



# President Trump signs the nation's first federal digital asset regulation into law

July 2025

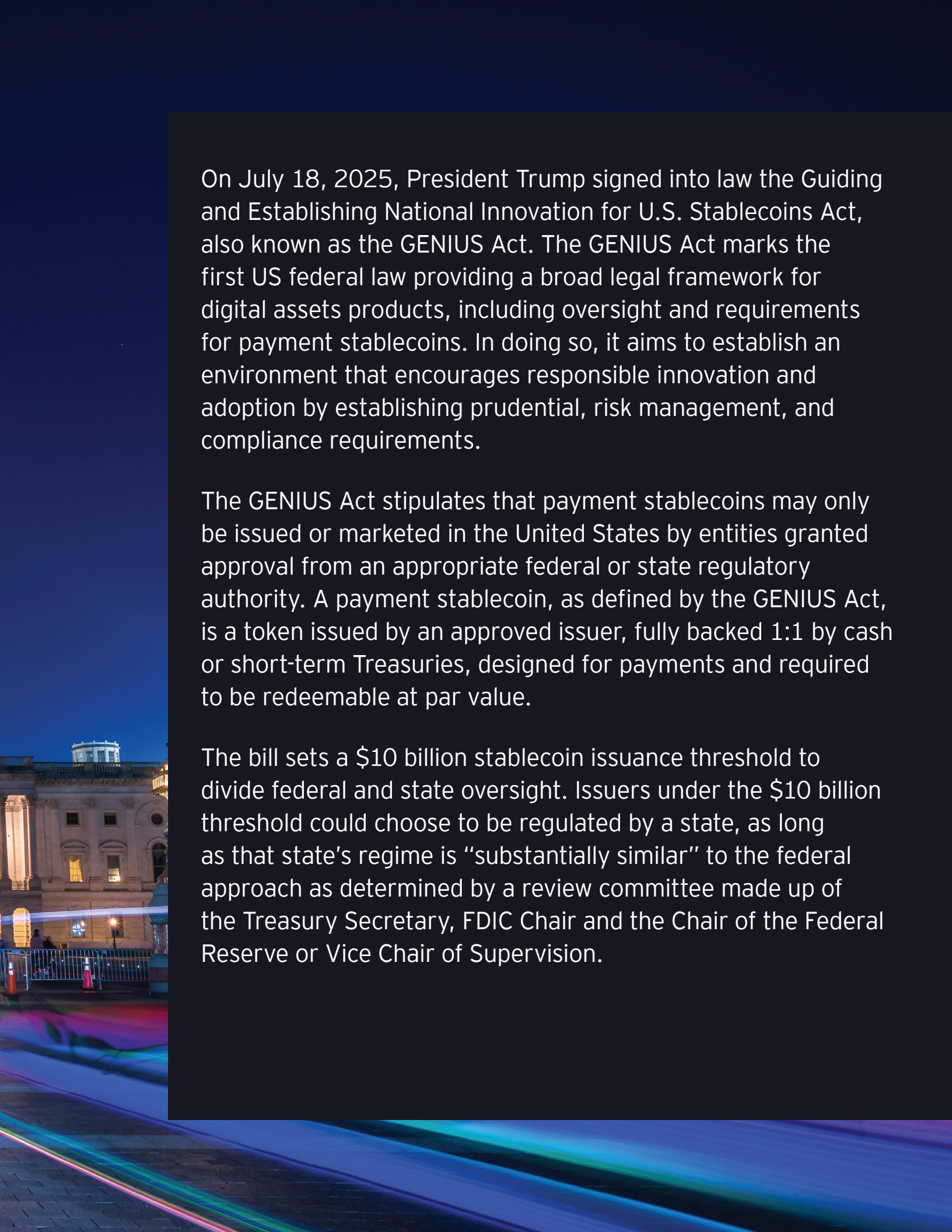


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On July 18, 2025, President Trump signed into law the Guiding and Establishing National Innovation for U.S. Stablecoins Act, also known as the GENIUS Act. The GENIUS Act marks the first US federal law providing a broad legal framework for digital assets products, including oversight and requirements for payment stablecoins. In doing so, it aims to establish an environment that encourages responsible innovation and adoption by establishing prudential, risk management, and compliance requirements.

