

# **The GENIUS Act for Asset Managers: What to Know**

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## Key Takeaways

- ▶ Passed with broad bipartisan support, the GENIUS Act establishes a comprehensive regulatory framework for “payment stablecoins,” a type of digital asset that is designed to maintain a stable value. A core feature of a payment stablecoin is its primary use case: a means of payment or settlement rather than investment.
- ▶ Payment stablecoin issuers will be *prohibited* from paying any form of interest or yield to stablecoin holders and will be required to maintain identifiable reserves backing their outstanding stablecoins on at least a 1:1 basis. The Act also imposes bank-like prudential regulatory and consumer protection standards.
- ▶ The Act clarifies that payment stablecoins are neither “securities” nor “commodities” for purposes of the U.S. federal securities and commodities laws and that a “permitted payment stablecoin issuer” is not an “investment company” for purposes of the Investment Company Act of 1940.
- ▶ The GENIUS Act is expected to accelerate the growth of stablecoins and adoption of blockchain-based payment systems in the United States and across borders. The Act may also encourage more industry initiatives to incorporate blockchain technology into the wider financial services industry.
- ▶ While the Act could create potential competitive pressures within certain segments of the financial services industry, the Act is expected to create opportunities, including for asset managers that seek to manage stablecoin reserve assets.
- ▶ Fund managers may also benefit because the GENIUS Act permits a payment stablecoin issuer to maintain its reserves in a registered government money market fund that invests solely in the type of eligible reserve assets enumerated in the Act.

## Introduction

Despite significant growth in the stablecoin market over the last five years, stablecoins and stablecoin issuers have generally operated outside of an overarching regulatory framework in the United States. During this time, U.S. policymakers have debated the merits and risks of stablecoins

and their proper regulatory framework.<sup>1</sup> The [Guiding and Establishing National Innovation for U.S. Stablecoins Act](#) (GENIUS Act or Act), which was signed into law on July 18, 2025, with broad bipartisan support, is intended to address a perceived regulatory gap for stablecoins.<sup>2</sup> The Act partly addresses President Trump’s promise to make the United States the “crypto capital of the world” and follows a number of significant executive, legislative and regulatory developments impacting U.S. crypto regulation and policy since the beginning of 2025, including the recent policy recommendations from the President’s Working Group on Digital Asset Markets and the recent announcement of “Project Crypto” from the Securities and Exchange Commission (SEC).<sup>3</sup>

The GENIUS Act establishes a comprehensive regulatory framework for “payment stablecoins,” a type of stablecoin to be used as a means of payment or settlement. Payment stablecoin issuers will generally be limited to: (1) certain U.S. qualified persons subject to federal or, for certain issuers, state supervision; or (2) certain non-U.S. qualified persons registered with the Office of the Comptroller of the Currency (OCC) and subject to a comparable regulatory and supervisory regime (as determined by the Treasury Secretary). Among other provisions, the Act imposes licensing requirements on issuers and subjects them to bank-like prudential regulatory and consumer protection standards that are designed to promote transparency into reserve assets and mitigate a variety of perceived risks. Importantly, payment stablecoins will *not* include so-called “algorithmic” stablecoins, and payment stablecoin issuers will be *prohibited* from paying any form of interest or yield to stablecoin holders.

The GENIUS Act will take effect *on the earlier of*: (1) January 18, 2027 (18 months after the enactment of the Act); or (2) 120 days following the issuance of final regulations implementing the Act (see Appendix A for a timeline of selected key dates).

In this *Dechert OnPoint*, we provide a brief overview of the stablecoin market and discuss the key features of the GENIUS Act and implications for asset managers.

## About Stablecoins

Generally, a stablecoin is a type of digital asset designed to maintain a stable value relative to a reference asset, such as U.S. dollars (USD) or another fiat currency. In contrast to central bank digital currencies (CBDCs), stablecoins are issued by private companies using blockchain technology (typically public blockchains). Most stablecoins are pegged to USD, including the two most widely used stablecoins in circulation. Some stablecoin issuers maintain a stable value (or maintain their “peg” to USD) by backing their stablecoins through assets held in reserves (typically,

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<sup>1</sup> See e.g., [President’s Working Group on Financial Markets Issues Report on Stablecoins](#), *Dechert OnPoint* (Nov. 23, 2021).

