

[DISCUSSION DRAFT]

118TH CONGRESS
2D SESSION

H. R. _____

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

IN THE HOUSE OF REPRESENTATIVES

M. _____ introduced the following bill; which was referred to the
Committee on _____

A BILL

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

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

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 **["To be added Act of 2024"]**.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Definitions.
- Sec. 3. Requirement to be a payment stablecoin issuer.
- Sec. 4. Registered payment stablecoin issuers.
- Sec. 5. Enforcement.

- Sec. 6. Interoperability standards.
- Sec. 7. Moratorium on endogenously collateralized stablecoins.
- Sec. 8. Reservation of authority.
- Sec. 9. Assessments.
- Sec. 10. Extraterritoriality.

1 **SEC. 2. DEFINITIONS.**

2 In this Act:

3 (1) **APPROPRIATE FEDERAL BANKING AGEN-**
4 **CY.**—The term “appropriate Federal banking agen-

5 **cy”** has the same meaning as in section 3 of the
6 **Federal Deposit Insurance Act (12 U.S.C. 1813).**

7 (2) **APPROPRIATE FEDERAL PAYMENT**
8 **STABLECOIN REGULATOR.**—The term “appropriate
9 **Federal payment stablecoin regulator”** means—

10 (A) with respect to a subsidiary of an in-

11 **sured depository institution, the appropriate**
12 **Federal banking agency of such insured deposi-**
13 **tory institution;**

14 (B) with respect to a subsidiary of an in-

15 **sured credit union, the National Credit Union**
16 **Administration;**

17 (C) with respect to a registered payment
18 **stablecoin issuer, the Board; and**

19 (D) with respect to a licensed nonbank en-

20 **tity (or a nonbank entity applying to become a**
21 **licensed nonbank entity), the Board.**

22 (3) **BANK SECRECY ACT.**—The term “Bank Se-

23 **crecy Act”** means—

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

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

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

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

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

11 (6) CORPORATION.—The term “Corporation”
12 means the Federal Deposit Insurance Corporation.

13 (7) COVERED LAWS.—The term “covered laws”
14 means the Bank Secrecy Act, title V of the Gramm-
15 Leach-Bliley Act (15 U.S.C. 6801 et seq.), and laws
16 authorizing the imposition of sanctions and imple-
17 mented by the Secretary of the Treasury.

18 (8) DIGITAL ASSET.—The term “digital asset”
19 means any digital representation of value which is
20 recorded on a cryptographically secured distributed
21 ledger or any similar technology.

22 (9) DISTRIBUTED LEDGER.—The term “distrib-
23 uted ledger” means technology where data is shared
24 across a network that creates a digital ledger of
25 verified transactions or information among network

1 participants and the data are typically linked using
2 cryptography to maintain the integrity of the ledger
3 and execute other functions.

4 (10) FEDERAL PAYMENT STABLECOIN REGU-
5 LATORS.—The term “Federal payment stablecoin
6 regulators” means the Board, the Comptroller, the
7 Corporation, and the National Credit Union Admin-
8 istration.

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

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

14 (B) an insured credit union, as defined in
15 section 101 of the Federal Credit Union Act
16 (12 U.S.C. 1752).

17 (12) LICENSED NONBANK ENTITY.—The term
18 “licensed nonbank entity” means a nonbank entity
19 licensed by the Board pursuant to section 3(b).

20 (13) MONETARY VALUE.—The term “monetary
21 value”—

22 (A) means a national currency, deposit (as
23 defined under section 3 of the Federal Deposit
24 Insurance Act), or an equivalent instrument
25 that is denominated in a national currency; and

1 (B) does not include any agricultural or
2 other physical commodity (as the term is used
3 in the Commodity Exchange Act).

4 (14) NATIONAL CURRENCY.—The term “na-
5 tional currency” means United States coins, a Fed-
6 eral Reserve note or other lawful money as the term
7 is used in the Federal Reserve Act (12 U.S.C. 411),
8 money issued by a central bank, or money issued by
9 an intergovernmental organization pursuant to an
10 agreement by one or more governments.

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

13 (A) means a digital asset—

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

16 (ii) the issuer of which—

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

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

25 (B) that is not—

1 (i) a national currency; or

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

6 (16) PAYMENT STABLECOIN ISSUER.—The term
7 “payment stablecoin issuer” means—

8 (A) a person approved by the appropriate
9 Federal payment stablecoin regulator;

10 (B) a licensed nonbank entity; or

11 (C) a registered payment stablecoin issuer.

12 (17) PAYMENT SYSTEM.—The term “payment
13 system”—

14 (A) means a system for the purpose of
15 transferring monetary value between or among
16 participants, including a set of instruments,
17 procedures, and rules; and

18 (B) includes the participants and the per-
19 son or persons operating the arrangement or
20 aspects of the arrangement.

21 (18) PERSON.—The term “person” means an
22 individual, partnership, company, corporation, asso-
23 ciation, trust, estate, cooperative organization, or
24 other entity.

1 (19) REGISTERED PAYMENT STABLECOIN
2 ISSUER.—The term “registered payment stablecoin
3 issuer” means a person registered with the Board
4 under section 4.

5 (20) STATE.—The term “State” means each of
6 the several States, the District of Columbia, any ter-
7 ritory of the United States, and each federally recog-
8 nized Indian Tribe.

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

14 (22) STATE QUALIFIED PAYMENT STABLECOIN
15 ISSUER.—The term “State qualified payment
16 stablecoin issuer” means a person that—

17 (A) is not an insured depository institution
18 or a subsidiary of an insured depository institu-
19 tion;

20 (B) is legally established under the laws of
21 a State; and

22 (C) is subject to ongoing supervision and
23 regulation by the State payment stablecoin reg-
24 ulator of such State to issue payment
25 stablecoins.

1 (23) SUBSIDIARY OF AN INSURED CREDIT
2 UNION.—The term “subsidiary of an insured credit
3 union” means—

4 (A) an organization providing services
5 which are associated with the routine operations
6 of credit unions, as described under section
7 107(7)(I) of the Federal Credit Union Act (12
8 U.S.C. 1757(7)(I)); and

9 (B) a credit union service organization, as
10 such term is used under part 712 of title 12,
11 Code of Federal Regulations.

12 **SEC. 3. REQUIREMENT TO BE A PAYMENT STABLECOIN**
13 **ISSUER.**

14 (a) IN GENERAL.—

15 (1) GENERAL PROHIBITION.—Except as pro-
16 vided in paragraph (3), it shall be unlawful for any
17 person to engage in the business of issuing a pay-
18 ment stablecoin, directly or indirectly in the United
19 States, through any means or instruments of trans-
20 portation or communication in the United States, or
21 to persons in the United States.

22 (2) CRIMINAL PENALTY.—

23 (A) IN GENERAL.—Whoever knowingly
24 participates in a violation of paragraph (1)
25 shall—

1 (i) be fined not more than \$1,000,000
2 for each such violation;

3 (ii) imprisoned for not more than 5
4 years; or

5 (iii) be fined as described in clause (i)
6 and imprisoned as described in clause (ii).

7 (B) REFERRAL.—If a Federal payment
8 stablecoin regulator has reason to believe that
9 any person has knowingly violated paragraph
10 (1), the Federal payment stablecoin regulator
11 shall refer the matter to the Attorney General.

12 (3) PERMITTED PAYMENT STABLECOINS.—The
13 prohibition in paragraph (1) shall not apply with re-
14 spect to payment stablecoins issued by—

15 (A) a subsidiary of an insured depository
16 institution that has been approved to issue pay-
17 ment stablecoins under subsection (b);

18 (B) a licensed nonbank entity; or

19 (C) a registered payment stablecoin issuer.

20 (4) SAFE HARBOR.—The Federal payment
21 stablecoin regulators may jointly issue regulations
22 providing safe harbors from the prohibition under
23 paragraph (1) that are consistent with the purposes
24 of the Act.

25 (b) APPLICATION PROCESS.—

1 (1) IN GENERAL.—

2 (A) APPLICATIONS FROM NONBANK ENTI-
3 TIES.—The Board shall establish a process to
4 render a decision on applications submitted by
5 nonbank entities to be licensed by the Board to
6 issue payment stablecoins.

7 (B) APPLICATIONS FROM INSURED DEPOS-
8 ITORY INSTITUTIONS.—An insured depository
9 institution that seeks to issue payment
10 stablecoins through a subsidiary shall file an
11 application with the appropriate Federal pay-
12 ment stablecoin regulator in such form and
13 manner as the appropriate Federal payment
14 stablecoin regulator determines appropriate.

15 (C) NOTICE OF APPLICATION.—An appli-
16 cant described under subparagraph (A) or (B)
17 shall publish notice of the application—

18 (i) in a newspaper of general circula-
19 tion in the community or communities
20 where the main offices of the applicant are
21 located or, if there is not such newspaper
22 in any such community, then in the news-
23 paper of general circulation published
24 nearest thereto; or

1 (ii) electronically, in a manner deter-
2 mined by the appropriate Federal payment
3 stablecoin regulator to provide notice of
4 the application in a similar manner to the
5 newspapers described under clause (i).

6 (2) TIMING.—

7 (A) IN GENERAL.—The appropriate Fed-
8 eral payment stablecoin regulator shall—

9 (i) inform the applicant whether the
10 applicant has submitted a complete appli-
11 cation no later than 45 days after the end
12 of the public comment period for the appli-
13 cation required under paragraph (5)(B);

14 (ii) inform the application when the
15 appropriate Federal payment stablecoin
16 regulator determines the application is
17 complete; and

18 (iii) render a decision on the applica-
19 tion no later than 90 days after the appro-
20 priate Federal payment stablecoin regu-
21 lator determines the application is com-
22 plete.

23 (B) EXTENSION.—The appropriate Fed-
24 eral payment stablecoin regulator may extend
25 the deadline described under subparagraph

1 (A)(iii) for up to an additional 30 days if the
2 appropriate Federal payment stablecoin regu-
3 lator—

4 (i) determines such extension to be
5 appropriate; and

6 (ii) notifies the Committee on Finan-
7 cial Services of the House of Representa-
8 tives and the Committee on Banking,
9 Housing, and Urban Affairs of the Senate
10 of such extension.

11 (C) FAILURE TO RENDER A DECISION.—If
12 the appropriate Federal payment stablecoin reg-
13 ulator fails to render a decision on an applica-
14 tion under subparagraph (A) within the time
15 period specified in that subparagraph (including
16 any extension provided under subparagraph
17 (B)), the application shall be deemed approved.