The GENIUS Act stipulates that payment stablecoins may only be issued or marketed in the United States by entities granted approval from an appropriate federal or state regulatory authority. A payment stablecoin, as defined by the GENIUS Act, is a token issued by an approved issuer, fully backed 1:1 by cash or short-term Treasuries, designed for payments and required to be redeemable at par value.

The bill sets a \$10 billion stablecoin issuance threshold to divide federal and state oversight. Issuers under the \$10 billion threshold could choose to be regulated by a state, as long as that state's regime is "substantially similar" to the federal approach as determined by a review committee made up of the Treasury Secretary, FDIC Chair and the Chair of the Federal Reserve or Vice Chair of Supervision.

## Stablecoin issuers and bank regulator alignment

Stablecoin issuer type	Bank regulator
Federal chartered banks and subsidiaries	Existing bank federal regulator
State chartered banks	FDIC, Office of the Comptroller of the Currency (OCC) or Federal Reserve
Uninsured national banks	OCC
US branches of foreign banks	
Non-banks approved to become “federally qualified stablecoin issuer”	
Credit unions and subsidiaries	National Credit Union Administration

## Approval process

The bill outlines the approval process for potential stablecoin issuers.

- Regulators will have a 120-day period to approve or deny a stablecoin issuer’s application after submission.
- Applications may be denied only if the issuer’s activities are determined to be “unsafe or unsound.”
- The issuer has the right to request a hearing if their application is denied, after which the regulator will issue a final decision.
- If denied, issuers have the option to submit another application.
- Once approved, issuers must annually certify that they have implemented anti-money laundering (AML) measures and economic sanctions compliance programs.
- Failure to file the required certification will result in penalties for the issuer.

## Nonfinancial companies

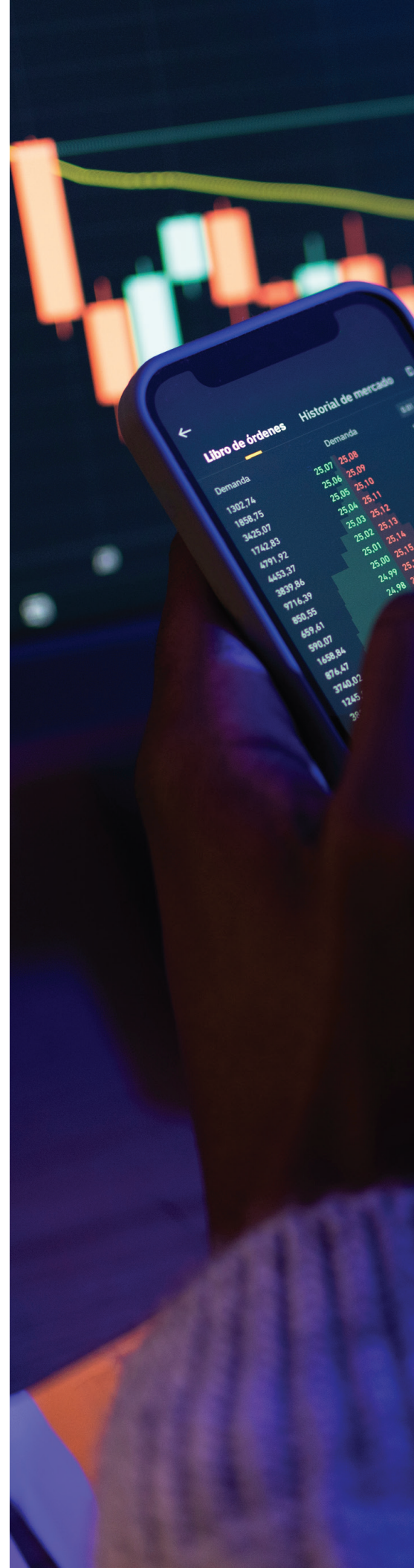
The bill permits public companies predominantly engaged in financial activities to issue stablecoins under certain conditions. Exceptions may be granted if the review committee unanimously finds that a nonfinancial company would not: 1) pose a material risk to the safety and soundness of the US banking system, US financial stability, or the Deposit Insurance Fund, 2) use transaction data to target advertising or sell customer data to a third party without consent, or 3) require customers to buy an additional paid product or service.