<sup>2</sup> At times, this *Dechert OnPoint* tracks the Act without the use of quotation marks.

<sup>3</sup> See [Strengthening American Leadership in Digital Financial Technology](#), *President’s Working Group on Digital Asset Markets (July 2025)*; [American Leadership in the Digital Finance Revolution](#), *SEC Chairman Paul S. Atkins (July 31, 2025)*; see also [Banking Regulators Address Crypto Custody: Implications for Asset Managers](#), *Dechert OnPoint* (July 24, 2025); [SEC Approves In-Kind Creations and Redemptions for Crypto Asset ETPs](#), *Dechert OnPoint* (Aug. 12, 2025).

although not exclusively, in U.S. Treasury securities).<sup>4</sup> This mechanism enables stablecoin holders to redeem their stablecoins for USD (or other reference asset) on demand. Other stablecoin issuers may use mechanisms other than reserves to maintain a stable value, such as algorithms that increase or decrease stablecoin supply in response to demand (so-called “algorithmic” stablecoins).<sup>5</sup>

Globally, stablecoins are estimated to have a current market capitalization in excess of [\\$250 billion](#), increasing from less than \$5 billion in early 2020. Stablecoins often act as a bridge between traditional currency markets and digital assets, and may, among other things, be used to reduce the friction associated with buying and selling digital assets for fiat currency. For example, the most heavily-traded pairs on major centralized crypto exchanges involve stablecoins.<sup>6</sup> More recently, stablecoins have been used for cross-border payments and remittances, resulting in reduced settlement times and cost.<sup>7</sup>

## The GENIUS Act

### *What Are Payment Stablecoins?*

The GENIUS Act generally defines a “payment stablecoin” as any digital asset<sup>8</sup> that is, or is designed to be, used as a means of payment or settlement, and whose issuer:

- is obligated to convert, redeem or repurchase it for a fixed amount of monetary value; and
- represents that it will maintain, or create the reasonable expectation that it will maintain, a stable value relative to a fixed amount of monetary value.

A “payment stablecoin” would *not* include a digital asset that is:

- a national currency (e.g., CBDCs);

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<sup>4</sup> One company that provides stablecoin analytics estimated that, if stablecoin issuers were considered a single nation, they would be the 14th largest holder of sovereign U.S. debt. See [Stablecoin Payments from the Ground Up, Artemis Analytics \(May 2025\)](#).

<sup>5</sup> In 2022, one large algorithmic stablecoin that was pegged to USD collapsed. See [Not So Stable: Stablecoin Volatility Causing Turmoil in Crypto Markets, Dechert OnPoint \(May 25, 2022\)](#).

<sup>6</sup> See [Reflections on a Maturing Stablecoin Market, Federal Reserve Board Governor Christopher J. Waller \(Feb. 12, 2025\)](#).

<sup>7</sup> See generally [The Stable Door Opens: How Tokenized Cash Enables Next-Gen Payments, McKinsey & Company \(July 2025\)](#) (“Stablecoins are transforming payments globally, and tailwinds may cause a material shift across the payments industry in 2025 for which incumbents and disruptors alike must make urgent preparations.”).

<sup>8</sup> The Act defines a digital asset as “any digital representation of value that is recorded on a cryptographically secured distributed ledger.”

- a deposit (as defined in the Federal Deposit Insurance Act, including a deposit recorded using distributed ledger technology (so-called “tokenized” deposits));
- a security (as defined in the Securities Act of 1933, the Securities Exchange Act of 1934 or the Investment Company Act of 1940 (1940 Act)); or
- convertible, redeemable or repurchasable for a digital asset denominated in a fixed amount of monetary value (e.g., a stablecoin that is redeemable for or convertible to another stablecoin or digital asset).