18 (3) EVALUATION.—A complete application re-
19 ceived under this subsection shall be evaluated by
20 the appropriate Federal payment stablecoin regu-
21 lator using the factors described in paragraph (4).

22 (4) FACTORS.—In evaluating an application,
23 the appropriate Federal payment stablecoin regu-
24 lator shall examine the following factors:

1 (A) The ability of the applicant to comply
2 with the requirements imposed by this Act.

3 (B) The ability of the applicant to main-
4 tain reserves backing its payment stablecoins
5 outstanding on an at least one-to-one basis,
6 with reserves comprising of—

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

9 (ii) funds held as insured demand de-
10 posits or insured shares at insured deposi-
11 tory institutions, subject to limitations es-
12 tablished by the Corporation and the Na-
13 tional Credit Union Administration, re-
14 spectively, to address safety and soundness
15 risks of such insured depository institu-
16 tions;

17 (iii) Treasury bills with a maturity of
18 90 days or less; or

19 (iv) repurchase agreements with a ma-
20 turity of 7 days or less that are backed by
21 Treasury securities.

22 (C) The financial resources, managerial or
23 technical expertise, and governance of the appli-
24 cant.

1 (D) The benefit to the public, including on
2 innovation and competition, and to low- and
3 moderate-income communities, low-income and
4 underserved individuals, and minorities.

5 (E) The stability of the financial system of
6 the United States.

7 (5) PUBLIC COMMENTS.—Upon receipt of an
8 application submitted in accordance with this sub-
9 section, the appropriate Federal payment stablecoin
10 regulator shall—

11 (A) promptly publish notice of the applica-
12 tion in the Federal Register; and

13 (B) provide an opportunity for interested
14 persons to comment on the application for a pe-
15 riod of no more than 30 days after publication.

16 (6) APPROVAL.—

17 (A) IN GENERAL.—The appropriate Fed-
18 eral payment stablecoin regulator shall approve
19 a complete application under this subsection if
20 the factors described in paragraph (4) are ade-
21 quately satisfied.

22 (B) EXPLANATION REQUIRED FOR DIS-
23 APPROVAL.—In the event that the appropriate
24 Federal payment stablecoin regulator denies a
25 complete application received under this sub-

1 section, the appropriate Federal payment
2 stablecoin regulator shall provide the applicant
3 a written notice explaining such denial.

4 (c) REGULATION OF PAYMENT STABLECOIN
5 ISSUERS.—

6 (1) AUTHORITY OF THE FEDERAL PAYMENT
7 STABLECOIN REGULATORS.—

8 (A) IN GENERAL.—The appropriate Fed-
9 eral payment stablecoin regulator may issue or-
10 ders and the Federal payment stablecoin regu-
11 lators shall issue regulations as may be nec-
12 essary to administer and carry out this Act, in-
13 cluding to establish conditions, and to prevent
14 evasions thereof.

15 (B) JOINT ISSUANCE.—Regulations issued
16 by the Federal payment stablecoin regulators
17 pursuant to paragraph (3), (4), or (5) or sub-
18 paragraph (A), (B), or (C) of paragraph (9)
19 shall be issued jointly by the Federal payment
20 stablecoin regulators.

21 (2) SUPERVISION.—

22 (A) LICENSED NONBANK ENTITY.—Each
23 payment stablecoin issuer that is a licensed
24 nonbank entity shall be—

1 (i) subject to supervision by the
2 Board, including with respect to the
3 issuer's compliance with covered laws, and
4 the Board may request records from or ex-
5 amine any subsidiary of the payment
6 stablecoin issuer for purposes of ensuring
7 the issuer's compliance with the require-
8 ments of this Act, including the issuer's
9 compliance with covered laws; and

10 (ii) deemed a financial institution, for
11 purposes of complying with title V of the
12 Gramm-Leach-Bliley Act (15 U.S.C. 6801
13 et seq.).

14 (B) SUBSIDIARY OF AN INSURED DEPOSI-
15 TORY INSTITUTION.—Each payment stablecoin
16 issuer that is a subsidiary of an insured deposi-
17 tory institution shall be—

18 (i) subject to supervision by the ap-
19 propriate Federal payment stablecoin regu-
20 lator in the same manner as such insured
21 depository institution, including compliance
22 with covered laws; and

23 (ii) deemed a financial institution, for
24 purposes of complying with title V of the

1 Gramm-Leach-Bliley Act (15 U.S.C. 6801
2 et seq.).

3 (C) REGISTERED PAYMENT STABLECOIN
4 ISSUER.—

5 (i) SUBMISSION OF REPORTS.—Each
6 registered payment stablecoin issuer shall,
7 upon request of the Board, promptly sub-
8 mit reports under oath to keep the Board
9 informed as to—

10 (I) the registered payment
11 stablecoin issuer's (and any subsidi-
12 ary's) financial condition and systems
13 for monitoring and controlling finan-
14 cial and operating risks; and

15 (II) compliance by the registered
16 payment stablecoin issuer (and any
17 subsidiary thereof) with this Act, in-
18 cluding compliance with covered laws.

19 (ii) BOARD REQUIREMENT TO USE EX-
20 ISTING REPORTS.—In supervising and ex-
21 amining a registered payment stablecoin
22 issuer and any subsidiary of such issuer,
23 the Board shall, to the fullest extent pos-
24 sible, use existing reports and other super-
25 visory information.

1 (iii) EXAMINATION.—The Board may
2 make examinations of a registered pay-
3 ment stablecoin issuer and each subsidiary
4 of a registered payment stablecoin issuer
5 in order to inform the Board of—

6 (I) the nature of the operations
7 and financial condition of the reg-
8 istered payment stablecoin issuer;

9 (II) the financial, operational,
10 and other risks within the registered
11 payment stablecoin issuer that may
12 pose a threat to—

13 (aa) the safety and sound-
14 ness of the registered payment
15 stablecoin issuer; or

16 (bb) the stability of the fi-
17 nancial system of the United
18 States; and

19 (III) the systems of the reg-
20 istered payment stablecoin issuer for
21 monitoring and controlling the risks
22 described in subclause (II).

23 (iv) AVOIDANCE OF DUPLICATION.—
24 The Board shall, to the fullest extent pos-
25 sible, avoid duplication of examination ac-

1 activities, reporting requirements, and re-
2 quests for information in carrying out this
3 Act with respect to a registered payment
4 stablecoin issuer or any subsidiary of such
5 issuer.

6 (v) TREATMENT UNDER THE GRAMM-
7 LEACH-BLILEY ACT.—A registered pay-
8 ment stablecoin issuer shall be deemed a
9 financial institution, for purposes of com-
10 plying with title V of the Gramm-Leach-
11 Bliley Act (15 U.S.C. 6801 et seq.).

12 (D) CONTROL SYSTEMS.—A payment
13 stablecoin issuer shall maintain appropriate
14 controls to conduct the activity authorized
15 under paragraph (6) in a safe and sound man-
16 ner to comply with the requirements imposed by
17 this Act and covered laws.

18 (3) TAILORING.—

19 (A) IN GENERAL.—In establishing stand-
20 ards under this section, the Federal payment
21 stablecoin regulators shall tailor such standards
22 or differentiate the regulatory requirements es-
23 tablished under this section, including capital,
24 liquidity, risk management, and other require-
25 ments, as appropriate, by taking into account

1 the complexity and risk profile of payment
2 stablecoin issuers.

3 (B) LIMITATION.—Standards tailored
4 under subparagraph (A) shall not apply to the
5 requirements set forth in paragraph (4) or (6)
6 or subsection (d) or (f).

7 (4) RESERVE REQUIREMENTS.—

8 (A) IN GENERAL.—Each payment
9 stablecoin issuer shall maintain reserves back-
10 ing its payment stablecoins outstanding on an
11 at least one-to-one basis, with reserves com-
12 prising—

13 (i) United States coins and currency
14 (including Federal reserve notes);

15 (ii) funds held as insured demand de-
16 posits or insured shares at insured deposi-
17 tory institutions, subject to limitations es-
18 tablished by the Corporation and the Na-
19 tional Credit Union Administration, re-
20 spectively, to address safety and soundness
21 risks of such insured depository institu-
22 tions;

23 (iii) Treasury bills with a maturity of
24 90 days or less; or

1 (iv) repurchase agreements with a ma-
2 turity of 7 days or less that are backed by
3 Treasury securities.

4 (B) PROHIBITION ON
5 REHYPOTHECATION.—Reserves described under
6 subparagraph (A) may not be pledged, re-
7 hypothecated, or reused, except for the purpose
8 of creating liquidity to meet reasonable expec-
9 tations of requests to redeem payment
10 stablecoins, such that reserves in the form of
11 Treasury bills may be pledged as collateral for
12 repurchase agreements with a maturity of 7
13 days or less, provided that either—

14 (i) the repurchase agreements are
15 cleared by a central clearing counterparty
16 that is approved by the appropriate Fed-
17 eral payment stablecoin regulator; or

18 (ii) the payment stablecoin issuer re-
19 ceives the prior approval of the appropriate
20 Federal payment stablecoin regulator.

21 (C) DISCLOSURE.—Each payment
22 stablecoin issuer shall publish the monthly com-
23 position of the issuer’s reserve portfolio on the
24 website of the issuer, in a format established,

1 jointly, by the Federal payment stablecoin regu-
2 lators.

3 (D) ATTESTATION.—The chief executive
4 officer of a payment stablecoin issuer shall file
5 an attestation with the appropriate Federal
6 payment stablecoin regulator on a monthly
7 basis, attesting to the accuracy of the reserve
8 portfolio information disclosed under subpara-
9 graph (C).

10 (E) PERIODIC REVIEW.—

11 (i) IN GENERAL.—Not later than 2
12 years after the date of enactment of this
13 Act, and every 2 years thereafter, the Fed-
14 eral payment stablecoin regulators shall
15 conduct a review, in consultation with
16 State payment stablecoin regulators, re-
17 garding the assets eligible to be a reserve
18 asset under this Act.

19 (ii) PUBLIC COMMENT.—The Federal
20 payment stablecoin regulators shall provide
21 an opportunity for public comment on each
22 review under clause (i).

23 (iii) REPORT.—The Federal payment
24 stablecoin regulators shall publish and sub-
25 mit to the Committee on Financial Serv-

1 ices of the House of Representatives and
2 the Committee on Banking, Housing, and
3 Urban Affairs of the Senate a report of
4 each review under clause (i), including any
5 analysis, findings, and recommendations to
6 maintain or adjust the list of eligible re-
7 serve assets that would promote safety and
8 soundness, financial stability, and further
9 the purposes of this Act.

