

DLx News Alert: The GENIUS Act's Signing Triggers Countdown to New Stablecoin Rules

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On Friday, President Donald Trump signed the [GENIUS Act \(S.1582\)](#)¹ into law, one day after the U.S. House of Representatives passed the bill by a vote of 308 to 122 and a month after the Senate approved it, 68 to 30. The GENIUS Act establishes a framework for the regulation stablecoins, and it is the first major piece of federal legislation affecting digital assets in the United States.

The GENIUS Act will formally bring dollar-pegged digital asset tokens under direct federal supervision. The Act's new statutory guardrails are designed to mitigate certain systemic risks, protect consumers, and preserve the integrity of such tokens, and it reflects some general areas of bipartisan consensus in an otherwise largely fractured political climate.

In this News Alert, we (1) provide a summary overview of the Act's material provisions as passed by both chambers of Congress and signed into law, (2) outline the next steps in the rulemaking process and the key federal agencies involved, (3) explore some important implications of the Act going forward, and (4) give a high-level overview of the licensing process for federally supervised issuers once the Act takes effect.

1. Summary of the New Stablecoin Law

The GENIUS Act establishes a regulatory framework for the issuance and oversight of payment stablecoins in the United States. Under the bill, both federal- and state-chartered banks, as well as certain licensed nonbank organizations, may issue stablecoins. The Act applies only to "permitted payment stablecoins," which are digital assets that are used for payment or settlement and are redeemable by the issuer at a fixed U.S. dollar value.

The new law clarifies that permitted stablecoins are not securities and establishes a tiered framework tied to market capitalization: Smaller issuers (under \$10 billion in total market capitalization) may operate under state regimes that meet federal standards whereas larger issuers must submit to direct federal oversight. The specific regulatory agency responsible for overseeing any particular issuer depends on how the issuer is classified under the Act. Specifically, the Act identifies 3 categories of issuers: subsidiaries of insured depository institutions, federally qualified payment issuers, and state-qualified payment stablecoin issuers. The Office of the Comptroller of the Currency (OCC), as the chartering agency for national banks, is the lead regulator for stablecoin issuers that are subject to federal oversight.

¹ S.1582, 119th Cong. (2025), <https://www.congress.gov/bill/119th-congress/senate-bill/1582>.

To qualify under the GENIUS Act, all permitted payment stablecoins must be pegged, 1-for-1, to the U.S. dollar and be fully collateralized by reserves held in cash, U.S. Treasury bills, or other high-quality liquid assets approved by the OCC. Issuers must hold reserves in segregated accounts, separate from their general operating capital, and must submit to regular reporting requirements to ensure transparency around safety and soundness. Issuers are prohibited from offering any form of yield or interest to stablecoin holders, reinforcing the tokens' function as a payment instrument rather than as an investment vehicle.

The Act bars foreign issuers from offering stablecoins to U.S. persons unless they are based in a jurisdiction deemed by Treasury and the newly created Stablecoin Certification Review Committee (the “Committee”)—consisting of the Treasury Secretary, the FDIC Chair, and the Federal Reserve Chair or their Vice Chair delegate—to have a comparable regulatory framework. Foreign issuers must also comply with U.S. sanctions and anti-money laundering (AML) rules.

The GENIUS Act excludes algorithmic stablecoins from its definition of “payment stablecoin,” effectively barring them from the federal chartering regime. The GENIUS Act’s exclusion of algorithmic stablecoins reflects fiscal stability concerns that surfaced during TerraUSD’s collapse.² Forthcoming Rulemaking Efforts

The text of the GENIUS Act will serve only as a rough outline of what stablecoin regulation is to look like in practice. The “details” of the regulation, including redemption timeframes, licensing procedures, disclosure formats, AML compliance standards, and conditions for foreign participation, still must be established by various federal regulators engaged in coordinated rulemaking efforts. The Act becomes effective on the earlier of January 18, 2027 (18 months after President Trump signed it on July 18, 2025) or 120 days after the primary federal payment stablecoin regulators issue final implementing regulations.

So far, here is a timeline of what can be expected to come:

Date (expected)	Milestone
Jul. 18, 2025	The GENIUS Act becomes law.
Aug. 17, 2025	Public comment window opens for 30 days on Treasury Department’s AML Innovation Program.
Jan. 14, 2026	Deadline for required reports to Congress from (i) the Treasury Department on digital asset illicit finance risks and countermeasures

² The TerraUSD de-peg rippled through the broader crypto market, wiping out billions in value and triggering heightened regulatory and legal scrutiny. See Jordan Cole, *What Caused the Depeg of TerraUSD? An In-Depth Analysis of Its Collapse*, BLOCKAPPS BLOG (May 24, 2022), <https://blockapps.net/blog/what-caused-the-depeg-of-terrausd-an-in-depth-analysis-of-its-collapse/>.

	and (ii) the primary federal regulators on progress with promulgation of regulations.
Jul. 18, 2026	Primary regulators face deadline for promulgating final rules.
Nov. 15, 2026	Earliest possible effective date (assuming all final rules are promulgated by July 18).
Jan. 18, 2027	Latest possible effective date (assuming all final rules are not promulgated until September 20 or later).
July 18, 2028	Final “findings” report due to Congress from primary federal regulators’ review of the Act’s implementation.

