

GENIUS Act – Summary

The Guiding and Establishing National Innovation for U.S. Stablecoins of 2025 ([S. 1582, GENIUS Act of 2025](#)) passed the Senate on June 17, 2025, and passed the House on July 17, 2025. The President is expected to sign the bill into law imminently.

1. What is a payment stablecoin?

A payment stablecoin is a digital asset designed for use as a means of payment or settlement. The issuer of a payment stablecoin is obligated to convert, redeem, or repurchase it for a fixed amount of monetary value and represents it will maintain a stable value relative to a fixed amount of monetary value.

Payment stablecoins shall not be backed by the full faith and credit of the US, guaranteed by the USG, or subject to deposit insurance by the FDIC or NCUA.

2. Who can issue a payment stablecoin?

Only permitted payment stablecoin issuers can issue payment stablecoins in the United States.

- Beginning 3 years after enactment, it shall be unlawful for a digital asset service provider to offer or sell a payment stablecoin to a person in the U.S., unless it is issued by a permitted payment stablecoin issuer or it meets the conditions for reciprocity addressed in question 7 below.
- Further, it shall be unlawful for a digital asset service provider to offer, sell or make available for trading in the U.S., a payment stablecoin issued by a foreign payment stablecoin issuer that does not have the technological capability to comply and complies with lawful orders to seize, freeze, or burn payment stablecoins. The Secretary of the Treasury may designate foreign issuers as noncompliant.

Permitted payment stablecoin issuers include:

- Subsidiaries of insured depository institutions or credit unions approved to issue payment stablecoins by their primary Federal regulator (i.e., the Fed, FDIC, OCC, or NCUA).
- Federal qualified payment stablecoin issuers approved by the OCC (i.e., nonbank, uninsured national bank, Federal branch).
- State qualified payment stablecoin issuers approved by a State payment stablecoin regulator, subject to certification of regulatory equivalence and size thresholds.

A public company that is not predominantly engaged in financial activities may not issue a payment stablecoin unless approved unanimously by the Stablecoin Certification Review Committee (Secretary of the Treasury, Chair of the Federal Reserve, Chair of the FDIC).

3. What obligations apply to payment stablecoin issuers?

Payment stablecoin issuers must:

- Maintain reserves backing their stablecoins on at least a 1:1 basis with specified assets.
 - Reserves include US coins and currency or money standing to the credit of an account with a Federal Reserve Bank; demand deposits; T-bills, notes or bonds with maturity <93 days; repurchase agreements backed by T-bills with a maturity <93 days; reverse repurchase agreements that are collateralized by Treasury notes, bills or bonds on an overnight basis; money market funds invested in the underlying assets described above; other similarly liquid Federal-Government-issued asset approved by the primary Federal regulator; any reserve described above in tokenized form.
- Publicly disclose their redemption policy establishing procedures for timely redemption and disclosing all fees associated with purchasing and redeeming payment stablecoins.
- Publish monthly reports on the composition of their reserves.
- Have their monthly reports examined by a registered public accounting firm and have the issuer's CEO and CFO certify as to the accuracy of the monthly report.
- Comply with capital, liquidity, reserve asset diversification, and operational, compliance, and IT risk management requirements set by regulators, including BSA and sanctions compliance.
- Be treated as financial institutions for purposes of the Bank Secrecy Act.
- Maintain the technological capability to comply with the terms of any lawful order to seize, freeze, burn or prevent the transfer of payment stablecoins issued by the person.
- Limit their activities to issuing, redeeming, managing related reserves, providing custodial or safekeeping services, or undertaking other payment stablecoin activities that directly support these.
- If >\$50B in total payment stablecoins outstanding, prepare audited financial statements.

Payment stablecoin issuers are prohibited from:

- Pledging, rehypothecating, or reusing reserves.
- Pay the holder of any payment stablecoin any form of interest or yield solely in connection with holding, using, or retaining the payment stablecoin.
- Tying provision of services on the condition that the customer obtains an additional paid product or service from the issuer.

- Using any combination of terms relating to the US Government or marketing the payment stablecoin such that it is perceived to be legal tender or guaranteed by the US Government.
- Misrepresenting the insured status of payment stablecoins.
- Having an officer or director who has been convicted of a felony offense involving insider trading, embezzlement, cybercrime, money laundering, financing of terrorism, or financial fraud.

4. Who will supervise payment stablecoin issuers?

- Subsidiaries of insured depository institutions or credit unions approved to issue payment stablecoins are subject to regulation, supervision, and enforcement by their primary Federal regulator (i.e., the Fed, FDIC, OCC, or NCUA).
- Federal qualified payment stablecoin issuers are subject to regulation, supervision, and enforcement by the OCC, and shall be required to submit reports and undergo examinations by the OCC.
- State qualified stablecoin regulators shall have supervisory, examination, and enforcement authority over a state qualified payment stablecoin issuer of such a state, with the caveats described below and in question 5 regarding the issuer’s size and the state regulatory regime.
- State regulators may enter a memorandum of understanding with the Federal Reserve Board under which the Board may participate in the supervision, examination, and enforcement authority with respect to state qualified payment stablecoin issuers of that state.
- The Fed and the OCC have the authority to take enforcement actions against state qualified payment stablecoin issuers in exigent circumstances after 48 hours prior written notice to the state regulator.

