arrangement pursuant to section 18.

(c) LIMITED SAFE HARBORS.—

(1) IN GENERAL.—The Secretary of the Treasury may issue regulations providing safe harbors from subsection (a) that are—

(A) consistent with the purposes of the Act;

(B) limited in scope; and

(C) apply to a de minimis volume of transactions, as determined by the Secretary of the Treasury.

(2) UNUSUAL AND EXIGENT CIRCUMSTANCES.—

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

(B) JUSTIFICATION.—Prior to issuing a limited safe harbor under this paragraph, the Secretary of the Treasury shall submit to the chairs and ranking members of the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a justification for the determination of the unusual and exigent circumstances, which may be contained in a classified annex, as applicable.

(d) RULEMAKING.—Consistent with section 13, the Secretary of the Treasury shall issue regulations to implement this section, including regulations to define terms.

(e) EXTRATERRITORIAL EFFECT.—This section is intended to have extraterritorial effect if conduct involves the offer or sale of a payment stablecoin to a person located in the United States.

(f) PENALTY FOR VIOLATION.—

(1) IN GENERAL.—Whoever knowingly participates in a violation of subsection (a) shall be fined not more than $1,000,000 for each such violation, imprisoned for not more than 5 years, or both.

(2) REFERRAL TO ATTORNEY GENERAL.—If a primary Federal payment stablecoin regulator has reason to believe that any person has knowingly violated subsection (a), the primary Federal payment stablecoin regulator may refer the matter to the Attorney General.

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

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

(2) eligible as cash or as a cash equivalent margin and collateral for futures commission merchants, derivative clearing organizations, broker-dealers, registered clearing agencies, and swap dealers; or

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

(h) RULES OF CONSTRUCTION.—

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

(A) the direct transfer of digital assets between 2 individuals acting on their own behalf and for their own lawful purposes, without the involvement of an intermediary;

(B) to any transaction involving the receipt of digital assets by an individual between an account owned by the individual in the United States and an account owned by the individual abroad that are offered by the same parent company; or

(C) to any transaction by means of a software or hardware wallet that facilitates an individual's own custody of digital assets.

(2) TREASURY AUTHORITY.—Nothing in this Act shall alter the existing authority of the Secretary of the Treasury to block, restrict, or limit transactions involving payment stablecoins that reference or are denominated in United States dollars that are subject to the jurisdiction of the United States.

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

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

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

(A) maintain identifiable reserves backing the outstanding payment stablecoins of the permitted payment stablecoin issuer on an at least 1 to 1 basis, with reserves comprising—

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

(ii) funds held as demand deposits (or other deposits that may be withdrawn upon request at any time) or insured shares at an insured depository institution (including any foreign branches or agents, including correspondent banks, of an insured depository institution), subject to limitations established by the Corporation and the National Credit Union Administration, as applicable, to address safety and soundness risks of such insured depository institution;

(iii) Treasury bills, notes, or bonds—

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

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

(iv) money received under repurchase agreements, with the permitted payment stablecoin issuer acting as a seller of securities and with an overnight maturity, that are backed by Treasury bills with a maturity of 93 days or less;

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

(I) tri-party;

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

(III) bilateral with a counterparty that the issuer has determined to be adequately creditworthy even in the event of severe market stress;

(vi) securities issued by an investment company registered under section 8(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–8(a)), or other registered Government money market fund, and that are invested solely in underlying assets described in clauses (i) through (v);

(vii) any other similarly liquid Federal Government-issued asset approved by the primary Federal payment stablecoin regulator, in consultation with the State payment stablecoin regulator, if applicable, of the permitted payment stablecoin issuer; or

(viii) any reserve described in clause (i) through (iii) or clause (vi) through (vii) in tokenized form, provided that such reserves comply with all applicable laws and regulations;

(B) publicly disclose the issuer's redemption policy, which shall—

(i) establish clear and conspicuous procedures for timely redemption of outstanding payment stablecoins, provided that any discretionary limitations on timely redemptions can only be imposed by a State qualified payment stablecoin regulator, the Corporation, the Comptroller, or the Board, consistent with section 7; and

(ii) publicly, clearly, and conspicuously disclose in plain language all fees associated with purchasing or redeeming the payment stablecoins, provided that such fees can only be changed upon not less than 7 days' prior notice to consumers; and

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

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

(ii) the amount and composition of the reserves described in subparagraph (A), including the average tenor and geographic location of custody of each category of reserve instruments.

(2) PROHIBITION ON REHYPOTHECATION.—Reserves required under paragraph (1)(A) may not be pledged, rehypothecated, or reused by the permitted payment stablecoin issuer, either directly or indirectly, except for the purpose of—

(A) satisfying margin obligations in connection with investments in permitted reserves under clauses (iv) and (v) of paragraph (1)(A);

(B) satisfying obligations associated with the use, receipt, or provision of standard custodial services; or

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

(i) the repurchase agreements are cleared by a clearing agency registered with the Securities and Exchange Commission; or

(ii) the permitted payment stablecoin issuer receives the prior approval of its primary Federal payment stablecoin regulator or State payment stablecoin regulator, as applicable.

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

(A) IN GENERAL.—A permitted payment stablecoin issuer shall, each month, have the information disclosed in the previous month-end report required under paragraph (1)(D) examined by a registered public accounting firm.

(B) CERTIFICATION.—Each month, the Chief Executive Officer and Chief Financial Officer of a permitted payment stablecoin issuer shall submit a certification as to the accuracy of the monthly report to, as applicable—

(i) the primary Federal payment stablecoin regulator of the permitted payment stablecoin issuer; or

(ii) the State payment stablecoin regulator of the permitted payment stablecoin issuer.

(C) CRIMINAL PENALTY.—Any person who submits a certification required under subparagraph (B) knowing that such certification is false shall be subject to the same criminal penalties as those set forth under section 1350(c) of title 18, United States Code.

(4) CAPITAL, LIQUIDITY, AND RISK MANAGEMENT REQUIREMENTS.—

(A) IN GENERAL.—The primary Federal payment stablecoin regulators shall, or in the case of a State qualified payment stablecoin issuer, the State payment stablecoin regulator shall, consistent with section 13, issue regulations implementing—

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

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

(II) do not exceed requirements that are sufficient to ensure the ongoing operations of permitted payment stablecoin issuers; and

(III) in the case of the primary Federal payment stablecoin regulators, if the primary Federal payment stablecoin regulators determine that a capital buffer is necessary to ensure the ongoing operations of permitted payment stablecoin issuers, may include capital buffers that are tailored to the business model and risk profile of permitted payment stablecoin issuers;

(ii) the liquidity standard under paragraph (1)(A);

(iii) reserve asset diversification, including deposit concentration at banking institutions, and interest rate risk management standards applicable to permitted payment stablecoin issuers that—

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

(II) do not exceed standards that are sufficient to ensure the ongoing operations of permitted payment stablecoin issuers; and

(iv) appropriate operational, compliance, and information technology risk management principles-based requirements and standards, including Bank Secrecy Act and sanctions compliance standards, that—

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

(II) are consistent with applicable law.

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

(i) the authority of the primary Federal payment stablecoin regulators, in prescribing standards under this paragraph, to tailor or differentiate among issuers on an individual basis or by category, taking into consideration the capital structure, business model risk profile, complexity, financial activities (including financial activities of subsidiaries), size, and any other risk-related factors of permitted payment stablecoin issuers that a primary Federal payment stablecoin regulator determines appropriate, provided that such tailoring or differentiation occurs without respect to whether a permitted payment stablecoin issuer is regulated by a State payment stablecoin regulator; or

(ii) any supervisory, regulatory, or enforcement authority of a primary Federal payment stablecoin regulator to further the safe and sound operation of an institution for which the primary Federal payment stablecoin regulator is the appropriate regulator.

(C) APPLICABILITY OF EXISTING CAPITAL STANDARDS.—

(i) DEFINITION.—In this subparagraph, the term ''depository institution holding company'' has the meaning given that term under section 171(a)(3) of the Financial Stability Act of 2010 (12 U.S.C. 5371(a)(3)).

(ii) APPLICABILITY OF FINANCIAL STABILITY ACT.—With respect to the promulgation of rules under subparagraph (A) and clauses (iii) and (iv) of this subparagraph, section 171 of the Financial Stability Act of 2010 (12 U.S.C. 5371) shall not apply.

(iii) RULES RELATING TO LEVERAGE CAPITAL REQUIREMENTS OR RISK-BASED CAPITAL REQUIREMENTS.—Any rule issued by an appropriate Federal banking agency that imposes, on a consolidated basis, a leverage capital requirement or risk-based capital requirement with respect to an insured depository

institution or depository institution holding company shall provide that, for purposes of such leverage capital requirement or risk-based capital requirement, any insured depository institution or depository institution holding company that includes, on a consolidated basis, a permitted payment stablecoin issuer, shall not be required to hold, with respect to such 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 issued pursuant to subparagraph (A)(i).

(iv) MODIFICATIONS.—Not later than the earlier of the rulemaking deadline under section 13 or the date on which the Federal payment stablecoin regulators issue regulations to carry out this section, each appropriate Federal banking agency shall amend or otherwise modify any regulation of the appropriate Federal banking agency described in clause (iii) so that such regulation, as amended or otherwise modified, complies with clause (iii) of this subparagraph.

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

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

(i) maintenance of an effective anti-money laundering program, which shall include appropriate risk assessments and designation of an officer to supervise the program;

(ii) retention of appropriate records;

(iii) monitoring and reporting of any suspicious transaction relevant to a possible violation of law or regulation;

(iv) technical capabilities, policies, and procedures to block, freeze, and reject specific or impermissible transactions that violate Federal or State laws, rules, or regulations;

(v) maintenance of an effective customer identification program, including identification and verification of account holders with the permitted payment stablecoin issuer, high-value transactions, and appropriate enhanced due diligence; and

(vi) maintenance of an effective economic sanctions compliance program, including verification of sanctions lists, consistent with Federal law.

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

(C) RESERVATION OF AUTHORITY.—Nothing in this Act shall restrict the authority of the Secretary of the Treasury to implement, administer, and enforce the provisions of subchapter II of chapter 53 of title 31, United States Code.

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

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

(i) shall, to the best of the Secretary's ability, coordinate with a permitted payment stablecoin issuer before taking any action to block and prohibit transactions in property and interests in property of a foreign person to ensure that the permitted payment stablecoin issuer is able to effectively block a payment stablecoin of the foreign person upon issuance of the payment stablecoin; and

(ii) is not required to notify any permitted payment stablecoin issuer of any intended action described in clause (i) prior to taking such action.

(B) COMPLIANCE WITH LAWFUL ORDERS.—A permitted payment stablecoin issuer may issue payment stablecoins only if the issuer has the technological capability to comply, and will comply, with the terms of any lawful order.

(C) REPORT REQUIRED.—Not later than 1 year after the date of enactment of this Act, the Attorney General and the Secretary of the Treasury shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report, which may include a classified annex if applicable, on the coordination with permitted payment stablecoin issuers required under subparagraph (A).

(D) RULE OF CONSTRUCTION.—Nothing in this paragraph shall be construed to alter or affect the authority of State payment stablecoin regulators with respect to the offer of foreign-issued digital assets that are issued within a foreign jurisdiction.

(7) LIMITATION ON PAYMENT STABLECOIN ACTIVITIES.—

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

(i) issue payment stablecoins;

(ii) redeem payment stablecoins;

(iii) manage related reserves, including purchasing, selling, and holding reserve assets or providing custodial services for reserve assets, consistent with State and Federal law;

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

(v) undertake other activities that directly support any of the activities described in clauses (i) through (iv).

(B) RULE OF CONSTRUCTION.—Nothing in subparagraph (A) shall limit a permitted payment stablecoin issuer from engaging in payment stablecoin activities or digital asset service provider activities specified by this Act, and activities incidental thereto, that are authorized by the primary Federal payment stablecoin regulator or the State payment stablecoin regulator, as applicable, consistent with all other Federal and State laws, provided that the claims of payment stablecoin holders rank senior to any potential claims of non-stablecoin creditors with respect to the reserve assets, consistent with section 11.

(8) PROHIBITION ON TYING.—

(A) IN GENERAL.—A permitted payment stablecoin issuer may not provide services to a customer on the condition that the customer obtain an additional paid product or service from the permitted payment stablecoin issuer, or any of its subsidiaries, or agree to not obtain an additional product or service from a competitor.

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

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

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

(i) use any combination of terms relating to the United States Government, including ''United States'', ''United States Government'', and ''USG'' in the name of a payment stablecoin; or

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

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

(II) issued by the United States; or

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

(B) PEGGED STABLECOINS.—Abbreviations directly relating to the currency to which a payment stablecoin is pegged, such as ''USD'', are not subject to the prohibitions in subparagraph (A).

(10) AUDITS AND REPORTS.—

(A) ANNUAL FINANCIAL STATEMENT.—

(i) IN GENERAL.—A permitted payment stablecoin issuer with more than $50,000,000,000 in consolidated total outstanding issuance, that is not subject to the reporting requirements under section 13(a) or 15(d) of the Securities and Exchange Act of 1934 (15 U.S.C. 78m, 78o(d)), shall prepare, in accordance with generally accepted accounting principles, an annual financial statement, which shall include the disclosure of any related party transactions, as defined by such generally accepted accounting principles.

(ii) AUDITOR.—A registered public accounting firm shall perform an audit of the annual financial statements described in clause (i).

(iii) STANDARDS.—An audit described in clause (ii) shall be conducted in accordance with all applicable auditing standards established by the Public Company Accounting Oversight Board, including those relating to auditor independence, internal controls, and related party transactions.

(iv) RULE OF CONSTRUCTION.—Nothing in this subparagraph shall be construed to limit, alter, or expand the jurisdiction of the Public Company Accounting Oversight Board over permitted payment stablecoin issuers or registered public accounting firms.

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

(i) make such audited financial statements publicly available on the website of the permitted payment stablecoin issuer; and

(ii) submit such audited financial statements annually to their primary Federal payment stablecoin regulator.

(C) CONSULTATION.—The primary Federal payment stablecoin regulators may consult with the Public Company Accounting Oversight Board to determine best practices for determining audit oversight and to detect fraud, material misstatements, and other financial misrepresentations that could mislead permitted payment stablecoin holders.

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

(12) NON-FINANCIAL SERVICES PUBLIC COMPANIES.—

(A) DEFINITIONS.—In this paragraph:

(i) FINANCIAL ACTIVITIES.—The term ''financial activities''—

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

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

(ii) PUBLIC COMPANY.—The term ''public company'' means an issuer that is required to file reports under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)).

(B) PROHIBITION.—

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

(I) it will not pose a material risk to the safety and soundness of the United States banking system, the financial stability of the United States, or the Deposit Insurance Fund;

(II) the public company will comply with data use limitations providing that, unless the public company receives consent from the consumer, nonpublic personal information obtained from stablecoin transaction data may not be—

(aa) used to target, personalize, or rank advertising or other content;

(bb) sold to any third party; or

(cc) shared with non-affiliates; and

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

(ii) EXCEPTION.—The prohibition under clause (i) against the sharing of consumer information shall not apply to sharing of such information—

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

(II) to comply with a properly authorized civil, criminal, or regulatory investigation, subpoena, or summons by a Federal, State, or local authority; or

(III) to respond to judicial process or a government regulatory authority having jurisdiction over the public company.

(C) EXTENSION OF PROHIBITION.—

(i) IN GENERAL.—Any company not domiciled in the United States or its Territories that is not predominantly engaged in 1 or more financial activities, may not issue a payment stablecoin unless the public company obtains a unanimous vote of the Stablecoin Certification Review Committee finding that—

(I) it will not pose a material risk to the safety and soundness of the United States banking system, the financial stability of the United States, or the Deposit Insurance Fund;

(II) the public company will comply with data use limitations providing that, unless the public company receives consent from the consumer, nonpublic personal information obtained from stablecoin transaction data may not be—

(aa) used to target, personalize, or rank advertising or other content;

(bb) sold to any third party; or

(cc) shared with non-affiliates; except

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

(ii) EXCEPTION.—The prohibition under clause (i) against the sharing of consumer information shall not apply to sharing of such information—

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

(II) to comply with a properly authorized civil, criminal, or regulatory investigation, subpoena, or summons by a Federal, State, or local authority; or

(III) to respond to judicial process or a government regulatory authority having jurisdiction over the public company.

(D) RULEMAKING.—Not later than 1 year after the date of enactment of this Act, the Stablecoin Certification Review Committee shall issue an interpretive rule clarifying the application of this paragraph.

(13) ELIGIBILITY.—Nothing in this Act shall be construed as expanding or contracting legal eligibility to receive services available from a Federal Reserve bank or to make deposits with a Federal Reserve bank, in each case pursuant to the Federal Reserve Act.

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

(b) REGULATION BY THE COMPTROLLER.—

(1) IN GENERAL.—Notwithstanding section 5136C of the Revised Statutes (12 U.S.C. 25b), section 6 of the Home Owners' Loan Act (12 U.S.C. 1465), or any applicable State law relating to licensing and supervision, a Federal qualified payment stablecoin issuer approved by the Comptroller pursuant to section 5 of this Act shall be licensed, regulated, examined, and supervised exclusively by the Comptroller, which shall have authority, in coordination with other relevant primary Federal payment stablecoin regulators and State payment stablecoin regulators, to issue such regulations and orders as necessary to ensure financial stability and implement subsection (a).

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

''(3) REGULATION OF FEDERAL QUALIFIED PAYMENT STABLECOIN ISSUERS.—The Comptroller of the Currency shall, in coordination with other relevant regulators and consistent with section 13 of the GENIUS Act, issue such regulations and orders as necessary to ensure financial stability and implement section 4(a) of that Act.''.

