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(Original Signature of Member)

118TH CONGRESS  
1ST SESSION

**H. R.** \_\_\_\_\_

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

\_\_\_\_\_  
IN THE HOUSE OF REPRESENTATIVES

Mr. MCHENRY 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.**

4 This Act may be cited as the “Clarity for Payment  
5 Stablecoins Act of 2023”.

6 **SEC. 2. DEFINITIONS.**

7 In this Act:

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

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

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

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

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

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

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

13 (5) DIGITAL ASSET.—The term “digital asset”  
14 means any digital representation of value which is  
15 recorded on a cryptographically-secured distributed  
16 ledger.

17 (6) DISTRIBUTED LEDGER.—The term “distrib-  
18 uted ledger” means technology where data is shared  
19 across a network that creates a public digital ledger  
20 of verified transactions or information among net-  
21 work participants and the data is linked using cryp-  
22 tography to maintain the integrity of the public ledg-  
23 er and execute other functions.

24 (7) FEDERAL QUALIFIED NONBANK  
25 STABLECOIN ISSUER.—The term “Federal qualified

1 nonbank stablecoin issuer” means a nonbank entity  
2 approved by the primary Federal payment stablecoin  
3 regulator, pursuant to section 5, to issue payment  
4 stablecoins.

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

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

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

15 (B) an insured credit union, as defined in  
16 section 101 of the Federal Credit Union Act  
17 (12 U.S.C. 1752).

18 (10) MONETARY VALUE.—The term “monetary  
19 value” means a national currency or deposit (as de-  
20 fined under Section 3 of the Federal Deposit Insur-  
21 ance Act) denominated in a national currency.

22 (11) NATIONAL CURRENCY.—The term “na-  
23 tional currency” means a Federal Reserve note, (as  
24 the term is used in the first undesignated paragraph  
25 of section 16 of the Federal Reserve Act (12 U.S.C.

1 411)), money issued by a central bank, and money  
2 issued by an intergovernmental organization pursu-  
3 ant to an agreement by one or more governments.

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

8 (13) PAYMENT STABLECOIN.—The term “pay-  
9 ment stablecoin”—

10 (A) means a digital asset—

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

13 (ii) the issuer of which—

14 (I) is obligated to convert, re-  
15 deem, or repurchase for a fixed  
16 amount of monetary value; and

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

22 (B) that is not—

23 (i) a national currency; or

24 (ii) a security issued by an investment  
25 company registered under section 8(a) of

1 the Investment Company Act of 1940 (15  
2 U.S.C. 80a–8(a)).

3 (14) PERMITTED PAYMENT STABLECOIN  
4 ISSUER.—The term “permitted payment stablecoin  
5 issuer” means—

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

9 (B) a Federal qualified nonbank payment  
10 stablecoin issuer that has been approved to  
11 issue payment stablecoins under section 5; or

12 (C) a State qualified payment stablecoin  
13 issuer.

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

18 (16) PRIMARY FEDERAL PAYMENT STABLECOIN  
19 REGULATOR.—

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

22 (i) with respect to an insured depository  
23 institution (other than an insured  
24 credit union) or a subsidiary of an insured  
25 depository institution (other than an in-

1           sured credit union), the appropriate Fed-  
2           eral banking agency of such insured depos-  
3           itory institution (as defined under section  
4           3 of the Federal Deposit Insurance Act  
5           (12 U.S.C. 1813));

6           (ii) with respect to an insured credit  
7           union or a subsidiary of an insured credit  
8           union, the National Credit Union Adminis-  
9           tration;

10           (iii) with respect to a Federal quali-  
11           fied nonbank payment stablecoin issuer  
12           that is not a national bank, the Board; and

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

15           (B)    PRIMARY    FEDERAL    PAYMENT  
16           STABLECOIN REGULATORS.—The term “pri-  
17           mary Federal payment stablecoin regulators”  
18           means the Comptroller, the Board, the Corpora-  
19           tion, and the National Credit Union Adminis-  
20           tration.

21           (17)   REGISTERED   PUBLIC   ACCOUNTING  
22           FIRM.—The term “registered public accounting  
23           firm” has the meaning given that term under section  
24           2 of the Sarbanes-Oxley Act of 2002 (15 U.S.C.  
25           7201).

1           (18) STATE.—The term “State” means each of  
2           the several States, the District of Columbia, and  
3           each territory of the United States.

