To provide requirements for payment stablecoin issuers, research on a digital dollar, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

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

A BILL

To provide requirements for payment stablecoin issuers, research on a digital dollar, and for other purposes.

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

3 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the

5 [“To be added Act of 2022”].

(b) Table of Contents.—The table of contents for

this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—PAYMENT STABLECOIN ISSuers

Sec. 101. Definitions.
Sec. 102. Requirement to be a payment stablecoin issuer.
Sec. 103. State qualified payment stablecoin issuers.
Sec. 104. Enforcement.
Sec. 105. Interoperability standards.
Sec. 106. Moratorium on endogenously collateralized stablecoins.
Sec. 107. Reservation of authority.
Sec. 108. Assessments.
Sec. 109. Extraterritoriality.

TITLE II—DIGITAL DOLLAR

Sec. 201. Research on Federal Reserve digital dollar.

1 TITLE I—PAYMENT STABLECOIN ISSUERS

2 SEC. 101. DEFINITIONS.

In this title:

(1) **APPROPRIATE FEDERAL BANKING AGENCY.**—The term “appropriate Federal banking agency” has the same meaning as in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).

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

(A) with respect to a subsidiary of an insured depository institution, the appropriate Federal banking agency of such insured depository institution;

(B) with respect to a subsidiary of an insured credit union, the National Credit Union Administration; and
(C) the Board, with respect to a nonbank entity.

(3) BANK SECRECY ACT.—The term “Bank Secrecy Act” means—

(A) section 21 of the Federal Deposit Insurance Act (12 U.S.C. 1829b);

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

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

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

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

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

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

(8) DISTRIBUTED LEDGER.—The term “distributed ledger” means technology where data is shared across a network that creates a digital ledger of verified transactions or information among network participants and the data are typically linked using
cryptography to maintain the integrity of the ledger and execute other functions.

(9) **Federal banking agencies.**—The term “Federal banking agencies” means the Comptroller, the Board, the Corporation, and the National Credit Union Administration.

(10) **Federal payment stablecoin regulators.**—The term “Federal payment stablecoin regulators” means the Board, the Comptroller, the Corporation, and the National Credit Union Administration.

(11) **Insured depository institution.**—The term “insured depository institution” means—

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

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

(12) **Licensed nonbank entity.**—The term “licensed nonbank entity” means a nonbank entity licensed by the Board pursuant to section 102(c).

(13) **Monetary value.**—The term “monetary value” means a national currency, deposit (as defined under section 3 of the Federal Deposit Insur-
ance Act), or an equivalent instrument that is denominated in a national currency.

(14) NATIONAL CURRENCY.—The term “national currency” means United States coins, a Federal Reserve note or other lawful money as the term is used in the Federal Reserve Act (12 U.S.C. 411), money issued by a central bank, or money issued by an intergovernmental organization pursuant to an agreement by one or more governments.

(15) NONBANK ENTITY.—The term “nonbank entity” means a person that is not an insured depository institution.

(16) PAYMENT STABLECOIN.—The term “payment stablecoin”—

(A) means a digital asset—

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

(ii) the issuer of which—

(I) is obligated to convert, redeem, or repurchase for a fixed amount of monetary value; or

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

(B) that is not—

(i) a national currency; or

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

(17) PAYMENT STABLECOIN ISSUER.—The term “payment stablecoin issuer” means—

(A) a person approved or licensed by the appropriate Federal payment stablecoin regulator, as applicable; or

(B) a registered State qualified payment stablecoin issuer.

(18) PAYMENT SYSTEM.—The term “payment system”—

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

(B) includes the participants and the person or persons operating the arrangement or aspects of the arrangement.
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(19) **PERSON.**—The term “person” means a natural person or a group of natural persons, corporation, partnership, trust, association, joint venture, pool, syndicate, sole proprietorship, unincorporated organization, or any other form of entity or organization.

(20) **REGISTERED STATE QUALIFIED PAYMENT STABLECOIN ISSUER.**—The term “registered State qualified payment stablecoin issuer” means a State qualified payment stablecoin issuer that has filed a registration statement with the Board.

(21) **STATE.**—The term “State” means each of the several States, the District of Columbia, any territory of the United States, and each federally recognized Indian Tribe.

(22) **STATE PAYMENT STABLECOIN REGULATOR.**—The term “State payment stablecoin regulator” means a State agency that has primary regulatory and supervisory authority in such State over entities that issue payment stablecoins.

(23) **STATE QUALIFIED PAYMENT STABLECOIN ISSUER.**—The term “State qualified payment stablecoin issuer” means a nonbank entity that—

(A) is legally established under the laws of a State; and
(B) is subject to ongoing supervision and regulation by the State payment stablecoin regulator of such State to issue payment stablecoins.

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

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

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

SEC. 102. REQUIREMENT TO BE A PAYMENT STABLECOIN ISSUER.

(a) IN GENERAL.—

(1) GENERAL PROHIBITION.—Except as provided in paragraph (3), it shall be unlawful for any person to engage in the business of issuing a payment stablecoin, directly or indirectly in the United States, through any means or instruments of transportation or communication in the United States, or to persons in the United States.
(2) CRIMINAL PENALTY.—Whoever knowingly participates in a violation of this section shall be fined not more than $1,000,000, imprisoned for not more than 5 years, or both.

(3) PERMITTED PAYMENT STABLECOINS.—The prohibition in paragraph (1) shall not apply with respect to payment stablecoins issued by—

(A) a subsidiary of an insured depository institution that has been approved to issue payment stablecoins under subsection (b); or

(B) a nonbank entity licensed under subsection (c).

(b) APPROVAL FOR INSURED DEPOSITORY INSTITUTIONS.—

(1) APPLICATION.—An insured depository institution that seeks to issue payment stablecoins through a subsidiary shall—

(A) file an application with the appropriate Federal payment stablecoin regulator in such form and manner as the appropriate Federal payment stablecoin regulator determines appropriate; and

(B) publish notice of such application in a newspaper of general circulation in the community or communities where the main offices of
the applicant are located, or, if there is no such newspaper in any such community, then in the newspaper of general circulation published nearest thereto.

(2) **Timing.**—

(A) **In General.**—The appropriate Federal payment stablecoin regulator shall—

(i) inform the applicant whether the applicant has submitted a complete application within 45 days of receiving an application described in paragraph (1) and

(ii) render a decision on an application received under paragraph (1) no later than 90 days after informing the applicant that the application is complete.

(B) **Failure to Render a Decision.**—If the appropriate Federal payment stablecoin regulator fails to render a decision on an application under subparagraph (A) within the time period specified in that subparagraph, the application shall be deemed approved.