## Reserves

An issuer's stablecoins must be backed up one-to-one by eligible instruments, such as:

- US currency, demand deposits or deposits held at Federal Reserve Banks
- Treasury bills or bonds with a maturity of 93 days or less
- Funding secured through a repurchase agreement backed by T-bills and cleared at a registered Central Clearing Agency (CCA)
- Securities issued by a registered investment company or other money market fund
- Any similarly liquid federal government-issued assets approved by the issuer's regulators
- Tokenized versions of eligible instruments that comply with applicable laws

The monthly mix of reserves must be published on the issuer's website, examined by a registered public accounting firm each month, and certified by company executives. Issuers with more than \$50 billion in outstanding coins are required to prepare an annual financial statement for audit and publish it on their website. An issuer's reserves can only be "rehypothecated" – used to fund other investments – under specific circumstances, such as short-term repurchase agreements cleared through a registered CCA to meet redemption requests.







## Capital, liquidity and risk management requirements

The Act requires federal and state regulators, as appropriate, to promulgate rules tailored to issuers' business models and risk-profile no later than one year after enactment regarding:

- Capital requirements
- Liquidity standards for reserves
- Interest rate risk management
- Reserve diversification
- Operational, compliance (inc. AML, Bank Secrecy Act (BSA)) and information technology requirements

## Paid interest

The GENIUS Act does not allow stablecoin issuers to pay their holders any form of interest or yield (whether in the form of cash, tokens or other consideration) if it is solely related to holding, retention or use of the coins. The boundary between prohibited yield and permissible rewards tied to other activity may be subject to future rulemaking and regulatory interpretation.

## Anti-money laundering

Stablecoin issuers will be subject to the same AML, sanctions compliance, and know-your-customer (KYC) rules that apply to financial institutions, including the requirement to report suspicious transactions. Treasury is required to issue rules tailored to an issuers' size and complexity. Issuers must have the technical capacity to comply with federal orders to seize, freeze or prevent the transfer of stablecoins.

## Custodians

Third-party entities may only offer safekeeping services for stablecoin reserves if they are supervised by a federal or state regulator, to whom they would submit information about their business operations. Custodians must treat such reserves – and property such as private keys – as belonging only to the customer, and segregate that property from the custodian's own funds, subject to certain exceptions.

## Accounting treatment

The legislation prohibits federal regulators from requiring a bank or credit union to include digital assets held in custody as a liability on their balance sheet, or to hold capital reserves against them (unless the institution owns those assets). In addition, a payment stablecoin not issued by an issuer approved under the GENIUS Act cannot be considered as cash, cash equivalent for accounting, margining or wholesale payment settlement purposes.

## Foreign issuers


The bill permits Treasury to establish “reciprocal” agreements with foreign jurisdictions that are deemed “comparable” to US regulation. Payment stablecoins from such jurisdictions, where the issuer has the technical capacity to freeze transactions and follow other lawful orders, would be allowed to be traded in the US, provided they register with and submit to supervision by the OCC and hold enough reserves in the US to accommodate redemptions. When evaluating registration applications, the OCC must consider factors such as whether the foreign issuer presents a risk to US financial stability.

## Effective dates

The legislation goes into effect within 18 months of its enactment or 120 days after a primary federal regulator issues any final regulations to implement the measure, whichever is earlier. Digital asset providers have three years to comply. Beginning three years after enactment, it will be illegal for digital asset service providers to distribute payment stablecoins by an unapproved issuer.







The GENIUS Act establishes the first comprehensive federal framework for payment stablecoins, creating clearer pathways for both bank and non-bank issuers to enter the market. It provides regulatory guidance that is expected to drive a wave of new entrants, institutional adoption, and innovation in dollar-backed digital assets.

