

FACTSHEET

Payment Stablecoin Legislation Priorities

PAYMENT STABLECOIN DEFINITION

- The term “payment stablecoin” should only apply to cryptographic tokens that meet the high reserving and redemption standards set out below.

BANK & NON-BANK ISSUANCE

- Both banks and non-bank entities should be able to issue payment stablecoins.

PRUDENTIAL REGULATION

- The OCC or the Federal Reserve are well-equipped to regulate and oversee payment stablecoin issuers (“issuers”)’ safety and soundness; market regulators are not.

HIGH RESERVING AND REDEMPTION STANDARDS

- Issuers should only hold High Quality Liquid Assets (HQLAs) that back the payment stablecoin on a 1:1 basis.
- Issuers should redeem payment stablecoins in a timely manner after receiving a request — as soon as T+2 in normal markets.
- All reserves must be in segregated accounts and should not be used to fund corporate liabilities, or be pledged, loaned, or otherwise encumbered by the Issuer.

CLEAR DISCLOSURES

- Issuers should provide details on reserves at least monthly, have a top-tier accounting firm verify accuracy, and publish annual financial statement audits.

NO CAPITAL BUFFER REQUIREMENTS

- While capital buffers make sense for entities that fractionalize reserves, payment stablecoin Issuers with 100% of reserves backed by HQLAs do not need these same requirements.

PRO-COMPETITION

- Exchanges and large commercial entities should not be able to issue payment stablecoins to preserve the separation of bank-like activities and commerce.
- State and federal pathways for licensure should be preserved.

FEDERAL LICENSEES

- Federal pre-emption should apply for those Issuers who obtain a federal license.
- Licensees should receive a Fed Master Account and access to Discount Window and Overnight Reverse Repurchase Agreement Facility.

ACCOUNTING

- Payment stablecoins should be cash-equivalents on a holder’s balance sheet.

CONSUMER PROTECTION

- Holders of payment stablecoins should have priority over all other creditors in a bankruptcy, including the Issuer or Virtual Asset Service Providers (e.g., exchanges, custodians, etc.).