The primary federal regulators with rulemaking or oversight functions under the Act include the OCC, the Treasury Department, the Federal Reserve Board (FRB), the Federal Deposit Insurance Corporation (FDIC), and the National Credit Union Administration (NCUA). The Treasury’s Financial Crimes Enforcement Network (FinCEN) is charged with leading rulemaking to ensure stablecoin issuers’ compliance with the U.S. Bank Secrecy Act and applicable sanctions. State banking authorities may develop their own regulatory regimes so long as they are certified as “substantially similar” to the federal rules by the Committee.

Industry participants—both incumbent financial institutions and new entrants—should track the rulemaking process closely. The ultimate compliance burdens and costs will be set by the applicable federal regulatory agencies, not by Congress. Under the Administrative Procedure Act’s informal “notice-and-comment” process, an agency first must first publish a Notice of Proposed Rulemaking (NPRM) containing draft regulations and targeted questions. Stakeholders and other public commenters then have a fixed window (typically 30 to 60 days) to submit comments. The agency then must review submitted comments and address every material point when promulgating the Final Rule and publishing it in the Federal Register. Only after all participating agencies issue the required final rules will the GENIUS Act’s 120-day implementation timeline begin.

3. Implications

With the GENIUS Act’s passage, the United States joins Japan, the European Union, Hong Kong, and Singapore, which have also each codified laws establishing a regulatory framework for stablecoin issuers. The Act will likely at least in part lead to an acceleration of entanglement between banking and digital assets and between incumbent financial institutions and crypto-native companies.³ Observers predict that total global stablecoin market capitalization might reach \$3.7

³ Increasingly, digital asset companies are pursuing bank licenses and banks are preparing to issue stablecoins. See Nupur Anand, *Some big US banks plan to launch stablecoins, expecting crypto-friendly regulations*, REUTERS (Jul. 16, 2025), <https://www.reuters.com/business/finance/bank-america-expects-launch-stablecoins-morgan-stanley->

trillion by 2030.⁴ If stablecoins start competing as an alternative to existing payment rails, they could potentially ultimately start driving down the interchange fees charged by the major card networks and the remittance fees charged by wire services for cross border transactions.⁵

Efforts to bolster the strength of the U.S. dollar.

Secretary of the Treasury Scott Bessent said in a statement that U.S. dollar-based stablecoins will “buttress the dollar’s status as the global reserve currency, expand access to the dollar economy for billions across the globe, and lead to a surge in demand for U.S. Treasuries.”⁶ The Act requires payment stablecoins to be fully backed by short-term government securities, creating a like new source of demand for Treasury notes. By providing a clearer pathway for the embedding of dollar-backed stablecoins into global digital payment infrastructures, the Act seeks to expand international access to the dollar and reinforce its role as the primary global reserve currency. Observers predict the Act could drive considerable demand for U.S. debt as the stablecoin market expands.⁷

Prohibition on yield-bearing stablecoins.

The GENIUS Act prohibits yield-bearing stablecoins. This restriction is shaped in part by pressure from the banking sector, which seeks to protect deposit-taking institutions from disintermediation, and also because such assets can often be reminiscent of securities.⁸ At the same time, the Act permits issuers to back their tokens with interest-bearing assets like short-term Treasuries and reverse repos.

This structure is meant to allow stablecoin issuers to capture yield on reserves while offering redemption at par. Although token holders cannot receive interest directly, issuers will likely be forced by a competitive market to reach new users through indirect incentives—such as rewards programs, fee rebates, or promotional benefits—that simulate economic return without violating statutory constraints.

[weighs-use-2025-07-16/](#); Vicky Ge Huang, *Ripple Seeks a U.S. Banking License, Adding to List of Crypto Companies*, WALL ST. J. (Jul. 2, 2025), <https://www.wsj.com/finance/regulation/ripple-seeks-a-u-s-banking-license-adding-to-list-of-crypto-companies-e007afa4?>.

⁴ See PYMNTS, *Citi: Stablecoin Market Could Hit \$3.7 Trillion by 2030*, PYMNTS.COM (May 12, 2025), <https://www.pymnts.com/cryptocurrency/2025/citi-stablecoin-market-could-hit-3-7-trillion-by-2030/>.

⁵ See Adam Hayes, *What Passage of the 'GENIUS Act' Means for Stablecoins*, INVESTOPEDIA (Jul. 21, 2025), <https://www.investopedia.com/the-genius-act-impact-on-stablecoins-11765112>.

⁶ TREASURY DEP’T, *Press Release: Under Secretary Liang Outlines Recommendations for Next Steps on Stablecoin Legislation* (Jul. 18, 2024), <https://home.treasury.gov/news/press-releases/sb0197>.

⁷ Hannah Lang, *Trump Signs Stablecoin Law as Crypto Industry Aims for Mainstream Adoption*, REUTERS (July 18, 2025), <https://www.reuters.com/legal/government/trump-signs-stablecoin-law-crypto-industry-aims-mainstream-adoption-2025-07-18/>.