4           (19) STATE QUALIFIED PAYMENT STABLECOIN  
5           ISSUER.—The term “State qualified payment  
6           stablecoin issuer” means an entity that—

7                   (A) is legally established and approved to  
8                   issue payment stablecoins by a State payment  
9                   stablecoin regulator; and

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

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

17           (21) SUBSIDIARY OF AN INSURED CREDIT  
18           UNION.—With respect to an insured credit union,  
19           the term “subsidiary of an insured credit union”  
20           means—

21                   (A) an organization providing services to  
22                   the insured credit union that are associated  
23                   with the routine operations of credit unions, as  
24                   described under section 107(7)(I) of the Fed-

1 eral Credit Union Act (12 U.S.C. 1757(7)(I));  
2 and

3 (B) a credit union service organization, as  
4 such term is used under part 712 of title 12,  
5 Code of Federal Regulations, with respect to  
6 which the insured credit union has an owner-  
7 ship interest or to which the insured credit  
8 union has extended a loan.

9 **SEC. 3. LIMITATION ON WHO MAY ISSUE A PAYMENT**  
10 **STABLECOIN.**

11 It shall be unlawful for any person other than a per-  
12 mitted payment stablecoin issuer to issue a payment  
13 stablecoin for use by any person in the United States.

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

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

18 (1) IN GENERAL.—Permitted payment  
19 stablecoin issuers shall—

20 (A) maintain reserves backing the issuer's  
21 payment stablecoins outstanding on an at least  
22 one to one basis, with reserves comprising—

23 (i) United States coins and currency  
24 (including Federal reserve notes);



1 (ii) funds held as insured demand de-  
2 posits or insured shares at insured deposi-  
3 tory institutions, subject to limitations es-  
4 tablished by the Corporation and the Na-  
5 tional Credit Union Administration, re-  
6 spectively, to address safety and soundness  
7 risks of such insured depository institu-  
8 tions;

9 (iii) Treasury bills with a maturity of  
10 90 days or less;

11 (iv) repurchase agreements with a ma-  
12 turity of 7 days or less that are backed by  
13 Treasury bills with a maturity of 90 days  
14 or less;

15 (v) central bank reserve deposits; or

16 (vi) such other assets as—

17 (I) the primary Federal payment  
18 stablecoin regulator determines appro-  
19 priate; or

20 (II) in the case of a State quali-  
21 fied payment stablecoin issuer, the  
22 State payment stablecoin regulator  
23 determines appropriate.

24 (B) publicly disclose the issuer's redemp-  
25 tion policy;

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

3 (D) publish the monthly composition of the  
4 issuer's reserves on the website of the issuer,  
5 containing—

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

9 (ii) the amount and composition of  
10 the reserves described under subparagraph  
11 (A).

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

21 (A) the repurchase agreements are cleared  
22 by a central clearing counterparty that is ap-  
23 proved by the primary Federal payment  
24 stablecoin regulator; or

1 (B) the permitted payment stablecoin  
2 issuer receives the prior approval of the primary  
3 Federal payment stablecoin regulator.

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

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

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

17 (i) the primary Federal payment  
18 stablecoin regulator; or

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

22 (C) CRIMINAL PENALTY.—Any person who  
23 submits a certification required under subpara-  
24 graph (B) knowing that such certification is  
25 false shall be subject to the criminal penalties

1 set forth under section 1350(c) of title 18,  
2 United States Code.

3 (4) CAPITAL, LIQUIDITY, AND RISK MANAGE-  
4 MENT REQUIREMENTS.—The primary Federal pay-  
5 ment stablecoin regulators shall, jointly, issue—

6 (A) capital requirements applicable to per-  
7 mitted payment stablecoin issuers, which may  
8 not exceed what is sufficient to ensure the per-  
9 mitted payment stablecoin issuer’s ongoing op-  
10 erations;

11 (B) liquidity requirements applicable to  
12 permitted payment stablecoin issuers, which  
13 may not exceed what is sufficient to ensure the  
14 financial integrity of the permitted payment  
15 stablecoin issuer and the ability of the issuer to  
16 meet the financial obligations of the issuer, in-  
17 cluding redemptions; and

18 (C) risk management requirements appli-  
19 cable to permitted payment stablecoin issuers,  
20 tailored to the business model and risk profile  
21 of the permitted payment stablecoin issuer.

22 (5) TREATMENT UNDER THE BANK SECRECY  
23 ACT.—A permitted payment stablecoin issuer shall  
24 be treated as a financial institution for purposes of  
25 the Bank Secrecy Act.

1           (6) LIMITATION ON ACTIVITIES.—A permitted  
2           payment stablecoin issuer may only issue payment  
3           stablecoins, redeem payment stablecoins, manage re-  
4           lated reserves (including purchasing and holding re-  
5           serve assets), provide custodial or safekeeping serv-  
6           ices for payment stablecoins or private keys of pay-  
7           ment stablecoins, and undertake other functions that  
8           directly support the work of issuing and redeeming  
9           payment stablecoins.