A core feature of a payment stablecoin is its primary use case: a means of payment or settlement rather than investment. To this point, the Act prohibits “permitted payment stablecoin issuers” (PPSIs) and registered non-U.S. qualified issuers from paying the holders of their stablecoins any form of interest or yield (whether in cash, tokens or other consideration) solely in connection with the holding, use or retention of such payment stablecoin. The merits of this prohibition have been the subject of significant ongoing debate. Proponents defend it as a reasonable prohibition that seeks to differentiate payment stablecoins from yield-bearing banking and investment products, whereas opponents argue that it does not go far enough. For instance, segments within the banking community believe that the prohibition should be extended to cover affiliates of payment stablecoin issuers, exchanges and others because of current and anticipated arrangements that may enable the indirect payment of interest or rewards to stablecoin holders.<sup>9</sup>

The Act also clarifies that payment stablecoins are neither “securities”<sup>10</sup> nor “commodities” for purposes of the U.S. federal securities and commodities laws and that a PPSI is not an “investment company” for purposes of the 1940 Act. Accordingly, payment stablecoins are not subject to direct oversight by the SEC or Commodity Futures Trading Commission (CFTC).

### ***Who Can Issue, Offer, or Sell Payment Stablecoins in the United States?***

The GENIUS Act generally prohibits:

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<sup>9</sup> See [Closing the Payment of Interest Loophole for Stablecoins, Bank Policy Institute \(Aug. 12, 2025\)](#) (“The GENIUS Act contained a prohibition on stablecoin issuers offering interest or yield, as well as other financial and non-financial rewards, to holders of stablecoins. However, without an explicit prohibition applying to exchanges, which act as a distribution channel for stablecoin issuers or business affiliates, the requirements in the GENIUS Act can be easily evaded and undermined by allowing payment of interest indirectly to holders of stablecoins. These arrangements ... will undermine the GENIUS Act’s prohibition regarding payment of interest and yield. The result will be greater deposit flight risk, especially in times of stress, that will undermine credit creation throughout the economy. The corresponding reduction in credit supply means higher interest rates, fewer loans, and increased costs for Main Street businesses and households.”).

<sup>10</sup> Earlier this year, the SEC’s Division of Corporation Finance issued a statement clarifying that certain 1:1 USD-backed stablecoins do not constitute securities under the U.S. federal securities law. Consistent with the GENIUS Act, this statement did not apply to algorithmic or yield-bearing stablecoins. See [SEC Staff Issues Statement on Stablecoins, Dechert OnPoint \(April 9, 2025\)](#).

- any person from issuing a payment stablecoin in the United States unless that person is a PPSI or a registered non-U.S. qualified issuer; and
- beginning in 2028,<sup>11</sup> any digital asset intermediary, exchange or custodian (a “digital asset service provider” (DASP)) from offering or selling a payment stablecoin to a person in the United States, unless the payment stablecoin is issued by a PPSI or a registered non-U.S. qualified issuer.<sup>12</sup>

Payment stablecoin issuers will generally be limited to: (1) certain U.S. qualified persons subject to federal or, for certain issuers, state supervision; or (2) certain non-U.S. qualified persons registered with the OCC and subject to a comparable regulatory and supervisory regime (as determined by the Treasury Secretary) and other requirements (discussed below).

Generally, a PPSI is “a person formed in the United States” that is:

- a subsidiary of an insured depository institution (approved by the applicable federal regulator);
- an OCC-chartered uninsured national bank, a federal branch of a non-U.S. bank or a non-bank entity<sup>13</sup> (in each case, approved by the OCC); or
- a state bank or non-bank entity operating in a state with a regulatory regime that is “substantially similar” to the GENIUS Act and with \$10 billion or less in outstanding payment stablecoins that is not an OCC-chartered uninsured national bank, a federal branch of a non-U.S. bank, an insured depository institution or a subsidiary thereof (approved by the applicable state regulator).