(c) STATE-LEVEL REGULATORY REGIMES.—

(1) OPTION FOR STATE-LEVEL REGULATORY REGIME.—Notwithstanding the Federal regulatory framework established under this Act, a State qualified payment stablecoin issuer with a consolidated total outstanding issuance of not more than $10,000,000,000 may opt for regulation under a State-level regulatory regime, provided that the State-level regulatory regime is substantially similar to the Federal regulatory framework under this Act.

(2) PRINCIPLES.—The Secretary of the Treasury shall, through notice and comment rulemaking, establish broad-based principles for determining whether a State-level regulatory regime is substantially similar to the Federal regulatory framework under this Act.

(3) REVIEW.—State payment stablecoin regulators shall review State-level regulatory regimes according to the principles established by the Secretary of the Treasury under paragraph (2) and for the purposes of establishing any necessary cooperative agreements to implement section 7(f).

(4) CERTIFICATION.—

(A) INITIAL CERTIFICATION.—Subject to subparagraph (B), not later than 1 year after the effective date of this Act, a State payment stablecoin regulator shall submit to the Stablecoin Certification Review Committee an initial certification that the State-level regulatory regime meets the criteria for substantial similarity established pursuant to paragraph (2).

(B) FORM OF CERTIFICATION.—The initial certification required under subparagraph (A) shall contain, in a form prescribed by the Stablecoin Certification Review Committee, an attestation that the State-level regulatory regime meets the criteria for substantial similarity established pursuant to paragraph (2).

(C) ANNUAL RECERTIFICATION.—Not later than a date to be determined by the Secretary of the Treasury each year, a State payment stablecoin regulator shall submit to the Stablecoin Certification Review Committee an additional certification that confirms the accuracy of the initial certification submitted under subparagraph (A).

(5) CERTIFICATION REVIEW.—

(A) IN GENERAL.—Not later than 30 days after the date on which a State payment stablecoin regulator submits an initial certification or a recertification under paragraph (4), the Stablecoin Certification Review Committee shall—

(i) approve such certification if the Committee unanimously determines that the State-level regulatory regime meets or exceeds the standards and requirements described in subsection (a); or

(ii) deny such certification and provide the State payment stablecoin regulator with a written explanation of the denial, describing the reasoned basis for the denial with sufficient detail to enable the State payment stablecoin regulator and State-level regulatory regime to make any changes necessary to meet or exceed the standards and requirements described in subsection (a).

(B) RECERTIFICATIONS.—With respect to any recertification certification submitted by a State payment stablecoin regulator under paragraph (4), the Stablecoin Certification Review Committee shall only deny the recertification if—

(i) the State-level regulatory regime has materially changed from the prior certification or there has been a significant change in circumstances; and

(ii) the material change in the regime or significant change in circumstances described in clause (i) is such that the State-level regulatory regime will not promote the safe and sound operation of State qualified payment stablecoin issuers under its supervision.

(C) OPPORTUNITY TO CURE.—

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

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

(II) resubmit the initial certification or recertification.

(ii) DENIAL.—If, after a State payment stablecoin regulator resubmits an initial certification or recertification under clause (i), the Stablecoin Certification Review Committee again determines that the initial certification or recertification shall result in a denial, the Stablecoin Certification Review Committee shall, not later than 30 days after such determination, provide the State payment stablecoin regulator with a written explanation for the determination.

(D) APPEAL OF DENIAL.—A State payment stablecoin regulator in receipt of a denial under subparagraph (C)(ii) may appeal the denial to the United States Court of Appeals for the District of Columbia Circuit.

(E) RIGHT TO RESUBMIT.—A State payment stablecoin regulator in receipt of a denial under this paragraph shall not be prohibited from resubmitting a new certification under paragraph (4).

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

(7) EXPEDITED CERTIFICATIONS OF EXISTING REGULATORY REGIMES.—The Stablecoin Certification Review Committee shall take all

necessary steps to endeavor that, with respect to a State that, within 180 days of the date of enactment of this Act, has in effect a prudential regulatory regime (including regulations and guidance) for the supervision of digital assets or payment stablecoins, the certification process under this paragraph with respect to that regime occurs on an expedited timeline after the effective date of this Act.

(d) TRANSITION TO FEDERAL OVERSIGHT.—

(1) DEPOSITORY INSTITUTION.—A State chartered depository institution that is a State qualified payment stablecoin issuer with a payment stablecoin with a consolidated total outstanding issuance of more than $10,000,000,000 shall—

(A) not later than 360 days after the payment stablecoin reaches such threshold, transition to the Federal regulatory framework of the primary Federal payment stablecoin regulator of the State chartered depository institution, which shall be administered by the State payment stablecoin regulator of the State chartered depository institution and the primary Federal payment stablecoin regulator acting jointly; or

(B) beginning on the date the payment stablecoin reaches such threshold, cease issuing new payment stablecoins until the payment stablecoin is under the $10,000,000,000 consolidated total outstanding issuance threshold.

(2) OTHER INSTITUTIONS.—A State qualified payment stablecoin issuer not described in paragraph (1) with a payment stablecoin with a consolidated total outstanding issuance of more than $10,000,000,000 shall—

(A) not later than 360 days after the payment stablecoin reaches such threshold, transition to the Federal regulatory framework under subsection (a) administered by the relevant State payment stablecoin regulator and the Comptroller, acting in coordination; or

(B) beginning on the date the payment stablecoin reaches such threshold, cease issuing new payment stablecoins until the payment stablecoin is under the $10,000,000,000 consolidated total outstanding issuance threshold.

(3) WAIVER.—

(A) IN GENERAL.—Notwithstanding paragraphs (1) and (2), the applicable primary Federal payment stablecoin regulator may permit a State qualified payment stablecoin issuer with a payment stablecoin with a consolidated total outstanding issuance of more than $10,000,000,000 to remain solely supervised by a State payment stablecoin regulator.

(B) CRITERIA FOR WAIVER.—The primary Federal payment stablecoin regulator shall consider the following exclusive criteria in determining whether to issue a waiver under this paragraph:

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

(ii) The past operations and examination history of the State qualified payment stablecoin issuer.

(iii) The experience of the State payment stablecoin regulator in supervising payment stablecoin and digital asset activities.

(iv) The supervisory framework, including regulations and guidance, of the State qualified payment stablecoin issuer with respect to payment stablecoins and digital assets.

(C) RULE OF CONSTRUCTION.—

(i) FEDERAL OVERSIGHT.—A State qualified payment stablecoin issuer subject to Federal oversight under paragraph (1) or (2) of this subsection that does not receive a waiver under this paragraph shall continue to be supervised by the State payment stablecoin regulator of the State qualified payment stablecoin issuer jointly with the primary Federal payment stablecoin regulator. Nothing in this subsection shall require the State qualified payment stablecoin issuer to convert to a Federal charter.

(ii) STATE OVERSIGHT.—A State qualified payment stablecoin issuer supervised by a State payment stablecoin regulator that has established a prudential regulatory regime (including regulations and guidance) for the supervision of digital assets or payment stablecoins before the 90-day period ending on the date of enactment of this Act that has been certified pursuant to subsection (c) and has approved 1 or more issuers to issue payment stablecoins under the supervision of such State payment stablecoin regulator, shall be presumptively approved for a waiver under this paragraph, unless the Federal payment stablecoin regulator finds, by clear and convincing evidence, that the requirements of subparagraph (B) are not substantially met with respect to that issuer or that the issuer poses significant safety and soundness risks to the financial system of the United States.

(e) MISREPRESENTATION OF INSURED STATUS.—

(1) IN GENERAL.—Payment stablecoins shall not be backed by the full faith and credit of the United States, guaranteed by the United States Government, subject to deposit insurance by the Federal Deposit Insurance Corporation, or subject to share insurance by the National Credit Union Administration.

(2) MISREPRESENTATION OF INSURED STATUS.—

(A) IN GENERAL.—It shall be unlawful to represent that payment stablecoins are backed by the full faith and credit of the United States, guaranteed by the United States Government, or subject to Federal deposit insurance or Federal share insurance.

(B) PENALTY.—A violation of subparagraph (A) shall be considered a violation of section 18(a)(4) of the Federal Deposit Insurance Act (12 U.S.C. 1828(a)(4)) or section 709 of title 18, United States Code, as applicable.

(3) MARKETING.—

(A) IN GENERAL.—It shall be unlawful to market a product in the United States as a payment stablecoin unless the product is issued pursuant to this Act.

(B) PENALTY.—Whoever knowingly and willfully participates in a violation of subparagraph (A) shall be fined by the Department of the Treasury not more than $500,000 for each such violation.

(C) DETERMINATION OF THE NUMBER OF VIOLATIONS.—For purposes of determining the number of violations for which to impose penalties under subparagraph (B), separate acts of noncompliance are a single violation when the acts are the result of—

(i) a common or substantially overlapping originating cause; or

(ii) the same statement or publication.

(D) REFERRAL TO SECRETARY OF THE TREASURY.—If a Federal payment stablecoin regulator has reason to believe that any person has knowingly and willfully violated subparagraph (A), the Federal payment stablecoin regulator shall refer the matter to the Secretary of the Treasury.

(f) OFFICERS OR DIRECTORS CONVICTED OF CERTAIN FELONIES.—

(1) IN GENERAL.—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—

(A) an officer of a payment stablecoin issuer; or

(B) a director of a payment stablecoin issuer.

(2) PENALTY.—

(A) IN GENERAL.—Whoever knowingly participates in a violation of paragraph (1) shall be fined not more than $1,000,000 for each such violation, imprisoned for not more than 5 years, or both.

(B) REFERRAL TO ATTORNEY GENERAL.—If a Federal payment stablecoin regulator has reason to believe that any person has knowingly violated paragraph (1), the Federal payment stablecoin regulator shall refer the matter to the Attorney General.

(g) CLARIFICATION RELATING TO FEDERAL SAVINGS ASSOCIATION RESERVES.—A Federal savings association established under the Home Owners' Loan Act (12 U.S.C. 1461 et seq.) that holds a reserve that satisfies the requirements of section 4(a)(1) shall not be required to satisfy the qualified thrift lender test under section 10(m) of the Home Owners' Loan Act (12 U.S.C. 1467a(m)) with respect to such reserve assets.

(h) RULEMAKING.—

(1) IN GENERAL.—Consistent with section 13, the primary Federal payment stablecoin regulators shall, and State payment stablecoin regulators may, issue such regulations relating to permitted payment stablecoin issuers as may be necessary to establish a payment stablecoin regulatory framework necessary to administer and carry out the requirements of this section, including to establish conditions, and to prevent evasion thereof.

(2) COORDINATED ISSUANCE OF REGULATIONS.—All regulations issued to carry out this section shall be issued in coordination by the primary Federal payment stablecoin regulators, if not issued by a State payment stablecoin regulator.

(i) RULES OF CONSTRUCTION.—Nothing in this Act shall be construed—

(1) as expanding the authority of the Board with respect to the services the Board can make directly available to the public; or

(2) to limit or prevent the continued application of applicable ethics statutes and regulations administered by the Office of Government Ethics, or the ethics rules of the Senate and the House of Representatives, including section 208 of title 18, United States Code, and sections 2635.702 and 2635.802 of title 5, Code of Federal Regulations. For the avoidance of doubt, existing Office of Government Ethics laws and the ethics rules of the Senate and the House of Representatives prohibit any member of Congress or senior executive branch official from issuing a payment stablecoin during their time in public service. For the purposes of this paragraph, an employee described in section 202 of title 18, United States Code, shall be deemed an executive branch employee for purposes of complying with section 208 of that title.

**SEC. 5. APPROVAL OF SUBSIDIARIES OF INSURED DEPOSITORY INSTITUTIONS AND FEDERAL QUALIFIED PAYMENT STABLECOIN ISSUERS.**

(a) APPLICATION.—

(1) IN GENERAL.—Each primary Federal payment stablecoin regulator shall—

(A) receive, review, and consider for approval applications from any insured depository institution that seeks to issue payment stablecoins through a subsidiary and any nonbank entity, Federal branch, or uninsured national bank that is chartered by the Comptroller pursuant to title LXII of the Revised Statutes, and that seeks to issue payment stablecoins as a Federal qualified payment stablecoin issuer; and

(B) establish a process and framework for the licensing, regulation, examination, and supervision of such entities that prioritizes the safety and soundness of such entities.

(2) AUTHORITY TO ISSUE REGULATIONS AND PROCESS APPLICATIONS.—The primary Federal payment stablecoin regulators shall, before the date described in section 13—

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

(B) pursuant to the regulations described in subparagraph (A), accept and process applications described in paragraph (1).

(3) MANDATORY APPROVAL PROCESS.—A primary Federal payment stablecoin regulator shall, upon receipt of a substantially complete application received under paragraph (1), evaluate and make a determination on each application based on the criteria established under this Act.

(b) EVALUATION OF APPLICATIONS.—A substantially complete application received under subsection (a) shall be evaluated by the primary Federal payment stablecoin regulator using the factors described in subsection (c).

(c) FACTORS TO BE CONSIDERED.—The factors described in this subsection are the following:

(1) The ability of the applicant (or, in the case of an applicant that is an insured depository institution, the subsidiary of the applicant), based on financial condition and resources, to meet the requirements set forth under section 4.

(2) Whether an individual who has been convicted of a felony offense involving insider trading, embezzlement, cybercrime, money laundering, financing of terrorism, or financial fraud is serving as an officer or director of the applicant.

(3) The competence, experience, and integrity of the officers, directors, and principal shareholders of the applicant, its subsidiaries, and parent company, including—

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

(B) the ability of those officers, directors, and principal shareholders to fulfill any commitments to, and any conditions imposed by, their primary Federal payment stablecoin regulator in connection with the application at issue and any prior applications.

(4) Whether the redemption policy of the applicant meets the standards under section 4(a)(1)(B).

(5) Any other factors established by the primary Federal payment stablecoin regulator that are necessary to ensure the safety and soundness of the permitted payment stablecoin issuer.

(d) TIMING FOR DECISION; GROUNDS FOR DENIAL.—

(1) TIMING FOR DECISIONS ON APPLICATIONS.—

(A) IN GENERAL.—Not later than 120 days after receiving a substantially complete application under subsection (a), a primary Federal payment stablecoin regulator shall render a decision on the application.

(B) SUBSTANTIALLY COMPLETE.—

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

(ii) NOTIFICATION.—Not later than 30 days after receiving an application under subsection (a), a primary Federal payment stablecoin regulator shall notify the applicant as to whether the primary Federal payment stablecoin regulator considers the application to be substantially complete and, if the application is not substantially complete, the additional information the applicant shall provide in order for the application to be considered substantially complete.

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

(2) DENIAL OF APPLICATION.—

(A) GROUNDS FOR DENIAL.—

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

(ii) ISSUANCE ON OPEN, PUBLIC, OR DECENTRALIZED NETWORK NOT GROUND FOR DENIAL.—The issuance of a payment stablecoin on an open, public, or decentralized network shall not be a valid ground for denial of an application received under subsection (a).

(B) EXPLANATION REQUIRED.—If a primary Federal payment stablecoin regulator denies a complete application received under subsection (a), not later than 30 days after the date of such denial, the regulator shall provide the applicant with written notice explaining the denial with specificity, including all findings made by the regulator with respect to all identified material shortcomings in the application, including actionable recommendations on how the applicant could address the identified material shortcomings.

(C) OPPORTUNITY FOR HEARING; FINAL DETERMINATION.—

(i) IN GENERAL.—Not later than 30 days after the date of receipt of any notice of the denial of an application under this section, 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.

(ii) TIMING.—Upon receipt of a timely request under clause (i), 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 submit written materials or provide oral testimony and oral argument.

(iii) FINAL DETERMINATION.—Not later than 60 days after the date of a hearing under this subparagraph, the applicable primary Federal payment stablecoin regulator shall notify the applicant of a final determination, which shall contain a statement of the basis for that determination, with specific findings.

(iv) NOTICE IF NO HEARING.—If an applicant does not make a timely request for a hearing under this subparagraph, 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 subparagraph, in writing, that the denial of the application is a final determination of the primary Federal payment stablecoin regulator.

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

(4) RIGHT TO REAPPLY.—The denial of an application under this section shall not prohibit the applicant from filing a subsequent application.

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

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

(2) annually report to Congress on the applications that have been pending for 180 days or more since the date the initial application was filed and for which the applicant has been informed that the application remains incomplete, including documentation on the status of such applications and why such applications have not yet been approved.

(f) SAFE HARBOR FOR PENDING APPLICATIONS.—The primary Federal payment stablecoin regulators may waive the application of the requirements of this Act for a period not to exceed 12 months beginning on the effective date of this Act, with respect to—

(1) a subsidiary of an insured depository institution, if the insured depository institution has an application pending for the subsidiary to become a permitted payment stablecoin issuer on that effective date; or

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

(g) RULEMAKING.—Consistent with section 13, the primary Federal payment stablecoin regulators shall issue rules necessary for the regulation of the issuance of payment stablecoins, but may not impose requirements in addition to the requirements specified under section 4.

(h) RELATION TO OTHER LICENSING REQUIREMENTS.—The provisions of this section supersede and preempt any State requirement for a charter, license, or other authorization to do business with respect to a Federal qualified payment stablecoin issuer or subsidiary of an insured depository institution or credit union that is approved under this section to be a permitted payment stablecoin issuer. Nothing in this subsection shall preempt or supersede the authority of a State to charter, license, supervise, or regulate an insured depository institution or credit union chartered in such State or to supervise a subsidiary of such insured depository institution or credit union that is approved under this section to be a permitted payment stablecoin issuer.