10          (b) RULEMAKING.—

11           (1) IN GENERAL.—The primary Federal pay-  
12           ment stablecoin regulators may issue such orders  
13           and regulations as may be necessary to administer  
14           and carry out the requirements of this section, in-  
15           cluding to establish conditions, and to prevent eva-  
16           sions thereof.

17           (2) JOINT ISSUANCE OF REGULATION.—All reg-  
18           ulations issued to carry out this section shall be  
19           issued jointly by the primary Federal payment  
20           stablecoin regulators.

21           (3) RULEMAKING DEADLINE.—Not later than  
22           the end of the 180-day period beginning on the date  
23           of enactment of this Act, the Federal payment  
24           stablecoin regulators shall issue regulations to carry  
25           out this section.

1 **SEC. 5. APPROVAL OF SUBSIDIARIES OF INSURED DEPOSI-**  
2 **TORY INSTITUTIONS AND FEDERAL QUALI-**  
3 **FIED NONBANK PAYMENT STABLECOIN**  
4 **ISSUERS.**

5 (a) IN GENERAL.—

6 (1) APPLICATION.—

7 (A) IN GENERAL.—Any insured depository  
8 institution that seeks to issue payment  
9 stablecoins through a subsidiary and any  
10 nonbank entity (other than a State qualified  
11 payment stablecoin issuer) that seeks to issue  
12 payment stablecoins shall file an application  
13 with the primary Federal payment stablecoin  
14 regulator.

15 (B) TIMING.—With respect to an applica-  
16 tion filed under this paragraph, the primary  
17 Federal payment stablecoin regulator shall in-  
18 form the applicant whether the applicant has  
19 submitted a complete application within 45  
20 days of receiving the application.

21 (C) COMPLETION OF APPLICATION.—With  
22 respect to an application filed under this para-  
23 graph, once the primary Federal payment  
24 stablecoin regulator has informed the applicant  
25 that the application is complete, such applica-  
26 tion shall be deemed to be complete unless the

1 primary Federal payment stablecoin regulator  
2 determines that a significant change in cir-  
3 cumstances requires otherwise.

4 (2) EVALUATION OF APPLICATIONS.—A com-  
5 plete application received under paragraph (1) shall  
6 be evaluated by the primary Federal payment  
7 stablecoin regulator using the factors described in  
8 paragraph (3).

9 (3) FACTORS TO BE CONSIDERED.—The factors  
10 described in this paragraph are the following:

11 (A) The ability of the applicant (or, in the  
12 case of an applicant that is an insured deposi-  
13 tory institution, the subsidiary of the appli-  
14 cant), based on the financial condition and re-  
15 sources, to meet the requirements set forth in  
16 section 4.

17 (B) The general character and fitness of  
18 the management of the applicant.

19 (C) The risks presented by the applicant  
20 and benefits provided to consumers.

21 (4) TIMING FOR DECISION; GROUNDS FOR DE-  
22 NIAL.—

23 (A) TIMING.—The primary Federal pay-  
24 ment stablecoin regulator shall render a deci-  
25 sion on an application no later than 120 days

1 after informing the applicant that the applica-  
2 tion is complete.

3 (B) DENIAL OF APPLICATION.—

4 (i) GROUNDS FOR DENIAL.—The pri-  
5 mary Federal payment stablecoin regulator  
6 may only deny a complete application re-  
7 ceived under paragraph (1) if the regulator  
8 determines that the activities of the appli-  
9 cant would be unsafe or unsound based on  
10 the factors described in paragraph (3).

11 (ii) EXPLANATION REQUIRED.—If the  
12 primary Federal payment stablecoin regu-  
13 lator denies a complete application received  
14 under paragraph (1), the regulator shall  
15 provide the applicant with written notice  
16 explaining such denial, including all find-  
17 ings made by the regulator with respect to  
18 all identified material shortcomings regard-  
19 ing the application, including recommenda-  
20 tions on how the applicant could address  
21 the identified material shortcomings.

22 (iii) OPPORTUNITY FOR HEARING;  
23 FINAL DETERMINATION.—

24 (I) IN GENERAL.—Not later than  
25 30 days after the date of receipt of



1 any notice of the denial of an applica-  
2 tion under this subsection, the appli-  
3 cant may request, in writing, an op-  
4 portunity for a written or oral hearing  
5 before the primary Federal payment  
6 stablecoin regulator to appeal the de-  
7 nial.