An entity must first apply to and receive approval from its applicable federal or state regulator to become a PPSI.

### ***How Can Non-U.S. Persons Issue Payment Stablecoins in the United States?***

The GENIUS Act creates a framework for certain non-U.S. qualified persons to issue payment stablecoins in the United States. This framework is intended to create parity with PPSIs. Under this framework, a non-U.S. person may issue payment stablecoins in the United States if the non-U.S. person:

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<sup>11</sup> This prohibition begins three years after the enactment of the GENIUS Act.

<sup>12</sup> A DASP includes a person that, for compensation or profit, engages in the following businesses in the United States: (1) exchanging digital assets for monetary value or other digital assets; (2) transferring digital assets to a third party; or (3) acting as a digital asset custodian or otherwise participating in financial services related to digital asset issuance.

<sup>13</sup> Non-bank entities that are non-financial services public companies are ineligible to issue payment stablecoins unless explicitly authorized to do so under a dedicated framework, as discussed below.



- ▼ registers with and is approved by the OCC;
- ▼ is domiciled and regulated in a non-U.S. jurisdiction that is not subject to comprehensive U.S. economic sanctions and not a jurisdiction of primary money laundering concern;
- ▼ is subject to a regulatory and supervisory regime “comparable” to the GENIUS Act (as determined by the Treasury Secretary)<sup>14</sup>;
- ▼ can demonstrate that it can comply with certain U.S. “lawful orders”; and
- ▼ holds its reserves in U.S. financial institutions “sufficient to meet liquidity demands” from U.S. stablecoin holders.<sup>15</sup>

An approved non-U.S. qualified issuer will be subject to reporting, supervision and examination requirements (as determined by the OCC) and must consent to U.S. jurisdiction relating to enforcement of the GENIUS Act. The Treasury Secretary may also establish certain reciprocal arrangements or other bilateral agreements with comparable jurisdictions.

### ***What Are the Ongoing Requirements for Permitted Payment Stablecoin Issuers?***

**Reserve Requirements** – PPSIs are required to maintain reserves backing their outstanding payment stablecoins on at least a 1:1 basis. Reserves must be limited to USD and other high-quality assets, including:

- ▼ demand deposits;
- ▼ U.S. Treasury bills, notes or bonds issued with a stated maturity of 93 days or less, or that have a remaining maturity of 93 days or less;
- ▼ overnight reverse repurchase agreements (with the PPSI acting as the purchaser of securities) that are collateralized by U.S. Treasury notes, bills, or bonds, “subject to overcollateralization in line with standard market terms”; and

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<sup>14</sup> The Treasury Secretary may only make this determination upon a recommendation from each other member of a newly established committee (the Stablecoin Certification Review Committee), and prior to making this determination, the Treasury Secretary must publish the justification in the Federal Register.

<sup>15</sup> Under Section 3(g) of the GENIUS Act, only payment stablecoins issued by PPSI can be: (1) treated as cash or as a cash equivalent for accounting purposes; (2) eligible as cash or as a cash equivalent margin and collateral for futures commission merchants, derivative clearing organizations, broker-dealers, registered clearing agencies and swap dealers; or (3) acceptable as a settlement asset to facilitate wholesale payments between banking organizations or by a payment infrastructure to facilitate exchange and settlement among banking organizations. It is unclear whether the Treasury Secretary has the authority to change this treatment when authorizing non-U.S. qualified persons to issue payment stablecoins in the United States.

- ▼ government money market funds and other investment companies registered under the 1940 Act that are invested solely in the type of eligible reserve assets enumerated in the Act.<sup>16</sup>

The Act provides that certain categories of eligible reserve assets may be in tokenized form. This would permit a tokenized money market fund to be held as a reserve asset.

