

**Davis Polk**

# **GENIUS Act is enacted**

July 18, 2025

# State of play

- Today the President signed the Guiding and Establishing National Innovation for U.S. Stablecoins Act (**GENIUS Act**) (available [here](#)) after it was passed through Congress with strong bipartisan support.
- The GENIUS Act was passed instead of a competing House-originated bill called the Stablecoin Transparency and Accountability for a Better Ledger Economy Act of 2025 (**STABLE Act**) (available [here](#)). We previously compared the two bills [here](#).
- The GENIUS Act is the first major piece of crypto legislation to be passed by Congress.
- We describe the key components of the GENIUS Act on the subsequent slides, with charts detailing the various rulemakings and reports required by the Act included on [slides 20 – 27](#).
- A companion memo focuses on the GENIUS Act's anti-money laundering and countering the financing of terrorism (**AML/CFT**) and sanctions compliance provisions (available [here](#)).

# Key definitions and concepts

- **Payment stablecoin.** A digital asset:
  - that is or is designed to be used as a means of payment or settlement;
  - the issuer of which:
    - is obligated to convert, redeem or repurchase for a fixed amount of monetary value, not including a digital asset denominated in a fixed amount of monetary value, and
    - represents that such issuer will maintain, or create the reasonable expectation that it will maintain, a stable value relative to the value of a fixed amount of monetary value; and
  - that is not a national currency, deposit, or otherwise a security.
- **Distributed ledger.** Unclear whether an asset recorded on a private, permissioned blockchain could fall within the definition of “digital asset” or “payment stablecoin.”
- **Interest.** A permitted payment stablecoin issuer and foreign payment stablecoin issuer **cannot** pay payment stablecoin holders yield or interest.
- **Securities classification.** Expressly states that payment stablecoins are not securities and permitted payment stablecoin issuers are not investment companies.
- **Tokenized deposits.** Explicitly out of scope.

# Permitted federal issuers and primary regulator

## Permitted federal issuers

## Primary regulator

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### Subsidiary of an IDI\*

The insured depository institution's (**IDI**) appropriate federal banking agency

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### Federal qualified issuer

- A “nonbank entity” (defined as a person that is not a depository institution or subsidiary of a depository institution)
- An uninsured national bank
- A federal branch of a foreign bank

Office of the Comptroller of the Currency (**OCC**)

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\* “Insured depository institution” defined in the bill to include insured credit unions, which would be regulated by the National Credit Union Administration (**NCUA**).

# Permitted state issuers and primary regulator

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**The appropriate state regulator is the primary regulator of state issuers in the GENIUS Act, with the Federal Reserve Board (FRB) or OCC having secondary authority.**

- State issuers with less than \$10 billion in payment stablecoins outstanding can opt into a state-only regime, provided it is (1) certified by the applicable state regulator as “substantially similar” to the federal regime and (2) the Stablecoin Certification Review Committee, composed of the Treasury Secretary, Chair of the FRB (or Vice Chair for Supervision) and Chair of the Federal Deposit Insurance Corporation (**FDIC**), does not reject the certification. The Treasury Secretary must establish broad-based principles through notice and comment rulemaking for determining what is deemed “substantially similar.”
  - The state regulator must submit an annual recertification to the Stablecoin Certification Review Committee. Denials of certifications may be appealed to the D.C. Circuit Court of Appeals.
  - There are transition requirements for an issuer that later exceeds the \$10 billion cap, unless the issuer obtains a waiver. Issuers subject to a prudential regime that was established at least 90 days prior to the enactment of the GENIUS Act and certified as substantially similar are presumptively approved for a waiver, unless the requirements for a waiver are not substantially met or the issuer poses significant safety and soundness risks to the U.S. financial system.
- The Stablecoin Certification Review Committee must endeavor to expedite certification of state regulatory regimes if they were in place within 180 days after the GENIUS Act’s enactment and provide a prudential regulatory regime for the supervision of digital assets or payment stablecoins.