With federal oversight and guardrails on reserves, issuance, and redemption rights, the Act signals the start of mainstream integration of payment stablecoins into traditional payment systems and capital markets.

**The adoption of stablecoin legislation marks a critical moment for financial institutions, FinTechs, and corporate treasuries to evaluate how they want to position themselves strategically in the digital asset ecosystem and how to manage the attendant risks.**

To assess strategic position and manage risks, it is important to address several **key questions**.

## Business and product strategy

- What will your stablecoin strategy be? How will your stablecoin strategy fit within your broader business, payments, liquidity and treasury strategy?
- What role across the stablecoin value chain will you play – issuer, enabler, distributor, acceptor, servicer, integrator – and what mix of build, partner, or white-label approaches and partnerships will be essential to scale quickly?
- What stablecoin use cases will you consider – B2B payments, cross border payments, merchant acceptance, corporate cash management, loyalty, and more?
- What will your revenue model be? How will you plan to generate revenue from stablecoin-related offerings (e.g., custody, float, transaction fees, reserve management)? Will stablecoins cannibalize existing revenue streams?
- With yield pass-through prohibited, how will you drive user adoption and differentiate your payment stablecoin when payment utility alone may not create a network effect?
- Given the lower yield on GENIUS Act eligible assets to meet reserve requirements, how will you ensure operational efficiency, scale and resilience to lower rate environments to maintain profitability?

## Risk, compliance and legal

- To what extent can you leverage your existing risk management and compliance program to address the risks of permissible activities under the GENIUS Act?
- Where will you need to create new risk management and compliance capabilities to address the unique risks (e.g., key management, redemption for fiat) associated with payment stablecoins?
- How will the go to market model impact your third-party risk management program and what standards do you need to have in place?
- Do your current reporting capabilities support the need for payment stablecoin disclosures, monthly reserve certifications, and regulatory reports?
- How robust is your capability to comply with law enforcement orders to freeze, block or reverse payment stablecoin transactions?
- How will you manage new KYC and AML requirements for on-chain activity across multiple networks?
- What changes to your legal entity structure or licensing will be required to issue, distribute or custody GENIUS-compliant stablecoins?
- Do you have the monitoring infrastructure in place to manage wallet-level compliance obligations at scale?



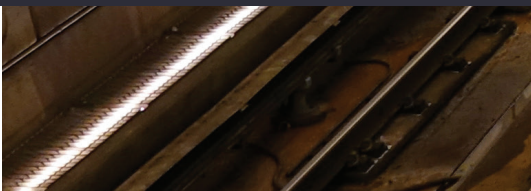


## Call to action

## Tax and accounting

- Could approved stablecoins be considered cash, cash-equivalent instruments, or settlement assets for clearing and wholesale payments for accounting purposes?
- How will the treatment of payment stablecoin reserves – including tokenized assets and short-term Treasuries – impact your balance sheet classifications, liquidity ratios, and audit readiness?
- Are your financial reporting systems prepared to meet the GENIUS Act's requirements for monthly reserve attestations and executive certifications with regulator-expected rigor?
- What are the cross-border tax implications of issuing or distributing stablecoins under foreign agreements, and how will you manage transfer pricing and withholding risks?
- Do you have the infrastructure to support the relevant tax information reporting (e.g., 1099-DA, CARF, DAC8) and income tax reporting requirements?

The GENIUS Act represents a foundational shift in how payment stablecoins will be issued, regulated and integrated into the US financial system. With a legal framework for payment stablecoins comes a meaningful opportunity to define your role in the evolving digital asset landscape. Whether as an issuer, enabler, integrator or user, now is the time to assess where you can lead and add value for your organization and your clients. Strategic choices around federal and state oversight, go to market models, and long-term scalability will shape your competitive positioning. At the same time, aligning governance, compliance and reporting frameworks with the GENIUS Act's new standards is essential to build credibility with clients and resilience. Given the foundational nature of payment stablecoins in the digital asset ecosystem, those who plan thoughtfully, invest early, and build trust will be well positioned to thrive as digital finance continues to expand and evolve.



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