10 (5) REDEMPTIONS.—A payment stablecoin
11 issuer shall establish a process to ensure redemption
12 of payment stablecoins in the normal course of busi-
13 ness within a reasonable timeframe, as established
14 by the appropriate Federal payment stablecoin regu-
15 lators, jointly, but in no case may such timeframe be
16 longer than one day after the redemption request.

17 (6) LIMITATION ON ACTIVITIES.—A payment
18 stablecoin issuer may only issue payment
19 stablecoins, redeem payment stablecoins, manage re-
20 lated reserves (including purchasing and holding re-
21 serve assets), provide custodial or safekeeping serv-
22 ices for payment stablecoins or private keys of pay-
23 ment stablecoins, and undertake other limited func-
24 tions that directly support the work of issuing and
25 redeeming payment stablecoins.

1 (7) APPROVAL OF MERGERS AND ACQUI-
2 TIONS.—

3 (A) IN GENERAL.—No person may acquire
4 control of a payment stablecoin issuer without
5 prior approval of the appropriate Federal pay-
6 ment stablecoin regulator.

7 (B) APPLICATION.—A person (or group of
8 persons acting in concert) described in subpara-
9 graph (A) shall submit an application for prior
10 approval to the appropriate Federal payment
11 stablecoin regulator.

12 (C) PUBLIC COMMENTS.—

13 (i) IN GENERAL.—An appropriate
14 Federal payment stablecoin regulator re-
15 ceiving an application under subparagraph
16 (B) shall provide a copy of the application
17 to the public (with any confidential infor-
18 mation redacted) and provide for a 60-day
19 public comment period during which the
20 public can submit written comments on the
21 application.

22 (ii) EXCEPTION.—An appropriate
23 Federal payment stablecoin regulator may
24 waive the requirement under clause (i) if
25 the appropriate Federal payment

1 stablecoin regulator determines that the
2 regulator must act immediately to prevent
3 the failure of the payment stablecoin issuer
4 or in the event of the probable failure of a
5 parent insured depository institution of a
6 payment stablecoin issuer.

7 (D) EVALUATION.—In evaluating an appli-
8 cation received under subparagraph (B), the ap-
9 propriate Federal payment stablecoin regulator
10 shall take into consideration the factors de-
11 scribed in subsection (b)(4).

12 (E) CONSULTATION WITH RESPECT TO
13 REGISTERED PAYMENT STABLECOIN ISSUERS.—
14 With respect to an application under this para-
15 graph relating to a registered payment
16 stablecoin issuer, the Board shall consult with
17 the applicable State payment stablecoin regu-
18 lator.

19 (F) RULEMAKING.—The Federal payment
20 stablecoin regulators shall, jointly, issue regula-
21 tions to carry out this paragraph, and such reg-
22 ulations shall, subject to the requirements of
23 subparagraph (A) through (E), be as close as
24 practicable to the process used in evaluating
25 and approving a change of control of an insured

1 depository institution under section 7(j) of the
2 Federal Deposit Insurance Act (12 U.S.C.
3 1817(j)).

4 (G) EXCEPTION.—The appropriate Federal
5 payment stablecoin regulator may waive the re-
6 quirements of this paragraph with respect to a
7 payment stablecoin issuer if the issuer is a sub-
8 sidiary of an insured depository institution, and
9 such insured depository institution is subject to
10 a change in control under section 7(j) or 18(c)
11 of the Federal Deposit Insurance Act or under
12 the Federal Credit Union Act.

13 (8) PROHIBITION ON UNAUTHORIZED PARTICI-
14 PATION BY CONVICTED INDIVIDUAL.—

15 (A) IN GENERAL.—No person who has
16 been convicted of any criminal offense involving
17 insider trading, embezzlement, cybercrime,
18 money laundering, or financing of terrorism, or
19 felony financial fraud may serve as an executive
20 officer or a person with control of more than 5
21 percent of the shares of a payment stablecoin
22 issuer.

23 (B) EXCEPTIONS.—The Federal payment
24 stablecoin regulators—

1 (i) shall provide a process to apply for
2 a waiver from the prohibition under sub-
3 paragraph (A); and

4 (ii) may provide for de minimis excep-
5 tions to the prohibition under subpara-
6 graph (A) that would not require a waiver.

7 (9) CAPITAL, LIQUIDITY, AND RISK MANAGE-
8 MENT STANDARDS.—

9 (A) CAPITAL REQUIREMENTS.—The Fed-
10 eral payment stablecoin regulators shall jointly
11 establish by regulation capital requirements ap-
12 plicable to payment stablecoin issuers.

13 (B) LIQUIDITY REQUIREMENTS.—The
14 Federal payment stablecoin regulators shall
15 jointly establish by regulation liquidity require-
16 ments applicable to payment stablecoin issuers.

17 (C) RISK MANAGEMENT REQUIREMENTS.—
18 The Federal payment stablecoin regulators shall
19 jointly establish by regulation risk management
20 requirements applicable to payment stablecoin
21 issuers.

22 (D) RISK MANAGEMENT FOR CONTRACTED
23 SERVICES.—Whenever a payment stablecoin
24 issuer, or any subsidiary or affiliate of a pay-
25 ment stablecoin issuer, relies on or causes to be

1 performed for itself, by contract or otherwise,
2 any services or activities authorized under this
3 Act, or that are necessary or integral to the ac-
4 tivities in paragraph (6), whether on or off its
5 premises—

6 (i) such person that performs or sup-
7 ports such services or activities shall be
8 subject to regulation and supervision by
9 the appropriate Federal payment
10 stablecoin regulator of the payment
11 stablecoin issuer with respect to the per-
12 formance of such services or activities, but
13 such regulation and supervision shall be
14 limited in scope to such services or activi-
15 ties; and

16 (ii) the payment stablecoin issuer
17 shall notify the appropriate Federal pay-
18 ment stablecoin regulator of the existence
19 of the relationship within 30 days after the
20 making of the related service contract or
21 the performance of the activity or service,
22 whichever occurs first.

23 (E) CUSTOMER PROTECTION.—

24 (i) IN GENERAL.—Except as provided
25 in clause (v), a person may only engage in

1 the business of providing custodial or safe-
2 keeping services for payment stablecoins or
3 private keys of payment stablecoins, if the
4 person is subject to supervision by a State
5 bank supervisor for such activities, as de-
6 fined under section 3 of the Federal De-
7 posit Insurance Act (12 U.S.C. 1813) or a
8 State credit union supervisor, as defined
9 under section 6003 of the Anti-Money
10 Laundering Act of 2020.

11 (ii) SEGREGATION REQUIREMENT.—A
12 person described in clause (i) shall—

13 (I) treat and deal with the pay-
14 ment stablecoins, private keys, cash,
15 and other property of a person for
16 whom or on whose behalf the person
17 receives, acquires, or holds payment
18 stablecoins, private keys, cash, and
19 other property (hereinafter in this
20 subparagraph referred to as the “cus-
21 tomer”) as belonging to such cus-
22 tomer; and

23 (II) take such steps as are appro-
24 priate to protect the payment
25 stablecoins, private keys, cash, and

1 other property of a customer from the
2 claims of creditors of the person.

3 (iii) COMMINGLING PROHIBITED.—

4 (I) IN GENERAL.—Payment
5 stablecoins, private keys, cash, and
6 other property of a customer shall be
7 separately accounted for by a person
8 described in clause (i) and shall not
9 be commingled with the funds of the
10 person.

11 (II) EXCEPTION.—Notwith-
12 standing subclause (I)—

13 (aa) the payment
14 stablecoins, private keys, cash,
15 and other property of a customer
16 may, for convenience, be commin-
17 gled and deposited in an omnibus
18 account holding payment
19 stablecoins, cash, and other prop-
20 erty of more than one customer
21 at an insured depository institu-
22 tion or trust company;

23 (bb) such share of payment
24 stablecoins, private keys, cash,
25 and other property of the cus-

1 tomer that shall be necessary to
2 transfer, adjust, or settle a trans-
3 action or transfer of assets may
4 be withdrawn and applied to such
5 purposes, including the payment
6 of commissions, taxes, storage,
7 and other charges lawfully accru-
8 ing in connection with the provi-
9 sion of services by a person de-
10 scribed in clause (i); and

11 (cc) in accordance with such
12 terms and conditions as the
13 Board may prescribe by rule, reg-
14 ulation, or order, any customer
15 payment stablecoin, private key,
16 cash, and other property de-
17 scribed in this subsection may be
18 commingled and deposited in cus-
19 tomer accounts with payment
20 stablecoins, private keys, cash,
21 and other property received by
22 the person and required by the
23 Board to be separately accounted
24 for, treated, and dealt with as be-
25 longing to customers.

1 (III) RISK MANAGEMENT STAND-
2 ARDS.—The Board may establish risk
3 management standards applicable to a
4 person described in clause (i).

5 (IV) FINANCIAL RESOURCES.—
6 The Board may establish minimum fi-
7 nancial resource requirements applica-
8 ble to a person described in clause (i).

9 (V) CONSULTATION WITH STATE
10 REGULATORS.—In setting the stand-
11 ards and requirements described in
12 subclauses (III) and (IV), the Board
13 shall consult with the appropriate
14 State regulators.

15 (iv) REPORTING AND ENFORCE-
16 MENT.—

17 (I) REPORTING.—

18 (aa) IN GENERAL.—For a
19 person subject to supervision by
20 a State bank supervisor or a
21 State credit union supervisor, the
22 Board may require reports from
23 a State regulator or a person de-
24 scribed in clause (i) for purposes
25 of ensuring compliance with the

1 requirements set forth in this
2 subparagraph.

3 (bb) OBTAINING INFORMATION FROM OTHER SOURCES AND
4 EXISTING REGULATORS.—In re-
5 quiring reports and requesting
6 information necessary to ensure
7 compliance with this subpara-
8 graph, the Board shall, to the
9 fullest extent possible, rely on in-
10 formation required to be reported
11 publicly and to existing regu-
12 lators.
13

14 (II) EXAMINATION AUTHORITY.—
15

16 (aa) RECOMMENDATION OF
17 EXAMINATION.—In the event
18 that the appropriate State regu-
19 lator of a person described in
20 clause (i) does not conduct ex-
21 aminations in the same manner,
22 subject to the same standards,
23 and with the same frequency as
24 would be required if such person
25 were an insured depository insti-

1 tution, the Board may rec-
2 ommend that the appropriate
3 State regulator conduct an exam-
4 ination related to the require-
5 ments under clauses (ii) and (iii).