(3) **Evaluation.**—A complete application received under paragraph (1) shall be evaluated by the appropriate Federal payment stablecoin regulator using the factors described in paragraph (4).
(4) FACTORS.—In evaluating an application, the appropriate Federal payment stablecoin regulator shall consider the following factors:

(A) The ability of the applicant to maintain reserves backing its payment stablecoins outstanding on an at least one-to-one basis, with reserves comprising of—

(i) United States coins and currency (including Federal reserve notes and circulating notes of Federal reserve banks and national banks);

(ii) Treasury bills with a maturity of 90 days or less;

(iii) repurchase agreements with a maturity of 7 days or less that are backed by Treasury bills with a maturity of 90 days or less; or

(iv) central bank reserve deposits.

(B) The financial resources, managerial or technical expertise, and governance of the applicant.

(C) The benefit to the public, including on innovation and competition.

(D) The stability of the financial system of the United States.
(E) The convenience and needs of the community to be served.

(F) The plan of the applicant to promote greater inclusion for businesses and retail consumers, as appropriate, in all jurisdictions and across all racial and ethnic groups and geographic locations.

(5) PUBLIC COMMENTS.—Upon receipt of an application submitted in accordance with this subsection, the appropriate Federal payment stablecoin regulator shall—

(A) promptly publish notice of the application in the Federal Register; and

(B) provide an opportunity for interested persons to comment on the proposal for a period of no more than 60 days after publication.

(6) APPROVAL.—

(A) IN GENERAL.—The appropriate Federal payment stablecoin regulator shall approve an application received under paragraph (1) if the agency determines that the factors described in paragraph (4) are adequately satisfied.

(B) EXPLANATION REQUIRED FOR DISAPPROVAL.—In the event that the appropriate
Federal payment stablecoin regulator denies an application received under paragraph (1), the regulator shall provide the applicant a written notice explaining such denial.

(c) LICENSING OF NONBANK ENTITIES.—

(1) IN GENERAL.—The Board shall establish a process to render a decision on applications submitted by nonbank entities to issue payment stablecoins. Such process shall require the applicant to publish notice of such application in a newspaper of general circulation in the community or communities where the main offices of the applicant are located, or, if there is no such newspaper in any such community, then in the newspaper of general circulation published nearest thereto.

(2) TIMING.—

(A) IN GENERAL.—The Board shall—

(i) inform the applicant whether the applicant has submitted a complete application within 45 days of receiving an application described in paragraph (1) and

(ii) render a decision on an application received under paragraph (1) no later than 90 days after informing the applicant that the application is complete.
(B) Failure to Render a Decision.—If the Board fails to render a decision on an application under subparagraph (A) within the time period specified in that subparagraph, the application shall be deemed approved.

(3) Evaluation.—An application received under paragraph (1) shall be evaluated by the Board using the factors specified under paragraph (4).

(4) Factors.—In evaluating an application, the Board shall examine the following factors:

(A) The ability of the applicant to maintain reserves backing its payment stablecoins outstanding on an at least one-to-one basis, with reserves comprising of—

(i) United States coins and currency (including Federal reserve notes and circulating notes of Federal reserve banks and national banks);

(ii) Treasury bills with a maturity of 90 days or less;

(iii) repurchase agreements with a maturity of 7 days or less that are backed by Treasury bills with a maturity of 90 days or less; or

(iv) central bank reserve deposits.
(B) The financial resources, managerial or technical expertise, and governance of the applicant.

(C) The benefit to the public, including on innovation and competition.

(D) The stability of the financial system of the United States.

(E) The convenience and needs of the community to be served.

(F) The plan of the applicant to promote greater inclusion for businesses and retail consumers, as appropriate, in all jurisdictions and across all racial and ethnic groups and geographic locations.

(5) PUBLIC COMMENTS.—Upon receipt of an application submitted in accordance with this subsection, the Board shall—

(A) promptly publish notice of the application in the Federal Register; and

(B) provide an opportunity for interested persons to comment on the proposal for a period of no more than 60 days after publication.

(6) APPROVAL.—

(A) IN GENERAL.—A nonbank entity that applies to be a licensed nonbank entity shall be
approved by the Board as a licensed nonbank entity if the factors set out in paragraph (4) are adequately addressed.

(B) **Explanation required for disapproval.**—In the event that the Board denies an application received under paragraph (1), the Board shall provide the applicant a written notice explaining such denial.

(d) **Regulation of Payment Stablecoin Issuers.**—

(1) **Authority of the Federal Payment Stablecoin Regulators.**—

(A) **In general.**—The appropriate Federal payment stablecoin regulator may issue orders and the Federal payment stablecoin regulators shall issue regulations as may be necessary to administer and carry out this section, including to establish conditions, and to prevent evasions thereof.

(B) **Joint issuance.**—Regulations issued by the Federal payment stablecoin regulators pursuant to paragraph (3), (5), or (7) or subparagraph (A), (B), or (C) of paragraph (10) shall be issued jointly by the Federal payment stablecoin regulators.
(C) Rulemaking deadline.—Not later than the end of the 180-day period beginning on the date of enactment of this Act, the Federal payment stablecoin regulators shall issue the regulations required under subparagraph (A).

(2) Supervision.—

(A) In general.—

(i) Subsidiary of an insured depository institution.—Each payment stablecoin issuer that is a subsidiary of an insured depository institution shall be—

(I) subject to supervision by the appropriate Federal payment stablecoin regulator in the same manner as such insured depository institution; and

(II) deemed a financial institution, for purposes of title V of the Gramm-Leach-Bliley Act (15 U.S.C. 6801 et seq.).

(ii) Licensed nonbank entity.—

(I) Submission of reports.—

Each payment stablecoin issuer that is a licensed nonbank entity shall,
upon request of the Board, promptly submit reports under oath to keep the Board informed as to—

(aa) the licensed nonbank entity’s financial condition, systems for monitoring and controlling financial and operating risks; and

(bb) compliance by the licensed nonbank entity (and any subsidiary thereof) with—

(AA) this title; and

(BB) Federal laws that the Board has specific jurisdiction to enforce against the licensed nonbank entity (and any subsidiary thereof).

(II) BOARD REQUIREMENT TO USE EXISTING REPORTS.—In supervising and examining a licensed nonbank entity, the Board shall, to the fullest extent possible, use existing reports and other supervisory information.
(III) EXAMINATION.—The Board may make examinations of a licensed nonbank entity and each subsidiary of a licensed nonbank entity in order to inform the Board of—

(aa) the nature of the operations and financial condition of the licensed nonbank entity and the subsidiary;

(bb) the financial, operational, and other risks within the licensed nonbank entity that may pose a threat to—

(AA) the safety and soundness of the licensed nonbank entity; or

(BB) the stability of the financial system of the United States; and

(cc) the systems of the licensed nonbank entity for monitoring and controlling the risks described item (bb).

