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The Stablecoin Transparency and Accountability for a Better Ledger Economy (STABLE) Act of 2025: An Overview

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At a March 11, 2025, hearing, the House Financial Services Committee noticed a revised discussion draft of the Stablecoin Transparency and Accountability for a Better Ledger Economy (STABLE) Act of 2025. The draft would establish a regulatory framework for stablecoins. Currently, existing state and federal laws and regulations are applied to aspects of the stablecoin industry based on the nature of activities and individual stablecoin features.

The draft's proposed regulatory framework and licensing process are described below.

Requirements for Issuing Payment Stablecoins

The draft would define *payment stablecoins* as digital assets issued for payment that are redeemable at a predetermined fixed amount (e.g., $1) that hold assets in reserve that can be liquidated only to redeem the stablecoins. For dollar-denominated stablecoins, the draft would require issuers to hold at least one dollar of permitted reserve assets for every one dollar worth of stablecoins outstanding/issued. The draft would limit permitted reserves to coins and currency; insured funds held at banks and credit unions, including foreign banks; short-dated Treasury bills; repurchase agreements ("repos") and reverse repos backed by Treasury bills; and money market (or similar) funds invested in certain of these assets. In addition to limiting reserves to safe assets, the draft would require relevant regulators to jointly issue tailored capital, liquidity, and risk management rules for both federal and state stablecoin issuers. Only firms licensed under this regime would be able to offer stablecoins to users in the United States.

Issuers would be required to establish and disclose stablecoin redemption procedures and to report monthly on outstanding stablecoins and reserve composition. The draft would require that these reports be "examined"—as opposed to audited—by a registered public accounting firm, and it would require that issuers' executives certify the reports, subject to criminal penalty for knowingly publishing false certifications. Issuers would be subject to the Bank Secrecy Act.

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Applications and Regulatory, Supervisory, and Enforcement Regimes

The draft would provide a federal or state regulatory option for stablecoin issuers, who could be subsidiaries of either insured depository institutions (IDIs, e.g., banks and credit unions) or nonbanks (which the draft would not require to be financial firms). Each regime would have certain rulemaking, supervisory, and enforcement features. Issuers would be allowed to opt for a state regulatory regime, provided the state regulatory regime "meets or exceeds" the standards spelled out above. State regulatory agencies would be required to certify annually to the U.S. Treasury that their regime meets these criteria.

It is not clear how the state option would interact with sections of the draft that require applications of certain issuers to be made directly with "[t]he primary Federal payment stablecoin regulator."

Subsidiaries of IDIs and Nonbank Issuers

Subsidiaries of IDIs and federal nonbank issuers would be required to apply to and receive approval from the same federal banking regulator as that of the IDI and the Office of the Comptroller of the Currency (OCC), respectively. It is unclear whether federal banking regulators would have rulemaking and supervisory authority over IDIs that opt to be state-qualified stablecoin issuers.

Applications would be evaluated on whether the stablecoin issuer meets the baseline requirements (described above). If regulators do not render a decision within the 120 days, the application would be deemed approved. Regulators would have to justify denials and permit an applicant to request an appeal hearing and to reapply.

Subsidiaries of IDIs would be subject to supervision by the primary federal regulator "in the same manner as such [IDI]." Issuers that are subsidiaries of federal nonbanks would be supervised "primarily" by the OCC. Federal nonbank subsidiaries would be required to file reports with, and may be subject to exams by, the OCC to, among other things, disclose the financial condition and nature of operations of the issuers; any risks to safety and soundness of the subsidiary and financial stability derived by issuance; and the systems used for controlling these risks. The draft would require the primary federal payment stablecoin regulators to jointly issue regulations.

The regulators would be authorized to stop a previously approved issuer from issuing payment stablecoins, stop certain activities, or issue civil money penalties if the regulator were to determine that the issuer has violated the requirements of the draft or any written condition imposed by the regulator in connection with an agreement with the issuer.

State-Qualified Payment Stablecoin Issuers

State regulators would be responsible for the supervision and enforcement of qualified state stablecoin issuers, which could be subsidiaries of IDIs or nonbanks. It is unclear whether certain federal regulatory requirements apply to IDIs that opt for the state regime. State regulators would also be permitted to write rules for state stablecoin issuers. The draft would permit the states to invite the Federal Reserve (Fed) and OCC to participate in the supervision and enforcement authorities over state-qualified payment stablecoin issuers. The various federal banking regulators (with respect to state payment stablecoin issuers that are subsidiaries of IDIs) and the OCC (with respect to state nonbank subsidiaries) would also be permitted, with five days' notice, to take enforcement actions against respective state stablecoin issuers in "exigent" circumstances.

Other Provisions

The draft would establish rules for custodians of stablecoin assets and reserves, who could be stablecoin issuers or non-issuer entities regulated by a federal or state banking regulator, the Securities and Exchange Commission (SEC), or the Commodity Futures Trading Commission (CFTC). It would also prohibit stablecoin asset custodians from comingling their own funds with those of customers, with exceptions. The draft would require that customer claims have priority over claims of the issuer or those of an issuer's creditors unless the customer "consents otherwise."

The draft would also permit banks to provide custody services for stablecoins, use blockchains, and issue tokenized deposits.

The draft would establish a two-year moratorium on the issuance of new *endogenously collateralized stablecoins* (colloquially called *algorithmic stablecoins*) that rely on the value of another digital asset to maintain the fixed price, and it would require the U.S. Treasury to conduct a study on them.

The draft would clarify that payment stablecoins are not securities and it would amend securities' laws to reflect this clarification.

The draft would also permit the Fed, with Treasury, to establish "reciprocal" arrangements with jurisdictions with stablecoin regulatory regimes substantially similar to those of the United States.

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