6 (bb) BACK-UP EXAMINATION
7 AUTHORITY.—If the appropriate
8 State regulator of a person de-
9 scribed in clause (i) does not, be-
10 fore the end of the 30-day period
11 beginning on the date on which
12 the Board provides a rec-
13 ommendation under item (aa),
14 begin an examination, the Board
15 may conduct an examination of
16 the person for purposes of ensur-
17 ing compliance with the require-
18 ments under clauses (ii) and (iii).

19 (III) ENFORCEMENT AUTHOR-
20 ITY.—

21 (aa) RECOMMENDATION OF
22 ENFORCEMENT ACTION.—The
23 Board may recommend that the
24 appropriate State regulator of a
25 person described in clause (i)

1 take enforcement action against
2 the person to ensure compliance
3 with the requirements set forth
4 under clauses (ii) and (iii).

5 (bb) BACK-UP ENFORCE-
6 MENT AUTHORITY.—If the appro-
7 priate State regulator of a person
8 described in clause (i) does not,
9 before the end of the 30-day pe-
10 riod beginning on the date on
11 which the Board provides a rec-
12 ommendation under item (aa),
13 take enforcement action against
14 the person or provide a plan for
15 supervisory or enforcement action
16 that is acceptable to the Board,
17 the Board may take the rec-
18 ommended enforcement action
19 against the person, in the same
20 manner as if the person were an
21 insured depository institution
22 committing a violation described
23 under section 5.

24 (IV) REGULATIONS AND OR-
25 DERS.—The Board may issue any reg-

1 ulations or orders as may be nec-
2 essary to carry out this clause. The
3 Board shall consult with the Corpora-
4 tion, the Comptroller, and the Na-
5 tional Credit Union Administration
6 when issuing any regulations under
7 this subparagraph.

8 (v) EXCLUSION.—The requirements of
9 this subparagraph shall not apply to—

10 (I) any person solely and to the
11 extent that such person engages in
12 the business of providing hardware or
13 software to facilitate a customer’s cus-
14 tody or safekeeping of such cus-
15 tomer’s own payment stablecoins or
16 private keys; or

17 (II) any person that is subject to
18 similar requirements and enforcement
19 authorities described under clauses
20 (ii), (iii), and (iv) by or from—

21 (aa) an appropriate Federal
22 payment stablecoin regulator; or

23 (bb) a primary financial reg-
24 ulatory agency described under
25 subparagraph (B) or (C) of sec-

1 tion 2(12) of the Dodd-Frank
2 Wall Street Reform and Con-
3 sumer Protection Act (12 U.S.C.
4 5301(12)).

5 (10) TREATMENT OF INSOLVENT PAYMENT
6 STABLECOIN ISSUERS.—In any insolvency or receiv-
7 ership proceeding with respect to a payment
8 stablecoin issuer, claims against reserves of a pay-
9 ment stablecoin issuer from persons holding pay-
10 ment stablecoins issued by the payment stablecoin
11 issuer shall have priority over all other claims, other
12 than for administrative expenses against the pay-
13 ment stablecoin issuer.

14 (11) RESOLUTION OR LIQUIDATION OF A PAY-
15 MENT STABLECOIN ISSUER.—

16 (A) APPOINTMENT OF RECEIVER OR LIQUI-
17 DATING AGENT.—

18 (i) AUTHORITY TO APPOINT RECEIVER
19 OR LIQUIDATING AGENT.—The appropriate
20 Federal stablecoin regulator shall have the
21 same authority to appoint the Corporation
22 or the National Credit Union Administra-
23 tion, as appropriate, as receiver or liqui-
24 dating agent of a payment stablecoin
25 issuer as the Comptroller has to appoint a

1 receiver for a national bank that is not in-
2 sured by the Corporation under section
3 2(a) of the National Bank Receivership
4 Act (12 U.S.C. 191(a)).

5 (ii) REQUIREMENT TO APPOINT RE-
6 CEIVER OR LIQUIDATING AGENT.—

7 (I) IN GENERAL.—The appro-
8 priate Federal payment stablecoin
9 regulator shall use the authority pro-
10 vided under clause (i) to appoint the
11 Corporation or the National Credit
12 Union Administration, as appropriate,
13 as receiver or liquidating agent of a
14 payment stablecoin issuer if the ap-
15 propriate Federal payment stablecoin
16 regulator determines, in the sole dis-
17 cretion of the appropriate Federal
18 payment stablecoin regulator, a receiv-
19 ership or liquidation would prevent
20 adverse effects on financial stability in
21 the United States and is necessary to
22 avoid significant disruption to pay-
23 ment services offered by payment
24 stablecoin issuers.

1 (II) VOTING REQUIREMENT.—A
2 determination described under sub-
3 clause (I) by an appropriate Federal
4 payment stablecoin regulator with a
5 multi-member head shall be made
6 upon a vote of not fewer than $\frac{2}{3}$ of
7 the members of the regulator.

8 (iii) NOTIFICATION.—

9 (I) IN GENERAL.—A payment
10 stablecoin issuer or a creditor to such
11 an issuer may not submit a petition to
12 file for bankruptcy unless the issuer
13 or creditor first notifies the appro-
14 priate Federal payment stablecoin
15 regulator and such regulator either
16 determines not to appoint a receiver
17 or liquidating agent under this para-
18 graph after making a determination
19 that such appointment is not nec-
20 essary to prevent adverse effects on fi-
21 nancial stability and avoid significant
22 disruption to payment services offered
23 by payment stablecoin issuers or
24 makes an appointment that is termi-

1 nated by a court pursuant to clause
2 (iv).

3 (II) PROMPT DETERMINATION.—

4 The determination by a regulator
5 under this clause of whether to ap-
6 point a receiver or liquidating agent
7 shall be made promptly after receiving
8 the notice described under subclause
9 (I) and shall be promptly commu-
10 nicated to the issuer and, if the per-
11 son making such notice is a creditor,
12 to the creditor.

13 (iv) REVIEWABILITY OF APPOINT-
14 MENT OF RECEIVER OR LIQUIDATING
15 AGENT.—The appointment of a receiver or
16 liquidating agent under this subparagraph
17 shall be subject to the same judicial review
18 applicable to the appointment of a receiver
19 under section 2 of the National Bank Re-
20 ceivership Act (12 U.S.C. 191).

21 (v) NO RECEIVERSHIP AUTHORITY
22 DURING BANKRUPTCY.—If, after complying
23 with the requirements of this subpara-
24 graph, a payment stablecoin issuer or a
25 creditor to such an issuer submits a peti-

1 tion to file for bankruptcy, the appropriate
2 Federal payment stablecoin regulator may
3 not appoint a receiver of the payment
4 stablecoin issuer during the pendency of
5 the case.

6 (B) RECEIVERSHIP AUTHORITY OF THE
7 CORPORATION.—Subject to paragraph (10) and
8 subparagraphs (D) and (E), if the Corporation
9 is appointed receiver for a payment stablecoin
10 issuer under this paragraph, the Corporation
11 shall have the same authority to act as a re-
12 ceiver for a payment stablecoin issuer and take
13 related actions that the Corporation is author-
14 ized to take as a receiver for an insured deposi-
15 tory institution under the Federal Deposit In-
16 surance Act (12 U.S.C. 1811 et seq.).

17 (C) AUTHORITY OF THE NATIONAL CREDIT
18 UNION ADMINISTRATION.—Subject to para-
19 graph (10) and subparagraphs (D) and (E), if
20 the National Credit Union Administration is
21 appointed liquidating agent for a payment
22 stablecoin issuer under this paragraph, the Na-
23 tional Credit Union Administration shall have
24 the same authority to act as liquidating agent
25 for a payment stablecoin issuer and take related

1 actions that the National Credit Union Admin-
2 istration is authorized to take as liquidating
3 agent for an insured credit union under the
4 Federal Credit Union Act (12 U.S.C. 1751 et
5 seq).

6 (D) CONSIDERATIONS.—Any person ap-
7 pointed as a receiver or liquidating agent for a
8 payment stablecoin issuer under this paragraph
9 shall consider the best interests of the stability
10 of the payment stablecoin system, the holders of
11 the payment stablecoins, and the public inter-
12 est.

13 (E) PROHIBITIONS.—

14 (i) NO USE OF INSURANCE FUNDS.—
15 Notwithstanding subparagraphs (B) or
16 (C), the Corporation and the National
17 Credit Union Administration, in acting as
18 a receiver or liquidating agent under this
19 paragraph, shall have no authority to uti-
20 lize funds from the Deposit Insurance
21 Fund or the Share Insurance Fund, in-
22 cluding to support the resolution or liq-
23 uidation of a payment stablecoin issuer.

24 (ii) PROHIBITION ON ACTING AS CON-
25 SERVATOR.—The Corporation, the Na-

1 tional Credit Union Administration, and
2 any other Federal agency may not act as
3 a conservator of a payment stablecoin
4 issuer.

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

7 (1) IN GENERAL.—A payment stablecoin issuer
8 is a financial institution for purposes of section
9 5312(a)(2) of title 31, United States Code.

10 (2) REVIEW OF REGULATIONS.—

11 (A) IN GENERAL.—The Secretary of the
12 Treasury may undertake a review of the regula-
13 tions implementing the Bank Secrecy Act as
14 such regulations relate to payment stablecoin
15 issuers and make appropriate revisions to such
16 regulations to ensure a risk-based anti-money
17 laundering compliance and countering the fi-
18 nancing of terrorism regime for payment
19 stablecoin issuers.

20 (B) PUBLIC COMMENT.—If the Secretary
21 decides to undertake the review described under
22 subparagraph (A), the Secretary shall solicit
23 public comment as part of the review.

24 (C) REVISIONS TO REGULATIONS.—If,
25 after undertaking a review described under sub-

1 paragraph (A), the Secretary determines that
2 revisions to the regulations are needed, the Sec-
3 retary shall issue rules to make such revisions
4 before the effective date described under sub-
5 section (g).

6 (3) TREATMENT UNDER SANCTIONS LAWS.—A
7 payment stablecoin issuer and a person described in
8 subparagraph (D) or (E)(i) of subsection (c)(9) shall
9 be treated as a person in the United States for pur-
10 poses of and law authorizing the imposition of sanc-
11 tions and implemented by the Secretary of the
12 Treasury.

13 (e) TREATMENT UNDER THE BANK HOLDING COM-
14 PANY ACT OF 1956 AND SIMILAR PROVISIONS.—

15 (1) INSURED DEPOSITORY INSTITUTIONS.—An
16 insured depository institution with a subsidiary that
17 is a payment stablecoin issuer shall be considered a
18 bank for purposes of the Bank Holding Company
19 Act of 1956. The previous sentence shall not apply
20 to an insured depository institution that is a savings
21 association (as defined in section 2 of the Home
22 Owners' Loan Act (12 U.S.C. 1462) or that is
23 deemed by the appropriate Federal banking agency
24 to be a savings association for purposes of section

1 10(l) of the Home Owners' Loan Act (12 U.S.C.
2 1467a(1)).

