

Stablecoin Legislation: An Overview of S. 1582, GENIUS Act of 2025

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On May 8, the Senate voted not to invoke cloture to proceed to S. 1582, the Guiding and Establishing National Innovation for U.S. Stablecoins Act of 2025, or GENIUS Act. An overview of S. 919, an earlier version of this bill, may be found [here](#). An overview of key policy issues can be found [here](#). The bill would establish a regime to regulate stablecoins, as described below.

Requirements for Issuing Payment Stablecoins

S. 1582 would define *payment stablecoin* as a digital asset issued for payment or settlement 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 issued. 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, [government money market funds](#), 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 (FinCEN) would be required to write tailored anti-money laundering rules. S. 1582 would require that FinCEN facilitate “novel methods ... to detect illicit activity involving digital assets.” [S. 1582](#) would require issuers to certify that they have implemented anti-money laundering and sanctions compliance programs. The bill would prohibit anyone that has been convicted of certain financial crimes of being an officer or director of an issuer.

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Stablecoins could be issued by banks and credit unions (through subsidiaries) or nonbanks (which would not be restricted to financial firms), each of which would be required to register with the appropriate federal regulator, which would be one of the federal banking regulators depending on the type of entity. Applications would be evaluated on whether the stablecoin issuers 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 applicants to appeal.

The bill would create a state regulatory option for nonbank issuers with fewer than \$10 billion outstanding stablecoins—provided the state regulatory regime is “substantially similar” to its federal counterpart as determined by the Secretary of the Treasury and the chairs of the Federal Reserve (Fed) and Federal Deposit Insurance Corporation.

Federal Regime Supervision and Enforcement

Any bank or nonbank issuer that opts for the federal regime or has more than \$10 billion in issuance would be supervised by the same regulator as that of the bank or credit union—or by the Office of the Comptroller of the Currency (OCC) in the case of nonbanks—which would evaluate issuers’ financial condition, risks to firm and financial system safety and soundness, and risk management systems.

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.

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

State Regime

The bill would permit a nonbank issuer under \$10 billion to opt in to a state regulatory regime. A nonbank that grows above that threshold would need to transition to the federal regime to be administered jointly by federal and state regulators unless granted a waiver by the federal regulator.

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 Fed. The bill would also allow the Fed or OCC to take enforcement actions against state issuers in “unusual and exigent” circumstances.

Foreign Issuers

The “offer and sale” of a stablecoin to people in the United States would be restricted to permitted stablecoin issuers within three years of enactment. Treasury could—in consultation with federal stablecoin regulators—establish “reciprocal” agreements with jurisdictions deemed “comparable” to U.S. regulation. Stablecoins that are from qualifying jurisdictions with the technical capacity to freeze transactions and follow lawful orders would be permitted to be traded in the United States, interoperable with dollar stablecoins, and used in international transactions, provided they register with and submit to ongoing supervision by the OCC and hold enough reserves in U.S. financial institutions to accommodate U.S.-based redemptions. The bill would authorize the Treasury Secretary and other agencies to waive various requirements on foreign issuers and the digital assets providers that offer them for sale.

Other Provisions

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

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 clarify that payment stablecoins are not securities or commodities and are not federally insured.

A provision of S. 1582 asserts that existing ethics laws and regulations prohibit senior executive officials from issuing stablecoins.

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