# Treatment of foreign payment stablecoin issuers

- Must be a permitted payment stablecoin issuer to “issue a payment stablecoin in the United States.”
- A payment stablecoin issued by a foreign payment stablecoin issuer **cannot** be traded on U.S. custodial trading platforms **unless** (1) the foreign payment stablecoin issuer satisfies a safe harbor to be established by the Treasury Secretary or (2) the issuer:
  - complies with lawful orders to seize, freeze, burn or prevent the transfer of outstanding stablecoins;
  - is subject to a “comparable” regulatory regime, as determined by the Treasury Secretary upon a recommendation by each of the other members of the Stablecoin Certification Review Committee;
  - registers with the OCC and becomes subject to OCC oversight;
  - holds reserves in U.S. financial institutions sufficient to meet liquidity demands of U.S. customers; and
  - is not domiciled and regulated in a jurisdiction subject to comprehensive U.S. economic sanctions or determined by the Treasury Secretary to be a jurisdiction of primary money laundering concern.
- A foreign payment stablecoin shall not be:
  - treated as cash or as a cash equivalent for accounting purposes;
  - eligible as cash or as a cash equivalent margin and collateral for SEC- and CFTC-regulated intermediaries; or
  - acceptable as a settlement asset to facilitate wholesale payments between banking organizations or by a payment infrastructure to facilitate exchange and settlement among banking organizations.

\* Certain conditions for permitting trading on a U.S. custodial trading platform only become effective three years after enactment of the Act. The GENIUS Act explicitly has an extraterritorial effect.

# Treatment of non-financial issuers

## Restrictions on non-financial stablecoin issuers\*

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- A U.S. public company and any non-U.S. company that is not predominantly engaged in one or more financial activities, and its wholly or majority-owned subsidiaries or affiliates, may not issue a payment stablecoin unless the public company obtains a unanimous vote of the Stablecoin Certification Review Committee finding that:
    - it will not pose a material risk to the safety and soundness of the U.S. banking system or financial stability;
    - the public company will comply with data use limitations; and
    - the public company and its affiliates will comply with anti-tying requirements.
  - The Stablecoin Certification Review Committee must issue an interpretive rule clarifying these requirements within one year of enactment of the GENIUS Act.
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\* Section 512 of the CLARITY Act (a separate crypto market structure bill) would further amend these restrictions.

# Application process

## Federal issuers

- Federal qualified payment stablecoin issuers submit their applications to the appropriate federal payment stablecoin regulator.
- Each federal payment stablecoin regulator is required to adopt a licensing process within one year of enactment for the evaluation of applications that considers (1) the applicant's ability to meet the requirements under the Act; (2) whether any officer or director has been convicted of any felony financial crime; (3) the competence, experience, and integrity of the issuer officers, directors and affiliates; (4) the applicant's redemption policy; and (5) any other factor necessary to ensure the safety and soundness of the issuer.
- Federal payment stablecoin regulators are required to reach a decision within 120 days of receiving a substantially complete\* application, and the regulators are required to inform the applicant within 30 days if an application is substantially complete or what further information is required. Any substantially complete application that is not denied within 120 days is automatically deemed approved.
- An application can only be denied if the applicant's activities would be unsafe or unsound based on the evaluation criteria, and any denial must be explained in writing within 30 days, with the opportunity for a hearing and the ability to reapply.
- The issuance of a payment stablecoin on an open, public or decentralized network shall not be a valid ground for denial of an application.
- The regulators may provide a safe harbor from the requirements of the Act for up to 12 months for any subsidiary or an IDI or Federal qualified payment stablecoin issuer with a pending application as of the effective date of the Act.

## State issuers

Issuers in states where the regulatory regime has been certified to be “substantially similar” to the federal regime submit their applications in accordance with the process developed by the state payment stablecoin regulator.

\* An application is substantially complete when there is sufficient information to determine whether the evaluation criteria have been satisfied.