3 (2) REGISTERED PAYMENT STABLECOIN
4 ISSUERS AND LICENSED NONBANK ENTITIES.—The
5 Board shall issue regulations to apply the following
6 to a registered payment stablecoin issuer and a li-
7 censed nonbank entity:

8 (A) A prohibition on a non-financial com-
9 mercial company controlling the registered pay-
10 ment stablecoin issuer or licensed nonbank enti-
11 ty. For purposes of the previous sentence, “con-
12 trol” of a registered payment stablecoin issuer
13 or licensed nonbank entity is determined using
14 the framework set out in section 2(a) of the
15 Bank Holding Company Act of 1956 (12
16 U.S.C. 1841(a)).

17 (B) A requirement that, as determined by
18 the Board, the activities of all affiliates of the
19 registered payment stablecoin issuer or licensed
20 nonbank entity be financial activities or inci-
21 dental to such financial activities, if the Board
22 determines such requirement is consistent with
23 purposes of this Act.

24 (C) Restrictions on transactions with affli-
25 ates similar to those applicable to a member

1 bank under sections 23A and 23B of the Fed-
2 eral Reserve Act. For purposes of this subpara-
3 graph, the Board may apply different restric-
4 tions on transactions with affiliates than those
5 that apply to a member bank based on the risk
6 profiles of payment stablecoin issuers.

7 (3) RULE OF CONSTRUCTION.—Nothing in
8 paragraph (2) may be construed as affecting section
9 4 of the Bank Holding Company Act of 1956 (12
10 U.S.C. 1843) or any rules or orders issued there-
11 under.

12 (f) PAYMENT STABLECOINS NOT SUBJECT TO DE-
13 POSIT INSURANCE.—

14 (1) IN GENERAL.—Payment stablecoins are not
15 backed by the full faith and credit of the United
16 States, guaranteed by the United States Govern-
17 ment, subject to deposit insurance by the Federal
18 Deposit Insurance Corporation, or subject to share
19 insurance by the National Credit Union Administra-
20 tion.

21 (2) DISCLOSURE.—Payment stablecoin issuers
22 and any person described in subsection (c)(9)(E)(i)
23 shall clearly and prominently disclose that the rel-
24 evant payment stablecoin is not guaranteed by the
25 United States Government or covered by deposit in-

1 insurance by the Federal Deposit Insurance Corpora-
2 tion or by share insurance of the National Credit
3 Union Administration.

4 (3) MISREPRESENTATION OF INSURED STA-
5 TUS.—No person may represent that payment
6 stablecoins are backed by the full faith and credit of
7 the United States, guaranteed by the United States
8 Government, or subject to Federal deposit insurance
9 or Federal share insurance, and any such represen-
10 tation shall be a violation of section 18(a)(4) of the
11 Federal Deposit Insurance Act (12 U.S.C.
12 1828(a)(4)) or section 709 of title 18, United States
13 Code, as applicable.

14 (g) EFFECTIVE DATE.—

15 (1) IN GENERAL.—This Act shall take effect on
16 the effective date of the regulations required under
17 paragraph (2).

18 (2) REGULATIONS.—The Federal payment
19 stablecoin regulators shall—

20 (A) not later than the end of the 18-month
21 period beginning on the date of enactment of
22 this Act—

23 (i) issue the regulations required
24 under this Act; and

1 (ii) notify the Committee on Financial
2 Services of the House of Representatives
3 and the Committee on Banking, Housing,
4 and Urban Affairs of the Senate and the
5 public that such regulations have been
6 issued; and

7 (B) specify in such regulations that the
8 regulations take effect 120 days after they are
9 issued.

10 (h) REPORT ON RULEMAKING STATUS.—Not later
11 than 6 months after the date of enactment of this Act,
12 the Federal payment stablecoin regulators shall provide a
13 status update on the development of the rulemaking under
14 this Act to the Committee on Financial Services of the
15 House of Representatives and the Committee on Banking,
16 Housing, and Urban Affairs of the Senate.

17 **SEC. 4. REGISTERED PAYMENT STABLECOIN ISSUERS.**

18 (a) CONSULTATION WITH STATE APPROVAL PROC-
19 ESS.—The Board may, upon request, consult with a State
20 payment stablecoin regulator with respect to the require-
21 ments for a person to be approved by the State payment
22 stablecoin regulator as a State qualified payment
23 stablecoin issuer, including by describing the factors listed
24 in section 3(b)(4).

25 (b) REGISTRATION REQUIREMENT.—

1 (1) REGISTRATION AND FILING REQUIRE-
2 MENTS.—

3 (A) IN GENERAL.—A person that seeks to
4 register with the Board under this section
5 shall—

6 (i) at the time the person files an ap-
7 plication with the State payment stablecoin
8 regulator to issue payment stablecoins, file
9 a copy of such application, including all
10 application materials, with the Board; and

11 (ii) initiate the process to register
12 with the Board not later than 45 days
13 after being approved to issue payment
14 stablecoins by a State payment stablecoin
15 regulator.

16 (B) PUBLIC COMMENTS.—Upon receipt of
17 a copy of an application submitted in accord-
18 ance with subparagraph (A)(i), the Board
19 shall—

20 (i) promptly publish notice of the ap-
21 plication in the Federal Register; and

22 (ii) provide an opportunity for inter-
23 ested persons to comment on the applica-
24 tion for a period of no more than 30 days
25 after publication.

1 (C) EXTENSION.—The Board may extend
2 the 45-day period described under subpara-
3 graph (A)(ii) by 30 additional days if the Board
4 determines it appropriate.

5 (2) REQUIREMENT FOR COMPLETE AND EFFEC-
6 TIVE REGISTRATION STATEMENT.—For purposes of
7 this Act and the definition of a registered payment
8 stablecoin issuer under section 2, a State qualified
9 payment stablecoin issuer shall not be deemed to
10 have completed the registration process with the
11 Board under this section until—

12 (A) the filing of a complete registration
13 statement; and

14 (B) the registration is effective, as de-
15 scribed under paragraph (4).

16 (3) CONTENTS OF REGISTRATION STATE-
17 MENT.—

18 (A) IN GENERAL.—The Board shall issue
19 regulations consistent with this Act describing
20 the content, documents, and material required
21 to be submitted to the Board by a State quali-
22 fied payment stablecoin issuer in order for a
23 registration statement to be deemed complete.

24 (B) INITIAL REVIEW OF COMPLETENESS.—
25 The Board shall send a letter to the State

1 qualified payment stablecoin issuer describing
2 any additional content, documents, or materials
3 the Board must receive for a registration state-
4 ment to be deemed complete by the later of—

5 (i) 60 days after a person seeking to
6 register with the Board under this section
7 files a registration statement with the
8 Board; or

9 (ii) 45 days after the close of the com-
10 ment period under paragraph (1)(B).

11 (C) CONSULTATION WITH STATE PAYMENT
12 STABLECOIN REGULATORS.—

13 (i) IN GENERAL.—The Board shall
14 consult with a State payment stablecoin
15 regulator regarding a State qualified pay-
16 ment stablecoin issuer that seeks to reg-
17 ister with the Board.

18 (ii) RELIANCE ON STATE PAYMENT
19 STABLECOIN REGULATOR MATERIALS.—If
20 the materials that a State qualified pay-
21 ment stablecoin issuer is required to pro-
22 vide to the State payment stablecoin regu-
23 lator include all materials required in an
24 application for registration under this sec-
25 tion, and the State payment stablecoin reg-

1 ulator provides such materials to the
2 Board, the Board shall, to the fullest ex-
3 tent possible, rely on those materials pro-
4 vided by the State payment stablecoin reg-
5 ulator in lieu of application materials pro-
6 vided directly by the State qualified pay-
7 ment stablecoin issuer.

8 (4) EFFECTIVENESS OF REGISTRATION.—The
9 registration of a State qualified payment stablecoin
10 issuer shall be presumed effective unless the Board
11 declines the registration of such issuer on the basis
12 that the factors described in section 3(b)(4) have not
13 been adequately addressed under the process set
14 forth in paragraph (5).

15 (5) DECLINATION OF REGISTRATION.—

16 (A) PRELIMINARY NOTICE OF DECLINA-
17 TION.—If the Board is likely to decline any reg-
18 istration of a State qualified payment stablecoin
19 issuer under paragraph (4), the Board shall,
20 not later than 60 days after receiving a com-
21 plete registration statement, provide a detailed
22 written notice to the State qualified payment
23 stablecoin issuer and the relevant State pay-
24 ment stablecoin regulator, which shall include
25 the specific reasons the Board is likely to de-

1 cline the registration, as well as the steps the
2 State qualified payment stablecoin issuer can
3 take for the issuer’s registration to not be de-
4 clined.

5 (B) RESPONSE TO PRELIMINARY NO-
6 TICE.—A State qualified payment stablecoin
7 issuer that receives a written notice under sub-
8 paragraph (A) shall submit a response to the
9 written notice, which shall include the steps the
10 State qualified payment stablecoin issuer has
11 taken to address the reasons the Board is likely
12 to decline the registration identified in the writ-
13 ten notice under subparagraph (A).

14 (C) DECISION.—To decline registration
15 under subparagraph (D), a majority vote of the
16 Board is required.

17 (D) FINAL NOTICE OF DECLINATION.—

18 (i) IN GENERAL.—If the Board deter-
19 mines that the State qualified payment
20 stablecoin issuer has not adequately ad-
21 dressed the reasons the Board is likely to
22 decline the registration identified in the
23 written notice under subparagraph (A) or
24 otherwise fails to adequately address the
25 factors listed in section 3(b)(4), the Board

1 may decline the registration of the State
2 qualified payment stablecoin issuer not
3 later than 90 days after receiving the State
4 qualified payment stablecoin issuer’s re-
5 sponse under subparagraph (B).

6 (ii) NOTICE CONTENTS.—If the Board
7 declines a registration under clause (i), the
8 Board shall provide a detailed written no-
9 tice describing the Board’s findings, in-
10 cluding—

11 (I) the specific reasons the Board
12 declined the registration; and

13 (II) steps the State qualified pay-
14 ment stablecoin issuer could take to
15 not be declined if the State qualified
16 payment stablecoin issuer attempts to
17 register again.