(i) CERTIFICATION REQUIRED.—

(1) IN GENERAL.—Not later than 180 days after the approval of an application, and on an annual basis thereafter, each permitted payment stablecoin issuer shall submit to its primary Federal payment stablecoin regulator, or in the case of a State qualified payment stablecoin issuer its State payment stablecoin regulator, a certification that the issuer has implemented anti-money laundering and economic sanctions compliance programs that are reasonably designed to prevent the permitted payment stablecoin issuer from facilitating money laundering, in particular, facilitating money laundering for cartels and organizations designated as foreign terrorist organizations under section 219 of the Immigration and Nationality Act (8 U.S.C. 1189) and the financing of terrorist activities, consistent with the requirements of this Act.

(2) AVAILABILITY OF CERTIFICATIONS.—Federal payment stablecoin regulators and State payment stablecoin regulators shall make certifications described in paragraph (1) available to the Secretary of Treasury upon request.

(3) PENALTIES.—

(A) APPROVAL REVOCATION.—The primary Federal payment stablecoin regulator or State payment stablecoin regulator of a permitted payment stablecoin issuer that does not submit a certification pursuant to paragraph (1) may revoke the approval of the payment stablecoin issuer under this section.

(B) CRIMINAL PENALTY.—

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

(ii) REFERRAL TO ATTORNEY GENERAL.—If a Federal payment stablecoin regulator or State payment stablecoin regulator has reason to believe that any person has knowingly

violated paragraph (1), the applicable regulator may refer the matter to the Attorney General or to the attorney general of the payment stablecoin issuer's host State.

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

(a) SUPERVISION.—

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

(2) SUBMISSION OF REPORTS.—Each permitted payment stablecoin issuer described in paragraph (1) shall, upon request, submit to the appropriate primary Federal payment stablecoin regulator a report on—

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

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

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

(D) the compliance of the Federal qualified nonbank payment stablecoin issuer with the requirements of the Bank Secrecy Act and with laws authorizing the imposition of sanctions and implemented by the Secretary of the Treasury.

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

(A) the nature of the operations and financial condition of the permitted payment stablecoin issuer;

(B) the financial, operational, technological, and other risks associated within the permitted payment stablecoin issuer that may pose a threat to—

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

(ii) the stability of the financial system of the United States; and

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

(4) REQUIREMENTS FOR EFFICIENCY.—

(A) USE OF EXISTING REPORTS.—In supervising and examining a permitted payment stablecoin issuer under this subsection, a primary Federal payment stablecoin regulator shall, to the fullest extent possible, use existing reports and other supervisory information.

(B) AVOIDANCE OF DUPLICATION.—A primary Federal payment stablecoin regulator shall, to the fullest extent possible, avoid duplication of examination activities, reporting requirements, and requests for information in carrying out this subsection with respect to a permitted payment stablecoin issuer.

(C) CONSIDERATION OF BURDEN.—A primary Federal payment stablecoin regulator shall, with respect to any examination or request for the submission of a report under this subsection, only request examinations and reports at a cadence and in a format that is similar to that required for similarly situated entities regulated by the primary Federal payment stablecoin regulator.

(b) ENFORCEMENT.—

(1) SUSPENSION OR REVOCATION OF REGISTRATION.—The primary Federal payment stablecoin regulator of a permitted payment stablecoin issuer that is not a State qualified payment stablecoin issuer with a payment stablecoin with a consolidated total outstanding issuance of less than $10,000,000,000 may prohibit the 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 willfully or recklessly violating or has willfully or recklessly violated—

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

(B) 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 of a permitted payment stablecoin issuer that is not a State qualified payment stablecoin issuer with a payment stablecoin with a consolidated total outstanding issuance of less than $10,000,000,000 has reasonable cause to believe that the permitted payment stablecoin issuer or any institution-affiliated party of the 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 payment 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, by provisions that are mandatory or otherwise, 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 of a permitted payment stablecoin issuer that is not a State qualified payment stablecoin issuer may remove an institution-affiliated party of the permitted payment stablecoin issuer from the position or office of that institution-affiliated party or prohibit further participation in the affairs of the permitted payment stablecoin issuer or of all such permitted payment stablecoin issuers by that institution-affiliated party, if the primary Federal payment stablecoin regulator determines that—

(A) the institution-affiliated party has knowingly 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 knowingly committed a violation of any provision of subchapter II of chapter 53 of title 31, United States Code.

(4) PROCEDURES.—

(A) IN GENERAL.—If a 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 in subsections (b) and (e) of section 8 of the Federal Deposit Insurance Act (12 U.S.C. 1818) or subsections (e) and (g) of section 206 the Federal Credit Union Act (12 U.S.C. 1786(e) and (g)), as applicable.

(B) JUDICIAL REVIEW.—A person aggrieved by a final action under this subsection may obtain judicial review of such action exclusively as provided in section 8(h) of the Federal Deposit Insurance Act (12 U.S.C. 1818(h)) or section 206(j) of the Federal Credit Union Act (12 U.S.C. 1786(j)), as applicable.

(C) INJUNCTION.—A primary Federal payment stablecoin regulator may, at the discretion of the regulator, follow the procedures provided in section 8(i)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1818(i)(1)) or section 206(k)(1) of the Federal Credit Union Act (12 U.S.C. 1786(k)(1)), as applicable, for judicial enforcement of any effective and outstanding notice or order issued under this subsection.

(D) TEMPORARY CEASE-AND-DESIST PROCEEDINGS.—If a 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 of 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 in section 8(c) of the Federal Deposit Insurance Act (12 U.S.C. 1818(c)) or section 206(f) of the Federal Credit Union Act (12 U.S.C. 1786(f)), as applicable, to issue a temporary cease and desist order.

(5) CIVIL MONEY PENALTIES.—Unless otherwise specified in this Act, the civil money penalties for violations of this Act consist of the following:

(A) FAILURE TO BE APPROVED.—Any person that issues a United States dollar-denominated payment stablecoin in violation of section 3, and any institution-affiliated party of such a person who knowingly participates in issuing such a payment stablecoin, shall be liable for a civil penalty of not more than $100,000 for each day during which such payment stablecoins are issued.

(B) FIRST TIER.—Except as provided in subparagraph (A), a permitted payment stablecoin issuer or institution-affiliated party of such permitted payment stablecoin issuer that materially violates this Act or any regulation or order issued under this Act, or that materially violates any condition imposed in writing by the appropriate primary Federal payment stablecoin regulator in connection with a written agreement entered into between the permitted payment stablecoin issuer and that primary Federal payment stablecoin regulator, shall be liable for a civil penalty of not more than $100,000 for each day during which the violation continues.

(C) SECOND TIER.—Except as provided in subparagraph (A), and in addition to the penalties described in subparagraph (B), a permitted payment stablecoin issuer or institution-affiliated party of such permitted payment stablecoin issuer who knowingly participates in a violation of any provision of this Act, or any regulation or order issued under this Act, shall be liable for a civil penalty of not more than an additional $100,000 for each day during which the violation continues.

(D) PROCEDURE.—Any penalty imposed under this paragraph may be assessed and collected by the appropriate primary Federal payment stablecoin regulator pursuant to the procedures set forth in section 8(i)(2) of the Federal Deposit Insurance Act (12 U.S.C. 1818(i)(2)) or section 206(k)(2) of the Federal Credit Union Act (12 U.S.C. 1786(k)(2)), as applicable.

(E) NOTICE AND ORDERS AFTER SEPARATION FROM SERVICE.—The resignation, termination

of employment or participation, or separation of an institution-affiliated party (including a separation caused by the closing of a permitted payment stablecoin issuer) shall not affect the jurisdiction and authority of a primary Federal payment stablecoin regulator to issue any notice or order and proceed under this subsection against any such party, if such notice or order is served before the end of the 6-year period beginning on the date on which such party ceased to be an institution-affiliated party with respect to such permitted payment stablecoin issuer.

(6) NON-APPLICABILITY TO A STATE QUALIFIED PAYMENT STABLECOIN ISSUER.—Notwithstanding anything in this subsection to the contrary, this subsection shall not apply to a State qualified payment stablecoin issuer.

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

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

(a) IN GENERAL.—A State payment stablecoin regulator shall have supervisory, examination, and enforcement authority over all State qualified payment stablecoin issuers of such State.

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

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

(d) RULEMAKING.—A State payment stablecoin regulator may issue orders and rules under section 4 applicable to State qualified payment stablecoin issuers to the same extent as the primary Federal payment stablecoin regulators issue orders and rules under section 4 applicable to permitted payment stablecoin issuers that are not State qualified payment stablecoin issuers.

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

(1) BOARD.—

(A) IN GENERAL.—Subject to subparagraph (C), under unusual and exigent circumstances that the Board determines to exist, the Board may, after not less than 48 hours' prior written notice to the applicable State payment stablecoin regulator, take an enforcement action against a State qualified payment stablecoin issuer or an institution-affiliated party of such issuer for violations of this Act during such unusual and exigent circumstances.

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

(C) LIMITATIONS.—If, after unusual and exigent circumstances are determined to exist pursuant to subparagraph (A), the Board determines that there is reasonable cause to believe that the continuation by a State qualified payment stablecoin issuer of any activity constitutes a serious risk to the financial safety, soundness, or stability of the State qualified payment stablecoin issuer, the Board may impose such restrictions as the Board determines to be necessary to address such risk during such unusual and exigent circumstances, which may include limitations on redemptions of payment stablecoins, and which shall be issued in the form of a directive, with the effect of a cease and desist order that has become final, to the State qualified payment stablecoin issuer and any of its affiliates, limiting—

(i) transactions between the State qualified payment stablecoin issuer, a holding company, and the subsidiaries or affiliates of either the State qualified payment stablecoin issuer or the holding company; and

(ii) any activities of the State qualified payment stablecoin issuer that might create a serious risk that the liabilities of a holding company and the affiliates of the holding company may be imposed on the State qualified payment stablecoin issuer.

(D) REVIEW OF DIRECTIVE.—

(i) ADMINISTRATIVE REVIEW.—

(I) IN GENERAL.—After a directive described in subparagraph (C) is issued, the applicable State qualified payment stablecoin issuer, or any institution-affiliated party of the State qualified payment stablecoin issuer subject to the directive, may object and present to the Board, in writing, the reasons why the directive should be modified or rescinded.

(II) AUTOMATIC LAPSE OF DIRECTIVE.—If, after 10 days after the receipt of a response described in subclause (I), the Board does not affirm, modify, or rescind the directive, the directive shall automatically lapse.

(ii) JUDICIAL REVIEW.—

(I) IN GENERAL.—If the Board affirms or modifies a directive pursuant to clause (i), any affected party may immediately thereafter petition the United States district court for the district in which the main office of the affected party is located, or in the United States District Court for the District of Columbia, to stay, modify, terminate, or set aside the directive.

(II) RELIEF FOR EXTRAORDINARY CAUSE.—Upon a showing of extraordinary cause, an affected party may petition for relief under subclause (I) without first pursuing or exhausting the administrative remedies under clause (i).

(2) COMPTROLLER.—

(A) IN GENERAL.—Subject to subparagraph (C), under unusual and exigent circumstances determined to exist by the Comptroller, the Comptroller shall, after not less than 48 hours' prior written notice to the applicable State payment stablecoin regulator, take an enforcement action against a State qualified payment stablecoin issuer that is a nonbank entity for violations of this Act.

(B) RULEMAKING.—Consistent with section 13, the Comptroller shall issue rules to set forth the unusual and exigent circumstances in which the Comptroller may act under this paragraph.

(C) LIMITATIONS.—If, after unusual and exigent circumstances are determined to exist under subparagraph (A), 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 serious risk to the financial safety, soundness, or stability of the State qualified payment stablecoin issuer that is a nonbank entity, the Comptroller shall impose such restrictions as the Comptroller determines to be necessary to address such risk during such unusual and exigent circumstances, which may include limitations on redemption of payment stablecoins, and which shall be issued in the form of a directive, with the effect of a cease and desist order that has become final, to the State qualified payment stablecoin issuer that is a nonbank entity and any of its affiliates, limiting—

(i) transactions between the State qualified payment stablecoin issuer, a holding company, and the subsidiaries or affiliates of either the State qualified payment stablecoin issuer or the holding company; and

(ii) any activities of the State qualified payment stablecoin issuer that might create a serious risk that the liabilities of a holding company and the affiliates of the holding company may be imposed on the State qualified payment stablecoin issuer.

(D) REVIEW OF DIRECTIVE.—

(i) ADMINISTRATIVE REVIEW.—

(I) IN GENERAL.—After a directive described in subparagraph (C) is issued, the applicable Federal qualified payment stablecoin issuer, or any institution-affiliated party of the Federal qualified payment stablecoin issuer subject to the directive, may object and present to the Comptroller, in writing, the reasons that the directive should be modified or rescinded.

(II) AUTOMATIC LAPSE OF DIRECTIVE.—If, after 10 days after the receipt of a response described in subclause (I), the Comptroller does not affirm, modify, or rescind the directive, the directive shall automatically lapse.

(ii) JUDICIAL REVIEW.—

(I) IN GENERAL.—If the Comptroller affirms or modifies a directive pursuant to clause (i), any affected party may immediately thereafter petition the United States district court for the district in which the main office of the affected party is located, or in the United States District Court for the District of Columbia, to stay, modify, terminate, or set aside the directive.

(II) RELIEF FOR EXTRAORDINARY CAUSE.—Upon a showing of extraordinary cause, an affected party may petition for relief under subclause (I) without first pursuing or exhausting the administrative remedies under clause (i).

(f) EFFECT ON STATE LAW.—

(1) HOST STATE LAW.—Notwithstanding any other provision of law, the laws of a host State, including laws relating to consumer protection, shall only apply to the activities conducted in the host State by an out-of-State State qualified payment stablecoin issuer to the same extent as such laws apply to the activities conducted in the host State by an out-of-State Federal qualified payment stablecoin issuer.

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

(3) APPLICABILITY.—

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

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

(4) RULE OF CONSTRUCTION.—Except for State laws relating to the chartering, licensure, or other authorization to do business as a permitted payment stablecoin issuer, nothing in this Act shall preempt State consumer protection laws, including common law, and the remedies available thereunder.

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

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

(1) IN GENERAL.—A payment stablecoin that is issued by a foreign payment stablecoin issuer may not be publicly offered, sold, or otherwise made available for

trading in the United States by a digital asset service provider unless the foreign payment stablecoin issuer has the technological capability to comply and complies with the terms of any lawful order.

(2) ENFORCEMENT.—

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

(B) DESIGNATION AS NONCOMPLIANT.—Not later than 30 days after the Department of the Treasury has identified a foreign payment stablecoin issuer of any payment stablecoin trading in the United States that is in violation of paragraph (1), the Secretary of the Treasury, in coordination with relevant Federal agencies, may, pursuant to the authority under subparagraph (A), designate the foreign payment stablecoin issuer as noncompliant and notify the foreign payment stablecoin issuer in writing of the designation.

(3) APPEAL.—A determination of noncompliance under this subsection is subject to judicial review in the United States Court of Appeals for the District of Columbia Circuit.

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

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

(A) publish the determination of noncompliance in the Federal Register, including a statement on the failure of the foreign payment stablecoin issuer to comply with the lawful order after the written notice; and

(B) issue a notification in the Federal Register prohibiting digital asset service providers from facilitating secondary trading of payment stablecoins issued by the foreign payment stablecoin issuer in the United States.

(2) EFFECTIVE DATE OF PROHIBITION.—The prohibition on facilitation of secondary trading described in paragraph (1) shall become effective on the date that is 30 days after the date of issue of notification of the prohibition in the Federal Register.

(3) EXPIRATION OF PROHIBITION.—

(A) IN GENERAL.—The prohibition on facilitation of secondary trading described in paragraph (1)(B) shall expire upon the Secretary of the Treasury's determination that the foreign payment stablecoin issuer is no longer noncompliant.

(B) RULEMAKING.—Consistent with section 13, the Secretary of the Treasury shall specify the criteria that a noncompliant foreign issuer must meet for the Secretary of the Treasury to determine that the foreign payment stablecoin issuer is no longer noncompliant.

(C) PUBLICATION.—Upon a determination under subparagraph (A), the Secretary of the Treasury shall publish the determination in the Federal Register, including a statement detailing how the foreign payment stablecoin issuer has met the criteria described in subparagraph (B).

(4) CIVIL MONETARY PENALTIES.—The Secretary of the Treasury may impose a civil monetary penalty as follows:

(A) DIGITAL ASSET SERVICE PROVIDERS.—Any digital asset service provider that knowingly violates a prohibition under paragraph (1)(B) shall be subject to a civil monetary penalty of not more than $100,000 per violation per day.

(B) FOREIGN PAYMENT STABLECOIN ISSUERS.—Any foreign payment stablecoin issuer that knowingly continues to publicly offer a payment stablecoin in the United States after publication of the determination of noncompliance under paragraph (1)(A) shall be subject to a civil monetary penalty of not more than $1,000,000 per violation per day, and the Secretary of the Treasury may seek an injunction in a district court of the United States to bar the foreign payment stablecoin issuer from engaging in financial transactions in the United States or with United States persons.

(C) DETERMINATION OF THE NUMBER OF VIOLATIONS.—For purposes of determining the number of violations for which to impose a penalty under subparagraph (A) or (B), separate acts of noncompliance are a single violation when the acts are the result of a common or substantially overlapping originating cause. Notwithstanding the foregoing, the Secretary of Treasury may determine that multiple acts of noncompliance constitute separate violations if such acts were the result of gross negligence, a reckless disregard for, or a pattern of indifference to, money laundering, financing of terrorism, or sanctions evasion requirements.

(D) COMMENCEMENT OF CIVIL ACTIONS.—The Secretary of the Treasury may commence a civil action against a foreign payment stablecoin issuer in a district court of the United States to—

(i) recover a civil monetary penalty assessed under subparagraph (A) or (B);

(ii) seek an injunction to bar the foreign payment stablecoin issuer from engaging in financial transactions in the United States or with United States persons; or

(iii) seek an injunction to stop a digital asset service provider from offering on the platform of the digital asset service provider payment stablecoins issued by the foreign payment stablecoin issuer.