8 (II) TIMING.—Upon receipt of a  
9 timely request, the primary Federal  
10 payment stablecoin regulator shall no-  
11 tice a time (not later than 30 days  
12 after the date of receipt of the re-  
13 quest) and place at which the appli-  
14 cant may appear, personally or  
15 through counsel, to submit written  
16 materials or provide oral testimony  
17 and oral argument).

18 (III) FINAL DETERMINATION.—  
19 Not later than 60 days after the date  
20 of a hearing under this clause, the  
21 primary Federal payment stablecoin  
22 regulator shall notify the applicant of  
23 the final determination of the primary  
24 Federal payment stablecoin regulator,  
25 which shall contain a statement of the

1 basis for that determination, with spe-  
2 cific findings.

3 (IV) NOTICE IF NO HEARING.—If  
4 an applicant does not make a timely  
5 request for a hearing under this  
6 clause, the primary Federal payment  
7 stablecoin regulator shall notify the  
8 applicant, not later than 10 days after  
9 the date by which the applicant may  
10 request a hearing under this clause, in  
11 writing, that the denial of the applica-  
12 tion is a final determination of the  
13 regulator.

14 (C) FAILURE TO RENDER A DECISION.—If  
15 the primary Federal payment stablecoin regu-  
16 lator fails to render a decision on a complete  
17 application within the time period specified in  
18 subparagraph (A), the application shall be  
19 deemed approved.

20 (D) RIGHT TO REAPPLY.—The denial of  
21 an application under this subsection shall not  
22 prohibit the applicant from filing a subsequent  
23 application.

24 (5) REPORT ON PENDING APPLICATIONS.—  
25 Each primary Federal payment stablecoin regulator

1 shall annually report to Congress on the applications  
2 that have been pending for 6 months or longer since  
3 the date of the initial application filed under para-  
4 graph (1) where the applicant has been informed  
5 that the application remains incomplete, including  
6 providing documentation on the status of the appli-  
7 cation and why the application has not yet been ap-  
8 proved.

9 (6) RULEMAKING.—The primary Federal regu-  
10 latory agencies shall, jointly, issue rules necessary  
11 for the regulation of the issuance of payment  
12 stablecoins, but may not impose requirements incon-  
13 sistent with the requirements specified under section  
14 4.

15 (b) EFFECTIVE DATE.—

16 (1) IN GENERAL.—This section shall take effect  
17 on the earlier of—

18 (A) 18 months after the date of enactment  
19 of this Act; or

20 (B) the date that is 120 days after the  
21 date on which the primary Federal payment  
22 stablecoin regulators issue final regulations im-  
23 plementing this section.

24 (2) AUTHORITY TO ISSUE REGULATIONS AND  
25 PROCESS APPLICATIONS.—The primary Federal pay-

1       ment stablecoin regulators may, before the effective  
2       date described under paragraph (1)—

3               (A) issue regulations to carry out this sec-  
4       tion; and

5               (B) pursuant to regulations described  
6       under subparagraph (A), accept and process ap-  
7       plications described under this section.

8       (3) NOTICE TO CONGRESS.—Each of the pri-  
9       mary Federal payment stablecoin regulators shall  
10      notify Congress once beginning to process applica-  
11      tions described under this section.

12      (4) SAFE HARBOR FOR PENDING APPLICA-  
13      TIONS.—The primary Federal payment stablecoin  
14      regulator may waive the application of the require-  
15      ments of this section for a period not to exceed 12  
16      months beginning on the effective date described  
17      under paragraph (1), with respect to—

18              (A) a subsidiary of an insured depository  
19      institution, if the insured depository institution  
20      has an application pending for the subsidiary to  
21      become a permitted payment stablecoin issuer  
22      on the effective date described under paragraph  
23      (1); or

24              (B) a nonbank entity with an application  
25      pending to become a Federal qualified nonbank

1           stablecoin issuer on the effective date described  
2           under paragraph (1).

3 **SEC. 6. SUPERVISION AND ENFORCEMENT WITH RESPECT**  
4           **TO SUBSIDIARIES OF INSURED DEPOSITORY**  
5           **INSTITUTIONS AND FEDERAL QUALIFIED**  
6           **NONBANK STABLECOIN ISSUERS.**

7           (a) SUPERVISION.—

8           (1) SUBSIDIARY OF AN INSURED DEPOSITORY  
9           INSTITUTION.—

10           (A) IN GENERAL.—Each permitted pay-  
11           ment stablecoin issuer that is a subsidiary of an  
12           insured depository institution shall be subject to  
13           supervision by the primary Federal payment  
14           stablecoin regulator in the same manner as  
15           such insured depository institution.