18 (E) OPPORTUNITY FOR HEARING; FINAL
19 DETERMINATION.—Not later than 30 days after
20 the date of receipt of a final declination under
21 subparagraph (D), a State qualified payment
22 stablecoin issuer may request, in writing, an op-
23 portunity for a written or oral hearing before
24 the Board to contest the declination of the
25 issuer’s registration. Upon receipt of a timely

1 request, the Board shall fix a time (not later
2 than 30 days after the date of receipt of the re-
3 quest) and place at which the State qualified
4 payment stablecoin issuer may appear, person-
5 ally or through counsel, to submit written mate-
6 rials (or, at the sole discretion of the Board,
7 oral testimony and oral argument). Not later
8 than 60 days after the date of a hearing under
9 this subparagraph, the Board shall notify the
10 State qualified payment stablecoin issuer and
11 the State payment stablecoin regulator of the
12 final determination of the Board, which shall
13 contain a statement of the basis for the decision
14 of the Board. If such issuer does not make a
15 timely request for a hearing, the Board shall
16 notify the issuer, in writing, of the final deter-
17 mination of the Board under paragraph (5) not
18 later than 10 days after the date by which the
19 issuer may request a hearing under this sub-
20 paragraph. The Board shall consult with the
21 relevant State payment stablecoin regulator be-
22 fore the Board makes any final determination
23 with respect to declining a registration of such
24 issuer.

1 (F) APPEAL OF FINAL DETERMINATION.—

2 If the Board makes a final determination to de-
3 cline a registration of a State qualified payment
4 stablecoin issuer, such issuer may, not later
5 than 30 days after the date of receipt of the no-
6 tice of final determination under subparagraph
7 (E), bring an action in the United States dis-
8 trict court for the judicial district in which the
9 home office of such issuer is located, or in the
10 United States District Court for the District of
11 Columbia, for an order requiring that the final
12 determination declining the issuer's registration
13 be rescinded, and the court shall, upon review,
14 dismiss such action or direct the final deter-
15 mination to be rescinded. Review of such an ac-
16 tion shall be limited to whether the final deter-
17 mination made under this section was arbitrary
18 and capricious.

19 (G) REAPPLICATION PROCESS.—Notwith-
20 standing paragraph (1), a State qualified pay-
21 ment stablecoin issuer that remains approved to
22 issue payment stablecoins by a State payment
23 stablecoin regulator may submit a new registra-
24 tion statement to the Board on a date that is
25 no sooner than the date that is 1 year after the

1 date of the issuer's receipt of a final determina-
2 tion notice to decline such issuer's registration
3 under this paragraph.

4 (6) PUBLIC AVAILABILITY OF FILINGS.—The
5 Board shall make each registration statement filed
6 with the Board under this section available to the
7 public, with any confidential information redacted,
8 on the website of the Board.

9 (c) SUPERVISION AND REGULATION.—

10 (1) IN GENERAL.—Upon the filing of a reg-
11 istration statement with the Board (regardless of
12 whether such registration is effective), and in addi-
13 tion to any supervision or regulation by a State
14 qualified payment stablecoin regulator, a State
15 qualified payment stablecoin issuer shall be subject
16 to coordinated supervision by the State payment
17 stablecoin regulator and the Board.

18 (2) FEDERAL STANDARDS APPLICABLE TO REG-
19 ISTERED PAYMENT STABLECOIN ISSUERS.—

20 (A) IN GENERAL.—The Board shall issue
21 regulations to regulate registered payment
22 stablecoin issuers, consistent with the require-
23 ments set out in section 3(c).

1 (B) NO PREEMPTION.—This paragraph
2 does not supersede or preempt State licensing
3 of a State qualified payment stablecoin issuer.

4 (3) AVOIDANCE OF DUPLICATIVE REQUIRE-
5 MENTS.—The Board shall, to the fullest extent pos-
6 sible—

7 (A) avoid duplication of examination activi-
8 ties, reporting requirements, and requests for
9 information, described in section 3, and rely
10 on—

11 (i) examination reports made by State
12 agencies relating to a State qualified pay-
13 ment stablecoin issuer and any subsidiary
14 of a State qualified payment stablecoin
15 issuer; and

16 (ii) the reports and other information
17 required under this section; and

18 (B) use—

19 (i) reports and other supervisory in-
20 formation that the State qualified payment
21 stablecoin issuer or any subsidiary thereof
22 has been required to provide to other Fed-
23 eral or State regulatory agencies;

1 (ii) information otherwise available
2 from Federal or State regulatory agencies;
3 and

4 (iii) information that is otherwise re-
5 quired to be reported publicly.

6 (4) MEMORANDUM OF UNDERSTANDING.—The
7 Board, consistent with the purposes of this Act,
8 shall, to the greatest extent possible—

9 (A) enter into agreements with State pay-
10 ment stablecoin regulators, including memo-
11 randa of understanding, to administer this sec-
12 tion and to facilitate information sharing re-
13 garding any application a State receives with
14 respect to a potential State qualified payment
15 stablecoin issuer;

16 (B) coordinate with a State payment
17 stablecoin regulator to carry out supervisory
18 functions that would otherwise be carried out
19 by the Board under this Act; and

20 (C) rely on reports and other information
21 provided by the State payment stablecoin regu-
22 lator to the Board in lieu of requiring the State
23 qualified payment stablecoin issuer to file such
24 reports and other information with the Board.

1 (5) STATE AUTHORITY TO SET ADDITIONAL
2 STANDARDS.—A State may set additional standards
3 for a State qualified payment stablecoin issuer oper-
4 ating within such State, provided that the standards
5 are not inconsistent with the standards established
6 by the Board.

7 (6) ENFORCEMENT AND COORDINATION.—

8 (A) IN GENERAL.—The Board shall coordi-
9 nate enforcement actions regarding a State
10 qualified payment stablecoin issuer with a State
11 payment stablecoin regulator to the fullest ex-
12 tent practicable.

13 (B) ENFORCEMENT.—The Board may en-
14 force the requirements of this section as set
15 forth in section 5, if the Board gives advance
16 notice of any enforcement action to be taken
17 with respect to a State qualified payment
18 stablecoin issuer to the State payment
19 stablecoin regulator.

20 (d) TRANSITION.—

21 (1) IN GENERAL.—A person that was approved
22 by a State payment stablecoin regulator to operate
23 under a State regulatory framework specific to
24 stablecoins on or before the date of enactment of
25 this Act, and that remains approved and operating

1 on the date of the effective date described under sec-
2 tion 3(g), shall file a registration statement with the
3 Board after such effective date pursuant to the
4 timelines and process described in subsection (b) as
5 if the person was approved by a State payment
6 stablecoin regulator on such effective date. The per-
7 son shall be deemed to have registered with the
8 Board under this section after submitting a complete
9 registration statement, unless the Board declines
10 such registration on the basis that any of the factors
11 listed in section 3(b)(4) have not been adequately
12 addressed under the timeliness process set forth in
13 subsection (b)(5), except that the Board may only
14 decline such registration pursuant to subsection
15 (b)(5)(D) by at least a two-thirds vote of the Board.

16 (2) CONSULTATION AND GUIDANCE.—Not later
17 than 180 days after the date of enactment of this
18 Act, the Board shall consult with State payment
19 stablecoin regulators and provide guidance to per-
20 sons eligible for the transition under paragraph (1)
21 to support a safe and sound transition to the regu-
22 latory framework established by this Act.

23 **SEC. 5. ENFORCEMENT.**

24 (a) IN GENERAL.—

1 (1) SUSPENSION OR REVOCATION OF REGISTRA-
2 TION.—The appropriate Federal payment stablecoin
3 regulator may prohibit a payment stablecoin issuer
4 from issuing payment stablecoins, if the appropriate
5 Federal payment stablecoin regulator determines
6 that such payment stablecoin issuer, or an institu-
7 tion-affiliated party of the payment stablecoin
8 issuer—

9 (A) is violating or has violated this Act or
10 covered laws;

11 (B) is violating or has violated any condi-
12 tion imposed in writing by the appropriate Fed-
13 eral payment stablecoin regulator in connection
14 with a written agreement entered into between
15 the payment stablecoin issuer and the appro-
16 priate Federal payment stablecoin regulator or
17 a condition imposed in connection with any ap-
18 plication or other request; or

19 (C) is engaging in or has engaged in an
20 unsafe or unsound practice related to the per-
21 mitted activities described in section 3(c)(6) or
22 the requirements placed on payment stablecoin
23 issuers under this Act.

24 (2) CEASE-AND-DESIST PROCEEDINGS.—If the
25 appropriate Federal payment stablecoin regulator

1 has reasonable cause to believe that a payment
2 stablecoin issuer or any institution-affiliated party of
3 a payment stablecoin issuer is about to engage in an
4 unsafe or unsound practice related to the permitted
5 activities described in section 3(c)(6) or the require-
6 ments placed on payment stablecoin issuers under
7 this Act or is violating, has violated, or is attempting
8 to violate this Act, any regulation or order issued
9 pursuant to this Act, a covered law, or any written
10 agreement entered into with the appropriate Federal
11 payment stablecoin regulator or condition imposed in
12 writing by the appropriate Federal payment
13 stablecoin regulator in connection with any applica-
14 tion or other request, the appropriate Federal pay-
15 ment stablecoin regulator may, by provisions that
16 are mandatory or otherwise, order the payment
17 stablecoin issuer or institution-affiliated party of the
18 payment stablecoin issuer to—

19 (A) cease and desist from such violation or
20 practice;

21 (B) take affirmative action to correct the
22 conditions resulting from any such violation or
23 practice; or

1 (C) take such other action as the appro-
2 priate Federal payment stablecoin regulator de-
3 termines to be appropriate.

4 (3) REMOVAL AND PROHIBITION AUTHORITY.—

5 The appropriate Federal payment stablecoin regu-
6 lator may remove an institution-affiliated party of a
7 payment stablecoin issuer from their position or of-
8 fice or prohibit further participation in the affairs of
9 the payment stablecoin issuer or all payment
10 stablecoin issuers by such institution-affiliated party,
11 if the appropriate Federal payment stablecoin regu-
12 lator determines that—

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

16 (B) the institution-affiliated party has
17 committed a violation of any provision of the
18 covered laws; or

19 (C) the institution-affiliated party is dis-
20 qualified pursuant to section 3(c)(8).