⁸ See Sam Bourgi, *Bank lobby is ‘panicking’ about yield-bearing stablecoins – NYU professor*, COINTELEGRAPH (May 21, 2025), <https://cointelegraph.com/news/lobby-bancario-esta-em-panico-com-stablecoins-que-oferecem-rendimento-diz-professor-da-nyu>

Prohibition on stablecoin issuance by legislative and executive branch officials.

The Act also includes a provision affirming that existing legislative and executive ethics rules prohibit members of Congress and senior White House officials from issuing payment stablecoins while in office. Seeking to preserve longstanding conflict-of-interest standards and limit the potential self-dealing, lawmakers included the language largely in response to concerns, largely raised by Democrats, over crypto-related activity by members of the Trump family.⁹ The actual effect of such a provision are, however, unclear, especially considering that existing ethics rules have not so far been successfully used to stop the Trump family from maintaining interests in businesses and enterprises that raise potential self-dealing concerns.¹⁰

Growing consensus in Congress on certain digital assets policy matters.

The Act was 1 of 3 different bills on digital assets that were deliberated in the House this week, and with apparent growing support among Democrats. Although some have advocated also for the passage of the comprehensive House digital asset market regulation infrastructure bill, the CLARITY Act,¹¹ industry participants largely view many of that bill's definitions as inherently overinclusive or otherwise problematic, and that bill is unlikely to find a path forward in the Senate, even if it were to succeed in the House in the current 119th Congress. Nevertheless, the convergence of both Democrats and Republicans on stablecoins and other crypto policy issues signals that digital assets are becoming more mainstream and better understood among lawmakers.

An anecdote of broader trends.

Frameworks like the one established by the GENIUS Act seek to formalize what was previously an unsettled area of prudential and market regulation for stablecoins and reflect a broader institutional shift toward digital asset adoption and integration. For crypto platform and infrastructure developers and businesses, the transition from informal staff guidance and retroactive enforcement to a clear, bank-style supervisory regime is significant.

⁹ The Trump family owns a significant stake in a company called World Liberty Financial, which issues a stablecoin called USD1. Although it is not one of the more popular stablecoins, it has been used in certain politically sensitive transactions. See Federico Maccioni, *Trump's Stablecoin Chosen for \$2 Billion Abu Dhabi Investment in Binance, Co-Founder Says*, Reuters (May 1, 2025), <https://www.reuters.com/world/middle-east/wlfs-zach-witkoff-usd1-selected-official-stablecoin-mgx-investment-binance-2025-05-01/>.

¹⁰ See [Eric Lipton](#), David Yaffe-Bellany and [Ben Protess](#), *Trump's Family Ties to the Crypto World Raise Questions as Stablecoin Bill Advances*, N.Y. TIMES (Apr. 29, 2025), <https://www.nytimes.com/2025/04/29/us/politics/trump-crypto-world-liberty-financial.html>; see also Ed Pilkington, *Trump Faces Conflict-of-Interest Questions Over Crypto-Linked Business Deal*, GUARDIAN (Jun. 16, 2025), <https://www.theguardian.com/us-news/2025/jun/16/trump-conflict-of-interest>; Eric Petry, *Uncovering Conflicts of Interest and Self-Dealing in the Executive Branch*, BRENNAN JUSTIC CTR.(Feb. 19, 2025), <https://www.brennancenter.org/our-work/research-reports/uncovering-conflicts-interest-and-self-dealing-executive-branch>.

¹¹ H.R.3633, 119th Cong. (2025), <https://www.congress.gov/bill/119th-congress/house-bill/3633>.

Although stablecoin issuers doing business in the U.S. once faced the potential for SEC actions, political scrutiny, and significant legal uncertainty, they now are potentially on a course for more predictable compliance requirements, complete with prudential guardrails, chartering options, and regulatory clarity.

4. Overview of Available Licensing Paths

After the Act takes effect, the licensing process for stablecoin issuers will last at least several months. An issuer seeking federal licensure first identifies its primary regulator consistent with its charter or entity type (*e.g.*, the OCC for a nonbank). The issuer then submits an application consisting of, among other things, written reserve and redemption policies, AML and sanctions controls, governance and risk frameworks, and audited financials.

Within 30 days after receiving an application, the regulator must determine whether the applicant's filing is "substantially complete." Once deemed complete, the reviewing regulatory agency has 120 days to approve or deny the application, and any denial must rest on the "unsafe or unsound" factors under Section 5(c) of the Act.

In the event of a denial, the applicant has 30 days to request a hearing, and the regulator must schedule the hearing within 30 days and give the applicant notice of its final decision within 60 days thereafter. If no hearing is requested, then the agency must provide notice within 10 days that the denial is final. Failure by the agency to act within the statutory periods results in the application's deemed approval. Entities with applications pending as of the Act's effective date may receive up to a 12-month waiver of requirements. After approval, the issuer must file a statutory certification of its compliance with the Act's requirements within 180 days and once annually thereafter.

Feel free to contact the DLx Law team (contact@dlxlaw.com) with any questions you might have.

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