(c) WAIVER AND LICENSING AUTHORITY EXEMPTIONS.—

(1) IN GENERAL.—The Secretary of the Treasury may offer a waiver, general license, or specific license to any United States person engaging in secondary trading described in subsection (b)(1)(B) on a case-by-case basis if the Secretary determines that—

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

(B) the foreign payment stablecoin issuer is taking tangible steps to remedy the failure to comply with the lawful order that resulted in the noncompliance determination under subsection (a).

(2) NATIONAL SECURITY WAIVER.—The Secretary of the Treasury, in consultation with the Director of National Intelligence and the Secretary of State, may waive the application of the secondary trading restrictions under subsection (b)(1)(B) if the Secretary of the Treasury determines that the waiver is in the national security interest of the United States.

(3) WAIVER FOR INTELLIGENCE AND LAW ENFORCEMENT ACTIVITIES.—The head of a department or agency may waive the application of this section with respect to—

(A) activities subject to the reporting requirements under title V of the National Security Act of 1947 (50 U.S.C. 3091 et seq.), or any authorized intelligence activities of the United States; or

(B) activities necessary to carry out or assist law enforcement activity of the United States.

(4) REPORT REQUIRED.—Not later than 7 days after issuing a waiver or a license under paragraph (1), (2), or (3), the Secretary of the Treasury shall submit to the chairs and ranking members of the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives, a report, which may include a classified annex, if applicable, including the text of the waiver or license, as well as the facts and circumstances justifying the waiver determination, and provide a briefing on the report.

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

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

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

(1) application program interfaces;

(2) artificial intelligence;

(3) digital identify verification; and

(4) use of blockchain technology and monitoring.

(b) TREASURY RESEARCH.—

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

(2) RESEARCH FACTORS.—With respect to each innovative or novel method, technique, or strategy described in paragraph (1), the Financial Crimes Enforcement Network shall evaluate and consider the following factors against existing methods, techniques, or strategies:

(A) Improvements in the ability of financial institutions to detect illicit activity involving digital assets.

(B) Costs to regulated financial institutions.

(C) The amount and sensitivity of information that is collected or reviewed.

(D) Privacy risks associated with the information that is collected or reviewed.

(E) Operational challenges and efficiency considerations.

(F) Cybersecurity risks.

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

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

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

(2) the effectiveness of and gaps in existing methods, techniques, and strategies used by regulated financial institutions in detecting illicit activity, such as money laundering, involving digital assets;

(3) the impact of existing regulatory frameworks on the use and development of innovative methods, techniques, or strategies by regulated financial institutions; and

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

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

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

(1) The implementation of innovative or novel methods, techniques, or strategies by regulated financial institutions to detect illicit activity involving digital assets.

(2) Standards for payment stablecoin issuers to identify and report illicit activity involving the payment stablecoin of a permitted payment stablecoin issuer, including, fraud, cybercrime, money laundering, financing of terrorism, sanctions evasion, or insider trading.

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

(4) Tailored risk management standards for financial institutions interacting with decentralized finance protocols.

(e) RECOMMENDATIONS AND REPORT TO CONGRESS.—

(1) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Secretary of the Treasury shall submit to the chairs and ranking members of the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report on—

(A) legislative and regulatory proposals to allow regulated financial institutions to develop and implement novel and innovative methods, techniques, or strategies to detect illicit activity, such as money laundering and sanctions evasion, involving digital assets;

(B) the results of the research and risk assessments conducted pursuant to this section;

(C) efforts to support the ability of financial institutions to implement novel and innovative methods, techniques, or strategies to detect illicit activity, such as money laundering and sanctions evasion, involving digital assets;

(D) the extent to which transactions on distributed ledgers, digital asset mixing services, tumblers, or other similar services that mix payment stablecoins in such a way as to make such transaction or the identity of the transaction parties less identifiable may facilitate illicit activity; and

(E) legislative recommendations relating to the scope of the term ''digital asset service provider'' and the application of that term to decentralized finance.

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

(f) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to limit the existing authority of the Secretary of the Treasury or the primary Federal payment stablecoin regulators to, prior to the submission of a report required under this section, use existing exemptive authorities, the no-action letter process, or rulemaking authorities in a manner that encourages regulated financial institutions to adopt novel or innovative methods, techniques, or strategies to detect illicit activity, such as money laundering, involving digital assets.

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

(a) IN GENERAL.—A person may only engage in the business of providing custodial or safekeeping services for the payment stablecoin reserve, the payment stablecoins used as collateral, or the private keys used to issue permitted payment stablecoins if the person—

(1) is subject to—

(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 under section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813), or a State credit union supervisor, as defined under section 6003 of the Anti-Money Laundering 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

(2) complies with the requirements under subsection (b), unless such person holds such property in accordance with similar requirements as required by a primary Federal payment stablecoin regulator, the Securities and Exchange Commission, or the Commodity Futures Trading Commission.

(b) CUSTOMER PROPERTY REQUIREMENT.—A person described in subsection (a) shall, with respect to other property described in that subsection—

(1) treat and deal with the payment stablecoins, private keys, cash, and other property of a person for whom or on whose behalf the person described in that subsection receives, acquires, or holds payment stablecoins, private keys, cash, and other property (hereinafter referred to in this section 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.

(c) COMMINGLING PROHIBITED.—

(1) IN GENERAL.—Payment stablecoin reserves, payment stablecoins, cash, and other property of a permitted payment stablecoin issuer or customer shall be separately accounted for by a person described in subsection (a) and shall be segregated from and not be commingled with the assets of the person.

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

(A) the payment stablecoin reserves, payment stablecoins, cash, and other property of a permitted payment stablecoin issuer or customer may, for convenience, be commingled and deposited in an omnibus account holding the payment stablecoin reserves, payment stablecoins, cash, and other property of more than 1 permitted payment stablecoin issuer or customer at a State chartered depository institution, an insured depository institution, national bank, or trust company, and any payment stablecoin reserves in the form of cash held in the form of a deposit liability at a depository institution shall not be subject to any requirement relating to the separation of such cash from the property of the applicable depository institution;

(B) such share of the payment stablecoin reserves, payment stablecoins, cash, and other property of the permitted payment stablecoin issuer or 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);

(C) in accordance with such terms and conditions as a primary Federal payment stablecoin regulator may prescribe by rule, regulation, or order, any payment stablecoin reserves, payment stablecoins, cash, and other property described in this subsection may be commingled and deposited in permitted payment stablecoin issuer or customer accounts with payment stablecoin reserves, payment stablecoins, cash, and other property received by the person and required by the primary Federal payment stablecoin regulator to be separately accounted for, treated as, and dealt with as belonging to such permitted payment stablecoin issuers or customers; or

(D) an insured depository institution that provides custodial or safekeeping services for payment stablecoin reserves shall be permitted to hold payment stablecoin reserves in the form of cash on deposit provided such treatment is consistent with Federal law.

(3) CUSTOMER PRIORITY.—With respect to payment stablecoins held by a person described in subsection (a) for a customer, with or without the segregation required under paragraph (1), the claims of the customer against such person with respect to such payment stablecoins shall have priority over the claims of any person other than the claims of another customer with respect to payment stablecoins held by such person described in subsection (a), unless the customer expressly consents to the priority of such other claim.

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

(e) 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.

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

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

(1) the claim of a person holding payment stablecoins issued by the permitted payment stablecoin issuer shall have priority, on a ratable basis with the claims of other persons holding such payment stablecoins, over the claims of the permitted payment stablecoin issuer and any other holder of claims against the permitted payment stablecoin issuer, with respect to required payment stablecoin reserves;

(2) notwithstanding any other provision of law, including the definition of ''claim'' under section 101(5) of title 11, United States Code, any person holding a payment stablecoin issued by the permitted payment stablecoin issuer shall be deemed to hold a claim; and

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

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

''(40C) The terms 'payment stablecoin' and 'permitted payment stablecoin issuer' have

the meanings given those terms in section 2 of the GENIUS Act.''.

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

(1) in subsection (a)—

(A) in paragraph (7), by striking ''and'';

(B) in paragraph (8), by striking the period and inserting ''; and''; and

(C) by adding at the end the following:

''(9) the redemption of payment stablecoins issued by the permitted payment stablecoin issuer, from payment stablecoin reserves required to be maintained under section 4 of the GENIUS Act.''; and

(2) in subsection (d)—

(A) in paragraph (3)(B)(ii), by striking ''or'' at the end;

(B) in paragraph (4)(B), by striking the period at the end and inserting ''; or''; and

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

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

(d) PRIORITY IN BANKRUPTCY PROCEEDINGS.—Section 507 of title 11, United States Code, is amended—

(1) in subsection (a), in the matter preceding paragraph (1), by striking ''The following'' and inserting ''Subject to subsection (e), the following''; and

(2) by adding at the end the following:

''(e) Notwithstanding subsection (a), if a payment stablecoin holder is not able to redeem all outstanding payment stablecoin claims from required payment stablecoin reserves maintained by the permitted payment stablecoin issuer, any such remaining claim arising from a person's holding of a payment stablecoin issued by the permitted payment stablecoin issuer shall be a claim against the estate and shall have first priority over any other claim, including over any expenses and claims that have priority under that subsection, to the extent compliance with section 4 of the GENIUS Act would have required additional reserves to be maintained by the permitted payment stablecoin issuer for payment stablecoin holders.''.

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

(1) in paragraph (9), in the matter following subparagraph (B), by striking ''or'' at the end;

(2) in paragraph (10)(C), by striking the period and inserting ''; or''; and

(3) by inserting after paragraph (10) the following:

''(11) required payment stablecoin reserves under section 4 of the GENIUS Act, provided that notwithstanding the exclusion of such reserves from the property of the estate, section 362 of this title shall apply to such reserves.''.

(f) INTERVENTION.—Section 1109 of title 11, United States Code, is amended by adding at the end the following:

''(c) The Comptroller of the Currency or State payment stablecoin regulator (as defined in section 2 of the GENIUS Act) shall raise, and shall appear and be heard on, any issue, including the protection of customers, in a case under this chapter in which the debtor is a permitted payment stablecoin issuer.''.

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

(1) A depository institution (as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)) shall be resolved by the Federal Deposit Insurance Corporation, National Credit Union Administration, or State payment stablecoin regulator, as applicable.

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

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

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

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

(B) the ability of payment stablecoin holders to be paid out in full in the event a permitted payment stablecoin issuer is insolvent; and

(C) the utility of orderly insolvency administration regimes and whether any additional authorities are needed to implement such regimes.

(2) REPORT.—Not later than 3 years after the date of enactment of this Act, the primary Federal payment stablecoin regulators shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report that contains all findings of the study under paragraph (1), including any legislative recommendations.

**SEC. 12. 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 bank and credit union regulators, shall assess and, if necessary, may, pursuant to section 553 of title 5, United States Code, and in a manner consistent with the National Technology Transfer and Advancement Act of 1995 (Public Law 104–113), prescribe standards for permitted payment stablecoin issuers to promote compatibility and interoperability with—

(1) other permitted payment stablecoin issuers; and

(2) the broader digital finance ecosystem, including accepted communications protocols and blockchains, permissioned or public.

**SEC. 13. RULEMAKING.**

(a) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, each primary Federal payment stablecoin regulator, the Secretary of the Treasury, and each State payment stablecoin regulator shall promulgate regulations to carry out this Act through appropriate notice and comment rulemaking.

(b) COORDINATION.—Federal payment stablecoin regulators, the Secretary of the Treasury, and State payment stablecoin regulators should coordinate, as appropriate, on the issuance of any regulations to implement this Act.

(c) REPORT REQUIRED.—Not later than 180 days after the effective date of this Act, each Federal banking agency shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report that confirms and describes the regulations promulgated to carry out this Act.

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

(a) STUDY BY TREASURY.—

(1) STUDY.—The Secretary of the Treasury, in consultation with the Board, the Comptroller, the Corporation, the Securities and Exchange Commission, and the Commodity Futures Trading Commission shall carry out a study of non-payment stablecoins, including endogenously collateralized payment stablecoins.

(2) REPORT.—Not later than 365 days after the date of the enactment of this Act, the Secretary of the Treasury shall provide to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report that contains all findings made in carrying out the study under paragraph (1), including an analysis of—

(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) the nature of reserve compositions;

(E) types of algorithms being employed;

(F) governance structure, including aspects of decentralization;

(G) the nature of public promotion and advertising; and

(H) the clarity and availability of consumer notices disclosures.

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

(b) ENDOGENOUSLY COLLATERALIZED PAYMENT STABLECOIN DEFINED.—In this section, the term ''endogenously collateralized payment stablecoin'' means any digital asset—

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

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

**SEC. 15. REPORTS.**

(a) ANNUAL REPORTING REQUIREMENT.—Beginning on the date that is 1 year after the date of enactment of this Act, and annually thereafter, the primary Federal payment stablecoin regulators, in consultation with State payment stablecoin regulators, as necessary, shall submit to the Committee on Banking, Housing, and Urban Affairs of the Senate, the Committee on Financial Services of the House of Representatives, and the Director of the Office of Financial Research a report, which may include a classified annex, if applicable, on the status of the payment stablecoin industry, including—

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

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

(3) a description of the potential financial stability risks posed to the safety and soundness of the broader financial system by payment stablecoin activities.

(b) FSOC REPORT.—The Financial Stability Oversight Council shall incorporate the findings in the report under subsection (a) into the annual report of the Council required under section 112(a)(2)(N) of the Financial Stability Act of 2010 (12 U.S.C. 5322(a)(2)(N)).

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

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

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

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

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

(b) REGULATORY REVIEW.—Entities regulated by the primary Federal payment stablecoin regulators are authorized to engage in the payment stablecoin activities and investments contemplated by this Act, including acting as a principal or agent with respect to any payment stablecoin and payment of fees to facilitate customer transactions. The primary Federal payment stablecoin regulators shall review all existing guidance and regulations, and if necessary, amend or promulgate new regulations and guidance, to clarify that regulated entities are authorized to engage in such activities and investments.

(c) TREATMENT OF CUSTODY ACTIVITIES.—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—

(1) to include digital assets held in custody that are not owned by the entity as a liability on the financial statement or balance sheet of the entity, including payment stablecoin custody or safekeeping activities; or

(2) to hold in custody or safekeeping regulatory capital against digital assets and reserves backing such assets described in section 4(a)(1)(A), except as necessary to mitigate against operational risks inherent in custody or safekeeping services, as determined by—

(A) the appropriate Federal banking agency;

(B) the National Credit Union Administration (in the case of a credit union);

(C) a State bank supervisor; or

(D) a State credit union supervisor.

(d) STATE-CHARTERED DEPOSITORY INSTITUTIONS.—

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

(A) required by the laws or regulations of the home State to establish and maintain adequate liquidity, and such liquidity is regularly reassessed by the home State banking supervisor to take into account any changes in the financial condition and risk profile of the institution, including any uninsured deposits maintained by such institution; and

(B) required by the laws or regulations of the home State to establish and maintain adequate capital, and such capital is regularly reassessed by the home State banking supervisor to take into account any changes in the financial condition and risk profile of the institution, including any uninsured deposits maintained by such institution.

(2) RULE OF CONSTRUCTION.—Nothing in this section shall limit, or be construed to limit, the authority of a host State bank regulator, to perform examinations of a depository institution's subsidiary permitted payment stablecoin issuer or activities conducted through the permitted payment stablecoin issuer to ensure compliance with host State consumer protection laws that the host State bank regulator has specific jurisdiction to enforce, which shall apply to such institution consistent with section 7(f).

(e) DEFINITIONS.—In this section:

(1) HOME STATE.—The term ''home State'' means the State by which the depository institution is chartered.

(2) HOST STATE.—The term ''host State'' means a State in which a depository institution establishes a branch, solicits customers, or otherwise engages in business activities, other than the home State.

**SEC. 17. AMENDMENTS TO CLARIFY THAT PAYMENT STABLECOINS ARE NOT SECURITIES OR COMMODITIES AND PERMITTED PAYMENT STABLECOIN ISSUERS ARE NOT INVESTMENT COMPANIES.**

(a) INVESTMENT ADVISERS ACT OF 1940.—Section 202(a)(18) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2(a)(18)) is amended by adding at the end the following: ''The term 'security' does not include a payment stablecoin issued by a permitted payment stablecoin issuer, as such terms are defined in section 2 of the GENIUS Act.''.

(b) INVESTMENT COMPANY ACT OF 1940.—The Investment Company Act of 1940 (15 U.S.C. 80a–1 et seq.) is amended

(1) in section 2(a)(36) of the Act (15 U.S.C. 80a–2(a)(36)), by adding at the end the following: ''The term 'security' does not include a payment stablecoin issued by a permitted payment stablecoin issuer, as such terms are defined in section 2 of the GENIUS Act.''; and

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

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

(d) SECURITIES EXCHANGE ACT OF 1934.—Section 3(a)(10) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(10)) is amended by adding at the end the following: ''The term 'security' does not include a payment stablecoin issued by a permitted payment stablecoin issuer, as such terms are defined in section 2 of the GENIUS Act.''.

(e) SECURITIES INVESTOR PROTECTION ACT OF 1970.—Section 16(14) of the Securities Investor Protection Act of 1970 (15 U.S.C. 78lll(14)) is amended by adding at the end the following: ''The term 'security' does not include a payment stablecoin issued by a permitted payment stablecoin issuer, as such terms are defined in section 2 of the GENIUS Act.''.

(f) COMMODITY EXCHANGE ACT.—Section 1a(9) of the Commodity Exchange Act (7 U.S.C. 1a(9)) is amended by adding at the end the following: ''The term 'commodity' does not include a payment stablecoin issued by a permitted payment stablecoin issuer, as such terms are defined in section 2 of the GENIUS Act.''.