16           (B) GRAMM-LEACH-BLILEY ACT.—For  
17           purposes of title V of the Gramm-Leach-Bliley  
18           Act (15 U.S.C. 6801 et seq.) each permitted  
19           payment stablecoin issuer that is a subsidiary  
20           of an insured depository institution shall be  
21           deemed a financial institution.

22           (2) FEDERAL QUALIFIED NONBANK PAYMENT  
23           STABLECOIN ISSUER.—

24           (A) SUBMISSION OF REPORTS.—Each Fed-  
25           eral qualified nonbank payment stablecoin

1 issuer shall, upon request, submit reports to the  
2 primary Federal payment stablecoin regulator  
3 as to—

4 (i) the Federal qualified nonbank pay-  
5 ment stablecoin issuer's financial condition,  
6 systems for monitoring and controlling fi-  
7 nancial and operating risks; and

8 (ii) compliance by the Federal quali-  
9 fied nonbank payment stablecoin issuer  
10 (and any subsidiary thereof) with this Act.

11 (B) EXAMINATIONS.—The primary Fed-  
12 eral payment stablecoin regulator may make ex-  
13 aminations of a Federal qualified nonbank pay-  
14 ment stablecoin issuer and each subsidiary of a  
15 Federal qualified nonbank stablecoin issuer in  
16 order to inform the regulator of—

17 (i) the nature of the operations and fi-  
18 nancial condition of the Federal qualified  
19 nonbank stablecoin issuer;

20 (ii) the financial, operational, and  
21 other risks within the Federal qualified  
22 nonbank stablecoin issuer that may pose a  
23 threat to—

1 (I) the safety and soundness of  
2 the Federal qualified nonbank  
3 stablecoin issuer; or

4 (II) the stability of the financial  
5 system of the United States; and

6 (iii) the systems of the Federal quali-  
7 fied nonbank payment stablecoin issuer for  
8 monitoring and controlling the risks de-  
9 scribed in clause (ii).

10 (C) REQUIREMENT TO USE EXISTING RE-  
11 PORTS.—In supervising and examining a Fed-  
12 eral qualified nonbank payment stablecoin  
13 issuer, the primary Federal payment stablecoin  
14 regulator shall, to the fullest extent possible,  
15 use existing reports and other supervisory infor-  
16 mation.

17 (D) AVOIDANCE OF DUPLICATION.—The  
18 primary Federal payment stablecoin regulator  
19 shall, to the fullest extent possible, avoid dupli-  
20 cation of examination activities, reporting re-  
21 quirements, and requests for information in  
22 carrying out this Act with respect to a Federal  
23 qualified nonbank payment stablecoin issuer.

24 (E) GRAMM-LEACH-BLILEY ACT.—For  
25 purposes of title V of the Gramm-Leach-Bliley

1 Act (15 U.S.C. 6801 et seq.) each Federal  
2 qualified nonbank stablecoin issuer shall be  
3 deemed a financial institution.

4 (b) ENFORCEMENT.—

5 (1) SUSPENSION OR REVOCATION OF REGISTRA-  
6 TION.—The primary Federal payment stablecoin  
7 regulator may prohibit a permitted payment  
8 stablecoin issuer from issuing payment stablecoins, if  
9 the primary Federal payment stablecoin regulator  
10 determines that such permitted payment stablecoin  
11 issuer, or an institution-affiliated party of the per-  
12 mitted payment stablecoin issuer, is—

13 (A) violating or has violated this Act or  
14 any regulation or order issued under this Act;  
15 or

16 (B) violating or has violated any condition  
17 imposed in writing by the primary Federal pay-  
18 ment stablecoin regulator in connection with a  
19 written agreement entered into between the per-  
20 mitted payment stablecoin issuer and the pri-  
21 mary Federal payment stablecoin regulator or a  
22 condition imposed in connection with any appli-  
23 cation or other request.

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



1 reasonable cause to believe that a permitted payment  
2 stablecoin issuer or any institution-affiliated party of  
3 a permitted payment stablecoin issuer is violating,  
4 has violated, or is attempting to violate this Act, any  
5 regulation or order issued under this Act, or any  
6 written agreement entered into with the primary  
7 Federal payment stablecoin regulator or condition  
8 imposed in writing by the primary Federal payment  
9 stablecoin regulator in connection with any applica-  
10 tion or other request, the primary Federal payment  
11 stablecoin regulator may, by provisions that are  
12 mandatory or otherwise, order the permitted pay-  
13 ment stablecoin issuer or institution-affiliated party  
14 of the permitted payment stablecoin issuer to—

15 (A) cease and desist from such violation or  
16 practice;

17 (B) take affirmative action to correct the  
18 conditions resulting from any such violation or  
19 practice; or

20 (C) take such other action as the primary  
21 Federal payment stablecoin regulator deter-  
22 mines to be appropriate.