# Reserve requirements

Reserve composition	Reserve disclosures	Rehypothecation	Redemption
<ul style="list-style-type: none"><li>– Payment stablecoins must be backed on at least a 1:1 basis (i.e., issuer must maintain at least a 100% reserve).</li><li>– Eligible assets: cash; demand deposits; Treasuries with maturities of 93 days or less (<b>short-term Treasuries</b>); money received under repurchase agreements backed by short-term Treasuries; reverse repurchase agreements overcollateralized by Treasuries and subject to certain market terms; securities issued by a registered investment company invested solely in the above assets; tokenized versions of any of the above. Includes catch-all for other “similarly liquid federal government-issued assets” approved by regulators.</li></ul>	<ul style="list-style-type: none"><li>– Payment stablecoin issuers must publish monthly reports certified by the CEO and CFO disclosing the state of reserves. Criminal penalties for knowingly false certifications.</li><li>– Reports must be examined monthly by a registered public accounting firm.</li></ul>	<ul style="list-style-type: none"><li>– Prohibition on rehypothecation, <b>except</b> for pledging short-term Treasuries for repurchase agreements.</li></ul>	<ul style="list-style-type: none"><li>– Issuers must have procedures to process “timely” redemptions.</li></ul>

# Access to federal banking system

Bill	Deposit insurance	Access to federal reserve master account and discount window for nonbank issuers
GENIUS Act	×	×

In contrast to working drafts of then House Financial Services Committee (**HFSC**) Chair Patrick McHenry's proposed stablecoin legislation in 2022, and certain other stablecoin legislative proposals, the GENIUS Act does not grant nonbank issuers access to a Federal Reserve master account or the discount window. The GENIUS Act does not establish a deposit insurance scheme or similar government backstop for payment stablecoins either.

# Bank-like regulatory framework

- **Capital, liquidity and risk management requirements.** Federal and state payment stablecoin regulators are directed to impose capital, liquidity and risk management (operational, technology and compliance) requirements on stablecoin issuers, tailored to the business model and risk profile of issuers.
  - Explicit that the Collins Amendment, which established minimum (non-risk sensitive) leverage capital ratios, does not apply at the IDI or IDI holding company level in respect of a stablecoin issuer within a banking organization's structure.
  - Capital requirements must be tailored to the business model and risk profile of the issuer including, if necessary, the adoption of an additional capital buffer, but cannot exceed an amount sufficient to ensure the ongoing operations of the issuer.
- **Activities limits.**
  - Issuers must limit their activities to issuing and redeeming payment stablecoins, managing related reserves, providing custodial and safekeeping functions and other limited functions that directly support the above activities.
  - No activities limits on affiliates of an issuer, subject to the discussion above regarding public and foreign companies not predominantly engaged in financial activities.
  - Authorizes regulators to permit issuers to engage in digital asset service provider activities and incidental activities.
- **Privacy.**
  - Does not specifically address application of the Gramm-Leach-Bliley Act (**GLBA**), but it is not clear such a provision is needed to apply the GLBA privacy requirements to a stablecoin issuer.

# Bank-like regulatory framework (cont.)

## — Stablecoin holder priority in insolvency.

- Stablecoin holders' claims against the payment stablecoin issuer are given priority over other claims in the issuer's insolvency, similar to the way depositors receive preference in bank resolution proceedings.
- Provides relief from the Bankruptcy Code's automatic stay under certain conditions to allow issuers to more quickly satisfy customer redemptions.

## — Consumer protections.

- Prohibits misleading advertising and prohibits anyone convicted of certain felonies from serving as an officer or director of an issuer.
- Prohibits tying by the stablecoin issuer and its subsidiaries (i.e., conditioning services on a customer also agreeing to buy other products or services).
- Requires non-public issuers with more than \$50 billion in payment stablecoins outstanding to publicly disclose audited financial statements.

# Federal supervisory framework

## Federal issuers

- Federal qualified issuers are subject to supervision by their primary federal payment stablecoin regulator.
- Upon request, an issuer must submit a report to its regulator on its financial condition, risk management systems and programs for compliance with the GENIUS Act and applicable BSA/AML and sanctions requirements.
- Issuers are subject to examination by their primary federal payment stablecoin regulator to assess:
  - the nature of the issuer's operations and financial condition;
  - the financial, operational, technological and other risks that may pose a threat to either its safety and soundness or financial stability; and
  - the risk management systems in place to monitor and control those risks.
- The Act requires regulators, to the fullest extent possible, to use existing information and avoid duplication of exam activities and limit the cadence of the issuer's reporting obligations and examinations to that of similar entities regulated by the regulator.