Although registered government money market funds are eligible to be held as a reserve asset, the Act imposes more stringent maturity requirements than those included in Rule 2a-7 under the 1940 Act. Under Rule 2a-7, a money market fund: (1) may not acquire a security with a remaining maturity of greater than 397 days; (2) must maintain a dollar-weighted average portfolio maturity of 60 calendar days or less; and (3) must maintain a dollar-weighted average portfolio life of 120 calendar days or less (determined without regard to interest rate readjustments). Moreover, under certain circumstances, Rule 2a-7 permits a money market fund to “shorten” a security’s stated maturity by referencing the period remaining until the next interest rate readjustment or the period remaining until the principal amount can be recovered through demand.<sup>17</sup> The Act does not include similar maturity-shortening conventions. Accordingly, all things being equal, a government money market fund that is held as a reserve asset could earn a relatively lower yield, as compared to a similarly situated fund that is subject to the “standard” maturity requirements under Rule 2a-7.

**Disclosure Requirements** – PPSIs must publicly disclose their redemption policies, which must:

- ▼ establish “clear and conspicuous procedures for timely redemption” of their outstanding payment stablecoins<sup>18</sup>; and
- ▼ “publicly, clearly, and conspicuously disclose” in plain language all fees associated with purchasing or redeeming payment stablecoins (which fees can only be changed with at least seven days’ prior notice).

**Reserve Transparency / Certification Requirements** – PPSIs must publish monthly composition reserve reports on their website. These reports must contain:

- ▼ the total number of outstanding payment stablecoins; and

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<sup>16</sup> The Act does not expressly restrict eligible reserve assets to registered investment companies that are government money market funds regulated under Rule 2a-7 under the 1940 Act; however, government money market funds may be the preferred type of vehicle given their ability to more readily transact at a stable \$1.00 per share.

<sup>17</sup> For example, under Rule 2a-7, a U.S. Treasury security that: (1) is a variable rate security where the variable rate of interest is readjusted no less frequently than every 397 calendar days, is deemed to have a maturity equal to the period remaining until the next interest rate readjustment; and (2) is a floating rate security, is deemed to have a remaining maturity of one day. See Rule 2a-7(i)

<sup>18</sup> The Act does not specify the time period within which redemption proceeds must be paid. However, any discretionary limitations on timely redemptions can only be imposed by the applicable federal or state regulator.



- ▼ the amount and composition of reserves (including the average tenor and geographic location of custody of each category of reserve assets).

These monthly reports must also be examined by a registered public accounting firm, and the CEO and CFO of a PPSI must certify to the applicable federal or state regulator as to their accuracy.

**Capital, Liquidity and Risk Management Requirements** – The applicable federal and state regulators are required to issue regulations relating to: (1) capital requirements; (2) liquidity, diversification and interest rate management standards; and (3) “appropriate operational, compliance, and information technology risk management principles-based requirements and standards” (including Bank Secrecy Act (BSA) and sanctions compliance standards).

**Audit Requirements** – PPSIs with more than \$50 million in consolidated total outstanding payment stablecoins (and that are not public reporting companies) must prepare annual financial statements in accordance with U.S. GAAP. These financial statements must be audited by a registered public accounting firm, submitted to a PPSI’s primary federal regulator and posted on the PPSI’s website.

**BSA / AML / KYC Requirements** –The Act designates PPSIs as “financial institutions” under the BSA. Accordingly, PPSIs will be subject to applicable federal laws relating to economic sanctions, prevention of money laundering, customer identification and due diligence. In addition, under the GENIUS Act, the Treasury Secretary must seek public comment “to identify innovative or novel methods, techniques, or strategies ... to detect illicit activity ... involving digital assets,”<sup>19</sup> including with respect to:

- ▼ application program interfaces;
- ▼ artificial intelligence;
- ▼ digital identify verification; and
- ▼ use of blockchain technology and monitoring.