23 (3) REMOVAL AND PROHIBITION AUTHORITY.—

24 The primary Federal payment stablecoin regulator  
25 may remove an institution-affiliated party of a per-

1       mitted payment stablecoin issuer from their position  
2       or office or prohibit further participation in the af-  
3       fairs of the permitted payment stablecoin issuer or  
4       all permitted payment stablecoin issuers by such in-  
5       stitution-affiliated party, if the primary Federal pay-  
6       ment stablecoin regulator determines that—

7               (A) the institution-affiliated party has, di-  
8               rectly or indirectly, committed a violation or at-  
9               tempted violation of this Act or any regulation  
10              or order issued under this Act; or

11             (B) the institution-affiliated party has  
12             committed a violation of any provision of sub-  
13             chapter II of chapter 53 of title 31, United  
14             States Code.

15       (4) PROCEDURES.—

16             (A) IN GENERAL.—If the primary Federal  
17             payment stablecoin regulator identifies a viola-  
18             tion or attempted violation of this Act or makes  
19             a determination under paragraph (1), (2), or  
20             (3), the primary Federal payment stablecoin  
21             regulator shall comply with the procedures set  
22             forth in subsections (b) and (e) of sections 8 of  
23             the Federal Deposit Insurance Act (12 U.S.C.  
24             1818).

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

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

14          (D) TEMPORARY CEASE-AND-DESIST PRO-  
15          CEEDINGS.—If the primary Federal payment  
16          stablecoin regulator determines that a violation  
17          or attempted violation of this Act or an action  
18          with respect to which a determination was made  
19          under paragraph (1), (2), or (3), or the con-  
20          tinuation thereof, is likely to cause insolvency or  
21          significant dissipation of assets or earnings of a  
22          permitted payment stablecoin issuer, or is likely  
23          to weaken the condition of the permitted pay-  
24          ment stablecoin issuer or otherwise prejudice  
25          the interests of the customers of the permitted

1 payment stablecoin issuer prior to the comple-  
2 tion the proceedings conducted under this para-  
3 graph, the primary Federal payment stablecoin  
4 regulator may follow the procedures provided in  
5 section 8(c) of the Federal Deposit Insurance  
6 Act (12 U.S.C. 1818(c)) to issue a temporary  
7 cease-and-desist order.

8 (5) CIVIL MONEY PENALTIES.—

9 (A) FAILURE TO BE APPROVED.—Any per-  
10 son who issues a payment stablecoin and who is  
11 not a permitted payment stablecoin issuer, and  
12 any institution-affiliated party of such a person  
13 who knowingly participates in issuing such a  
14 payment stablecoin, shall be liable for a civil  
15 penalty of not more than \$100,000 for each day  
16 during which such payment stablecoins are  
17 issued.

18 (B) FIRST TIER.—Except as provided in  
19 subparagraph (A), a permitted payment  
20 stablecoin issuer or institution-affiliated party  
21 of such permitted payment stablecoin issuer  
22 that violates this Act or any regulation or order  
23 issued under this Act, or that violates any con-  
24 dition imposed in writing by the primary Fed-  
25 eral payment stablecoin regulator in connection

1 with a written agreement entered into between  
2 the permitted payment stablecoin issuer and the  
3 primary Federal payment stablecoin regulator  
4 or a condition imposed in connection with any  
5 application or other request, shall be liable for  
6 a civil penalty of up to \$100,000 for each day  
7 during which the violation continues.

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

19 (D) PROCEDURE.—Any penalty imposed  
20 under this paragraph may be assessed and col-  
21 lected by the primary Federal payment  
22 stablecoin regulator pursuant to the procedures  
23 set forth in section 8(i)(2) of the Federal De-  
24 posit Insurance Act (12 U.S.C. 1818(i)(2)).

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

16 (6) NON-APPLICABILITY TO A STATE QUALI-  
17 FIED PAYMENT STABLECOIN ISSUER.—This sub-  
18 section shall not apply to a State qualified payment  
19 stablecoin issuer.

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

21 (a) IN GENERAL.—A State payment stablecoin regu-  
22 lator shall have supervisory, examination, and enforcement  
23 authority over a State qualified payment stablecoin issuer  
24 of such State.