## State issuers

- State qualified issuers are subject to supervision by their state payment stablecoin regulator.
- Although the Act does not expressly dictate the supervisory framework that the state regulators will use, such framework must be substantially similar to the federal regime.
- State regulators and the FRB are required to share information about state issuers on an ongoing basis, and can also enter into an agreement to allow the FRB to participate in the supervision of state issuers in that state.

# AML/CFT and sanctions

- All payment stablecoin issuers are treated as financial institutions under the Bank Secrecy Act (**BSA**) and subject to U.S. economic sanctions, which presumptively apply to all U.S. persons.
- Payment stablecoin issuers are required to (1) maintain effective AML/CFT and sanctions compliance programs, (2) retain appropriate transaction records, (3) monitor and report suspicious activities, (4) comply with lawful orders to seize, freeze, burn or prevent the transfer of outstanding stablecoins and (5) maintain an effective customer identification program.
- Directs the Treasury Secretary to adopt rules to implement the above requirements, tailored to the size and complexity of payment stablecoin issuers.
- Directs the Treasury Secretary to study and seek public comment and FinCEN to issue guidance and rulemaking to (1) implement novel and innovative methods for detecting illicit finance, (2) provide standards for issuers to identify, monitor and report illicit activity and (3) provide tailored risk management standards for financial institutions interacting with DeFi protocols. Treasury Secretary to also submit report and recommendations to Congress on these topics.
- Does not specifically address AML/CFT or sanctions standards for secondary market transactions directly in the legislation.

See our companion memo [here](#) for additional information on AML/CFT and sanctions compliance in the GENIUS Act.

# Enforcement actions

## Federal issuers

- **Suspension or revocation of registration.** An issuer's primary federal payment stablecoin regulator may prohibit the issuer from issuing payment stablecoins if the issuer has willfully or recklessly violated the Act or any condition imposed by the regulator in a written agreement with the issuer.
- **Cease and desist orders.** An issuer's primary federal payment stablecoin regulator may order the issuer to cease and desist or take corrective action if the regulator determines that the issuer has violated (or is attempting to violate) the Act, any condition imposed by the regulator in a written agreement with the issuer, or any written condition imposed by the regulator in connection with the issuer's application or other request.
- **Removal and prohibition.** An issuer's primary federal payment stablecoin regulator may remove an institution-affiliated party\* from their position or prohibit their further participation with that issuer or any issuer, if the regulator determines that the person knowingly violated the Act or certain transaction reporting rules.

\* An institution-affiliated party is defined in the Act as any director, officer, employee or controlling stockholder.

## State issuers

- Although state issuers are generally subject to enforcement by their state payment stablecoin regulator, the Act provides the FRB (for any state issuer or institution-affiliated party thereof) and OCC (for nonbank state issuers only) with authority to taken an enforcement action against a state issuer in unusual and exigent circumstances, which will be defined in a future rulemaking.
  - The FRB and OCC may only take action after 48 hours' prior written notice to the applicable state payment stablecoin regulator.
  - The issuer may provide a written objection to the order, after which, if the FRB or OCC does not affirm, modify or rescind the order within 10 days, the order automatically lapses.
  - If the FRB or OCC affirms or modifies an order after the issuer's objection, the issuer may seek judicial review.