(IV) AVOIDANCE OF DUPLICATION.—The Board shall, to the fullest
extent possible, avoid duplication of
examination activities, reporting re-
quirements, and requests for informa-
tion in carrying out this title with re-
spect to a licensed nonbank entity.

(V) TREATMENT UNDER THE
GRAMM-LEACH-BLILEY ACT.—A li-
censed nonbank entity shall be
deemed a financial institution, for
purposes of title V of the Gramm-
Leach-Bliley Act (15 U.S.C. 6801 et
seq.).

(B) LIMITATION.—A Federal payment
stablecoin regulator may not issue any rule,
order, or guidance inconsistent with this sec-
tion.

(C) CONSULTATION WITH FINCEN.—A
Federal payment stablecoin regulator shall con-
sult with the Financial Crimes Enforcement
Network regarding the application of the Bank
Secrecy Act to any rule or guidance consistent
with this section.

(D) CONSULTATION WITH STATES.—A
Federal payment stablecoin regulator shall con-
result with States regarding licensing and consumer protection matters.

(3) Tailoring.—

(A) In General.—In establishing standards under this section, the Federal payment stablecoin regulators shall tailor such standards or differentiate the regulatory requirements established under this section, including capital, liquidity, risk management, and other requirements, as appropriate, by taking into account the complexity and risk profile of payment stablecoin issuers.

(B) Limitation.—Standards tailored under subparagraph (A) shall not apply to the requirements set forth in paragraph (4) or (6) or subsection (g), (i), or (j).

(4) Reserve Requirements.—

(A) In General.—Each payment stablecoin issuer shall maintain reserves backing its payment stablecoins outstanding on an at least one-to-one basis, with reserves comprising—

(i) United States coins and currency (including Federal reserve notes);
(ii) funds held as insured demand deposits or insured shares at insured depository institutions, subject to limitations established by the Corporation and the National Credit Union Administration, respectively, to address safety and soundness risks of such insured depository institutions;

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

(iv) repurchase agreements with a maturity of 7 days or less that are backed by Treasury bills with a maturity of 90 days or less; or

(v) central bank reserve deposits.

(B) Prohibition on Rehypothecation.—Reserves described under subparagraph (A) may not be pledged, rehypothecated, or reused, except for the purpose of creating liquidity to meet reasonable expectations of requests to redeem payment stablecoins, such that reserves in the form of Treasury bills may be pledged as collateral for repurchase agreements with a maturity of 90 days or less, provided that either—
(i) the repurchase agreements are cleared by a central clearing counterparty that is approved by the appropriate Federal payment stablecoin regulator; or

(ii) the payment stablecoin issuer receives the prior approval of the appropriate Federal payment stablecoin regulator.

(C) Disclosure.—Each payment stablecoin issuer shall publish the monthly composition of the issuer’s reserve portfolio on the website of the issuer, in a format established, jointly, by the Federal payment stablecoin regulators.

(D) Attestation.—The chief executive officer of a payment stablecoin issuer shall file an attestation with the appropriate Federal payment stablecoin regulator on a monthly basis, attesting to the accuracy of the reserve portfolio information disclosed under subparagraph (C).

(5) Redemptions.—A payment stablecoin issuer shall establish a process to allow redemption of payment stablecoins within a reasonable timeframe, as established by the appropriate Federal payment stablecoin regulators, jointly, but in no case
may such timeframe be longer than one day after
the redemption request.

(6) LIMITATION ON ACTIVITIES.—A payment
stablecoin issuer may only issue payment
stablecoins, redeem payment stablecoins, manage re-
lated reserves (including purchasing and holding re-
serve assets), provide custodial or safekeeping serv-
ces for payment stablecoins or private keys of pay-
ment stablecoins, and undertake other limited func-
tions that directly support the work of issuing and
redeeming payment stablecoins. A national bank is
not illegally constituted solely because the operations
of the national bank are limited to the activities de-
scribed in this paragraph.

(7) APPROVAL OF MERGERS AND ACQUISI-
TIONS.—

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

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

(i) In General.—An appropriate Federal payment stablecoin regulator receiving an application under subparagraph (B) shall provide a copy of the application to the public (with any confidential information redacted) and provide for a 60-day public comment period during which the public can submit written comments on the application.

(ii) Exception.—An appropriate Federal payment stablecoin regulator may waive the requirement under clause (i) if the appropriate Federal payment stablecoin regulator determines that the regulator must act immediately to prevent the failure of the payment stablecoin issuer or in the event of the probable failure of a parent insured depository institution of a payment stablecoin issuer.

(D) Evaluation.—In evaluating an application received under subparagraph (B), the appropriate Federal payment stablecoin regulator shall take into consideration the factors speci-
fied under subsection (b)(4) or (c)(4), as applicable.

(E) RULEMAKING.—The Federal payment stablecoin regulators shall, jointly, issue rules to carry out this paragraph, and such rules shall, subject to the requirements of subparagraph (A) through (D), be as close as practicable to the process used by an appropriate Federal banking agency in evaluating and approving a change of control of an insured depository institution under section 7(j) of the Federal Deposit Insurance Act (12 U.S.C. 1817(j)).

(F) EXCEPTION.—The appropriate Federal payment stablecoin regulator may waive the requirements of this paragraph with respect to a payment stablecoin issuer if the issuer is a subsidiary of an insured depository institution, and such insured depository institution is subject to a change in control under section 7(j) or 18(c) of the Federal Deposit Insurance Act or under the Federal Credit Union Act.

(8) PROHIBITION ON UNAUTHORIZED PARTICIPATION BY CONVICTED INDIVIDUAL.—

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

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

(i) shall provide a process to apply for a waiver from the prohibition under subparagraph (A); and

(ii) may provide for de minimis exceptions to the prohibition under subparagraph (A) that would not require a waiver.

(9) FINANCIAL INCLUSION.—The Federal payment stablecoin regulators shall strive to promote greater inclusion for businesses and retail consumers, as appropriate, in all jurisdictions and across all racial and ethnic groups and geographic locations

(10) CAPITAL, LIQUIDITY, AND RISK MANAGEMENT STANDARDS.—

(A) CAPITAL REQUIREMENTS.—The Federal payment stablecoin regulators shall, jointly,
establish by regulation capital requirements applicable to payment stablecoin issuers.

(B) LIQUIDITY REQUIREMENTS.—The Federal payment stablecoin regulators shall, jointly, establish by regulation liquidity requirements applicable to payment stablecoin issuers.