**SEC. 18. EXCEPTION FOR FOREIGN PAYMENT STABLECOIN ISSUERS AND RECIPROCITY FOR PAYMENT STABLECOINS ISSUED IN OVERSEAS JURISDICTIONS.**

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

(1) The foreign payment stablecoin issuer is subject to regulation and supervision by a foreign payment stablecoin regulator of a foreign country, a territory of the United States, Puerto Rico, Guam, American Samoa, or the Virgin Islands that has a regulatory and supervisory regime with respect to payment stablecoins that the Secretary of the Treasury determines, pursuant to subsection (b), is comparable to the regulatory and supervisory regime established under this Act, including, in particular, the requirements under section 4(a).

(2) The foreign payment stablecoin issuer is registered with the Comptroller pursuant to subsection (c).

(3) The foreign payment stablecoin issuer holds reserves in a United States financial institution sufficient to meet liquidity demands of United States customers, unless otherwise permitted under a reciprocal arrangement established pursuant to subsection (d).

(4) The foreign country in which the foreign payment stablecoin issuer is domiciled and regulated is not subject to comprehensive economic sanctions by the United States or in a jurisdiction that the Secretary of the Treasury has determined to be a jurisdiction of primary money laundering concern.

(b) TREASURY DETERMINATION.—

(1) IN GENERAL.—The Secretary of the Treasury may make a determination as to whether a foreign country has a regulatory and supervisory regime that is comparable to the requirements established under this Act, including the requirements under section 4(a). The Secretary of the Treasury may make such a determination only upon a recommendation from each other member of the Stablecoin Certification Review Committee. Prior to such determination taking effect, the Secretary of the Treasury shall publish in the Federal Register a justification for such determination, including how the foreign country's regulatory and supervisory regime is comparable to the requirements established under this Act, including the requirements under section 4(a).

(2) REQUEST.—A foreign payment stablecoin issuer or a foreign payment stablecoin regulator may request from the Secretary of the Treasury a determination under paragraph (1).

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

(4) RESCISSION OF DETERMINATION.—

(A) IN GENERAL.—The Secretary of the Treasury may, in consultation with the Federal payment stablecoin regulators, rescind a determination made under paragraph (1), if the Secretary determines that the regulatory regime of such foreign country is no longer comparable to the requirements established under this Act. Prior to such rescission taking effect, the Secretary of the Treasury shall publish in the Federal Register a justification for the rescission.

(B) LIMITED SAFE HARBOR.—If the Secretary of the Treasury rescinds a determination pursuant to subparagraph (A), a digital asset service provider shall have 90 days before the offer or sale of a payment stablecoin issued by the foreign payment stablecoin issuer that is the subject of the rescinded determination shall be in violation of section 3.

(5) PUBLIC NOTICE.—The Secretary of the Treasury shall keep and make publicly available a current list of foreign countries for which a determination under paragraph (1) has been made.

(6) RULEMAKING.—Not later than 1 year after the date of enactment of this Act, the Secretary of the Treasury shall issue such

rules as may be required to carry out this section.

(c) REGISTRATION AND ONGOING MONITORING.—

(1) REGISTRATION.—

(A) IN GENERAL.—A foreign payment stablecoin issuer may offer or sell payment stablecoins using a digital asset service provider if the foreign payment stablecoin issuer is registered with the Comptroller.

(B) REGISTRATION APPROVAL.—A registration of a foreign payment stablecoin issuer filed in accordance with this section shall be deemed approved on the date that is 30 days after the date the Comptroller receives the registration, unless the Comptroller notifies the foreign payment stablecoin issuer in writing that such registration has been rejected.

(C) STANDARDS FOR REJECTION.—In determining whether to reject a foreign payment stablecoin issuer's registration, the Comptroller shall consider

(i) the final determination of the Secretary of the Treasury under this section;

(ii) the financial and managerial resources of the United States operations of the foreign payment stablecoin issuer;

(iii) whether the foreign payment stablecoin issuer will provide adequate information to the Comptroller as the Comptroller determines is necessary to determine compliance with this Act;

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

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

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

(E) RULEMAKING.—Pursuant to section 13 of this Act, the Comptroller shall issue rules relating to the standards for approval of registration requests and the process for appealing denials of such registration requests.

(F) PUBLIC NOTICE.—The Comptroller shall keep and make publicly available a current list of foreign payment stablecoin issuer registrations that have been approved.

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

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

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

(3) LACK OF COMPLIANCE.—

(A) COMPTROLLER ACTION.—The Comptroller may, in consultation with the Secretary of the Treasury, rescind approval of a registration of a foreign payment stablecoin issuer under this subsection if the Comptroller determines that the foreign payment stablecoin issuer is not in compliance with the requirements of this Act, including for maintaining insufficient reserves or posing an illicit finance risk or financial stability risk. Prior to such rescission taking effect, the Comptroller shall publish in the Federal Register a justification for the rescission.

(B) SECRETARY ACTION.—The Secretary of the Treasury, in consultation with the Comptroller, may revoke a registration of a foreign payment stablecoin issuer under this subsection if the Secretary determines that reasonable grounds exist for concluding that the foreign payment stablecoin issuer presents economic sanctions evasion, money laundering, or other illicit finance risks, or, as applicable, violations, or facilitation thereof.

(d) RECIPROCITY.—

(1) IN GENERAL.—The Secretary of the Treasury may create and implement reciprocal arrangements or other bilateral agreements between the United States and jurisdictions with payment stablecoin regulatory regimes that are comparable to the requirements established under this Act. The Secretary of the Treasury shall consider whether the jurisdiction's requirements for payment stablecoin issuers include

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

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

(C) adequate supervisory and enforcement capacity to facilitate international transactions and interoperability with United States dollar-denominated payment stablecoins issued overseas.

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

(3) COMPLETION.—The Secretary of the Treasury should complete the arrangements under this subsection not later than the date that is 2 years after the date of enactment of this Act.

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

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

**SEC. 20. EFFECTIVE DATE.**

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

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

(2) the date that is 120 days after the date on which the primary Federal payment stablecoin regulators issue any final regulations implementing this Act.

The SPEAKER pro tempore. The bill shall be debatable for 1 hour, equally divided and controlled by the chair and ranking minority member of the Committee on Financial Services or their respective designees.

The gentleman from Arkansas (Mr. HILL) and the gentlewoman from California (Ms. WATERS) each will control 30 minutes.

The Chair recognizes the gentleman from Arkansas.

GENERAL LEAVE

Mr. HILL of Arkansas. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on this bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. HILL of Arkansas. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of the Senate GENIUS Act, and I thank my colleague and longtime friend, Senator BILL HAGERTY of Tennessee, for his leadership in ushering this bipartisan bill through the United States Senate.

Around the world, payment systems are undergoing an evolution. New technologies are modernizing legacy infrastructure and unlocking innovative solutions to improve efficiency, reduce costs, and expand access to financial services.

Members of the House Financial Services Committee have long recognized the promise of payment stablecoins and have worked since 2022 to establish a legislative framework.

Last Congress, under the leadership of former Chairman Patrick McHenry of North Carolina, the committee passed the Clarity for Payment Stablecoins Act of 2023. This bill provided for bank and nonbank pathways for issuers to obtain regulatory approval, preserve State-level oversight, and set standards for reserve composition, audits, and sound risk management.

When the 119th Congress started in January, we picked up this effort. In close coordination with the Senate Banking Committee and our base legislation, our legislative work over the past 2 years has laid that foundation for the progress made in both the House and the Senate.

Today, we have an opportunity to send stablecoin legislation to President Trump's desk. This is a multi-Congress priority item, and it ensures American competitiveness and strong guardrails for our consumers. We should not, Mr. Speaker, squander that opportunity.

This priority has been agreed to by both President Biden, with his executive order, and President Trump in his Executive Order 14178.

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Mr. Speaker, through multiple versions of stablecoin legislation, the House and Senate have shared ideas and crafted workable approaches. Our joint efforts before us helped enhance the legislation on the floor this morning.

I recognize the hard work of my friends in the Senate to get the core fundamentals of what payment stablecoin legislation demands.

I also recognize the diligence and thoughtful work of my colleagues here in the House, including the chairman of our Subcommittee on Digital Assets, Financial Technology, and Artificial Intelligence, BRYAN STEIL, who championed and worked through our committee through markup in successfully designing, writing, and passing in committee the STABLE Act.

I thank my House colleagues for their principled approach to key policies that guided and distinguished our efforts particularly around State regime oversight, the reserve composition, the anti-money laundering, and territorial integrity issues around stablecoins, and, finally, the corporate structure of issuers.

Furthermore, it is my firmly held belief that only by enacting payment stablecoin legislation and, Mr. Speaker, I repeat, and comprehensive market structure reform in this Congress, like we just debated a few minutes ago, the

CLARITY Act, only by passing both will this Congress fully usher in the era of digital finance and ensure that consumers are protected whenever they engage with digital assets.

Mr. Speaker, I urge all my colleagues to join me in supporting this bill and sending it forward to 1600 Pennsylvania Avenue for President Trump to sign into law.

Mr. Speaker, I reserve the balance of my time.

Ms. WATERS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, 2 weeks ago Republicans boasted about how they would provide billionaires with tax cuts they don't need by stripping healthcare from 17 million Americans, shuttering hospitals across the country, and starving 12 million families, including millions of children.

These billionaires are the same individuals who proudly gave millions of dollars to President Trump's campaign. They literally bought votes during the last election and even sponsored Stalinist military parades to celebrate the President's birthday.

No one should be surprised that these same Republicans' next order of business is to validate, legitimize, and endorse the Trump family's corruption and efforts to sell the White House to the highest bidder.

S. 1582, the so-called GENIUS Act, establishes a woefully deficient Federal framework for dollar-denominated payment stablecoins in the United States. Stablecoins are a form of digitized private money. Unlike other types of crypto, these coins claim to always maintain their value, often one coin for $1.

Nevertheless, that promise of stability is precisely what causes stablecoins to be subject to bank-like runs where the public rushes to sell their stablecoins at the first whiff of instability, making a bit of bad news into a full-blown financial crisis.

It was for this reason that when I was chairwoman of the committee, I sought to create a Federal framework to oversee these stablecoins and ensure that consumers are protected. I worked with the Biden administration and former Republican Chairman Patrick Henry to craft legislation.

We achieved that goal, and I posted that legislation earlier this year. We wanted to create a strong Federal system to oversee this type of crypto market that protected consumers, our national security, and financial stability.

Unfortunately, the election of Donald Trump ended those bipartisan efforts and brought a significant new challenge to stablecoins. That challenge was the Trump family's brazen corruption using crypto to sell access in exchange for official acts.

It just so happens that those stablecoins are one of the main vehicles Trump is using to make his corrupt crypto billions. The Trump family's crypto company, World Liberty Financial, launched a stablecoin called USD1 in April.

Shortly after that, the Abu Dhabi-backed investment from MGX bought $2 billion of Trump's coins to make an investment in Binance, a company that had been under investigation for numerous legal violations. Trump and his family will make tens of millions of dollars just on that transaction from the interest earnings alone. That is Abu Dhabi's money.

More concerning, by passing this bill, Congress will be telling the world that Congress is okay with corruption, okay with foreign companies buying influence, and okay with criminals buying Trump coins to seek pardons and beneficial treatment.

Each of my colleagues surely can see how this is a blatant conflict of interest. Democrats and the rest of America do, as well. It is why I introduced the Stop TRUMP in Crypto Act, to ban the President, Vice President, and Members of Congress from crypto corruption. If we do not ban elected officials in S. 1582, including the President or Vice President, from crypto corruption, each of us will be complicit.

Let me be clear on this point because there has been a lot of misinformation. This bill has a policy statement that elected officials like Members of Congress and Senators, as well as government officials, cannot issue their own stablecoin.

Are my colleagues aware who Republicans did not ban? Get this straight. The President and the Vice President are the only elected officials that can have a crypto business. Why are the Republicans protecting the President so he can make billions and billions more?

Don't just take my word for it. Earlier this week, Chairman HILL confirmed this much in the Rules Committee. Anyone who says the bill stops the President's company from issuing stablecoins is not telling the truth.

Yet, even if we adopted such a ban, the GENIUS Act, sent over by the Senate and apparently unable to be amended, is still bad public policy. S. 1582 creates the appearance of a Federal framework for stablecoins, but it does not provide the Federal Government with the full authority it needs to ensure that all stablecoin issuers comply with the law.

The bill also creates risks for consumers who will be stuck in a lengthy bankruptcy process if a stablecoin ever fails.

Additionally, it leaves the door open for foreign firms that present a major national security threat, including targets of sanctions, all to appease those in the Trump family's inner circle which has ties to those shady entities.

Yes, I am talking about Tether, the foreign stablecoin issuer everyone knows has been used in terrorist financing, organized crime schemes, and other horrible acts but which the Secretary of Commerce has close ties with.

Let me give one more example of why this bill is just bad for America. The very heart of this bill is that stablecoins will, in fact, be stable because they will be backed one to one with solid, safe assets. I invite anyone to read the bill.

While some of the reserves are cash and short-term Treasury securities, this bill allows for uninsured deposits. We already know how dangerous these deposits are. When Silicon Valley Bank failed, Circle, the largest stablecoin today, had $3 billion locked up in uninsured deposits and needed the Federal Government to rescue it. That isn't all.

A stablecoin issuer is also permitted to hold bitcoin as reserves. That is because someone added language in this bill late in the night that added new definitions and language to the bill.

The language allows for a stablecoin issuer to use any money received under repurchase agreements that are a means of exchange currently authorized or adopted by a foreign government.

Do my colleagues know what Trump's favorite strongman, the dictator of El Salvador, adopted as a legal currency? He adopted bitcoin.

□ 1050

This highly volatile cryptocurrency will now be eligible to be a reserve backing your stablecoins. It is truly absurd and dangerous and will lead to consumers losing their money and the taxpayers being called on to bail out the financial system.

It is for all of these reasons that I submitted several amendments to this bill, none of which were made in order by Republicans, because the President has rejected any conflict of interest language that binds him.

One interesting point is that even Chairman HILL himself inserted language at the end of the so-called CLARITY Act that the House is separately considering this week that actually amends the GENIUS Act.

Mr. Speaker, you heard me right. Rather than amend the GENIUS Act, which our own chairman saw had problems, he put his changes at the end of the CLARITY Act.

Mr. Speaker, you may be asking why he would do that. He could just offer his amendments to the GENIUS Act. The reason is that House Republican leadership has given up our power as the United States House of Representatives to work the will of our Members on behalf of our constituents and make changes to any legislation that the Senate sends us. Instead, we are simply taking the language directly from the Senate with no amendments, even when the chairman and other House Members know that this bill is flawed.

Unfortunately, because President Trump demanded the bill be passed without any changes, that is what the Republican Congress will do.

One of Chairman HILL's changes to the GENIUS Act addresses a key concern I have had from the beginning, which is that Facebook and any other Big Tech company should not be allowed to issue their own stablecoin.

That would violate a longstanding separation of banking and commerce in financial regulation, and our chairman's amended language would help close this loophole.

Unfortunately, the GENIUS Act allows Elon Musk's X to issue its own stablecoin and creates a pathway for Facebook to do the same.

For these reasons and many more, I strongly oppose this bill.

Mr. Speaker, I reserve the balance of my time.

The SPEAKER pro tempore (Mr. PATRONIS). Members are reminded to refrain from engaging in personalities toward the President.

Mr. HILL of Arkansas. Mr. Speaker, I yield myself such time as I may consume. I would like to address a few of those points.

One, I am so delighted to hear that it sounds as if my friend, the ranking member from California, in fact, will now vote for the CLARITY Act this afternoon on the House floor since she highlights some of my suggested changes to the GENIUS Act. I appreciate her remarks on that.

Here is the big picture, Mr. Speaker. These bills, the CLARITY and GENIUS Acts, are about protecting American consumers, protecting investments, bringing capital back to the United States, and making the U.S. a fintech leader in payments and digital assets.

Consumers are protected. The rules are straightforward. All issuers of a payment stablecoin are treated the same, with high standards and high regulatory oversight. I want to make sure that those at home following on C–SPAN get the record straight.

Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania (Mr. THOMPSON), who is the chair of the House Agriculture Committee and who, for years, has been a partner in crafting a digital asset approach that will make America more competitive.

Mr. THOMPSON of Pennsylvania. Mr. Speaker, I am proud to stand before Chairman HILL and support the GENIUS Act. It actually garnered 68 bipartisan votes in the Senate. I appreciate those Senators. They demonstrated an awareness of the needs of a modern financial sector here in the United States. I congratulate Chairman HILL and Chairman STEIL and thank them for their work on the stablecoin legislation.

The GENIUS Act represents an important step for this Congress in establishing the United States as a leader in the digital asset space.

This legislation, together with the market structure bill that we previously considered, which I have had the honor of cosponsoring with my colleagues on the Financial Services Committee, will provide important safeguards around the utility of vital digital assets in the next generation of global finance.

Furthermore, Mr. Speaker, I intend to submit additional remarks for the RECORD to clarify congressional intent on the effect the bill may have on the ability to list certain derivative products.

Mr. THOMPSON. Mr. Speaker, additionally, I would further state the following understanding with respect to the ability to offer listed derivatives products on payment stablecoins.

By excluding ''payment stablecoins'' from the definition of ''commodity'' in § 1a(9) of the Commodity Exchange Act (7 U.S.C. 1a et seq.) Congressional intent was not to extend Commodity Futures Trading Commission's (''CFTC'') jurisdiction over ''payment stablecoins'' and leaving this jurisdictional reach only for appropriate State and Federal payment stablecoin regulators. However, in the event that a derivative market on payment stablecoins develops, such exclusion of ''payment stablecoins'' from ''commodity'' would not affect the regulatory status under the CEA of certain derivative instruments based on ''payment stablecoins'' issued under the GENIUS Act, such as ''swaps'' as defined in § 1a(47) of the CEA. For example, registered designated contract markets (''DCMs''), i.e., commodity exchanges, and swap execution facilities (''SEFs'') could list for trading swaps on payment stablecoins and make them available for retail and professional participants to allow them to hedge and mitigate their commercial risks and exposure to potential market price fluctuations of ''payment stablecoins.''