# Criminal and civil penalties

Violation	Scope	Civil penalty	Criminal penalty
<b>Unlicensed issuance</b>	Issuer and any institution-affiliated party that knowingly participates	Up to \$100,000 per day	Up to \$1,000,000 fine and 5 years' imprisonment
<b>Material violation of act or implementing regulations</b>	Issuer and any participating institution-affiliated party	Up to \$100,000 per day	--
<b>Knowing violation of act or implementing regulations</b>	Issuer and any participating institution-affiliated party	Up to an additional \$100,000 per day	--
<b>False certification of monthly report</b>	Any person who knowingly submits a false certification	--	Up to \$1,000,000 fine and 10 years' imprisonment (\$5,000,000 and 20 years if willful)
<b>False certification of AML/sanctions compliance program</b>	Any person who knowingly submits a false certification	--	Up to \$1,000,000 fine and 5 years' imprisonment (8 years' imprisonment if the offense involves international or domestic terrorism)
<b>Misrepresenting insured status*</b>	Any person who knowingly and willfully participates	--	Up to \$500,000 per violation
<b>Officer or director convicted of certain financial crimes</b>	Any person who knowingly participates	--	Up to \$1,000,000 per violation and 5 years' imprisonment
<b>Noncompliant foreign issuer issuing in the United States</b>	Any noncompliant foreign issuer who knowingly issues	Up to \$1,000,000 per violation per day	--
<b>Noncompliant foreign issuer issuing in the United States</b>	Any digital asset service provider who knowingly violates prohibition on facilitating secondary trading	Up to \$100,000 per violation per day	--

\* Also deemed a violation of Section 18(a)(4) of the Federal Deposit Insurance Act (12 U.S.C. 1828(a)(4)) or Section 709 of title 18, United States Code, as applicable.

# Regulation of stablecoin ecosystem

- **Prevents future SAB 121.** Prohibits regulators from issuing any new SAB 121-like accounting requirements for depository institutions, credit unions, trust companies, and their affiliates, regardless of whether they issue payment stablecoins. This prohibition applies with respect to all digital assets, not just payment stablecoins.
- **Custodians and wallet providers.**
  - Imposes customer protection requirements related to asset segregation and a prohibition on commingling customer property with the custodian's property, subject to the following exceptions:
    - Payment stablecoins, reserves, cash and other property of an issuer or customer may be commingled and deposited in an omnibus account at a state depository institution, IDI, national bank or trust company;
    - The share of those assets necessary to transfer, adjust or settle a transaction or transfer of assets may be withdrawn and applied for that purpose;
    - Subject to rules to be adopted by the federal payment stablecoin regulators, those assets may be commingled and deposited in accounts with other property received by the custodian and required to be treated as belonging to the issuer or customer; and
    - IDIs providing custody for reserves may hold them in the form of cash on deposit as otherwise consistent with federal law.
  - Required to take appropriate steps to protect customer property from creditor claims.

# Regulation of stablecoin ecosystem (cont.)

- **Self-custody.** Explicitly does not apply to a person or business engaged in the business of providing hardware or software to facilitate a customer's self-custody of payment stablecoins.
- **Compatibility and interoperability standards.** The federal payment stablecoin regulators, in consultation with the National Institute for Standards and Technology and state regulators, are authorized to assess and prescribe standards to promote compatibility and interoperability for payment stablecoin issuers and the broader crypto ecosystem.
- **Non-payment stablecoins.**
  - Directs the U.S. Treasury, in consultation with other agencies, to produce a report to Congress on non-payment stablecoins, including “endogenously collateralized” (i.e., so-called “algorithmic”) stablecoins.
- **Reciprocity.** Directs the U.S. Treasury to create and implement reciprocal arrangements with other jurisdictions with substantially similar regulatory regimes to facilitate international transactions and interoperability.

# Other provisions

## Preemption

- Expressly preempts state licensing law requirements (e.g., money transmitter laws) for permitted payment stablecoin issuers that are a (1) subsidiary of an IDI (whether state or federally chartered) or (2) federal qualified issuer.
- Although the language is not entirely clear, we believe the GENIUS Act is also intended to preempt state licensing law requirements (e.g., money transmitter laws) for state nonbank issuers if the issuer's home state is certified as substantially similar to the federal regime.
- The GENIUS Act also:
  - explicitly does **not** preempt other state or federal consumer protection laws, and
  - requires that a subsidiary of a state IDI engaged in money transmission or custodial services is subject in its home state to adequate liquidity and capital requirements that take into account changes in the issuer's financial condition and risk profile.