5. What is the role of states in regulating payment stablecoin issuers?

- State regulators may establish a regulatory framework to approve and supervise state qualified payment stablecoin issuers.
 - Payment stablecoin issuers may opt for state regulation if the issuer’s market capitalization is less than \$10 billion and the State-level regulatory regime is “substantially similar” to the Federal framework.
 - A state qualified payment stablecoin issuer that scales above \$10 billion shall transition to the Federal framework administered by the state regulator and the Federal regulator acting jointly. The Federal regulator may provide a waiver to permit a state regulator to be the sole supervisor. Further, a state regulator that has an

existing regulatory regime within 90-days of enactment and has approved one or more issuers shall be presumptively approved for a waiver.

- The following process will determine substantial similarity between the state-level regulation and federal regulation:
 - The Secretary of the Treasury will establish broad-based principles for determining whether a state regulatory regime is substantially similar to the Federal framework.
 - State regulators must submit an annual certification to the Stablecoin Certification Review Committee, attesting that the State-level regulatory regime meets the criteria for substantial similarity. The Committee has the authority to review and approve (unanimously) or deny a certification. If denied, an explanation must be provided, and the state may cure and resubmit.
 - If a certification is rejected, the payment stablecoin issuer operating under the State-level regulatory regime will be subject to the Federal regulatory framework, regardless of the market capitalization threshold.
 - The Secretary of the Treasury must publish and maintain a list of States that have submitted initial certifications and recertifications in the Federal Register and on the website of the Department of the Treasury.
- State regulators must share information with the Board on an ongoing basis, including copies of initial applications and accompanying documents.

6. What is the application process for a payment stablecoin issuer?

The process below applies to payment stablecoin issuers applying to a federal regulator; states would develop their own application processes.

- The primary Federal payment stablecoin regulator will receive applications and evaluate complete applications based on the financial condition and resources of the applicant to meet the requirements set forth in the Act; the competence, experience, and integrity of the officers, directors, and principal shareholders; whether the redemption policy meets the standards; and any other factors necessary to ensure the safety and soundness of the issuer.
- The primary Federal payment stablecoin regulator shall render a decision within 120 days after informing the applicant that the application is complete. The application is deemed approved if not decided within the specified time.
- Written explanation is required if an application is denied, and there is a process for appealing the denial.

7. How does the legislation treat foreign payment stablecoin issuers?

Prohibitions against foreign payment stablecoin issuers shall not apply if the issuer 1) is subject to regulation and supervision by a regulator that has a payment stablecoin regime that is comparable to the US, 2) is registered with the OCC, 3) holds reserves in a US financial institution sufficient to meet liquidity demands of US customers unless otherwise permitted, and 4) is not in a foreign country subject to comprehensive sanctions.

The Secretary of the Treasury may determine whether a foreign country has a regulatory and supervisory regime that is comparable to the US.

A foreign payment stablecoin issuer shall be subject to reporting, supervision and examination requirements as determined by the OCC.

8. What else is addressed in the bill?

- **Preemption:** The laws of a host State shall only apply to the activities conducted in the host State by an out-of-state State qualified payment stablecoin issuer to the same extent as such laws apply to the activities conducted by an out-of-state Federal qualified payment stablecoin issuer.
- **Customer Protection:** Entities providing custodial or safekeeping services for payment stablecoins and reserves must be subject to supervision by a primary Federal regulator or by a State bank supervisory, and they must comply with segregation requirements to protect customer assets.
- **Insolvency:** In any insolvency proceeding of a payment stablecoin issuer, claims of persons holding payment stablecoins will have priority over other claims against the issuer.
- **Interoperability Standards:** Regulators will assess and may prescribe standards to promote compatibility and interoperability of payment stablecoins.
- **Non-Payment Stablecoins:** Requires a study on non-payment stablecoins, including endogenously collateralized stablecoins and a report to Congress on the findings.
- **Authority of Banking Institutions:** Clarifies that the Act does not limit the authority of depository institutions, credit unions, or trust companies to engage in permissible activities under State and Federal law, including to issue digital assets that represent deposits (i.e., tokenized deposits), otherwise use distributed ledgers for recordkeeping, and provide custodial services for payment stablecoins and their reserves. The bills also codify the repeal of Staff Accounting Bulletin 121 (SAB 121).
 - A state-chartered depository with a permitted payment stablecoin issuer subsidiary may engage in the business of money transmission or provide custodial services through the permitted payment stablecoin issuer in any State if it is required by its home State to establish and maintain adequate liquidity and capital.

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- **Securities Categorization:** Amends various securities laws to clarify that payment stablecoins issued by permitted payment stablecoin issuers are not considered securities.