Following this comment process, the Treasury Secretary will conduct research and a risk assessment and report findings to Congress. The Financial Crimes Enforcement Network (FinCEN) is then required to issue public guidance and notice and comment rulemaking within three years after the enactment of the Act on (1) the implementation of these innovative or novel methods, techniques or strategies; (2) standards for payment stablecoin issuers to identify and report illicit activity involving payment stablecoins; (3) standards for payment stablecoin issuer’s systems to monitor transactions on blockchains or other services that use payment stablecoins to obscure

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<sup>19</sup> The Treasury Department has already requested public comment “on the use of innovative or novel methods, techniques, or strategies to detect and mitigate illicit finance risks involving digital assets.” See [Request for Comment on Innovative Methods To Detect Illicit Activity Involving Digital Assets](#), 90 F.R. 40148 (Aug. 18, 2025). Comments must be submitted by October 17, 2025.

transaction details or party identities; and (4) tailored risk management standards for financial institutions interacting with decentralized finance protocols.

**Prohibition on Rehypothecation** – PPSIs may not pledge, rehypothecate or reuse reserve assets, except under limited circumstances (including to satisfy certain margin obligations or create liquidity to meet “reasonable expectations” of redemption requests using repurchase agreements).

**Limitation on Payment Stablecoins Activities** – PPSIs generally must limit their activities to issuing and redeeming stablecoins, managing related services, providing custodial or safekeeping services for payment stablecoins, required reserves or private keys of payment stablecoins, and any other activities that directly support any of the foregoing.

### ***Other Features of the GENIUS Act***

**Custody / Safekeeping** – The GENIUS Act limits the universe of entities that provide custodial or safekeeping services for reserve assets, payment stablecoins used as collateral or the private keys used to issue payment stablecoins. Generally, these entities must be subject to supervision or regulation by applicable federal or state banking regulators. State banks that meet certain standards and have subsidiaries that are PPSIs may conduct money transmission or provide custodial services through such subsidiaries in any state. Some have criticized this provision as allowing uninsured, out-of-state-chartered institutions such as Special Purpose Depository Institutions to operate across state lines without the approval of the other states in which they operate, despite not being subject to equivalent regulatory oversight as insured depository institutions.<sup>20</sup>

**Anti-Tying** – PPSIs may not provide customer services on the condition that the customer obtain an additional paid product or service from the PPSI, or any of its subsidiaries, or agree to not obtain an additional product or service from a competitor.

**Deceptive Names** – PPSIs will be prohibited from using deceptive names (e.g., names with terms relating to the U.S. government) or using deceptive marketing practices (e.g., advertising in a way that a reasonable person would perceive a payment stablecoin to be legal tender). However, a PPSI may use abbreviations relating to the currency to which a payment stablecoin is pegged (i.e., USD).

**Prohibition for Non-Financial Services Public Companies** – A public company, and any of its wholly or majority owned subsidiaries and affiliates, that is not predominantly engaged in one or more “financial activities” may not issue a payment stablecoin unless the newly-created Stablecoin Certification Review Committee (SCRC) unanimously approves the offering (based on,

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<sup>20</sup> See [American Bankers Association: Comment Letter: Joint ABA and State Bankers Associations Letter Regarding Market Structure Recommendations](#), [www.aba.com](#) (Aug. 12, 2025) (Banking Group Comment Letter).

among other provisions, a finding that the offering will not pose a material risk to the safety and soundness of the U.S. banking system).<sup>21</sup>

**Implementing Regulations** – The GENIUS Act requires the applicable federal and state regulators to issue regulations implementing the Act through notice and comment rulemaking. Final regulations are due in July 2026 (within one year of the Act’s enactment).

## Some Takeaways and Implications for Asset Managers

**Stablecoins, Blockchain, and Tokenization** – The GENIUS Act is expected to accelerate the growth of stablecoins and adoption of blockchain-based payment systems in the United States and across borders. As blockchain technology continues to mature and demonstrate resiliency, as institutional adoption continues to advance, and as the regulatory framework continues to develop, industry initiatives seeking to incorporate blockchain technology (including tokenized fund structures) into the wider financial services industry are likely to multiply and gain traction.