## Ethics provisions

- Explicitly applies conflict of interest standards, as administered by the Office of Government Ethics, to prohibit any member of Congress or "senior executive branch official" (or certain related persons or entities) from issuing a payment stablecoin during their time in public service. Standards and restrictions apply to both regular and special government employees, but according to news reports exclude the President and Vice President.
- Amends the Ethics in Government Act to require disclosures of interests in payment stablecoins over \$5,000.
- Federal payment stablecoin regulators' rulemaking authority includes express anti-evasion authority.

# Effective dates

- The Act takes effect on the earlier of:
  - 18 months after enactment, and
  - 120 days after the primary federal payment stablecoin regulators issue any final regulations implementing the Act.
    - Rulemakings are required to be completed in coordination, as compared to, for example, jointly.
- Certain prohibitions on digital asset service providers offering or selling unlawful stablecoins begin three years after enactment, subject to any safe harbors established by the Treasury Secretary.

# Rulemaking

**The Treasury Secretary is directed to issue the following rules, each within one year of enactment\***

Section	Topic	May vs. Shall	Details
3(c)	Limited safe harbor for unregistered issuers	May	Provide limited safe harbors from the prohibition on any person other than a permitted payment stablecoin issuer to issue a payment stablecoin in the U.S.; safe harbors may only apply to a de minimis volume of transactions
3(d)	Implementation of Section 3	Shall	Implement Section 3 licensing requirements and safe harbors, including regulations to define terms
4(a)(5)	Treatment under the BSA and compliance requirements	Shall	Amend the BSA's implementing regulations to define payment stablecoin issuers as financial institutions and issue regulations establishing compliance requirements, tailored to the size and complexity of payment stablecoin issuers
4(c)(2)	Principles for determining if state regulatory regimes are substantially similar to federal regime	Shall	Establish broad-based principles for determining whether a state-level regulatory regime is "substantially similar" to the federal regulatory framework

\* Certain rulemaking deadlines are not explicitly specified, but it appears the general rulemaking standard under Section 13 of the Act (which requires rules to be issued within one year of enactment of the Act) applies.

# Rulemaking (cont.)

**The Treasury Secretary is directed to issue the following rules, each within one year of enactment\***

Section	Topic	May vs. Shall	Details
8(b)(3)(B)	Anti-money laundering protections	Shall	Specify the criteria that a noncompliant foreign issuer must meet for Treasury Secretary to determine the issuer is no longer noncompliant
13(a), (b)	Rulemaking	Shall	Issue regulations to carry out this Act through appropriate notice and comment rulemaking. Should coordinate with federal and state stablecoin regulators, as appropriate, on the issuance of such regulations
18(b)(6)	Conditions for certain foreign payment stablecoin issuers	Shall	Issue rules as may be required to carry out Section 18, under which the Secretary of the Treasury shall determine whether a foreign payment stablecoin issuer may be excepted from the prohibitions under Section 3 by assessing whether the issuer (1) is subject to regulation and supervision in a foreign jurisdiction deemed comparable to the framework under the Act, (2) registers with the OCC, and (3) complies with certain other requirements
18(d)	Reciprocity arrangements**	May	Create and implement reciprocal arrangements or other bilateral agreements between the U.S. and other jurisdictions with comparable payment stablecoin regulatory regimes

\* Certain rulemaking deadlines are not explicitly specified, but it appears the general rulemaking standard under Section 13 of the Act (which requires rules to be issued within one year of enactment of the Act) applies.

\*\* Not technically a rulemaking; should be completed within two years of enactment.

# Rulemaking (cont.)

The stablecoin regulators are directed to issue the following rules, each within one year of enactment\*