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

(D) RISK MANAGEMENT FOR CONTRACTED SERVICES.—

(i) IN GENERAL.—Whenever a payment stablecoin issuer, or any subsidiary or affiliate of such a payment stablecoin issuer, relies on or causes to be performed for itself, by contract or otherwise, any services or activities authorized under this Act or that are necessary or integral to the functioning of the payment stablecoin, whether on or off its premises—

(I) such person that performs such services or activities shall be subject to regulation and supervision by
the appropriate Federal payment stablecoin regulator with respect to the performance of such services or activities, but such regulation and supervision shall be limited in scope to such services or activities that are authorized under this Act or necessary or integral to the functioning of the payment stablecoin; and

(ii) the payment stablecoin issuer shall notify the appropriate Federal payment stablecoin regulator of the existence of the relationship within 30 days after the making of the related service contract or the performance of the activity or service, whichever occurs first.

(ii) CUSTOMER PROTECTION.—

(I) IN GENERAL.—Any person, including any person providing a service described in clause (i), any payment stablecoin issuer, and any State-licensed money services business, who engages in the business of providing custodial or safekeeping services for
payment stablecoins or private keys of payment stablecoins shall be subject to regulation and supervision, as provided in subclause (II) through (VII), and such person shall treat and deal with all payment stablecoins that are received by the person as belonging to the customer.

(II) SEGREGATION.—A person described in subclause (I) shall—

(aa) treat and deal with the payment stablecoins, private keys, and cash of a person for whom or on whose behalf the person receives, acquires, or holds payment stablecoins, private keys, and cash (hereinafter in this clause referred to as the “customer”) as belonging to such customer; and

(bb) take such steps as are appropriate to protect the payment stablecoins, private keys, and cash of a customer from the claims of creditors of the person.
(III) COMMINGLING PROHIBITED.—Payment stablecoins, private keys, and cash of a customer shall be separately accounted for by a person described in subclause (I) and shall not be commingled with the funds of the person.

(IV) EXCEPTIONS.—Notwithstanding subclause (III)—

(aa) the payment stablecoins, private keys, and cash of a customer may, for convenience, be commingled and deposited in an omnibus account holding the payment stablecoins, private keys, and cash of more than one customer at an insured depository institution or trust company;

(bb) such share of the payment stablecoins, private keys, and cash of the customer that shall be necessary to transfer, adjust, or settle a transaction or transfer of assets may be with-
drawn and applied to such purposes, including the payment of commissions, taxes, storage, and other charges lawfully accruing in connection with the provision of services by a person described in subclause (I); and

(cc) in accordance with such terms and conditions as the Board may prescribe by rule, regulation, or order, any customer payment stablecoin, private key, or cash described in subclause (III) may be commingled and deposited in customer accounts with any other assets received by the person and required by the Board to be separately accounted for, treated, and dealt with as belonging to customers.

(V) FINANCIAL RESOURCES.—The Board may establish minimum financial resource requirements applicable to a person described in subclause (I).
(VI) SUPERVISION.—

(aa) In general.—With respect to a person described under subclause (I), the Board may conduct examinations of and require reports from the person for purposes of ensuring compliance with the requirements set forth in subclauses (II) through (V).

(bb) Obtaining information from public sources and existing regulators.—In requiring reports, conducting examination, and requesting information necessary to conduct supervision under this subclause, the Board shall make best efforts to first obtain the necessary information from public sources and existing regulators, including the person’s primary State regulator, if applicable.

(VII) ENFORCEMENT.—The Board shall enforce the requirements provided in subclause (II) through (V)
for a person described under sub-
clause (I) as if such person were a li-
censed nonbank entity.

(VIII) LIMITATION.—A person
described in subclause (I) shall not be
subject to the requirements of this
clause if the person is subject to su-
pervision or regulation by a primary
financial regulatory agency described
under subparagraph (A), (B), or (C)
of section 2(12) of the Dodd-Frank
Wall Street Reform and Consumer
Protection Act (12 U.S.C. 5301(12)).

(IX) CLARIFICATION.—The re-
quirements of this clause shall not
apply to any person that engages in
the business of providing hardware or
software to facilitate a customer’s own
custody or safekeeping of the cus-
tomer’s stablecoins or private keys.

(iii) FEDERAL REGULATOR.—In this
title, the appropriate Federal payment
stablecoin regulator for a person described
in clause (ii)(I) who is not a payment
stablecoin issuer shall be the Board.
(11) Authority to Protect the Public.—

With respect to a payment stablecoin issuer, the appropriate Federal payment stablecoin regulator may prohibit the issuer (or any affiliate of the issuer) from issuing additional payment stablecoins if the appropriate Federal payment stablecoin regulator determines the issuer (or affiliate) is doing so in a manner inconsistent with the factors described in paragraph (4) of subsection (b) or paragraph (4) of subsection (c), as applicable.

(12) Treatment of Insolvent Payment Stablecoin Issuers.—In any insolvency proceeding with respect to a payment stablecoin issuer, claims from persons holding payment stablecoins issued by the payment stablecoin issuer shall have priority over all other claims against the payment stablecoin issuer.

(e) Access to Federal Reserve Programs.—

(1) Federal Reserve Account and Services.—Any Federal reserve bank may provide to a payment stablecoin issuer the services listed in section 11A(b) of the Federal Reserve Act and deposit accounts under the first undesignated paragraph of section 13 of the Federal Reserve Act that the Federal reserve bank is authorized under the Federal
Reserve Act to provide to a depository institution, subject to any applicable rules, orders, standards, or guidelines prescribed by the Board.

(2) ADVANCES.—Any Federal reserve bank may, under the rules and regulations prescribed by the Board, provide to a payment stablecoin issuer the same discount and borrowing privileges in the same manner and to the same extent as a depository institution under the Federal Reserve Act. All such discount and borrowing privileges shall be subject to such other limitations, restrictions, and regulations as the Board may prescribe.

(3) EARNINGS ON FEDERAL RESERVE BALANCES.—A Federal reserve bank may pay earnings on balances maintained by or on behalf of a payment stablecoin issuer in the same manner and to the same extent as the Federal reserve bank may pay earnings to a depository institution under the Federal Reserve Act, subject to any applicable rules, orders, standards, or guidelines prescribed by the Board.

(f) TREATMENT UNDER THE BANK SECRECY ACT.—Any payment stablecoin issuer or person providing services or conducting activities described in subsection (d)(10)(D)
shall be treated as a financial institution for purposes of
the Bank Secrecy Act.

