

TOPLINE: We need to get GENIUS done. The status quo is inadequate. Stablecoins are growing rapidly, and it is important for the U.S. to keep the innovation here to best protect consumers and provide for clear business conduct standards. GENIUS will meaningfully federalize oversight and properly prioritize American issuers over foreign ones—again, while ensuring consumer protection and mitigating any risks. The bill has bipartisan support and we can get it across the finish line.

REBUTTALS

Q: “The Bill Simply Restates Current Law or Adds Rules of Construction Without Much More”

Response: As an initial matter, it is important that key pieces of legislation include needed rules of construction and reaffirmations of existing law—this design is intentional, including for the GENIUS Act: it preserves regulatory agency jurisdiction and clearly – for the first time in legislation – delineates the obligations and limitations of stablecoin issuers.

This includes prudential supervision, Bank Secrecy Act (BSA)/Anti-Money Laundering (AML) compliance, and consumer protection. Congress is creating a regulatory perimeter that necessarily triggers agency oversight where applicable under existing authorities.

Courts are unlikely to view this as a vacuum; rather, the bill explicitly identifies primary federal regulators (e.g., OCC, NCUA, Treasury, Federal Reserve) and confirms the continuing application of state and federal consumer protection laws. The absence of direct CFPB or Fed mandates does not eliminate their jurisdiction, it leaves it intact under existing statutes.

In fact, the bill gives Treasury and federal prudential regulators substantial new responsibilities (e.g., standards-setting, supervisory authority, certification regimes)

Response to Community Bankers’ Points

“The GENIUS Act doesn’t prevent stablecoin issuers from accessing Fed Master Accounts.”

- To be clear, the GENIUS Act does not alter existing eligibility for Federal Reserve accounts or deposit access. Indeed Section 4(a)(13) specifically affirms that the legislation neither expands nor contracts legal eligibility to receive services from a Federal Reserve Bank. This provision preserves the two-tier banking system and ensures that nonbank issuers cannot function as quasi-central banks through direct access to Fed services.

“The GENIUS Act doesn’t put adequate restrictions on Big Tech companies.”

- This is inaccurate. In fact, the current version of GENIUS explicitly provides for such restrictions on non-financial companies from issuing payment stablecoins (see, e.g., section 4(a)(12)). This restriction can only be waived if the Stablecoin Certification Review Committee (comprised of Treasury, the Federal Reserve, and the FDIC) **unanimously** finds that the offering of a stablecoin by a public company would not pose a material risk to the safety and soundness of the U.S. banking system and financial stability, public company will not sell or share data from consumer use of stablecoin, and public company will comply with such requirements.

“The bill hampers the ability of the CFPB to do what they’re supposed to—protect consumers.”

- Again, this is not accurate. In fact, the GENIUS Act includes language preserving both federal and state consumer protection laws. It ensures that the CFPB and other relevant authorities retain full enforcement authority. It also expressly avoids preemption of state law, thereby protecting the ability of consumers to pursue remedies against misconduct under state statutes.

“But stablecoins aren’t subject to EFTA (Electronic Funds Transfer Act) restrictions.”

- It is important to note that stablecoins, are NOT “funds” for purposes of the EFTA. Stated otherwise, stablecoin transactions do not fall within the definitional scope of the EFTA as enacted. The EFTA governs traditional consumer money transfers conducted through centralized intermediaries like banks, credit unions, and money services businesses using fiat currency. Its applicability to digital assets, especially stablecoins, depends on how key terms like “funds” are interpreted by the CFPB, the agency charged with implementing the statute. The GENIUS Act establishes a comprehensive, fit-for-purpose framework that reflects the distinct characteristics of stablecoins while incorporating parallel consumer protections.
- Under the GENIUS Act, stablecoin issuers must comply with strict redemption requirements, transparent fee disclosures, monthly reserve attestations, and robust AML and sanctions obligations. In many ways, this framework is more targeted and transparent than EFTA, providing real-time auditability and enhanced protections tailored to the nature of stablecoins.

Top AML, National Security, and Foreign Issuer Changes

1. **Reinforces Treasury to Restrict Stablecoin Transactions in the U.S.:** Ensures the Secretary of the Treasury maintains the ability to block, restrict, or limit transactions involving USD stablecoins. (Sec. 3 (h2)) and (Sec. 8d)
2. **Strengthens BSA and Sanctions Compliance.** Requires issuers to have the technical capabilities to block, freeze, and reject illegal transactions and requires them to maintain an effective sanctions compliance program. (Sec. 4. (5A))
3. **Ensures Transparency in Removing Foreign issuers from Noncompliance Status.** Stipulates that Treasury must publish a statement in Federal Register explaining how a foreign payment stablecoin issuers has met criteria to be removed from the noncompliance list. (Sec. 8B (3C))
4. **Requires Standards on Risk Management.** Requires FinCEN to produce guidance or rulemaking that includes tailored risk management for financial institutions interacting with decentralized finance protocols (Sec. 9d 3). Also requires legislative recommendations to clarify the scope of the term “digital asset service provider” and its application to decentralized finance. (Sec. 9eE)
5. **Enables Better Insight into Illicit Activity around Mixers.** Requires Treasury to produce a report detailing how mixing services may facilitate illicit activity. (Sec. 9eD)
6. **Prevents Sanctioned Countries from Prohibition Exceptions and from Reciprocity.** Stipulates that foreign issuers excepted from U.S. prohibitions or allowed reciprocity can not be domiciled in countries of comprehensive economic sanctions or jurisdictions of primary money laundering concerns. (Sec. 18a (4))