21 (4) ENFORCEMENT AND PENALTY AUTHORITIES

22 WITH RESPECT TO SAFETY AND SOUNDNESS.—With

23 respect to a payment stablecoin issuer, if the appro-

24 priate Federal payment stablecoin regulator has rea-

25 sonable cause to believe that the payment stablecoin

1 issuer or an institution-affiliated party of the pay-
2 ment stablecoin issuer is engaging, has engaged, or
3 is about to engage in an unsafe or unsound practice
4 related to the permitted activities described in sec-
5 tion 3(e)(6) or the requirements placed on payment
6 stablecoin issuers under this Act or a covered law,
7 the appropriate Federal payment stablecoin regu-
8 lator shall have the same authorities and responsibil-
9 ities (and the same penalties shall apply) as are pro-
10 vided to the Corporation with respect to an insured
11 depository institution and an institution-affiliated
12 party under section 8 of the Federal Deposit Insur-
13 ance Act (12 U.S.C. 1818).

14 (5) INDUSTRYWIDE PROHIBITION.—Except as
15 provided in section 8(e)(7) of the Federal Deposit
16 Insurance Act (12 U.S.C. 1818(e)(7)), any person
17 who, pursuant to an order issued under this sub-
18 section, has been removed from position or office is
19 prohibited from holding office in, or participating in
20 any manner in the conduct of the affairs of, any in-
21 stitution or agency described in section 8(e)(7)(A) of
22 the Federal Deposit Insurance Act, to the same ex-
23 tent as if such person were prohibited from an in-
24 sured depository institution pursuant to section 8(e)
25 of the Federal Deposit Insurance Act.

1 (6) PROCEDURE.—If the appropriate Federal
2 payment stablecoin regulator identifies a violation or
3 attempted violation pursuant to paragraph (1) or (2)
4 or makes a determination pursuant to paragraph
5 (3), the appropriate Federal payment stablecoin reg-
6 ulator shall comply with the following:

7 (A) NOTICE.—Provide notice to the pay-
8 ment stablecoin issuer and any institution-affili-
9 ated parties of such payment stablecoin issuer,
10 which shall include—

11 (i) a statement of facts constituting
12 the identified violation or attempted viola-
13 tion; and

14 (ii) a time and place at least 30 days
15 after the date of the notice provided under
16 this subparagraph at which a hearing will
17 be held before the appropriate Federal
18 payment stablecoin regulator or any person
19 designated by the appropriate Federal pay-
20 ment stablecoin regulator with respect to
21 the violation or attempted violation.

22 (B) HEARING.—Provide a hearing, which
23 shall be held in a Federal judicial district or in
24 the territory in which the payment stablecoin
25 issuer is located unless the party afforded the

1 hearing consents to another place, and shall be
2 conducted in accordance with the provisions of
3 chapter 5 of title 5, United States Code.

4 (C) DECISION.—After such hearing, and
5 within 90 days after the appropriate Federal
6 payment stablecoin regulator has notified the
7 parties that the case has been submitted to the
8 appropriate Federal payment stablecoin regu-
9 lator for final decision, the appropriate Federal
10 payment stablecoin regulator shall render its
11 decision. Such decision shall include a state-
12 ment of the findings of fact upon which the de-
13 cision is predicated and the appropriate Federal
14 payment stablecoin regulator shall issue and
15 serve upon each party to the proceeding an
16 order or orders consistent with the provisions of
17 this section.

18 (D) EFFECTIVE DATE.—An order pre-
19 scribed pursuant to this section shall—

20 (i) be effective as of a date after the
21 date of the decision made pursuant to sub-
22 paragraph (C), except in the case of a
23 cease-and-desist order issued upon consent,
24 which shall become effective at the time
25 specified therein; and

1 (ii) remain effective and enforceable
2 as provided therein, except to such extent
3 as it is stayed, modified, terminated, or set
4 aside by action of the appropriate Federal
5 payment stablecoin regulator or a review-
6 ing court.

7 (E) APPEARANCE.—Unless the payment
8 stablecoin issuer or institution-affiliated party
9 of such payment stablecoin issuer appears per-
10 sonally at the hearing or by a duly authorized
11 representative, they shall be deemed to have
12 consented to the suspension or revocation of
13 registration, cease-and-desist order, or removal,
14 as applicable.

15 (F) JUDICIAL REVIEW.—

16 (i) IN GENERAL.—A person aggrieved
17 by a final action under this subsection may
18 obtain judicial review of such action exclu-
19 sively as provided in this subparagraph.

20 (ii) REVIEW.—Any party to any pro-
21 ceeding under this subsection may obtain a
22 review of any order served pursuant to
23 subparagraph (C), other than an order
24 issued with the consent of a payment
25 stablecoin issuer or an institution-affiliated

1 party concerned by the order, in the appro-
2 priate court of appeals of the United
3 States, or in the United States Court of
4 Appeals for the District of Columbia Cir-
5 cuit, within 30 days after the date of serv-
6 ice of such order with a written petition
7 praying that the order of the appropriate
8 Federal payment stablecoin regulator be
9 modified, terminated, or set aside. A copy
10 of such petition shall be forthwith trans-
11 mitted by the clerk of the court to the ap-
12 propriate Federal payment stablecoin regu-
13 lator, and thereupon the appropriate Fed-
14 eral payment stablecoin regulator shall file
15 in the court the record in the proceeding,
16 as provided in section 2112 of title 28,
17 United States Code. Upon the filing of
18 such petition, such court shall have juris-
19 diction, which upon the filing of the record
20 shall, except as provided in the last sen-
21 tence of this clause, be exclusive, to affirm,
22 modify, terminate, or set aside, in whole or
23 in part, the order of the appropriate Fed-
24 eral payment stablecoin regulator. Review
25 of such proceedings shall be had as pro-

1 vided in chapter 7 of title 5, United States
2 Code. The judgment and decree of the
3 court shall be final, except that the same
4 shall be subject to review by the Supreme
5 Court upon certiorari, as provided
6 in section 1254 of title 28, United States
7 Code.

8 (iii) COMMENCEMENT OF PRO-
9 CEEDINGS NOT TREATED AS A STAY.—Ex-
10 cept as provided in subparagraph (G), the
11 commencement of proceedings for judicial
12 review under clause (ii) shall not, unless
13 specifically ordered by the appropriate
14 court, operate as a stay of any order issued
15 by the appropriate Federal payment
16 stablecoin regulator.

17 (G) INJUNCTION.—The appropriate Fed-
18 eral payment stablecoin regulator may in its
19 discretion apply to the appropriate United
20 States district court or the United States court
21 of any territory, for the enforcement of any ef-
22 fective and outstanding notice or order issued
23 under this section, and such courts shall have
24 jurisdiction and power to order and require
25 compliance herewith, but except as otherwise

1 provided in this section no court shall have ju-
2 risdiction to affect by injunction or otherwise
3 the issuance or enforcement of any notice or
4 order under this section, or to review, modify,
5 suspend, terminate, or set aside any such notice
6 or order.

7 (7) TEMPORARY CEASE-AND-DESIST PRO-
8 CEEDINGS.—

9 (A) IN GENERAL.—If the appropriate Fed-
10 eral payment stablecoin regulator determines
11 that the violation or attempted violation identi-
12 fied pursuant to paragraph (1), (2), or (3), or
13 the continuation thereof, is likely to cause insol-
14 vency or significant dissipation of assets or
15 earnings of a payment stablecoin issuer, or is
16 likely to weaken the condition of the payment
17 stablecoin issuer or otherwise prejudice the in-
18 terests of its customers prior to the completion
19 of the proceedings conducted pursuant to para-
20 graph (4), the appropriate Federal payment
21 stablecoin regulator may issue a temporary
22 order requiring the payment stablecoin issuer or
23 such party to cease and desist from any such
24 violation or practice and to take affirmative ac-
25 tion to prevent or remedy such insolvency, dis-

1 sipation, condition, or prejudice pending com-
2 pletion of such proceedings.

3 (B) EFFECTIVE DATE.—An order de-
4 scribed under subparagraph (A) shall become
5 effective upon service upon the payment
6 stablecoin issuer or such institution-affiliated
7 party and, unless set aside, limited, or sus-
8 pended by a court in proceedings authorized by
9 paragraph (4)(F), shall remain effective and en-
10 forceable pending the completion of the admin-
11 istrative proceedings pursuant to such notice
12 and until such time as the appropriate Federal
13 payment stablecoin regulator acts to remove the
14 suspension or the cease-and-desist order has ex-
15 pired.

16 (C) JUDICIAL REVIEW.—Within 10 days
17 after the payment stablecoin issuer concerned
18 or any institution-affiliated party has been
19 served with a temporary cease-and-desist order,
20 the payment stablecoin issuer or such party
21 may apply to the appropriate United States dis-
22 trict court or the United States District Court
23 for the District of Columbia, for an injunction
24 setting aside, limiting, or suspending the en-
25 forcement, operation, or effectiveness of such

1 order pending the completion of the administra-
2 tive proceedings pursuant to the notice of
3 charges served upon the payment stablecoin
4 issuer or such party under paragraph (4), and
5 such court shall have jurisdiction to issue such
6 injunction.

7 (D) ENFORCEMENT.—In the case of a vio-
8 lation or attempted violation of, or failure to
9 obey, a temporary cease-and-desist order issued
10 pursuant to this paragraph, the appropriate
11 Federal payment stablecoin regulator may apply
12 to the appropriate United States district court
13 or the United States court of any territory for
14 an injunction to enforce such order, and, if the
15 court determines that there has been such viola-
16 tion or attempted violation or failure to obey, it
17 shall be the duty of the court to issue such in-
18 junction.

19 (b) CIVIL MONEY PENALTIES.—

20 (1) FAILURE TO BE APPROVED OR REG-
21 ISTERED.—Any person that fails to obtain the appli-
22 cable required approval or registration under this
23 Act, or an institution-affiliated party that knowingly
24 participates in such a failure, shall be liable for a

1 civil penalty of not more than \$100,000 for each day
2 during which such failure continues.

3 (2) FIRST TIER.—Except as provided in para-
4 graph (1), a payment stablecoin issuer or institu-
5 tion-affiliated party of such payment stablecoin
6 issuer that violates this Act or any regulation or
7 order issued pursuant to this Act, or that violates
8 any condition imposed in writing by the appropriate
9 Federal payment stablecoin regulator in connection
10 with a written agreement entered into between the
11 payment stablecoin issuer and the appropriate Fed-
12 eral payment stablecoin regulator or a condition im-
13 posed in connection with any application or other re-
14 quest, shall be liable for a civil penalty of up to
15 \$100,000 for each day during which the violation
16 continues.

17 (3) SECOND TIER.—Except as provided in para-
18 graph (1), a payment stablecoin issuer or any insti-
19 tution-affiliated party of such payment stablecoin
20 issuer who knowingly participates in a violation of
21 any provision of this Act, or any regulation or order
22 issued pursuant thereto, is liable for a civil penalty
23 of up to an additional \$100,000 for each day during
24 which the violation continues.