(g) Treatment Under the Bank Holding Company Act of 1956 and Similar Provisions.—

(1) Insured Depository Institutions.—An insured depository institution with a subsidiary that
is a payment stablecoin issuer shall be considered a bank for purposes of the Bank Holding Company
Act of 1956. The previous sentence shall not apply
to an insured depository institution that is a savings
association for purposes of section 10(a) of the
Home Owners’ Loan Act.

(2) Nonbank Entities.—The Board shall
issue regulations to apply the following to a licensed
nonbank entity:

(A) A prohibition on a non-financial com-
cmercial company controlling the nonbank enti-
ty. For purposes of the previous sentence, “con-
trol” of a nonbank entity is determined using
the framework set out in section 2(a) of the
Bank Holding Company Act of 1956 (12
U.S.C. 1841(a)).

(B) A requirement that all affiliates of the
nonbank entity be financial in nature.
(C) Restrictions on transactions with affiliates, to the same extent and subject to the same exceptions and exemptions as a member bank under sections 23A and 23B of the Federal Reserve Act.

(h) CONTROL SYSTEMS.—A payment stablecoin issuer that issues stablecoins shall maintain appropriate controls to conduct the activity in a safe and sound matter and in compliance with any applicable law, rule, regulation, order, or condition imposed in writing by the appropriate Federal payment stablecoin regulator, including the Bank Secrecy Act and the USA PATRIOT Act (Public Law 107–56).

(i) PAYMENT STABLECOINS NOT SUBJECT TO DEPOSIT INSURANCE.—

(1) IN GENERAL.—Payment stablecoins are not backed by the full faith and credit of the United States, guaranteed by the United States Government, subject to deposit insurance by the Federal Deposit Insurance Corporation, or subject to share insurance by the National Credit Union Administration.

(2) DISCLOSURE.—Payment stablecoin issuers and any person described in subsection (d)(9)(D)(ii)(I) shall clearly and prominently dis-
close that the relevant payment stablecoin is not
guaranteed by the United States Government or cov-
ered by deposit insurance by the Federal Deposit In-
surance Corporation or by share insurance of the
National Credit Union Administration.

(3) Misrepresentation of insured sta-
tus.—No person may represent that payment
stablecoins are backed by the full faith and credit of
the United States, guaranteed by the United States
Government, or subject to Federal deposit insurance
or Federal share insurance, and any such represen-
tation shall be 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.

(j) Financial Inclusion.—

(1) In general.—Each payment stablecoin
issuer shall provide diversity and inclusion informa-
tion, including employment, procurement, and execu-
tive leadership diversity data, to the Office of Minor-
ity and Women Inclusion of the appropriate Federal
payment stablecoin regulator.

(2) Annual report.—Each payment
stablecoin issuer with more than $150,000,000 in
total payment stablecoins outstanding in the aggre-
gate shall submit to the appropriate Federal payment stablecoin regulator an annual report that details—

(A) the joint ventures, partnerships, contracts, mentorships, and other engagements the payment stablecoin issuer (including any parent company, subsidiary, or affiliate of the payment stablecoin issuer) has with any diverse-owned or diverse-led entities and veteran-owned or veteran-led entities during the period covered by the report; and

(B) the payment stablecoin issuer’s efforts to promote inclusion for businesses and retail consumers, as appropriate, in all jurisdictions and across all racial and ethnic groups and geographic locations.

(3) Publication and Use of Annual Reports.—The appropriate Federal payment stablecoin regulator receiving an annual report under paragraph (2)—

(A) shall publish such report on the website of the appropriate Federal payment stablecoin regulator; and

(B) may take such report into account when the appropriate Federal payment
stablecoin regulator carries out the regulation and supervision of the payment stablecoin issuer.

(k) Effective Date.—

(1) In general.—This section shall take effect on the earlier of—

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

(B) the date that is 90 days after the date on which the appropriate Federal payment stablecoin regulators—

(i) issue final regulations implementing this section; and

(ii) notify the Congress and the public that such final regulations have been issued.

(2) Authority to issue regulations and process applications.—Notwithstanding paragraph (1), the Federal banking agencies may issue regulations to carry out this section consistent with the requirements of this Act and accept and process applications from insured depository institutions to issue payment stablecoins through a subsidiary before the effective date under paragraph (1) and the Board may accept and process applications to be—
come a licensed nonbank entity before the effective
date under paragraph (1).

(3) NOTICE TO CONGRESS.—Each Federal pay-
ment stablecoin regulator shall notify Congress once
beginning to process applications described under
paragraph (2).

(4) SAFE HARBOR FOR PENDING APPLICA-
tions.—The appropriate Federal payment
stablecoin regulator may waive the application of the
requirements of this section for a period not to ex-
ceed 12 months beginning on the effective date
under paragraph (1), with respect to—

(A) a subsidiary of an insured depository
institution, if such insured depository institu-
tion has an application pending for the sub-
sidiary to become a payment stablecoin issuer
on the effective date under paragraph (1); or

(B) a nonbank entity, if the nonbank enti-
ty has an application pending to become a li-
censed nonbank entity on the effective date
under paragraph (1).

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

SEC. 103. STATE QUALIFIED PAYMENT STABLECOIN
ISSUERS.

(a) IN GENERAL.—The prohibition in section
102(a)(1) shall not apply with respect to payment
stablecoins issued by a registered State qualified payment
stablecoin issuer.

(b) CONSULTATION WITH STATE APPROVAL PROC-
ESS.—The Board may, upon request, consult with a State
payment stablecoin regulator with respect to the require-
ments for a nonbank entity to be approved by the State
payment stablecoin regulator, including by describing the
factors listed in section 102(c).

(c) REGISTRATION REQUIREMENT.—

(1) IN GENERAL.—A State qualified payment
stablecoin issuer shall register with the Board not
later than 180 days after being approved to issue
payment stablecoins by a State payment stablecoin
regulator. The Board may extend such 180-day
timeline if the Board determines it appropriate.

(2) REQUIREMENT FOR COMPLETE AND EFFEC-
TIVE REGISTRATION STATEMENT.—For purposes of
this title and the definition of a registered State
qualified payment stablecoin issuer under section 101, a State qualified payment stablecoin issuer shall not be deemed to have registered with the Board under this section until—

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

(B) the registration is effective, as described under paragraph (4).

(3) CONTENTS OF REGISTRATION STATEMENT.—The Board shall, not later than 180 days after the date of enactment of this Act, issue rules describing the content, documents, and material required to be submitted to the Board by a State qualified payment stablecoin issuer in order for a registration statement to be deemed complete, which shall include the materials required to be filed in an application by a nonbank entity under section 102(e).

(4) EFFECTIVENESS OF REGISTRATION.—The registration of a State qualified payment stablecoin issuer shall be effective 60 days after the filing of a complete registration statement with the Board.