Because ''swaps'' are qualified as ''commodity interests'' under § 1.3 of CFTC regulations (17 C.F.R. 1, et seq.), CFTC will have jurisdiction to police fraud, manipulation, insider trading and other market violations and to otherwise ensure customer protection of retail participants if a derivative market in payment stablecoin swaps develops in the U.S. or overseas and becomes available to U.S. persons.

Ms. WATERS. Mr. Speaker, I yield 3 minutes to the gentleman from Massachusetts (Mr. LYNCH), who is also the ranking member of the Subcommittee on Digital Assets, Financial Technology, and Artificial Intelligence.

Mr. LYNCH. Mr. Speaker, I thank the gentlewoman for yielding.

Mr. Speaker, I rise in strong opposition to the so-called GENIUS Act.

Mr. Speaker, this bill has never even been considered or debated by the House Financial Services Committee or the Agriculture Committee, the committees of jurisdiction, which is the usual practice in this body. I guess this is what passes for genius these days.

Republican leadership has, once again, caved in to President Trump's demands to quickly push crypto legislation.

President Trump just yesterday posted to pass the GENIUS Act ASAP. There is no need to debate it, read it, or amend it. Just pass it.

Mr. Speaker, you might think that Republicans might be cautious about taking financial policy directions from someone who has a side hustle selling baseball hats and Bibles and who has filed bankruptcy six times in the past 20 years. Sadly, Mr. Speaker, you would be mistaken.

This bill significantly weakens the U.S. dollar, which is the global U.S. reserve currency and provides a huge competitive advantage for our country.

This bill allows a complete takeover of our financial system by Big Tech companies by allowing these massive companies to issue their own cryptocurrencies.

For example, Google has 3.5 billion daily users, and META has over 2 billion active daily users, not to mention Amazon, X, or Walmart. Several of these companies have already indicated they are planning to launch crypto stablecoins if this bill becomes law. These companies can easily compel or incentivize users to move away from the dollar, away from traditional banks, and into these so-called stablecoins.

President Trump's own stablecoin is set to become one of the top 10 stablecoins after Abu Dhabi announced a $2 billion investment in World Liberty Financial, which is a joint venture between the Trump family, his sons, and Steve Witkoff and his family. You may recall, Mr. Speaker, that Steve Witkoff is Trump's Special Envoy to the Middle East, where Abu Dhabi is located.

Nothing in this bill prevents the clear conflicts of interest and violations of ethics laws by President Trump.

The worst aspect of this bill is the danger and risk that it puts on the backs of U.S. taxpayers because this will not end well, and nothing in this bill prevents a taxpayer bailout of crypto. If we really wanted to protect the taxpayer, we could require the crypto companies that are pushing these bills to absorb the losses if they fail. That would seem fair. Despite several attempts to have amendments included in this bill that would protect the taxpayer from paying for crypto bailouts, my Republican colleagues repeatedly refused.

We have seen in the past, in 2008, when the last version of financial innovation blew up, the collateralized debt obligations and other complex derivatives. It was the taxpayer who had to clean up that mess to the tune of $700 billion, while the bankers who created the mess got bonuses.

We should not let that happen again.

Mr. Speaker, I urge my friends on the other side and my colleagues on our side to defend the U.S. taxpayer and vote ''no'' on this bill.

The SPEAKER pro tempore. Members are reminded to refrain from engaging in personalities toward the President.

Mr. HILL of Arkansas. Mr. Speaker, I really have to say that I believe the GENIUS Act is an important component for preserving and enhancing the United States dollar as the reserve currency around the world.

Mr. Speaker, I yield 3 minutes to the gentleman from Minnesota (Mr. EMMER), who is our majority whip and who has been instrumental in our success in crafting digital asset legislation.

Mr. EMMER. Mr. Speaker, in November, the American people elected the most pro-innovation and pro-crypto Congress and President in American history. Following his historic victory, President Trump gave Congress a mandate to pass landmark legislation to create rules of the road for the digital asset ecosystem. The GENIUS Act is the first step in fulfilling that promise.

□ 1100

I applaud my Senate colleagues Chairman SCOTT and Senators HAGERTY, LUMMIS, and GILLIBRAND for energizing an often calcified Senate and sending over the GENIUS Act. Furthermore, I thank my colleagues, Speaker JOHNSON and Leader SCALISE, along with Chairman HILL and Chairman THOMPSON, for putting this bill on the House floor today for a vote.

Fundamentally, any stablecoin bill is about national security. It is about preserving and extending the dollar's dominance as the world's reserve currency. People want to transact in dollars because we have the strongest and most reliable economy and government in the world. It is the currency the world counts on to do business, and the United States' global position relies on that status.

The United States cannot afford to sit on the sidelines. If we fail to lead in this space, we risk leaving the door open for authoritarian regimes like China to advance its state-controlled digital currencies.

This bill is a globally competitive, regulatory framework for dollar-backed stablecoins, one that encourages domestic innovation and brings transaction volume back into the United States' visibility and under our control.

As we saw over the last 4 years under the Biden administration, regulation by enforcement not only created uncertainty but also pushed companies offshore. A clear and defined stablecoin framework, like that in the GENIUS Act, keeps these innovators here at home and brings back all those who left.

This is not a perfect bill, but it is a perfect bill for this moment. Congress must keep its eyes on the finish line and send the GENIUS Act to President Trump's desk this week.

Bottom line: The GENIUS Act is a proinnovation, profreedom, and progrowth piece of legislation. It is a bipartisan solution to a global challenge, empowering U.S. markets to lead, not follow.

Let's pass this bill and secure American financial leadership in the global digital economy. I encourage all my friends in this body to unequivocally vote ''yes'' on this bill.

Ms. WATERS. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. SHERMAN), who is also the ranking member of the Subcommittee on Capital Markets.

Mr. SHERMAN. Mr. Speaker, it is customary, when we consider major legislation, to give credit to those who created the bill. The ghost of Sam Bankman-Fried looms above this auditorium. He is the genius behind this GENIUS Act, and one can only hope that he is able to watch C–SPAN on a black-and-white television set in his prison cell.

You don't have to be a genius to know that this bill is an attack on working families. That is why the AFL–CIO says no, and they are scoring it.

They call it stablecoin. It is not stable. It is not a coin. It is a money market account that, under this law, must pay zero percent interest. Who wants to forgo a 4 percent rate of return and get a zero percent return in stablecoin? Those who are desperate for what cryptocurrency offers.

Cryptocurrency literally means hidden money, and these stablecoins are exempt from the anti-money laundering provisions. Thus, it meets the needs perfectly of drug dealers, human traffickers, sanctions evaders, those who are hiding assets from their former spouses, and tax evaders.

Just to be clear, the Republicans rejected unanimously in committee a provision to prevent mixers. Mixers are devices whose sole purpose is to defeat even top law enforcement efforts pursuant to a warrant, and under this bill mixers will be used to defeat law enforcement.

Republicans claim to be against crime in the streets, but they are creating a device whose sole purpose is to facilitate crime in the suites.

Page 43 of this bill contains a provision maintaining the eligibility of stablecoins for bailouts under a facility created under section 13(3) of the Federal Reserve Act. Now, Jerome Powell won't bail out stablecoin, but the next guy will.

Stablecoin marketers are going to tell investors that if they ever have a problem they are going to get bailed out. After all, crypto has all the power in Congress because it is the number one source of super-PAC independent expenditures. Last year, crypto did more super-PAC expenditures than Big Oil and Big Pharma times five.

This bill is designed to enrich President Donald Trump. Even Richard Nixon never thought of printing up baskets of Monopoly money and selling them for cash. Trump thought of it, and he is doing it electronically.

Abu Dhabi has announced they are investing $2 billion in Trump stablecoin, $2 billion in Trump's hands where he has to pay nothing, zero percent, on the loan. He invests the money, makes $2 million a week, up until Abu Dhabi demands its money back, which they are never going to do as long as our foreign policy meets the needs of Abu Dhabi.

Republicans rejected unanimously an amendment to prevent taxpayer money from being used to buy crypto. If you are voting for this bill, you are voting for taxpayer money to go into buying Trump coin.

The SPEAKER pro tempore. Members are reminded to refrain from engaging in personalities toward the President.

Mr. HILL of Arkansas. Mr. Speaker, I recognize the chair of our Subcommittee on Digital Assets, Financial Technology, and Artificial Intelligence, who crafted the STABLE Act, which is the base text that led to this joint, good work between the House and Senate.

I yield 3 minutes to the gentleman from Wisconsin (Mr. STEIL).

Mr. STEIL. Mr. Speaker, I rise in support of the GENIUS Act. The legislation brings clarity, consumer protections, and American leadership to the evolving world of payment stablecoins.

Stablecoin legislation has been in the works for over 4 years and has been called for by Democratic and Republican administrations. The status quo fails to protect consumers from fraud. That is an untenable situation in a market growing by the billions.

For too long, the United States has operated without a clear Federal framework for dollar-backed payment stablecoins, leaving consumers vulnerable to fraud, innovators in limbo, and our global competitiveness at risk.

That is why I am proud to have introduced stablecoin legislation in the House and worked alongside my colleagues in the Senate to make the legislation reaching the President's desk as strong as possible. That is why I am urging a ''yes'' vote on the GENIUS Act.

The bipartisan, bicameral legislation creates a robust framework for payment stablecoin issuance in the United States. It encourages the innovation and development of Web3 businesses here in the United States. It establishes clear rules to ensure that consumers are protected and businesses have clear regulations to responsibly participate in the digital asset ecosystem.

By requiring issuers to maintain a one-to-one reserve in cash and high-quality liquid assets like U.S. Treasuries, consumers know what they are getting and are protected.

GENIUS has strong anti-money laundering, operational risk, and governance standards in place to prevent abuse, reinforce market integrity, and create an even playing field with other financial institutions.

By passing the GENIUS Act in the House and sending it to the President's desk, Congress will be sending a clear message: The United States will dominate the future of financial innovation. We will protect consumers, support innovation, and defend the central role of the U.S. dollar in global commerce.

With this bill, we are not just responding to a moment. We are building a foundation for the future of finance in the Web3 world.

Payment stablecoin legislation is critical to this foundation. If we want to become the digital asset hub of the world, we must enact a comprehensive

framework for the digital asset ecosystem.

I urge my colleagues to support both the GENIUS Act and the CLARITY Act and send a message that America leads in financial innovation and does so with integrity, strength, and a firm commitment to protecting the people we serve.

Ms. WATERS. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. CASTEN), who is also the vice ranking member of the Financial Services Committee.

Mr. CASTEN. Mr. Speaker, if I were to describe Jeffrey Epstein as a nice family man who works in finance, you might question why I am saying that. If someone says that something that is neither a coin nor stable is a stablecoin, you might question why they are saying that because they aren't stable.

Terra, which was a stablecoin, collapsed at 30 cents and wiped out $40 billion in investor value. That was an algorithmic stablecoin. More recently, as the ranking member has noted, USDC, a so-called stablecoin, fell to 88 cents and only exists today because taxpayers bailed them out.

These are some of the reasons why central bankers last week issued a warning that stablecoins threaten global financial stability and need a much more restrictive regime compared to traditional finance.

□ 1110

The GENIUS Act ignores all of those experts and, instead, ties stablecoins into our financial system but without the safeguards that are required by banks and investment companies.

As the ranking member noted, this allows Big Tech companies to issue stablecoins and amass consumer data at the same time we are gutting the Consumer Financial Protection Bureau, which protects consumers.

It allows issuers to cherry-pick the lightest-touch regulator between the Federal Government and any of the 50 States.

Rather than fixing the problems created when Silicon Valley Bank collapsed, it makes them worse by saying that you can have uninsured deposits. Yet, if there is a run on a future Silicon Valley Bank, the stablecoin issuers have a superior claim over every single person in this room who has a legitimate deposit in that bank.

My colleagues have said that this has a one-to-one requirement, except that it is not audited. There is only an audit requirement for companies over $50 billion in assets, which is only two stablecoins. Donald Trump's stablecoin just has to say that they attest that there was value in there on the 30th day of the month, and we don't have an auditor. That isn't one-to-one certification.

Finally, the GENIUS Act is a missed opportunity to limit foreign influence. We know that, recently, a convicted money launderer wrote the code so that the United Arab Emirates could buy $2 billion of Trump's stablecoin, which allowed President Trump to earn $30 million on the transaction.

Now, this convicted felon—

The SPEAKER pro tempore. The time of the gentleman has expired.

Ms. WATERS. Mr. Speaker, I yield an additional 15 seconds to the gentleman from Illinois.

Mr. CASTEN. Mr. Speaker, I should clarify that the convicted felon I am referring to is the guy who ends up trading—

The SPEAKER pro tempore. The time of the gentleman has again expired.

Ms. WATERS. Mr. Speaker, I yield an additional 15 seconds to the gentleman from Illinois.

Mr. CASTEN. Mr. Speaker, the convicted felon I am referring to is the guy who ran Binance and not the President, but he is seeking a Presidential pardon.

Mr. Speaker, the GENIUS Act sets the stage for an exponential crisis and allows the President to continue cheapening the office for his own financial gain, and I urge a strong ''no.''

The SPEAKER pro tempore. Members are reminded to refrain from engaging in personalities toward the President.

Mr. HILL of Arkansas. Mr. Speaker, I yield 1 minute to the gentleman from Michigan (Mr. HUIZENGA), the vice chairman of our full committee.

Mr. HUIZENGA. Mr. Speaker, I thank the chairman for yielding me time.

Mr. Speaker, today is a good day for innovation. It is a good day for free markets, entrepreneurs, and consumer choice. It is a good day for American digital leadership.

Mr. Speaker, after years of debate and, frankly, as I was chair of the Capital Markets Subcommittee in 2017 and 2018 and held hearings on cryptoassets, Congress has finally recognized the unique nature of stablecoin products.

Under this bill, we established a regulatory framework that targets the activity, not the technology. After years of indecision, Americans finally have an administration that is ready to embrace those products. The time to reassert American leadership in the digital asset space is now.

The GENIUS Act acknowledges that stablecoins can address inefficiencies in the U.S. payment system. It acknowledges that maintaining the U.S. dollar as the world's reserve currency should always be at the forefront of any decision that we have. It acknowledges that the private sector must lead the way, fostering innovation and competition.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. HILL of Arkansas. Mr. Speaker, I yield an additional 15 seconds to the gentleman from Michigan.

Mr. HUIZENGA. Mr. Speaker, I thank the chairman for yielding me additional time.

Mr. Speaker, obviously, at the end of this, finally, it acknowledges that a clear regulatory framework led by the United States is needed to usher in this modern technology.

Mr. Speaker, we are at an inflection point. When it comes to digital assets, I urge my colleagues to seize this moment by supporting this important legislation.

Ms. WATERS. Mr. Speaker, I yield 2 minutes to the gentlewoman from New York (Ms. VELÁZQUEZ), who is also the ranking member of the Committee on Small Business.

Ms. VELÁZQUEZ. Mr. Speaker, I thank the gentlewoman for yielding.

Mr. Speaker, I rise today in opposition to the GENIUS Act.

From the beginning, I have said that Congress needs to tackle stablecoin legislation, but we cannot pretend that this is happening in a vacuum. We are creating a framework for stablecoins while the President, his family, and members of his administration are personally invested in this market and directly profiting from it.

Mr. Speaker, 3 days before taking office, President Trump launched his own memecoin. When the coin's value collapsed, his insiders cashed out. Everyday investors were left holding the bag. It is estimated that they lost over $2 billion while the Trump circle walked away with more than $350 million.

Now, his family firm, World Liberty Financial, has launched its own stablecoin, once again netting the President's family tens of millions of dollars.

The administration is rolling back enforcement and reshaping policy to give these business interests a leg up.

These are such clear-cut conflicts of interest, yet this bill does nothing to address them. It doesn't bar the President or Cabinet officials from holding financial stakes in stablecoin issuers. It doesn't address the foreign investors piling into these ventures. It doesn't even try to draw a line between public office and private banks.

This isn't a framework for innovation. It is a framework for more corruption.

If we are serious about protecting consumers and about protecting our markets, we have to start with ethics. This bill fails that basic test.

Mr. Speaker, I urge my colleagues to vote ''no.''

Mr. HILL of Arkansas. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this bill, the GENIUS Act, and the bill we debated a few minutes ago, the CLARITY Act, are all about consumer protection. There are no rules federally across the board in the digital asset space at all now. That is why we have seen consumers hurt by the lack of a regulatory framework. I have to say, Mr. Speaker, in total contrast to my friends on the other side of the aisle, that is what we are all here for today.

Mr. Speaker, I appreciate your continuing reminder to the Members in the Chamber to refrain from engaging

in personalities. Yet it has routinely become a part of our morning, so I have to inquire as to how long we are going to let this go on, Mr. Speaker. I want to make sure all the Members in the Chamber adhere to rule XVII.

Mr. Speaker, I yield 4 minutes to the gentleman from Kentucky (Mr. BARR), our distinguished chairman who leads our Subcommittee on Financial Institutions.

Mr. BARR. Mr. Speaker, I thank the chairman for yielding me time.

Mr. Speaker, I rise today in strong support of the passage of the GENIUS Act, and I thank Chairman HILL for his extraordinary leadership, not just in this Congress, but for a long time advocating for this moment. He deserves a tremendous amount of credit for persevering and working and marshaling bipartisan, bicameral support. I thank him for his tremendous leadership.