1           (b) AUTHORITY TO ENTER INTO AGREEMENTS WITH  
2 THE BOARD.—A State payment stablecoin regulator may  
3 enter into a memorandum of understanding with the  
4 Board, by mutual agreement, under which the Board may  
5 carry out the supervision, examination, and enforcement  
6 authority with respect to the State qualified payment  
7 stablecoin issuers of such State.

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

13           (d) RULEMAKING.—The Board shall issue orders and  
14 rules under section 4 applicable to State qualified payment  
15 stablecoin issuers to the same extent as the primary Fed-  
16 eral payment stablecoin regulators issue orders and rules  
17 under section 4 applicable to permitted payment stablecoin  
18 issuers that are not a State qualified payment stablecoin  
19 issuers.

20           (e) BOARD ENFORCEMENT AUTHORITY IN EXIGENT  
21 CIRCUMSTANCES.—

22           (1) IN GENERAL.—In exigent circumstances,  
23 the Board may, after no less than 48 hours prior  
24 written notice to the applicable State payment  
25 stablecoin regulator, take an enforcement action

1 against a State qualified payment stablecoin issuer  
2 or an institution-affiliated party of such issuer for  
3 violations of this Act.

4 (2) RULEMAKING.—Not later than the end of  
5 the 180-day period beginning on the date of enact-  
6 ment of this Act, the Board shall issue rules to set  
7 forth those exigent circumstances in which the  
8 Board may act under this subsection.

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

13 (g) EFFECT ON STATE LAW.—The provisions of this  
14 section do not preempt any law of a State and do not su-  
15 percede any State licensing requirement.

16 **SEC. 8. CUSTOMER PROTECTION.**

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

21 (1) is subject to—

22 (A) supervision or regulation by a primary  
23 Federal payment stablecoin regulator or a pri-  
24 mary financial regulatory agency described  
25 under subparagraph (B) or (C) of section 2(12)



1 of the Dodd-Frank Wall Street Reform and  
2 Consumer Protection Act (12 U.S.C.  
3 5301(12)); or

4 (B) supervision by a State bank super-  
5 visor, as defined under section 3 of the Federal  
6 Deposit Insurance Act (12 U.S.C. 1813) or a  
7 State credit union supervisor, as defined under  
8 section 6003 of the Anti-Money Laundering Act  
9 of 2020, and such state bank supervisor or  
10 state credit union supervisor makes available to  
11 the Board such information as the Board deter-  
12 mines necessary and relevant to the categories  
13 of information under subsection (d); and

14 (2) complies with the segregation requirements  
15 under subsection (b), unless such person complies  
16 with similar requirements as required by a primary  
17 Federal payment stablecoin regulator, the Securities  
18 and Exchange Commission, or the Commodity Fu-  
19 tures Trading Commission.

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

22 (1) treat and deal with the payment stablecoins,  
23 private keys, cash, and other property of a person  
24 for whom or on whose behalf the person receives, ac-  
25 quires, or holds payment stablecoins, private keys,

1 cash, and other property (hereinafter in this section  
2 referred to as the “customer”) as belonging to such  
3 customer; and

4 (2) take such steps as are appropriate to pro-  
5 tect the payment stablecoins, private keys, cash, and  
6 other property of a customer from the claims of  
7 creditors of the person.

8 (c) COMMINGLING PROHIBITED.—

9 (1) IN GENERAL.—Payment stablecoins, cash,  
10 and other property of a customer shall be separately  
11 accounted for by a person described in subsection  
12 (a) and shall not be commingled with the funds of  
13 the person.

14 (2) EXCEPTION.—Notwithstanding paragraph  
15 (1)—

16 (A) the payment stablecoins, cash, and  
17 other property of a customer may, for conven-  
18 ience, be commingled and deposited in an omni-  
19 bus account holding the payment stablecoins,  
20 cash, and other property of more than one cus-  
21 tomer at an insured depository institution or  
22 trust company;

23 (B) such share of the payment stablecoins,  
24 cash, and other property of the customer that  
25 shall be necessary to transfer, adjust, or settle

1 a transaction or transfer of assets may be with-  
2 drawn and applied to such purposes, including  
3 the payment of commissions, taxes, storage,  
4 and other charges lawfully accruing in connec-  
5 tion with the provision of services by a person  
6 described in subsection (a); and

7 (C) in accordance with such terms and  
8 conditions as the Board may prescribe by rule,  
9 regulation, or order, any customer payment  
10 stablecoin, cash, and other property described  
11 in this subsection may be commingled and de-  
12 posited in customer accounts with payment  
13 stablecoins, cash, and other property received  
14 by the person and required by the Board to be  
15 separately accounted for, treated, and dealt  
16 with as belonging to customers.

