

Stablecoin Legislation: An Overview of S. 919, GENIUS Act of 2025

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On March 18, the Senate Banking, Housing, and Urban Affairs Committee reported S. 919, the Guiding and Establishing National Innovation for U.S. Stablecoins Act of 2025, or GENIUS Act. The bill would establish a regime to regulate stablecoins, as described below.

Requirements for Issuing Payment Stablecoins

S. 919 defines *payment stablecoins* as digital assets issued for payment or settlement (including as margin or collateral) and redeemable at a predetermined fixed amount (e.g., \$1). Issuers would be required to hold at least one dollar of permitted reserves for every one dollar of stablecoins. The bill would limit permitted reserves to coins and currency, insured deposits held at banks and credit unions, short-dated Treasury bills, repurchase agreements (“repos”) and reverse repos backed by Treasury bills, money market funds invested in certain of these assets, central bank reserves, and any other similar government-issued asset approved by regulators. Issuers would be restricted to using reserve assets for certain activities, including to redeem stablecoins and serve as collateral in repos and reverse repos. The bill would require federal and state regulators to issue tailored capital, liquidity, and risk management rules for federal and state stablecoin issuers, but it exempts stablecoin issuers from the regulatory capital standards applied to traditional banks.

Issuers would be required to establish and disclose stablecoin redemption procedures and to issue periodic reports of outstanding stablecoins and reserve composition, which would be certified by executives and “examined” by registered public accounting firms. Issuers with more than \$50 billion in stablecoins outstanding would be required to submit audited annual financial statements.

Issuers would be subject to the Bank Secrecy Act, and the Financial Crimes Enforcement Network would be required to write tailored anti-money laundering rules. Foreign stablecoins not licensed in the United States would be able to be traded on secondary markets provided they have the technological capacity to freeze transactions and comply with the Department of the Treasury’s lawful orders.

The bill would create a federal or state regulatory option for stablecoin issuers, which could be subsidiaries of insured depository institutions (IDIs) or nonbanks (which would not be restricted to financial firms). The bill would allow any issuer with fewer than \$10 billion outstanding stablecoins to be

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regulated by a state—provided the state regulatory regime is “substantially similar” to its federal counterpart. Treasury’s criteria of what constitutes “substantially similar” would be subject to notice-and-comment rulemaking.

Various sections of the bill appear to provide federal regulators with rulemaking authority over federally regulated stablecoin issuers and state regulators with rulemaking authority over state-regulated issuers.

Federal Regime

A stablecoin issuer that is a subsidiary of any IDI or federally regulated nonbank issuer would be required to apply to the same federal banking regulator as that of the IDI and the Office of the Comptroller of the Currency (OCC), respectively. (The bill appears to allow federal and state IDI subsidiaries under the \$10 billion threshold the option of state or federal regulation, supervision, and enforcement.) An application would be evaluated on whether the stablecoin issuer can meet the baseline requirements (described above). An application not acted on within 120 days would be deemed approved. Regulators would have to justify denials and permit applicant appeals.

Supervision and Enforcement

Any issuer that opts for the federal regime or is not a state-qualified issuer with less than \$10 billion in issuance would be supervised by the same regulator as that of the IDI (or by the OCC in the case of nonbanks).

All stablecoin issuers under the federal regime would be required to file reports with—and may be subject to exams by—their primary federal regulators, which would evaluate issuer financial condition, risks to firm and financial system safety and soundness, and risk management systems.

A regulator would be authorized to stop a previously approved issuer from issuing stablecoins or issue other enforcement actions if the regulator were to determine that the issuer has violated the requirements of the bill or any written condition imposed by the regulator.

State Regime

The bill would permit all issuers under \$10 billion to opt in to a state regulatory regime. This would presumably put the stablecoin subsidiaries of IDIs beyond the jurisdiction of their primary federal regulators, with the exception of the application requirement. A state-chartered IDI issuer that grows above \$10 billion would be required to transition to the regime of the appropriate federal regulator to be administered jointly by the state regulator and the primary federal regulator. Alternatively, nonbanks and subsidiaries of nationally chartered banks that grow above that threshold would seem to be required to transition to the federal regime to be administered solely by the state regulators.

Supervision and Enforcement

State regulators would “have supervisory, examination, and enforcement authority over all” state issuers. However, the bill would allow state regulators to cede these authorities to the Federal Reserve (Fed). The bill would also allow the Fed or OCC to take enforcement actions against state issuers in “exigent” circumstances after providing state regulators 48 hours’ notice.

Other Provisions

The bill would establish rules for stablecoin asset and reserve custodians, which could be issuers or non-issuers, so long as they are regulated by federal or state banking regulators, the Securities and Exchange Commission, or the Commodity Futures Trading Commission. It would also prohibit custodians from comingling their own funds with customers' funds, with exceptions. The bill would permit banks to custody stablecoins and reserve assets, use blockchains, and issue tokenized deposits.

An out-of-state stablecoin issuer would be subject to its host state's consumer protection laws.

The bill would grant stablecoin holders priority over all other claims against the issuer in bankruptcy, and it updates the bankruptcy code.

The bill would permit the Treasury, to establish "reciprocal" agreements with jurisdictions with regulatory regimes substantially similar to those of the United States.

The bill would clarify that payment stablecoins are not securities and are not federally insured. The bill would prohibit a stablecoin issuer from tying stablecoin issuance to the purchase of another service, misrepresenting insured status, and using deceptive names.

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