I thank the gentleman from Wisconsin (Mr. STEIL) for being a subject-matter expert and working in a bipartisan way to build a bipartisan coalition for this moment.

There has been a lot of talk, Mr. Speaker, made in this term of Congress about the One Big Beautiful Bill Act. It is a historic piece of legislation, no doubt. It is going to supercharge our economy. It is jet fuel for our economy. They are the biggest tax cuts we have ever seen in this country's history. Yet, I would argue, with all respect, that, arguably, the most important and most transformational pieces of legislation in this Congress are these bills that we are talking about here today, the GENIUS Act and the CLARITY Act.

It is paramount that we send this historic piece of legislation, the GENIUS Act, to the President's desk because this bill is the first of its kind in creating a regulatory framework for the future of stablecoin issuance in the United States to revolutionize finance and payments in this country and around the globe.

Not only will this cement us, the United States, for decades to come as leaders and innovators in the digital asset space, but it will, importantly, protect the U.S. dollar's dominance and increase demand in our Treasury market.

In the GENIUS Act, stablecoins become pegged to the U.S. dollar and backed by high-quality liquid assets.

Mr. Speaker, in stark contrast to what my friend, the gentleman from Illinois (Mr. CASTEN), was arguing, this actually prevents these other so-called stablecoins from actually thriving in the marketplace.

You are going to have stablecoins that actually are stable. That is why we need the bill. The gentleman from Illinois (Mr. CASTEN) is actually making the argument for us. He is making the argument for why he should support the GENIUS Act. It is because of unstable stablecoins that are out there. Those products will lose ground in the marketplace after we pass the GENIUS Act.

□ 1120

It will ensure that consumers are protected while reaping the benefits of blockchain technology. The GENIUS Act will allow for scalability to occur in the stablecoin marketplace, ensuring American consumers and businesses have access to this innovative product.

Both banks and nonbanks can issue stablecoins under the GENIUS Act, bringing together the best actors in both the traditional finance space and the new era of digital finance.

The GENIUS Act provides that all appropriately regulated banks, including the U.S. operations of foreign banking organizations, which are supervised by the Federal Reserve, are treated equally to their U.S. peers.

This is particularly important with respect to the issuance, reserve and custody services, and bank capital requirements irrespective of whether they are deposit insured since the act prohibits stablecoins from being covered by FDI insurance.

A robust, well-regulated stablecoin market eliminates any justification for a government controlled Central Bank Digital Currency, or CBDC, which jeopardizes Americans' access to freedom, privacy, and apolitical private capital.

This is an important point for all of my colleagues on my side of the aisle who share my concern and opposition to a CBDC. If you want to put a dagger in the heart of this crazy surveillance state idea of a Central Bank Digital Currency, pass this bill. I urge all Members to vote for this bill, vote for the GENIUS Act, which will eliminate all arguments for a CBDC.

With the GENIUS Act, we will increase the speed and decrease the cost of payments. We will decrease and eliminate friction from our payment system. If all Americans see housing their deposits via a CBDC at the Federal Reserve as a risk-free proposition, they would be incentivized to pull their money out of private-sector banks.

The Speaker pro tempore. The time of the gentleman has expired.

Mr. HILL of Arkansas. Mr. Speaker, I yield an additional 15 seconds to the gentleman from Kentucky.

Mr. BARR. Just to conclude, we want to avoid eroding the deposit base and starving the private sector of conventional bank financing. The GENIUS Act will not erode the deposit base. It will allow banks to issue and custody stablecoins and participate in this emerging crypto economy cementing the dollar as the world's reserve currency, protecting consumers and the deposit base, and supercharging the Treasury market.

Ms. WATERS. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio (Mr. DAVIDSON) who is the Republican chairman of the National Security Subcommittee.

Mr. DAVIDSON. Mr. Speaker, I thank the ranking member for yielding.

Mr. Speaker, I have not seen a perfect bill since I have been in Congress, but this is a pretty good bill. It is an important bill. Regulating stablecoins is long overdue at the Federal level, but make no mistake, stablecoins aren't new.

The New York Department of Financial Services has regulated stablecoins in the State of New York since 2018. They are time-tested and proven, and they have been stable.

It is long overdue for us to provide Federal legal clarity here, so why am I speaking in opposition to it? My Republican colleagues are exactly right about the stablecoins and the need for regulation. That is why we passed the STABLE Act, but my Democratic colleagues are right this time to recognize that the legislative process is broken and, frankly, we all know that. Everyone in the House does.

We have seen it broken on lots of things, but here, today, we have got a defective product that our legislative process prevented us from fixing.

On the product, the GENIUS Act, we agree we have five amendments that we want to do to the GENIUS Act that we are doing in the CLARITY Act, and they are important. Frankly, while the GENIUS Act does address retail CBDC, and it is an important concession because Democrats want a surveillance state Central Bank Digital Currency.

Mr. Speaker, you are going to see that when we vote later on TOM EMMER's bill. They want that. Republicans are thankfully united in opposing Central Bank Digital Currency, but we should deal with that fully here.

On March 8, 2023, in a dialogue with Chairman HILL, Federal Reserve Chairman Jerome Powell said that they would need congressional approval for a retail CBDC, but he went on to explain that you could have a layered CBDC. They are building just that at the Federal Reserve.

We should completely turn that off, and that is why we need to pass Representative EMMER's bill. I will talk about that later, but we also need to protect self-custody, which is the ability for you to move your money directly person to person without an intermediary. You won't have direct access to your own money unless you protect it because government agencies continue to try to ban it. We need to protect it. We do in the CLARITY Act, and that is why I oppose the bill.

Mr. HILL of Arkansas. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania (Mr. MEUSER), the chairman of our Oversight and Investigations Subcommittee.

Mr. MEUSER. Mr. Speaker, I rise today in strong support of S. 1582, the GENIUS Act. I thank the chairman of our full Financial Services Committee, Chairman HILL, for his leadership; Chairman STEIL for his great work; Whip EMMER, and so many in our committee and our colleagues in the Senate for their work on this legislation.

I also recognize President Trump's administration, crypto czar David Sacks, and SEC Chair Paul Atkins for

their efforts to reverse the Biden-era irrational opposition and misguided regulations that we lived with for 4 years toward innovation and now we are setting America back on a progrowth America First course.

Mr. Speaker, the Senate's legislation built on 2 years of groundwork by the House, crafting a framework for stablecoins that protects consumers, the dollar, and unleashes private-sector innovation. This bill achieves three goals. It supports the dollar's role as the world's reserve currency. It provides a private-sector alternative to a government-run digital dollar which is very important, and it modernizes payments to reduce costs and expand access. This is smart, forward-looking policy.

Mr. Speaker, I urge my colleagues to support it.

Ms. WATERS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, since assuming office, President Trump has been making himself richer and richer, while working-class Americans are struggling just to stay afloat.

President Trump has earned $1.2 billion since he entered office. The Trump family has been using the Office of the Presidency, and the way that they are doing this is extremely alarming to me and my fellow Democrats.

Now, let me go through this timeline once more.

In September 2024, on the campaign trail, the Trump family launched World Liberty Financial, which they have described as a decentralized finance, or DeFi company.

On January 17, 2 days before the Presidential inauguration, President Donald Trump launched his Trump memecoin. Days later, Melania Trump launched her memecoin.

On March 25, 2025, World Liberty Financial launched a dollar-pegged stablecoin just 1 week before the House Financial Services Committee marked up stablecoin legislation and 2 weeks after Senate colleagues held their markup.

On March 31, Eric Trump and Donald Trump, Jr.'s, American data centers merged with American bitcoin, a bitcoin mining operation.

On July 8, Trump Media and Technology Group, the company that operates the Truth Social media platform, announced that it had filed paperwork with the SEC to approach to launch the crypto blue chip ETF later this year.

Now, let's add all of this up.

Since January of this year, President Trump and his family have launched or are planning to launch six different crypto ventures. Congressional Republicans and the crypto industry will state that these conflicts of interest take away from the discussion on other parts of the bill. They claim that this bill is good for consumers and investors.

Well, let me tell you, it is not. It is good for Trump's family and wealthy crypto investors that can afford to see themselves through an FTX-type collapse. No one, not a Republican or a Democrat, should be using their office to make themselves richer while everyday Americans are struggling to buy groceries and pay for their healthcare.

Everyday Americans are simply trying to survive, thanks to Republican policies, while President Trump and his billionaire boys' club thrive in the economy.

It is simple. People want to know why Members of Congress can't simply exclude the President and the Vice President. Why do they keep them in both of the bills as owners of crypto? Why did they avoid my amendment that would take them out?

I don't believe that the President, the Vice President, his Cabinet, his family, or any Members of Congress should be owners of crypto. I certainly don't believe that the Office of the Presidency should be used by anybody, any President, now or in the future, to be the owners of crypto.

Mr. Speaker, I reserve the balance of my time.

□ 1130

Mr. HILL of Arkansas. Mr. Speaker, I yield 2 minutes to the gentleman from Nebraska (Mr. FLOOD), who chairs our Subcommittee on Housing and Insurance.

Mr. FLOOD. Mr. Speaker, I have been working on this since I was in the Nebraska Legislature. Back in 2021, I passed the Nebraska Financial Innovation Act, making our State the second State to allow State-chartered banks to custody digital assets, stablecoins.

These stablecoins have the ability to greatly increase not only the speed of payments and settlements, but also make our economic system even more efficient. Stablecoins will also support the advancement of the U.S. dollar around the globe.

We may often take it for granted, but most of the transactions around the globe rely on a currency backed by the U.S. dollar. That could change if we don't adopt laws like this.

Who steps in? Adversaries like China.

We want to have a presence on the Continent of Africa. That is the next frontier. This assures us of that.

In the early days, caution was certainly prudent. Stablecoins are a novel technology with significant questions regarding how to protect consumers, like what happens in the event of bankruptcy and how to ensure that the issuers live up to the technology's namesake by providing a truly stable asset, the dollar.

That is why we have been working on this issue in our committee for the last several years. Similarly, the Senate has been running through their process.

Let me be clear, this bill is not perfect. With my experience in Nebraska, I have been a strident supporter of a strong, robust State pathway for issuers. This bill has a State pathway, but it is capped at a $10 billion asset threshold.

I personally much prefer Congressman BRYAN STEIL's STABLE Act to this Senate product. However, despite my personal preferences, this bill absolutely provides a comprehensive and safe Federal framework for stablecoin regulation.

In order to usher in a new era of blockchain innovation, we need to pass the GENIUS Act so our regulators can get to work implementing a comprehensive stablecoin framework.

Ms. WATERS. Mr. Speaker, I include in the RECORD the following letters from organizations that oppose this terrible bill: a letter from the AFL–CIO, which is scoring this vote, and a letter from Public Citizen.

AFL–CIO,
LEGISLATIVE ALERT,
*July 14, 2025.*

DEAR REPRESENTATIVE: On behalf of the AFL–CIO, I am writing to urge you to oppose two bills on crypto currency that may soon be up on the House floor for a vote this week. The GENIUS Act, (S. 1582) and the CLARITY Act (HR 3633) pose risks to both retirement funds and to the overall financial stability of the U.S. economy. Instead of regulating crypto currency, these bills will enable the crypto industry to operate without effective oversight, and this will endanger the financial health of working people.

POORLY REGULATED CRYPTO ASSETS ARE DANGEROUS TO PENSIONS

Unions strongly support workers having retirement benefits and regularly negotiate for pension plans in employment contracts. But retirement plans are only solvent if their assets are protected from fraud and unethical practices. Neither of these bills provide a regulatory structure for crypto assets or stablecoin that is similar to that of other assets in pensions. While currently most pensions do not carry crypto assets because of the risks associated with them, the bills provide the facade of regulation that may make these assets more mainstream in portfolios. Passing this legislation will allow the proliferation of assets that investors will wrongly perceive as safe.

But the problem with these bills is more significant than they do not provide strong regulations for pensions; if they are passed they will reduce the safety of many assets and create problems across retirement investments. We are particularly concerned that a loophole in the CLARITY Act (HR 3633) would allow non-crypto companies to put their stock on the blockchain and evade the entire securities regulatory framework that currently exists. This would reduce reporting requirements, disclosures and other obligations. These changes would put pensions and 401k plans in jeopardy of having unsafe assets even if they were invested in traditional securities.

Because we believe in strong, safe pensions that are there for workers in their retirement, we oppose these bills and ask that you do the same.

FINANCIAL INSTABILITY WOULD INCREASE

The AFL–CIO has always supported measures that properly regulate financial markets so that working people are not cheated of their hard earned wages. In the aftermath of the 2008 financial crisis which had its genesis in unregulated derivatives markets and widespread fraudulent banking activities, we supported legislation that created the Consumer Financial Protection Bureau (CFPB) and strengthened financial regulations through the Dodd-Frank Act.

The GENIUS and CLARITY Acts do not protect consumers, workers or the financial system and instead they expose all to more risk. The GENIUS Act would allow tech companies to become de facto banks or issuers of a corporate currency, without requiring them to adhere to equivalent bank regulatory oversight. Stablecoins are not inherently stable and the assets that are permitted to back the value of stablecoins in the bill are not sufficiently strong. Thus, a situation similar to the failure of Silicon Valley Bank (SVB), which was brought about by the failure of the stablecoin peg, looms large. The bills also do little to curb the fraud, illegal activity and corruption that continues to be prevalent in anonymous crypto markets. As such, these bills provide the perfect environment for the next financial crisis to germinate.

OPPOSE THESE BILLS

For all the reasons above and more, the AFL–CIO strongly urges you to vote no on the GENIUS Act, (S. 1582) and no on the CLARITY Act (HR 3633). Working people need policies that effectively regulate financial markets and ensure that hard earned retirement benefits are not endangered by risky assets. We need to make sure that the financial system is stable instead of creating a casino for crypto billionaires to make more profits.

Sincerely,

JODY CALEMINE,
*Director, Government Affairs.*

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PUBLICCITIZEN,
*Washington, DC, July 14, 2025.*

Honorable Members,
*House of Representatives,*
*Washington, DC.*

DEAR REPRESENTATIVE: On behalf of more than 500,000 members and supporters of Public Citizen across the country, we ask you to please vote NO on three cryptocurrency bills slated for full House consideration this week. These include the GENIUS Act (recently approved by the Senate); the CLARITY Act; and the CBDC Anti-Surveillance Act. These dangerous bills legitimize the cryptocurrency Ponzi scheme that will undoubtedly leave more Americans scammed and will enable criminal behavior.

TRUMP'S MASSIVE CRYPTO GRIFT

Regardless of a Member's position on whether the many risks of harm posed by, cryptocurrency outweigh its supporters' inflated promises of innovation through blockchain-based payment systems, no responsible lawmaker can support these measures because they ratify the greatest corruption in presidential history: Donald Trump's crypto ventures, which astound in the scope of the grift and flagrancy of commitment. Leading ethicists agree, including the White House ethics ''czars'' for each president since Clinton (except for Trump's).

Trump once dismissed bitcoin, the most popular crypto, as ''based on thin air.'' It is a ''scam.'' It can facilitate unlawful behavior, including drug trade and other illegal activity.'' Now, he's the self-proclaimed crypto president.

In May, the Trump family announced an agreement with a fund backed by Abu Dhabi that ''would be making a $2 billion business deal using the Trump firm's digital coins,'' according to the New York Times. That deal involved a stablecoin. The Constitution (Article 1, Section 9) forbids accepting money (specifically a ''present'' or ''emolument'') or anything of value from any ''king, prince, or foreign state.''

Previously, Trump hosted a presidential dinner for the largest new buyers of his crypto ''meme,'' called ''$Trump.'' Federal law strictly regulates payments to government officials, including gifts. Although the president may receive gifts, he or she may not ''solicit'' gifts. These prohibitions begin with the Constitution's Emoluments Clause and are reiterated in the U.S.'s anti-bribery statute, 18 U.S.C. §201, and federal regulations, 5 C.F.R. §2635. Although section 2635.205 lists several exemptions from the prohibition, none exempts soliciting purchases for personal gain.

As to why the public might be interested in sending money, the website explains: ''This Trump Meme celebrates a leader who doesn't back down, no matter the odds.'' Under the Trump meme website's question, ''What is a meme?'' the website explains: ''Merriam-Webster's meme noun: 1: an idea, behavior, style, or usage that spreads from person to person within a culture.''

The website states that ''Trump Memes . . . are not intended to be, or to be the subject of, an investment opportunity, investment contract, or security of any type.'' Additionally, the Securities and Exchange Commission (SEC) stated that meme coins have ''no use.'' Other cryptocurrency observers deride memes generally as without value. Former aide Anthony Scaramucci said Trump's effort demeans broader cryptocurrency efforts, calling it ''ldi Amin level corruption.'' Another commenter said that the Trump meme ''is effectively a 'for sale' sign on the White House.'' Some, including an author in the Washington Post, characterized this token as a ''sh—coin.''

In short, it appears Trump is not soliciting money in exchange for an investment or tangible product (such as a Bible, sports shoes, or a guitar), but soliciting money in exchange for nothing—that is, asking for a gift that will benefit him personally.

Already, Trump has profited millions from the meme and other ventures. His initial sale generated nearly $100 million. The latest salvo in April brought in roughly $100 million more. Some new buyers come through the Binance exchange, legally barred for US investors, meaning that Trump may well be violating the emoluments clause with this venture as well.

The dangers inherent in the Trump meme portend ominously. Should the president be allowed to enrich himself in this way, other politician might follow this path, rendering the prohibition on solicitation in 18 U.S.C. §201 and the prohibitions on receipt of gifts by officials other than the president meaningless.