Section	Regulator	Topic	May vs. Shall	Details
4(a)(4)	Federal and state	Capital, liquidity and risk management	Shall	<p>Issue rules to implement capital, liquidity and reserve asset diversification requirements</p> <p>In addition, the FRB, FDIC and OCC shall modify existing regulations to carve out permitted payment stablecoin issuers from application of the Collins Amendment by the earlier of (1) one year after enactment of the Act or (2) the date on which the federal stablecoin regulators issue the above capital, liquidity and risk management rules</p> <p>Issue regulations to establish appropriate operational, compliance and information technology risk management principles-based requirements and standards, including BSA and sanctions compliance standards</p>
4(h)	Federal and state	General regulatory framework	Federal: shall State: may	Issue rules relating to permitted payment stablecoin issuers as may be necessary to establish a stablecoin regulatory framework necessary to administer and carry out the requirements of Section 4 of the Act (which deals with the general requirements for issuing payment stablecoins), including to establish conditions and prevent evasion thereof
5(a)(2)	Federal	Applications	Shall	Issue regulations relating to the review and consideration of applications by subsidiaries of insured depository institutions and entities seeking to issue payment stablecoins as federal qualified payment stablecoin issuers
5(g)	Federal	General rulemaking authority	Shall	Issue rules necessary for the regulation of the issuance of payment stablecoins, but may not impose requirements in addition to the requirements specified under Section 4 of the Act

\* Certain rulemaking deadlines are not explicitly specified, but it appears the general rulemaking standard under Section 13 of the Act (which requires rules to be issued within one year of enactment of the Act) applies.

# Rulemaking (cont.)

The stablecoin regulators are directed to issue the following rules, each within one year of enactment\*

Section	Regulator	Topic	May vs. Shall	Details
7(d)	State	General rulemaking authority	May	Issue orders and rules under Section 4 applicable to state stablecoin issuers to the same extent as the federal stablecoin regulators issue orders and rules under Section 4 applicable to federally-regulated stablecoin issuers
10(c)(2)(C)	Federal	Exceptions to commingling prohibitions	May	Issue rules, regulations or orders to permit commingling of payment stablecoins, reserves, cash and other property, provided the stablecoin issuer separately accounts for customer vs. the stablecoin issuer's property
12	Federal**	Interoperability standards	May	Prescribe standards for permitted payment stablecoin issuers to promote compatibility and interoperability with other permitted payment stablecoin issuers and the broader digital finance ecosystem
13(a), (b)	Federal and state	Rulemaking	Shall	Issue regulations to carry out this Act through appropriate notice and comment rulemaking. Should coordinate with each other the Treasury Secretary, as appropriate, on the issuance of such regulations
16(b)	Federal	Review of existing regulations	Shall	Review all existing guidance and regulations and, if necessary, amend or issue new regulations and guidance to clarify that entities regulated by the primary federal payment stablecoin regulators are authorized to engage in the payment stablecoin activities and investments contemplated by this Act, including acting as a principal or agent with respect to any payment stablecoin and payment of fees to facilitate customer transactions

\* Certain rulemaking deadlines are not explicitly specified, but it appears the general rulemaking standard under Section 13 of the Act (which requires rules to be issued within one year of enactment of the Act) applies.

\*\* In consultation with the National Institute of Standards and Technology, other relevant standard-setting organizations and state bank and credit union regulators.

# Rulemaking (cont.)

The following regulators are directed to issue the following rules

Section	Regulator	Topic	May vs. Shall	Deadline	Details
4(a)(8)	FRB	Anti-tying	May	1 year after enactment of the Act*	Issue rules to carry out anti-tying requirements In addition, in consultation with the other federal stablecoin regulators, may by regulation or order permit exceptions to the anti-tying restrictions
4(a)(12)(D)	Stablecoin Certification Review Committee	Clarification for non-financial public and foreign companies	Shall	1 year after enactment of the Act	Issue an “interpretive rule” clarifying application of the restrictions on non-financial public companies and non-financial foreign companies
4(b)	OCC	General regulatory framework	Shall	1 year after enactment of the Act	Issue regulations and orders, in consultation with the other relevant regulators, as necessary to ensure financial stability and implement Section 4(a) of the Act
7(e)(1), (2)	FRB and OCC	Back-up enforcement authority	Shall	1 year after enactment of the Act	Prescribe the unusual and exigent circumstances in which the (1) FRB may take an enforcement action against a state qualified payment stablecoin issuer or an institution-affiliated party of such issuer and (2) OCC may take an enforcement action against a state qualified payment stablecoin issuer that is a nonbank entity (but not explicitly against an institution-affiliated party thereof)

\* Deadline not explicitly specified, but it appears the general rulemaking standard under Section 13 of the Act (which requires rules to be issued within one year of enactment of the Act) applies.