(5) PUBLIC AVAILABILITY OF FILINGS.—The Board shall make each registration statement filed
with the Board under this section available to the public on the website of the Board.

(6) Consultation with state payment stablecoin regulators.—The Board may consult with a State payment stablecoin regulator regarding a State qualified payment stablecoin issuer and such consultations may include receiving any materials submitted as part of the application to become a State qualified payment stablecoin issuer.

(d) Supervision and Regulation.—

(1) In general.—Upon the filing of a registration statement with the Board (regardless of whether such registration is effective yet), and in addition to any supervision or regulation by a State payment stablecoin regulator, a State qualified payment stablecoin issuer shall be subject to supervision and regulation by the Board.

(2) Federal standards applicable to state qualified payment stablecoin issuers.—The Board shall issue rules to regulate State qualified payment stablecoin issuers in the same manner as those that apply to a licensed nonbank entity under this title, and a registered State qualified payment stablecoin issuer shall be
considered a licensed nonbank entity for purposes of subsections (d) and (g) of section 102.

(3) **AVOIDANCE OF DUPLICATIVE REQUIREMENTS.**—The Board shall, to the fullest extent possible—

(A) avoid duplication of examination activities, reporting requirements, and requests for information, described in section 102, and rely on—

(i) examination reports made by State agencies relating to a State qualified payment stablecoin issuer and any subsidiary of a State qualified payment stablecoin issuer; and

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

(B) use—

(i) reports and other supervisory information that the State qualified payment stablecoin issuer or any subsidiary thereof has been required to provide to other Federal or State regulatory agencies;

(ii) information otherwise available from Federal or State regulatory agencies; and
(iii) information that is otherwise re-
required to be reported publicly.

(4) MEMORANDUM OF UNDERSTANDING.—The
Board, consistent with the purposes of this title,
may—

(A) enter into agreements with State pay-
ment stablecoin regulators, including memoran-
dums of understanding, to administer this sec-
tion and to facilitate information sharing re-
garding any application a State receives with
respect to a potential State qualified payment
stablecoin issuer;

(B) coordinate or alternate with a State
payment stablecoin regulator to carry out su-
pervisory functions that would otherwise be car-
rried out by the Board under this title; and

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

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

(6) Enforcement.—The Board may enforce
the requirements of this section as set forth in sec-

tion 104.

SEC. 104. ENFORCEMENT.

(a) In General.—

(1) Suspension or revocation of registration.—The appropriate Federal payment stablecoin
regulator may prohibit a payment stablecoin issuer
from issuing payment stablecoins, if the appropriate
Federal payment stablecoin regulator determines
that such payment stablecoin issuer, or an institu-
tion-affiliated party of the payment stablecoin issuer,
is—

(A) violating or has violated any applicable
law, regulation, order;

(B) violating or has violated any condition
imposed in writing by the appropriate Federal
payment stablecoin regulator in connection with
a written agreement entered into between the
payment stablecoin issuer and the appropriate
Federal payment stablecoin regulator or a con-
dition imposed in connection with any applica-
tion or other request; or
(C) operating in an unsafe or unsound manner.

(2) CEASE-AND-DESIST PROCEEDINGS.—If the appropriate Federal payment stablecoin regulator has reasonable cause to believe that a payment stablecoin issuer or any institution-affiliated party of a payment stablecoin issuer is violating, has violated, or is attempting to violate this title, any regulation or order issued pursuant to this title, or any written agreement entered into with the appropriate Federal payment stablecoin regulator or condition imposed in writing by the appropriate Federal payment stablecoin regulator in connection with any application or other request, the appropriate Federal payment stablecoin regulator may, by provisions that are mandatory or otherwise, order the payment stablecoin issuer or institution-affiliated party of the payment stablecoin issuer to—

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

(B) take affirmative action to correct the conditions resulting from any such violation or practice; or
(C) take such other action as the appropriate Federal payment stablecoin regulator determines to be appropriate.

(3) REMOVAL AND PROHIBITION AUTHORITY.—

The appropriate Federal payment stablecoin regulator may remove an institution-affiliated party of a payment stablecoin issuer from their position or office or prohibit further participation in the affairs of the payment stablecoin issuer or all payment stablecoin issuers by such institution-affiliated party, if the appropriate Federal payment stablecoin regulator determines that—

(A) the institution-affiliated party has, directly or indirectly, committed a violation or attempted violation of this title;

(B) the institution-affiliated party has committed a violation of any provision of subchapter II of chapter 53 of title 31, United States Code; or

(C) the institution-affiliated party is disqualified pursuant to section 102(d)(8).

(4) ENFORCEMENT AND PENALTY AUTHORITIES WITH RESPECT TO SAFETY AND SOUNDNESS.—With respect to a payment stablecoin issuer, if the appropriate Federal payment stablecoin regulator has rea-
reasonable cause to believe that the payment stablecoin
issuer or an institution-affiliated party of the pay-
ment stablecoin issuer is engaging, has engaged, or
is about to engage in an unsafe or unsound practice,
the appropriate Federal payment stablecoin regu-
lator shall have the same authorities and responsibili-
ties (and the same penalties shall apply) as are pro-
vided to the Corporation with respect to an insured
depository institution and an institution-affiliated
party under section 8 of the Federal Deposit Insur-

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

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

(i) a statement of facts constituting
the identified violation or attempted viola-
tion; and
(ii) a time and place at least 30 days after the date of the notice provided under this subparagraph at which a hearing will be held before the appropriate Federal payment stablecoin regulator or any person designated by the appropriate Federal payment stablecoin regulator with respect to the violation or attempted violation.

(B) HEARING.—Provide a hearing, which shall be held in a Federal judicial district or in the territory in which the payment stablecoin issuer is located unless the party afforded the hearing consents to another place, and shall be conducted in accordance with the provisions of chapter 5 of title 5, United States Code.

(C) DECISION.—After such hearing, and within 90 days after the appropriate Federal payment stablecoin regulator has notified the parties that the case has been submitted to the appropriate Federal payment stablecoin regulator for final decision, the appropriate Federal payment stablecoin regulator shall render its decision. Such decision shall include a statement of the findings of fact upon which the decision is predicated and the appropriate Federal
payment stablecoin regulator shall issue and
serve upon each party to the proceeding an
order or orders consistent with the provisions of
this section.

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

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

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

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

(F) **JUDICIAL REVIEW.**—

(i) **IN GENERAL.**—A person aggrieved by a final action under this subsection may obtain judicial review of such action exclusively as provided in this subparagraph.