**Competition or Coexistence?** – The potential integration of stablecoins into the wider financial system via the GENIUS Act could create potential competitive pressures within certain segments of the financial services industry. While the prohibition imposed on issuers from paying any form of interest or yield to stablecoin holders mitigates some of these competitive pressures, the American Bankers Association and more than fifty state counterparts have asked Congress to close a “loophole” where the interest prohibition “is easily bypassed when exchanges or other affiliates offer yield or rewards to stablecoin holders, undermining the law and distorting market incentives.” These industry participants argue that this set of incentives could redirect bank deposits into stablecoins, thus restricting credit creation, and that “[t]o close this loophole and protect the financial system, we urge Congress to extend the stablecoin issuers interest prohibition to cover digital asset exchanges, brokers, dealers and affiliated entities.”<sup>22</sup>

**Stablecoin Reserves Money Market Funds** – The GENIUS Act is expected to create opportunities within the asset management industry. With regulatory clarity and a comprehensive regulatory framework, the Act is likely to incentivize more fund managers to launch products targeting the payment stablecoin reserve market. We note that two large institutional money market fund sponsors have already filed preliminary registration statements for funds targeting this channel. Asset managers may also seek to manage stablecoin reserve assets directly. The Act’s bank-like prudential regulatory and consumer protection standards will likely mitigate, although not eliminate, some of the risks that could cause stablecoin holders to rapidly redeem their stablecoins, which could impose significant redemption pressure on a money market fund held in

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<sup>21</sup> The GENIUS Act establishes the SCRC, which will consist of the Treasury Secretary (Chair of the SCRC), the Chair of the Federal Reserve (or its Vice-Chair for Supervision) and the Chair of the Federal Deposit Insurance Corporation. The SCRC is required to issue an interpretive rule on the basis for any approvals within one year of the enactment of the Act.

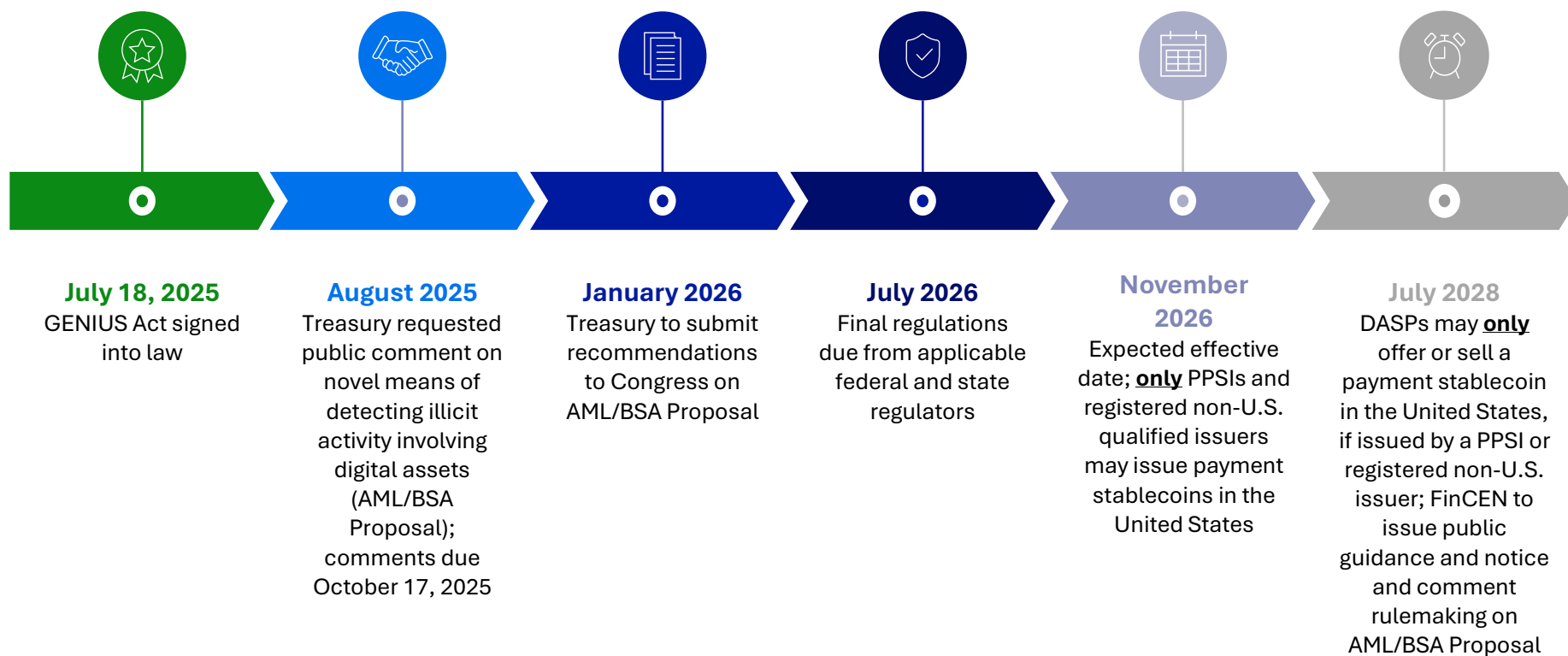
<sup>22</sup> See [Banking Group Comment Letter](#).