17 (d) REGULATORY INFORMATION.—A person de-  
18 scribed under subsection (a) shall submit to the Board in-  
19 formation concerning the person’s business operations and  
20 processes to protect customer assets, in such form and  
21 manner as the Board shall determine.

22 (e) EXCLUSION.—The requirements of this section  
23 shall not apply to any person solely on the basis that such  
24 person engages in the business of providing hardware or  
25 software to facilitate a customer’s own custody or safe-

1 keeping of the customer's payment stablecoins or private  
2 keys.

3 (f) CLARIFICATION.—The Board, the Comptroller,  
4 the Corporation, the National Credit Union Administra-  
5 tion, and the Financial Crimes Enforcement Network shall  
6 make no rules, regulations, orders, or guidance, or take  
7 any other administrative action, which would restrict the  
8 ability of an individual to use digital assets for such indi-  
9 vidual's own purposes or prohibit or otherwise restrict an  
10 individual to use hardware or software to facilitate such  
11 individual's own custody or safekeeping of such individ-  
12 ual's digital assets.

13 **SEC. 9. INTEROPERABILITY STANDARDS.**

14 The primary Federal payment stablecoin regulators,  
15 in consultation with the National Institute of Standards  
16 and Technology, other relevant standard setting organiza-  
17 tions, and State governments, shall assess and, if nec-  
18 essary, may, pursuant to section 553 of title 5 and in a  
19 manner consistent with the National Technology Transfer  
20 and Advancement Act of 1995 (Public Law 104–113),  
21 prescribe standards for payment stablecoin issuers to pro-  
22 mote compatibility and interoperability.

1 **SEC. 10. MORATORIUM ON ENDOGENOUSLY**  
2 **COLLATERALIZED STABLECOINS.**

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

8 (b) STUDY BY TREASURY.—

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

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

22 (A) the categories of non-payment  
23 stablecoins, including the benefits and risks of  
24 technological design features;

25 (B) the participants in non-payment  
26 stablecoin arrangements;

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

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

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

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

20 **SEC. 11. REPORT ON RULEMAKING STATUS.**

21 Not later than 6 months after the date of enactment  
22 of this Act, the primary Federal payment stablecoin regu-  
23 lators shall provide a status update on the development  
24 of the rulemaking under this Act to the Committee on Fi-  
25 nancial Services of the House of Representatives and the

1 Committee on Banking, Housing, and Urban Affairs of  
2 the Senate.

3 **SEC. 12. AUTHORITY OF BANKING INSTITUTIONS.**

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

9 (1) accepting or receiving deposits and issuing  
10 digital assets that represent deposits;

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

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

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

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

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

10 (A) the appropriate Federal banking agen-  
11 cy;

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

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

17 (D) a State credit union supervisor (as de-  
18 fined under section 6003 of the Anti-Money  
19 Laundering Act of 2020);

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



1 (c) DEFINITIONS.—In this section:

2 (1) DEPOSITORY INSTITUTION.—The terms  
3 “depository institution” has the meaning given that  
4 term under section 3 of the Federal Deposit Insur-  
5 ance Act.

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

10 **SEC. 13. CLARIFYING THAT PAYMENT STABLECOINS ARE**  
11 **NOT SECURITIES OR COMMODITIES.**

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

19 (b) INVESTMENT COMPANY ACT OF 1940.—Section  
20 2(a)(36) of the Investment Company Act of 1940 (15  
21 U.S.C. 80a–2(a)(36)) is amended by adding at the end  
22 the following: “The term ‘security’ does not include a pay-  
23 ment stablecoin issued by a permitted payment stablecoin  
24 issuer, as such terms are defined, respectively, in section  
25 2 of the Clarity for Payment Stablecoins Act of 2023.”.

1           (c) SECURITIES ACT OF 1933.—Section 2(a)(1) of  
2 the Securities Act of 1933 (15 U.S.C. 77b(a)(1)) is  
3 amended by adding at the end the following: “The term  
4 ‘security’ does not include a payment stablecoin issued by  
5 a permitted payment stablecoin issuer, as such terms are  
6 defined, respectively, in section 2 of the Clarity for Pay-  
7 ment Stablecoins Act of 2023.”.

8           (d) SECURITIES EXCHANGE ACT OF 1934.—Section  
9 3(a)(10) of the Securities Exchange Act of 1934 (15  
10 U.S.C. 78c(a)(10)) is amended by adding at the end the  
11 following: “The term ‘security’ does not include a payment  
12 stablecoin issued by a permitted payment stablecoin  
13 issuer, as such terms are defined, respectively, in section  
14 2 of the Clarity for Payment Stablecoins Act of 2023.”.

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