(ii) **REVIEW.**—Any party to any proceeding under this subsection may obtain a review of any order served pursuant to subparagraph (C), other than an order issued with the consent of a payment stablecoin issuer or an institution-affiliated party concerned by the order, in the appropriate court of appeals of the United States, or in the United States Court of Appeals for the District of Columbia Circuit, within 30 days after the date of service of such order with a written petition praying that the order of the appropriate Federal payment stablecoin regulator be modified, terminated, or set aside. A copy of such petition shall be forthwith transmitted by the clerk of the court to the appropriate Federal payment stablecoin regu-
lator, and thereupon the appropriate Federal payment stablecoin regulator shall file in the court the record in the proceeding, as provided in section 2112 of title 28, United States Code. Upon the filing of such petition, such court shall have jurisdiction, which upon the filing of the record shall, except as provided in the last sentence of this clause, be exclusive, to affirm, modify, terminate, or set aside, in whole or in part, the order of the appropriate Federal payment stablecoin regulator. Review of such proceedings shall be had as provided in chapter 7 of title 5, United States Code. The judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court upon certiorari, as provided in section 1254 of title 28, United States Code.

(iii) Commencement of Proceedings Not Treated as a Stay.—Except as provided in subparagraph (G), the commencement of proceedings for judicial review under clause (ii) shall not, unless
specifically ordered by the appropriate
court, operate as a stay of any order issued
by the appropriate Federal payment
stablecoin regulator.

(G) INJUNCTION.—The appropriate Fed-
eral payment stablecoin regulator may in its
discretion apply to the appropriate United
States district court or the United States court
of any territory, for the enforcement of any ef-
fective and outstanding notice or order issued
under this section, and such courts shall have
jurisdiction and power to order and require
compliance herewith, but except as otherwise
provided in this section no court shall have ju-
risdiction to affect by injunction or otherwise
the issuance or enforcement of any notice or
order under this section, or to review, modify,
suspend, terminate, or set aside any such notice
or order.

(6) TEMPORARY CEASE-AND-DESIST PRO-
CEEDINGS.—

(A) IN GENERAL.—If the appropriate Fed-
eral payment stablecoin regulator determines
that the violation or attempted violation identi-
fied pursuant to paragraph (1), (2), or (3), or
the continuation thereof, is likely to cause insolvency or significant dissipation of assets or earnings of a payment stablecoin issuer, or is likely to weaken the condition of the payment stablecoin issuer or otherwise prejudice the interests of its customers prior to the completion of the proceedings conducted pursuant to paragraph (4), the appropriate Federal payment stablecoin regulator may issue a temporary order requiring the payment stablecoin issuer or such party to cease and desist from any such violation or practice and to take affirmative action to prevent or remedy such insolvency, dissipation, condition, or prejudice pending completion of such proceedings.

(B) EFFECTIVE DATE.—An order described under subparagraph (A) shall become effective upon service upon the payment stablecoin issuer or such institution-affiliated party and, unless set aside, limited, or suspended by a court in proceedings authorized by paragraph (4)(F), shall remain effective and enforceable pending the completion of the administrative proceedings pursuant to such notice and until such time as the appropriate Federal
payment stablecoin regulator acts to remove the suspension or the cease-and-desist order has expired.

(C) JUDICIAL REVIEW.—Within 10 days after the payment stablecoin issuer concerned or any institution-affiliated party has been served with a temporary cease-and-desist order, the payment stablecoin issuer or such party may apply to the appropriate United States district court or the United States District Court for the District of Columbia, for an injunction setting aside, limiting, or suspending the enforcement, operation, or effectiveness of such order pending the completion of the administrative proceedings pursuant to the notice of charges served upon the payment stablecoin issuer or such party under paragraph (4), and such court shall have jurisdiction to issue such injunction.

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

(b) Civil Money Penalties.—

(1) Failure to be Approved or Licensed.—
Any payment stablecoin issuer that fails to obtain
the applicable approval or licensing under section
102, or an institution-affiliated party that knowingly
participates in such a failure, shall be liable for a
civil penalty of not more than $100,000 for each day
during which such failure continues.

(2) First Tier.—Except as provided in para-
graph (1), a payment stablecoin issuer or institu-
tion-affiliated party of such payment stablecoin
issuer that violates this title or any regulation or
order issued pursuant to this title, or that violates
any condition imposed in writing by the appropriate
Federal payment stablecoin regulator in connection
with a written agreement entered into between the
payment stablecoin issuer and the appropriate Fed-
eral payment stablecoin regulator or a condition im-
posed in connection with any application or other re-
quest, shall be liable for a civil penalty of up to $100,000 for each day during which the violation continues.

(3) SECOND TIER.—Except as provided in paragraph (1), a payment stablecoin issuer or any institution-affiliated party of such payment stablecoin issuer who knowingly participates in a violation of any provision of this title, or any regulation or order issued pursuant thereto, is liable for a civil penalty of up to an additional $100,000 for each day during which the violation continues.

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

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

(B) providing an opportunity to request a hearing before the appropriate Federal payment stablecoin regulator or any person designated by the appropriate Federal payment stablecoin regulator with respect to the violation or attempted violation;
(C) after any such hearing or the expiration of the time for requesting a hearing, rendering a decision that includes a statement of the findings of fact upon which the decision is predicated; and

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

(5) COLLECTION.—

(A) REFERRAL.—If a payment stablecoin issuer or institution-affiliated party fails to pay the penalty assessed under this subsection, the appropriate Federal payment stablecoin regulator shall recover the amount assessed by action in the appropriate United States district court.

(B) APPROPRIATENESS OF PENALTY NOT REVIEWABLE.—The validity and appropriateness of a penalty assessed under this subsection shall not be subject to review.

(6) PREJUDGMENT ATTACHMENT.—

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

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

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

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

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

(8) **Time Limitations for Commencement of Actions.**—The appropriate Federal payment stablecoin regulator may commence an action for a civil penalty resulting from a violation of this title at any time before the end of the six-year period beginning on the date of such violation.

(c) **Institution-Affiliated Party Defined.**—In this section, with respect to a payment stablecoin issuer, the term “institution-affiliated party” means—

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

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

(3) any independent contractor providing services for the payment stablecoin issuer (including any attorney, appraiser, or accountant).
SEC. 105. INTEROPERABILITY STANDARDS.

The Federal banking agencies, in consultation with the National Institute of Standards and Technology, other relevant standard setting organizations, and State governments, shall assess and, if necessary, may, pursuant to section 553 of title 5 and in a manner consistent with the National Technology Transfer and Advancement Act of 1995 (Public Law 104–113), prescribe standards for payment stablecoin issuers and payment stablecoin service providers to promote compatibility and interoperability among payment stablecoin payment systems and between payment stablecoin payment systems and other payment systems, including mandatory or minimum technical or legal specifications that enable participants in one payment system to clear and settle payments across payment systems without participating directly in multiple payment systems.