1 (4) PROCEDURE.—Any penalty imposed under
2 this subsection may be assessed and collected by the
3 appropriate Federal payment stablecoin regulator
4 by—

5 (A) providing a written notice which shall
6 include an explanation of the identified violation
7 or attempted violation;

8 (B) providing an opportunity to request a
9 hearing before the appropriate Federal payment
10 stablecoin regulator or any person designated
11 by the appropriate Federal payment stablecoin
12 regulator with respect to the violation or at-
13 tempted violation;

14 (C) after any such hearing or the expira-
15 tion of the time for requesting a hearing, ren-
16 dering a decision that includes a statement of
17 the findings of fact upon which the decision is
18 predicated; and

19 (D) issuing and serving upon each party to
20 the proceeding an order or orders consistent
21 with the provisions of this section.

22 (5) COLLECTION.—

23 (A) REFERRAL.—If a payment stablecoin
24 issuer or institution-affiliated party fails to pay
25 the penalty assessed under this subsection, the

1 appropriate Federal payment stablecoin regu-
2 lator shall recover the amount assessed by ac-
3 tion in the appropriate United States district
4 court.

5 (B) APPROPRIATENESS OF PENALTY NOT
6 REVIEWABLE.—The validity and appropriate-
7 ness of a penalty assessed under this subsection
8 shall not be subject to review.

9 (6) PREJUDGMENT ATTACHMENT.—

10 (A) IN GENERAL.—In any action brought
11 by the appropriate Federal payment stablecoin
12 regulator pursuant to this section, or in actions
13 brought in aid of, or to enforce an order in, any
14 administrative or other civil action for money
15 damages, restitution, or civil money penalties
16 brought by the appropriate Federal payment
17 stablecoin regulator, the court may, upon appli-
18 cation of the appropriate Federal payment
19 stablecoin regulator, issue a restraining order
20 that—

21 (i) prohibits any person subject to the
22 proceeding from withdrawing, transferring,
23 removing, dissipating, or disposing of any
24 assets; and

1 (ii) appoints a temporary receiver to
2 administer the restraining order.

3 (B) STANDARD.—Rule 65 of the Federal
4 Rules of Civil Procedure shall apply with re-
5 spect to any proceeding under subparagraph
6 (A) without regard to the requirement of such
7 rule that the applicant show that the injury,
8 loss, or damage is irreparable and immediate.

9 (7) NOTICE UNDER THIS SECTION AFTER SEPA-
10 RATION FROM SERVICE.—The resignation, termi-
11 nation of employment or participation, or separation
12 of an institution-affiliated party (including a separa-
13 tion caused by the closing of a payment stablecoin
14 issuer) shall not affect the jurisdiction and authority
15 of the appropriate Federal payment stablecoin regu-
16 lator to issue any notice or order and proceed under
17 this section against any such party, if such notice or
18 order is served before the end of the six-year period
19 beginning on the date such party ceased to be such
20 an institution-affiliated party with respect to such
21 payment stablecoin issuer.

22 (8) TIME LIMITATIONS FOR COMMENCEMENT
23 OF ACTIONS.—The appropriate Federal payment
24 stablecoin regulator may commence an action for a
25 civil penalty resulting from a violation of this Act at

1 any time before the end of the six-year period begin-
2 ning on the date of such violation.

3 (c) INSTITUTION-AFFILIATED PARTY DEFINED.—In
4 this section, with respect to a payment stablecoin issuer,
5 the term “institution-affiliated party” means—

6 (1) any director, officer, employee, or person in
7 control of, or agent for, the payment stablecoin
8 issuer;

9 (2) a consultant, joint venture partner, and any
10 other person that participates in the conduct of the
11 affairs of the payment stablecoin issuer; or

12 (3) any independent contractor providing serv-
13 ices for the payment stablecoin issuer (including any
14 attorney, appraiser, or accountant).

15 **SEC. 6. INTEROPERABILITY STANDARDS.**

16 The Federal payment stablecoin regulators, in con-
17 sultation with the National Institute of Standards and
18 Technology, other relevant standard setting organizations,
19 and State governments, shall assess and, if necessary,
20 may, pursuant to section 553 of title 5 and in a manner
21 consistent with the National Technology Transfer and Ad-
22 vancement Act of 1995 (Public Law 104–113), prescribe
23 standards for payment stablecoin issuers and payment
24 stablecoin service providers to promote compatibility and
25 interoperability among payment stablecoin payment sys-

1 tems and between payment stablecoin payment systems
2 and other payment systems.

3 **SEC. 7. MORATORIUM ON ENDOGENOUSLY**
4 **COLLATERALIZED STABLECOINS.**

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

10 (b) STUDY BY TREASURY.—

11 (1) STUDY.—The Secretary of the Treasury, in
12 consultation with the Board, the Comptroller, the
13 Corporation, the Securities and Exchange Commis-
14 sion, and the Commodity Futures Exchange Com-
15 mission, shall carry out a study of endogenously
16 collateralized stablecoins.

17 (2) REPORT.—Not later than 365 days after
18 the date of the enactment of this Act, the Secretary
19 shall provide to the Committee on Financial Services
20 of the House of Representatives and the Committee
21 on Banking, Housing, and Urban Affairs of the Sen-
22 ate a report that contains all findings made in car-
23 rying out the study under subsection (a), including
24 an analysis of—

1 (A) the categories of non-payment
2 stablecoins, including the benefits and risks of
3 technological design features;

4 (B) the participants in non-payment
5 stablecoin arrangements;

6 (C) utilization and potential utilization of
7 non-payment stablecoins;

8 (D) nature of reserve compositions;

9 (E) types of algorithms being employed;

10 (F) governance structure, including aspects
11 of decentralization;

12 (G) nature of public promotion and adver-
13 tising; and

14 (H) clarity and availability of consumer
15 notices disclosures.

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

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

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

1 **SEC. 8. RESERVATION OF AUTHORITY.**

2 (a) IN GENERAL.—Nothing in this Act shall limit the
3 authority of the Federal payment stablecoin regulators,
4 the Department of the Treasury, the Bureau of Consumer
5 Financial Protection, the Securities and Exchange Com-
6 mission, or the Commodity Futures Trading Commission,
7 under any provision of law, including with respect to any
8 person subject to this Act.

9 (b) EFFECT ON STATE LAW.—The provisions of this
10 Act and regulations issued pursuant to this Act shall not
11 preempt a law of a State except to the extent such law
12 conflicts with the provisions of this Act, and then only to
13 the extent of such conflict.

14 (c) ANTITRUST SAVINGS CLAUSE.—Nothing in this
15 Act shall be construed to modify, impair, or supersede the
16 operation of any of the Federal antitrust laws, as defined
17 in subsection (a) of the first section of the Clayton Act
18 (15 U.S.C. 12(a)), or statutes proscribing unfair or decep-
19 tive acts or practices, as defined in section 5(a)(4) of the
20 Federal Trade Commission Act (15 U.S.C. 45(a)(4)).

21 (d) RULE OF CONSTRUCTION FOR DEPOSITORY IN-
22 STITUTIONS AND TRUST COMPANIES.—Nothing in this
23 Act may be construed to limit the authority of a depository
24 institution, Federal credit union, State credit union, or
25 trust company, if authorized by State and Federal law,

1 subject to applicable conditions or limitations imposed
2 pursuant to such applicable law, to—

- 3 (1) utilize a distributed ledger for the books
4 and records of the entity; or
5 (2) provide custodial services for reserves back-
6 ing payment stablecoins.

7 (e) **RULE OF CONSTRUCTION FOR INSURED DEPOSI-**
8 **TORY INSTITUTIONS.**—Nothing in this Act may be con-
9 strued to limit the authority of an insured depository insti-
10 tution to accept or receive deposits and issue digital assets
11 that represent deposits, provided the entity complies with
12 any applicable supervisory actions, regulations, conditions
13 or limitations imposed pursuant to such applicable law),
14 to accept or receive deposits and issue digital assets that
15 represent deposits.

16 **SEC. 9. ASSESSMENTS.**

17 (a) **IN GENERAL.**—Each Federal payment stablecoin
18 regulator shall assess payment stablecoin issuers for which
19 the regulator is the appropriate Federal payment
20 stablecoin regulator in an amount that, in the aggregate,
21 is equal to the total costs of the regulator in carrying out
22 this Act.

23 (b) **RULEMAKING.**—The Federal payment stablecoin
24 regulators shall, jointly, issue regulations to establish a
25 mechanism and assessment schedule to carry out sub-

1 section (a), including the assessment base and rates appli-
2 cable to payment stablecoin issuers, that take into account
3 differences among such issuers, including the size and ac-
4 tivity of the issuers.

5 **SEC. 10. EXTRATERRITORIALITY.**

6 (a) PROHIBITION ON OFFERS OR SALES.—It shall be
7 unlawful for any person to offer or sell a payment
8 stablecoin through the use of any medium or by any means
9 of access in interstate commerce in the United States or
10 to offer or sell a payment stablecoin to a United States
11 person living in the United States unless such payment
12 stablecoin is issued by a payment stablecoin issuer.

13 (b) CRIMINAL PENALTY.—Whoever knowingly par-
14 ticipates in a violation of this section shall—

15 (1) be fined not more than \$1,000,000 for each
16 such violation;

17 (2) imprisoned for not more than 5 years; or

18 (3) be fined as described in paragraph (1) and
19 imprisoned as described in paragraph (2).

20 (c) REFERRAL.—If a Federal payment stablecoin
21 regulator has reason to believe that any person has know-
22 ingly violated this section, the Federal payment stablecoin
23 regulator shall refer the matter to the Attorney General.

24 (d) SAFE HARBORS.—

1 (1) BY THE BOARD.—The Board shall issue
2 regulations to safe harbor the offer or sale of pay-
3 ment stablecoins that were issued by a foreign-based
4 issuer of payment stablecoins that is subject to re-
5 quirements in the issuer’s home country that are de-
6 termined by the Board to be comparable with the re-
7 quirements applicable to payment stablecoin issuers
8 under this Act and regulations thereunder.

9 (2) BY THE FEDERAL PAYMENT STABLECOIN
10 REGULATORS.—The Federal payment stablecoin reg-
11 ulators may jointly issue regulations providing safe
12 harbors from the prohibition under subsection (a)
13 that are consistent with the purposes of this Act.

14 (e) EXTRATERRITORIAL EFFECT.—The prohibition
15 under subsection (a) and the prohibitions under section
16 3(a) are intended to have extraterritorial effect.