# Rulemaking (cont.)

The following regulators are directed to issue the following rules

Section	Regulator	Topic	May vs. Shall	Deadline	Details
9(d)	FinCEN	Identifying, reporting and mitigating illicit finance activity	Shall	3 years after enactment of the Act	Issue public guidance and notice and comment rulemaking, based on the results of the research and risk assessments required under the Act, relating to (1) innovative or novel methods by regulated financial institutions to detect illicit activity involving digital assets, (2) standards for payment stablecoin issuers to identify and report illicit activity involving payment stablecoins that they issue, (3) standards for payment stablecoin issuers' systems and practices to monitor transactions on mixers and other services that seek to mask the identity of transaction parties and (4) tailored risk management standards for financial institutions interacting with decentralized finance protocols
18(c)(1)(E)	OCC	Oversight of foreign payment stablecoin issuers	Shall	1 year after enactment of the Act	Issue rules relating to the standards for approval of registration requests by foreign payment stablecoin issuers and the process for appealing denials of such registration requests

# Reports

## The following regulators are required to issue the following reports

Section	Regulator	Topic	Deadline	Details
4(a)(6)(C)	Attorney General and Treasury Secretary	National security	1 year after enactment of the Act	Report to the Senate Banking Committee ( <b>SBC</b> ) and HFSC on the Treasury Secretary's coordination with permitted payment stablecoin issuers regarding blocking foreign persons' payment stablecoins
5(e)(2)	Federal stablecoin regulators	Pending applications	Unspecified*	Annually report to Congress on applications that have been pending for 180 days or more since the date an initial application to become a permitted payment stablecoin issuer was submitted
8(c)(4)	Treasury Secretary	Waiver authority exemptions	7 days after issuing a waiver or license	Report to the chairs and ranking members of the SBC and HFSC on any waiver from the (1) secondary trading, (2) national security or (3) intelligence and law enforcement provisions related to foreign payment stablecoin issuers
9(e)(1)	Treasury Secretary	Identifying, reporting and mitigating illicit finance activity	180 days after enactment of the Act	Report to the chairs and ranking members of the SBC and HFSC on (1) legislative and regulatory proposals to develop novel/innovative methods of detecting illicit activity, (2) results of the research and risk assessments conducted on AML innovation, (3) efforts to support the implementation of novel methods by financial institutions to detect illicit activity, (4) the extent to which services that mix payment stablecoins to obscure identity may facilitate illicit activity and (5) legislative recommendations on the scope of the term "digital asset service provider"
11(h)(2)	Federal stablecoin regulators	Insolvency proceedings	3 years after enactment of the Act	Report to the SBC and HFSC containing the findings of the study they are required to perform regarding insolvency proceedings of permitted payment stablecoin issuers, including any legislative recommendations

\* Deadline not explicitly specified, but it appears the general rulemaking standard under Section 13 of the Act (which requires rules to be issued within one year of enactment of the Act) applies.

# Reports (cont.)

The following regulators are required to issue the following reports

Section	Regulator	Topic	Deadline	Details
13(c)	Federal banking agencies	Regulations	180 days after effective date of the Act	Report to the SBC and HFSC that confirms and describes the regulations issued to carry out the Act
14(a)(2)	Treasury Secretary	Non-payment stablecoins	1 year after enactment of the Act	Report to the SBC and HFSC on the findings of a study that the Treasury Secretary, in consultation with the FRB, OCC, FDIC, SEC, and CFTC is required to perform on non-payment stablecoins, including endogenously collateralized payment stablecoins
15(a)	Federal stablecoin regulators*	Annual reports	1 year after enactment of the Act and annually thereafter	Report to the SBC, HFSC and the Director of the Office of Finance Research on the status of the payment stablecoin industry
15(b)	FSOC	FSOC Report	Annual FSOC report	Incorporate the findings in the annual reports prepared by the primary federal stablecoin regulators in accordance with Section 15(a) into its annual Financial Stability Oversight Council ( <b>FSOC</b> ) report

\* In consultation with state payment stablecoin regulators.

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