reserve. The licensing and other requirements imposed under the GENIUS Act may also facilitate investor/client due diligence by fund sponsors and other asset managers.

**A Boost for U.S. Stablecoin Issuers** – The Act’s definition of a PPSI expressly identifies a “person formed in the United States.” While non-U.S. qualified persons registered with the OCC may issue a payment stablecoin, they can only do so if they are found to be subject to a comparable regulatory and supervisory regime (as determined by the Treasury Secretary). The additional regulatory finding required for non-U.S. issuers may prompt such issuers to re-domicile in the U.S. and may also cause intermediaries (such as centralized exchanges) to gradually move away from the use of stablecoins issued by non-U.S. persons to avoid disruptions in trading ahead of 2028.

**More to Come** – On the same day that the House of Representatives approved the GENIUS Act, the House passed two other crypto-related bills: the Digital Asset Market Clarity Act (CLARITY Act) and the Anti-CBDC Surveillance State Act. Among other provisions, the CLARITY Act would create a federal regulatory framework, address market structure and delineate jurisdiction between the SEC and CFTC for digital assets. In addition, the CLARITY Act includes provisions that would amend the GENIUS Act. Although the CLARITY Act will evolve as it makes its way through the legislative process, the final legislation, if passed, would fundamentally change how digital assets and related market participants are regulated in the United States. More recently, President Trump’s Working Group on Digital Asset Markets released a series of recommendations related to digital assets and related technology. We expect the rapid pace of executive, legislative and regulatory developments impacting U.S. crypto regulation and policy to continue in 2025 and beyond.

# GENIUS Act Implementation – Selected Key Dates



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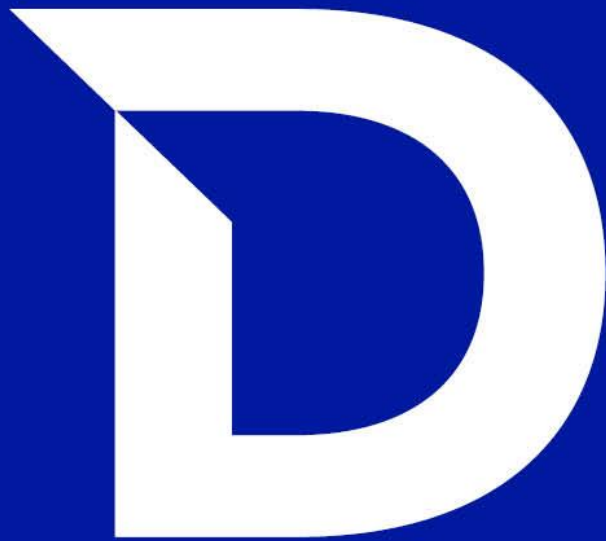
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