SEC. 106. MORATORIUM ON ENDOGENOUSLY COLLATERALIZED STABLECOINS.

(a) MORATORIUM.—During the 2-year period beginning on the date of enactment of this Act, it shall be unlawful to issue, create, or originate an endogenously collateralized stablecoin not in existence on the date of enactment of this Act.

(b) STUDY BY TREASURY.—
(1) **STUDY.**—The Secretary of the Treasury, in consultation with the Board, the Comptroller, the Corporation, and the Securities and Exchange Commission, shall carry out a study of endogenously collateralized stablecoins.

(2) **REPORT.**—Not later than 365 days after the date of the enactment of this Act, the Secretary shall provide to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a report that contains all findings made in carrying out the study under subsection (a), including an analysis of—

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

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

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

(D) nature of reserve compositions;

(E) types of algorithms being employed;

(F) governance structure, including aspects of decentralization;
(G) nature of public promotion and advertising; and

(H) clarity and availability of consumer notices disclosures.

(c) **Endogenously Collateralized Stablecoin Defined.**—In this section, the term “endogenously collateralized stablecoin” means any digital asset—

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

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

**SEC. 107. RESERVATION OF AUTHORITY.**

(a) **In General.**—Nothing in this title shall limit the authority of the Federal banking agencies, the Department of the Treasury, the Bureau of Consumer Financial Protection, the Securities and Exchange Commission, or the Commodity Futures Trading Commission, under any provision of law, including with respect to any person subject to this title.

(b) **Effect on State Law.**—The provisions of this title and regulations issued pursuant to this title shall not preempt a law of a State except to the extent such law
conflicts with the provisions of this title, and then only
to the extent of such conflict.

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

(d) INSURED DEPOSITORY INSTITUTION SAVINGS
CLAUSE.—Nothing in this title shall limit the authority
of an insured depository institution (as defined in section
3 of the Federal Deposit Insurance Act (12 U.S.C. 1813))
to engage in activities permissible pursuant to applicable
State and Federal law, including accepting or receiving de-
posits and issuing digital assets that represent deposits,
or to limit the authority of the Federal banking agencies
to interpret or establish limitations and conditions on such
activities.

SEC. 108. ASSESSMENTS.

(a) IN GENERAL.—Each Federal payment stablecoin
regulator shall assess payment stablecoin issuers for which
the regulator is the appropriate Federal payment
stablecoin regulator in an amount that, in the aggregate,
is equal to the total costs of the regulator in carrying out this title.

(b) Rulemaking.—The Federal payment stablecoin regulators shall, jointly, issue regulations not later than 180 days after the date of enactment of this Act to establish a mechanism and assessment schedule to carry out subsection (a), including the assessment base and rates applicable to payment stablecoin issuers, that take into account differences among such issuers, including the size and activity of the issuers.

SEC. 109. EXTRATERRITORIALITY.

(a) Prohibition on Offers or Sales.—It shall be unlawful for any person to offer or sell a payment stablecoin through the use of any medium or by any means of access in interstate commerce in the United States or to offer or sell a payment stablecoin to a United States person living in the United States unless such payment stablecoin is issued by a payment stablecoin issuer.

(b) Limited Safe Harbors.—The Board may issue regulations providing limited safe harbors from this section that are consistent with the purposes of the title.

(c) Extraterritorial Effect.—This section is intended to have extraterritorial effect.
TITLE II—DIGITAL DOLLAR

SEC. 201. RESEARCH ON FEDERAL RESERVE DIGITAL DOLLAR.

(a) Study.—The Board of Governors of the Federal Reserve System, in consultation with the Federal payment stablecoin regulators (as defined under section 101) with respect to paragraphs (7) and (8) and the Financial Crimes Enforcement Network, shall carry out a study on the impact of a U.S. central bank digital currency (hereinafter referred to as a “digital dollar”), including—

(1) the potential impact on the Board of Governor’s monetary policy tools and decision-making;

(2) the potential impact to the United States financial system and banking sector, including implications for financial stability;

(3) the potential impact to the United States payments and cross-border payments ecosystems;

(4) a comparison to the FedNow service;

(5) the potential impact to the privacy rights and civil liberties of Americans;

(6) the potential impact to the stablecoin market, including any impact on competition, innovation, and interoperability between other digital assets and payments systems;
(7) the potential impact on compliance with existing law and regulations related to the Bank Secrecy Act (as defined under section 101), other Federal anti-money laundering laws, sanctions, fraud, and other financial crime;

(8) the potential impact on the efficacy of United States economic sanctions programs and the status of the United States dollar as a reserve currency;

(9) the potential impact on financial inclusion, in particular for unbanked and underbanked residents of the United States;

(10) the potential impact of a failure to act or act swiftly, given the speed at which other nations are engaging on this topic; and

(11) the potential impact of engagement by the United States in global forums, such as international organizations or through international financial institutions, on the central bank digital currency issue, on issues including technical, legal, and ethical standards that may be applied to the development, use, and interoperability of central bank digital currencies and their technology, whether domestic or international.
(b) REPORT ON THE STUDY.—Not later than 1 year after the date of the enactment of this Act, the Board of Governors shall submit to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a report that provides the results of the study conducted under subsection (a).

SEC. 202. BRIEFING ON CENTRAL BANK DIGITAL CURRENCIES.

(a) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Secretary of the Treasury, in coordination with relevant agencies, shall provide a confidential briefing to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate on the development of international standards related to central bank digital currencies (“CBDCs”), including the following:

(1) Organizations and governments that are leading bilateral or multilateral efforts to develop governmental and industry standards, including the Government of the People’s Republic of China, and a description of those efforts.

(2) Implications for CBDCs, foreign and poten-
these organizations and governments in developing
the standards being used or to be used for CBDCs.

(3) Current or planned engagement by the
United States in those efforts.

(4) Opportunities for further United States en-
gagement.

(b) STANDARDS.—In providing the briefing required
under subsection (a), the Secretary shall consider the fol-
lowing standards:

(1) Monetary and financial stability.

(2) Interoperability among CBDCs and other
public and private elements of the financial system.

(3) Convertibility and availability for users, in-
cluding methods by which users will hold and use
CBDCs.

(4) Accessibility and inclusivity.

(5) Privacy, human rights, and civil liberties.

(6) National security concerns, including anti-
money laundering, countering the financing of ter-
rorism, and sanctions efficacy.

(7) Systemic security, including defense from
cyberattacks, fraud, and counterfeiting.

(8) Resiliency against operational failures.

(9) Legal and regulatory frameworks.
(10) Such other standards as the Secretary determines are appropriate.