Paradoxically, while this Trump meme is worthless (by his own estimation) Trump managed to create an earlier crypto that is worth less. In October, 2024, he became the ''chief crypto advocate'' for World Liberty Financial, a nascent cryptocurrency firm. The World Liberty Trump crypto is worse because it cannot be resold. This Trump crypto buys only ''governance,'' but only a minority share. Trump controls the majority of the governance tokens.

Now, the House considers a trio of bills regarding cryptocurrencies. At the very least, Congress must bar the president along with all elected officials and their families from owning, buying or otherwise trafficking in stablecoins. Americans must be assured that policy won't be fashioned by those profiting from the shape of the legislation.

Further, Congress should approve an amendment that restates conflict laws that already apply to the president. Namely, he may not solicit gifts; he may not accept gifts from a foreign sovereign; he may not sell political favors.

Pro-crypto lawmakers apologize that Trump corruption will persist whether or not Congress approves crypto legislation. We reject this defeatist position. Congress must not abdicate any powers to hold Trump accountable. Without conflict-of-interest guardrails, approving these bills effectively endorses Trump's conflicts. The bills will integrate crypto into mainstream banking, serving to fatten his grift.

At the same time, we believe each bill fails to protect investors while facilitating the funding of illicit activities, which we explain in detail below.

H.R. 3633, THE DIGITAL ASSET MARKET CLARITY ACT OF 2025

This measure succeeds the ''Fit 21 Act'' of the last Congress, approved with bipartisan support, a result we believe reflects profligate political spending by the crypto sector in 2024. Now that the crypto political spenders brazenly threaten to recycle even more of their ill-gotten gains into future elections, Congress is speeding through more pro-crypto bills.

The CLARITY Act falls so short of necessary investor protections as to invite mockery. Putting a sign on the keg at a frat party that says ''Over 21 only'' would achieve better results at tamping down harmful behavior. Fundamentally, the CLARITY Act accords the imprimatur of federal government approval for crypto by awarding official SEC-approved status for qualified firms.

To qualify for approved status, a firm might actually register. Exemptions, however, abound. Sections 309 and 409 of the legislation would exempt firms if they relate to ''the operation of a blockchain system.'' Crypto projects may win exemption for contracts that trade and settle on a blockchain. The bill exempts tokens with ''value, utility or significance,'' a designation that the sponsor itself can claim. And all existing tokens enjoy a grandfather protection, legal amnesty for any reporting requirements.

In effect, the bill claims to establish a speed limit and then provides what amount to exceptions for drivers with red cars, fast cars, or if they're in a hurry.

Further, the bill offers a means for non-crypto companies to bypass securities law and use the blockchain to raise funds. This threatens to upend a near century of securities law- and rule-making that established American markets as the envied, disciplined, safe, and largest in the world. Once the crypto craze dissolves and/or crashes, this element of the bill, if it becomes law, will constitute one of the greatest deteriorations of sound securities law ever. The Securities Industry and Financial Markets Association, the lobby that represents firms that underwrite and help investors trade stocks, shares this concern. Recently the association wrote to the Securities and Exchange Commission with a warning about the *potential pitfalls* of allowing firms to put stocks on the same blockchain technology that underpins digital assets without following the same rules that apply to the equities market. Doing so, SIFMA said, raises questions about whether investors would be getting the best prices when trading such tokenized stocks and if that trading could hamper capital formation in the U.S.

The CLARITY Act fails to provide adequate compliance requirements to deter money laundering. Drug, arms and human traffickers use crypto to avoid detection. If crypto promoters simply required every participant to register—just as a driver secures a driver's license—much of this problem would abate. That the bill sponsors resist this simple policy speaks grimly about whom they are serving with this legislation.

Finally, bill sponsors claim they promote this bill to keep crypto innovation American and provide long needed regulation. But not all ''innovation'' advances an economy. Crafty cyberthieves deserve no trophy, nor do romance scammers, but both varieties of

scammers frequently use crypto to bilk their marks. Moreover, current securities law provides a rubric for crypto. The Biden administration asked crypto to register and comply; some did. Most, however, prefer to grift outside any barriers. Congress must not plant the US flag on this rogue industry through this bill.

THE GENIUS ACT

The GENIUS Act focuses on essentially one element of what's necessary to govern stablecoins: namely the integrity of their reserves. It requires that the sponsor buy safe securities, such as U.S. treasuries.

Even here, however, the GENIUS Act falls short because it also allows a coin's sponsor to include uninsured demand deposits. While cash might seem safe, if held in a bank, accounts beyond $250,000 would not enjoy FDIC coverage. The episode of Silicon Valley Bank's failure demonstrated this vulnerability. Further, the bill relies on sponsor certification (or attestation) as to the components of the reserve. Instead, responsible legislation should require an audit by a firm overseen by the Public Company Accounting Oversight Board (PCAOB). (Some stablecoins have sought audits from firms outside this recognized regime.)

Generally, the GENIUS Act includes several foundational flaws. First, it invites major commercial firms such as Amazon, Walmart, Twitter/X and/or Facebook/Meta to enter the banking sector because it lacks provisions under the Banking Holding Company Act that otherwise prohibit non-financial firms from entering the banking business. The nation's centuries old policy separating banking and commerce stems from concerns about concentration in power. Creditors should not face the moral hazard of competing with the borrower. Viability of a credit facility should not hinge on the viability of a commercial venture. For example, an automobile manufacturer that also sponsored a stablecoin might raid the reserve should car sales begin to falter. Or a major online aggregating retailer might disfavor a subcontractor if it failed to use the aggregator's stablecoin. History illustrates that when banks have entered commerce, such as financiers did in the late 19th century during the construction of railroads, manipulations led to frequent economic shocks. Any stablecoin legislation should obligate issuers to abide by robust Bank Holding Company Act provisions that guard against these harms by restricting sponsorship to existing banks.

Second, the GENIUS Act provides a dual oversight structure, permitting stablecoins under a certain value ($10 billion) to register under individual states. This allows a race to the bottom, where unscrupulous sponsors would seek the state with the most convenient rules. The bill calls on the states to establish safety standards, but these will inevitably be worked out between industry and lawmakers with little consumer protection given the scant interest by average Americans in this sector. Further, a bad actor could game the $10 billion limit by organizing multiple funds, beginning a new one once the last one reaches this figure.

The bill also fails to establish clear safeguards for those stablecoins that seek federal oversight, with the same vague injunctions to regulators. As implementation of the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act demonstrates, regulators were slow to implement rules, and those rules reflected intense Wall Street lobbying. With the U.S. Supreme Court decision eliminating *Chevron deference*, rules that industry finds inconvenient now may perish at the whim of cherry-picked courts.

Third, the bill fails to provide speedy resolution for customers in case of failure of a stablecoin. Bankruptcy does not suit a firm that custodies savings that should be available within days of a failure, as is the case with banks that are resolved by the Federal Deposit Insurance Corp. Section 9 of the GENIUS Act references sections of Chapter 11 of the Bankruptcy Code, affording holders of payment stablecoins ''priority.'' But bankruptcy triggers an automatic stay on payments that could take years before the relief of funds, according to *Georgetown Prof. Arthur Wilmarth*, which renders ''priority'' little relief in actuality. Related to this, the bill includes inadequate custodial rules. The GENIUS Act declares that stablecoins are property of the investor and must be segregated from sponsor funds. But this *doesn't direct the bankruptcy* court to pay the investor immediately.

Lastly, the bill lacks a fair redemption regime. It simply requires the stablecoin sponsor to establish a policy. It fails to prohibit a firm from establishing exorbitant fees, or setting an unreasonable time to honor a redemption, or favoring some customers over others. A sponsor could establish long waiting periods; a sponsor could even change policies, such as advertising a low fee one month, then raising it the next, and setting different fees for different customers. In a money market mutual fund, all customers receive the same prevailing interest rate and enjoy equal redemption rules.

CENTRAL BANK DIGITAL CURRENCY

The *CBDC Anti-Surveillance State Act* oddly places its specious talking point in the bill's title. The bill would bar the government from establishing a central bank digital currency on the argument that it would invade personal financial privacy.

In reality, the sponsors of this bill serve the interests of private sector cryptocurrency promoters that we believe do not want to be displaced by a better, government-sponsored digital currency. It is revealing that so-called innovators in the free market fear they might be outdone by federal technocrats. Public Citizen believes these self-described crypto innovators are craven fraudsters looting the vulnerable with a Ponzi scheme.

Public Citizen does support exploration of a Central Bank Digital Currency (CBDC). This federal digital coin, in one form dubbed a FedAccount, holds the promise to address some of the problems with the payment system.

Conceived by *Lev Menand* of Columbia Law School in June 2018, the CBDC would be a Federal Reserve account. It would be available to ''any U.S. resident or business in digital wallets operated by the Federal Reserve, the Post Office, or one of the country's several thousand community banks,'' he explains. ''The digital wallets would charge no fees and have no minimum balances. They would come with debit cards, direct deposit, and bill pay. They would have customer service, privacy safeguards, and fraud protection—if, for example, one lost their password. And these accounts would earn interest at the same rate that the Fed pays to banks.''

Lack of profitability for the banks represents one of the reasons that banks fail to service roughly six percent of the population. The FedAccount would be available to those whom banks have failed to serve regardless of their balance. They would be streamlined to provide access with immediate payment clearing. There would be no fees charged. With such an account, delivery of federal payments would be immediate

We believe the Menand idea deserves attention. Searching for a talking point, the bill's sponsors claim the idea would lead to a surveillance state. They seem unaware that credit card firms, major banks, and other financial institutions already own personal financial data. By the bill's logic, they should be banned as well.

For questions, please contact Bartlett Naylor.

Sincerely,

PUBLIC CITIZEN.

Ms. WATERS. Mr. Speaker, I reserve the balance of my time.

Mr. HILL of Arkansas. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey (Mr. GOTTHEIMER), who is a distinguished member of the House Financial Services Committee.

Mr. GOTTHEIMER. Mr. Speaker, I rise in support of the bipartisan GENIUS Act. This legislation builds on the bicameral negotiations that Chairman HILL, former Chairman MCHENRY, Chairman STEIL, and I, and so many others, have worked so hard on for the past years.

The GENIUS Act is smart bipartisan legislation that backs stablecoins through the U.S. dollar on a 1-to-1 basis and allows States to make future safeguards to further protect consumers.

The GENIUS Act, as I said, protects consumers and gives clear rules of the road to allow America to lead the way in a space that is key to our economy. It cracks down on illicit finance, helps counter bad actors, and reinforces the global strength of the dollar, all while lowering the cost of payments and making transactions happen in just seconds.

The bill has already passed the Senate in a strong bipartisan way. Now, it is time for us to clarify rules for stablecoins, protect consumers, and promote American innovation.

As I said before, when we were talking about the CLARITY Act, the question is: Do we want some rules of the road or no rules of the road? To vote against this bill and to vote against the CLARITY Act is irresponsible if you want to make sure that the Trump coin has oversight and that consumers are protected.

The SPEAKER pro tempore. The gentleman from New Jersey's time has expired.

Mr. HILL of Arkansas. Mr. Speaker, I yield an additional 15 seconds to the gentleman from New Jersey.

Mr. GOTTHEIMER. Mr. Speaker, to not pass this legislation is deeply irresponsible. It will allow the Wild West to continue.

This will protect consumers and ensure that the Trump coin and others are overseen, with protection and oversight from the CFTC. It is critically important for protecting consumers and protecting our country.

Ms. WATERS. Mr. Speaker, let me reiterate that it is irresponsible to turn this bill over to the President of the United States, and I continue to reserve the balance of my time.

Mr. HILL of Arkansas. Mr. Speaker, I yield 2 minutes to the gentleman from Georgia (Mr. CARTER).

Mr. CARTER of Georgia. Mr. Speaker, I rise today to voice my support for

S. 1582, the GENIUS Act of 2025, which will provide a clear regulatory framework for the issuance of stablecoins in the U.S.

This bipartisan, industry-supported bill will finally give the stablecoin asset class clear rules of the road for the issuance and use of digital assets. The GENIUS Act will establish standards so that issuers are credible and stablecoins are quality assets in a rapidly innovating digital market.

I thank the Senate for passing this bill and getting it to the House so quickly. I encourage all of my colleagues to vote in support of the GENIUS Act. It is a vital step in keeping America at the pinnacle of financial innovation.

Mr. Speaker, let's make the U.S. the crypto capital of the world.

Ms. WATERS. Mr. Speaker, I continue to reserve the balance of my time.

Mr. HILL of Arkansas. Mr. Speaker, I yield 1 minute to the gentleman from Virginia (Mr. VINDMAN).

Mr. VINDMAN. Mr. Speaker, as the vice ranking member of the Commodity Markets, Digital Assets, and Rural Development Subcommittee of the House Committee on Agriculture, I rise today in support of both the CLARITY and GENIUS Acts.

These bills aren't perfect, but digital innovation is critical to our economy, and I support a regulatory framework that protects consumers in the financial system.

However, I am concerned about the ability of certain officials to use these assets for self-enrichment at the highest levels of our government. These bills ensure Members of Congress and many other government officials must abide by ethics rules that we expect from government officials, allowing the industry to innovate as it should. Two individuals are exempted, the President and Vice President.

This is incredibly dangerous, and it undermines confidence in this important industry. It also further degrades the public trust in our government, especially at a time when that trust is already eroded by the President's refusal to release the Epstein files.

We need to take important steps to establish a regulatory framework for digital assets to thrive and to restore public trust. We need action now, and I hope we can close these loopholes.

Ms. WATERS. Mr. Speaker, I continue to reserve the balance of my time.

Mr. HILL of Arkansas. Mr. Speaker, I yield 1 minute to the gentleman from Florida (Mr. HARIDOPOLOS), our majority whip of the House Financial Services Committee.

Mr. HARIDOPOLOS. Mr. Speaker, once again, we are showing that we can lead here in Washington, D.C., getting things done with the leadership of our President and our leadership here in the House, working together with the United States Senate.

It shows that we are offering that certainty and stability once again for our economy to make America first. We are going to make the dollar dominant once again, and we are going to lead on digital currency payments.

It will increase, of course, the demand for U.S. Treasuries and move us toward that dominant position we need to have in the financial markets.

I applaud our chairman. As a new member of this committee, it has been wonderful to watch a person in action who is attempting to work with the other side, pushing through bipartisan legislation, and, once again, proving that Washington can work if we have leadership at the helm.

Ms. WATERS. Mr. Speaker, I have no further speakers, and I am prepared to close if the gentleman from Arkansas has no further speakers. I reserve the balance of my time.

Mr. HILL of Arkansas. Mr. Speaker, I am prepared to close, and I reserve the balance of my time.

Ms. WATERS. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, let me again reiterate that a vote for S. 1582 is a vote to give Trump the pen to write the rules that would put more money in his family's pockets. A vote for S. 1582 is a vote for consumer harm. A vote for S. 1582 is a vote to plant the seeds for the next financial crisis. A vote for S. 1582 is a vote to endanger our national security.

That is why I will be voting ''no'' on S. 1582, the GENIUS Act, and I urge all other Members to also vote ''no''.

Mr. Speaker, I yield back the balance of my time.

□ 1140

Mr. HILL of Arkansas. Mr. Speaker, I yield myself the balance of my time for closing.

Mr. Speaker, let me start by saying that we are here on the floor, where we have heard a vigorous debate about dollar-backed payment stablecoins. Our committee has worked under both Democratic leadership with Ms. WATERS and Republican leadership to research this, talk about it, think about it, and have hearings about it for over 5 years now. We come to the House floor today with a bill before us that, while not perfect, is a good bill, as has been evidenced by our speakers on the floor.

S. 1582, the GENIUS Act, is a simple, bipartisan bill that is long overdue and is based on that bipartisan work in both Chambers. Wow, we are actually legislating. We are seeing bills passed in both Chambers. It is exciting for me to see the good work of my friend, Chairman TIM SCOTT of the Banking Committee, in leading a policy-driven effort to put America's financial leadership first. S. 1582, as written by BILL HAGERTY, does exactly that.

Mr. Speaker, 68 Senators voted for this bill in the United States Senate. A cloture-proof margin is only 60, but here 68 Senators came together, including 18 Democrats. They vigorously debated this bill, worked on it, improved it, modified it, and sent it to us in the House.

Likewise, Chairman STEIL here in the House worked with those Senators on both sides of the aisle all along the way to take the ideas that we had here in the House in our markup and our STABLE Act and improve the GENIUS Act.

With this legislation today, on a bipartisan basis, we are modernizing our financial infrastructure, streamlining transactions, lowering costs, and expanding financial tools for everyday Americans. This is about putting American innovation first. It is about creating a future where innovation is met with clarity, not confusion; where American ingenuity is empowered, not stifled, by an outdated, not-fit-for-purpose regulatory regime.

The GENIUS Act will help maintain U.S. global leadership in financial technology, digital innovation, and the power of the reserve currency—the United States dollar—while reinforcing important consumer protections and critical regulatory oversight where it is needed most.

This is commonsense, forward-looking legislation that reminds me of the earliest days of this House Chamber agreeing in 1996 not to tax or regulate the internet, but to tax and regulate how people use the internet. This is a keen example of that principles-based legislation.

Mr. Speaker, I urge all my colleagues on both sides of the aisle to support the GENIUS Act, and I yield back the balance of my time.

The SPEAKER pro tempore. All time for debate has expired.

Pursuant to House Resolution 580, the previous question is ordered on the bill.

The question is on the third reading of the bill.

The bill was ordered to be read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Ms. WATERS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this question will be postponed.

## ANTI-CBDC SURVEILLANCE STATE ACT

Mr. HILL of Arkansas. Mr. Speaker, pursuant to House Resolution 580, I call up the bill (H.R. 1919) to amend the Federal Reserve Act to prohibit the Federal reserve banks from offering certain products or services directly to an individual, to prohibit the use of central bank digital currency for monetary policy, and for other purposes, and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 580, the