To provide for the regulation of qualified stablecoin issuers, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. Gottheimer introduced the following bill; which was referred to the Committee on ___________________

A BILL

To provide for the regulation of qualified stablecoin issuers, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited to as the “Stablecoin Innovation and Protection Act of 2022”.

SEC. 2. DEFINITIONS.

(a) QUALIFIED STABLECOIN.—For the purposes of this Act, the term “qualified stablecoin” means any
cryptocurrency or other privately-issued digital financial instrument that—

(1) is redeemable, on demand, on a one-to-one basis for United States dollars; and

(2) is issued by—

(A) an insured depository institution; or

(B) a nonbank qualified stablecoin issuer as described in section 4.

(b) OTHER DEFINITIONS.—

(1) BANK SECRECY ACT.—The term “Bank Secrecy Act” means—

(A) section 21 of the Federal Deposit Insurance Act (12 U.S.C. 1829b);

(B) chapter 2 of title I of Public Law 91–508 (12 U.S.C. 1951 et seq.); and

(C) subchapter II of chapter 53 of title 31, United States Code.

(2) CRYPTOCURRENCY.—The term “cryptocurrency” means any digital representation of value which is recorded on a cryptographically secured distributed ledger or any similar technology as specified by the Comptroller of the Currency.

(3) INSURED DEPOSITORY INSTITUTION.—The term “insured depository institution” has the mean-
ing given the term in section 3 of the Federal De-
posit Insurance Act.

SEC. 3. QUALIFIED STABLECOIN ISSUER REGULATION.

(a) Treatment of Qualified Stablecoins.—

(1) In General.—A qualified stablecoin is not
a security or a commodity for purposes of State and
Federal securities and commodities laws.

(2) Rule of Construction.—Nothing in the
Act shall be construed to limit the authority of the
Securities Exchange Commission or the Commodity
Futures Trading Commission to regulate a
cryptocurrency or other privately-issued digital fi-
nancial instrument that is not a qualified stablecoin.

(b) Use of the Term “Qualified
Stablecoin”.—It shall be unlawful for any person to
offer, sell, or exchange as a “qualified stablecoin” any
cryptocurrency that is not a qualified stablecoin as defined
under this Act.

SEC. 4. NONBANK QUALIFIED STABLECOIN ISSUERS.

(a) Election.—Any person, other than an insured
depository institution, may elect to become a nonbank
qualified stablecoin issuer by notifying the Comptroller of
the Currency of such election.

(b) Collateral Requirements.—
In General.—A nonbank qualified stablecoin issuer shall maintain collateral in an amount equal to 100 percent of the value of outstanding qualified stablecoins issued by the nonbank qualified stablecoin issuer, or such higher percentage as the Comptroller of the Currency determines appropriate.

Asset Types.—Collateral held by a nonbank qualified stablecoin issuer pursuant to paragraph (1) shall be held in United States dollars, securities issued by the Federal Government, and such other assets as the Comptroller of the Currency determines appropriate.

Cash Collateral.—Any collateral described under paragraph (1) held in United States dollars shall be deposited by the nonbank qualified stablecoin issuer in a segregated account with an insured depository institution.

Additional Requirements for Nonbank Qualified Stablecoin Issuers.—

In General.—The Comptroller of the Currency shall have supervisory and examination authority with respect to a nonbank qualified stablecoin issuer.
(2) INSURANCE.—A nonbank qualified stablecoin issuer shall participate in the nonbank qualified stablecoin issuer insurance program established under section 52 of the Federal Deposit Insurance Act.

(3) RULEMAKING.—Not later than 1 year after the date of the enactment of this Act, the Comptroller of the Currency, in consultation with such other agencies as the Comptroller of the Currency determines appropriate, shall issue a rule to establish standards and requirements for nonbank qualified stablecoin issuers, including—

(A) leverage ratios;

(B) auditing requirements;

(C) required disclosures for investors;

(D) compliance with the requirements of the Bank Secrecy Act;

(E) compliance with the Know Your Customer Rule issued by the Financial Crimes Enforcement Network (31 CFR 1010.230);

(F) an orderly liquidation process, which shall apply in the case that such an issuer is in default or in danger of default, in lieu of the Federal bankruptcy laws;

(G) redemption requirements;
(H) liability management standards; and

(I) and any other items the Comptroller of
the Currency determines necessary.

SEC. 5. INSURANCE OF QUALIFIED STABLECOIN REDEMPTION PAYMENTS.

(a) INSURED DEPOSITORY INSTITUTION QUALIFIED STABLECOIN ISSUERS.—Section 3(l) of the Federal Deposit Insurance Act (12 U.S.C. 1813(l)) is amended—

(1) in paragraph (4), by striking “and” at the end;

(2) by redesignating paragraph (5) as paragraph (6); and

(3) by inserting after paragraph (4) the following:

“(5) amounts that the bank or savings association is obligated to pay to the holder of a qualified stablecoin issued by such bank or savings association, upon demand, in redemption of such qualified stablecoin, and”.

(b) NONBANK QUALIFIED STABLECOIN ISSUERS.—
The Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) is amended by adding at the end the following:
“SEC. 52. INSURANCE OF REDEMPTION PAYMENTS BY NONBANK QUALIFIED STABLECOIN ISSUERS.

“(a) In General.—The Corporation shall establish a Qualified Stablecoin Insurance Fund, which shall be used to carry out a nonbank qualified stablecoin issuer insurance program (in this section referred to as the “Program”).

“(b) Application.—A nonbank qualified stablecoin issuer that is not an insured depository institution that intends to hold collateral in an insured depository institution in United States dollars shall file an application with the Corporation in such form and manner and containing such information as the Corporation determines appropriate to participate in the Program.

“(c) Insurance.—Under the Program, the Corporation shall insure the amounts the nonbank qualified stablecoin issuer is obligated to pay to the holder of a qualified stablecoin issued by such nonbank qualified stablecoin issuer, upon demand, in redemption of such qualified stablecoin.

“(d) Insurance Amount.—The net amount insured under the Program with respect to a specific holder of qualified stablecoins shall not exceed the standard maximum deposit insurance, as defined under section 11(a)(1)(E).
“(e) ASSESSMENTS.—The Corporation shall assess each nonbank qualified stablecoin issuer participating in the Program annually, or more frequently as the Corporation determines necessary, to ensure the balance of the Qualified Stablecoin Insurance Fund is sufficient to cover anticipated payments under this section.

“(f) CONSIDERATIONS.—The Corporation shall, to the extent practicable, establish the Program and the Qualified Stablecoin Insurance Fund in the same manner as the deposit insurance program under this Act and the Deposit Insurance Fund, respectively.

“(g) DEFINITIONS.—In this section:

“(1) NONBANK QUALIFIED STABLECOIN ISSUER.—The term ‘nonbank qualified stablecoin issuer’ means a person who has elected to be a nonbank qualified stablecoin issuer under section 4 of the Stablecoin Innovation and Protection Act of 2022.

“(2) QUALIFIED STABLECOIN.—The term ‘qualified stablecoin’ has the meaning given the term in section 2 of the Stablecoin Innovation and Protection Act of 2022.”.

SEC. 6. INTEROPERABILITY RULEMAKING.

The Comptroller of the Currency, in consultation with such other agencies as the Comptroller of the Cur-
rency may determine appropriate, shall, not later than 1
year after the date of the enactment of this Act, issue a
rule the establishes interoperability requirements for
qualified stablecoins.

SEC. 7. RULE OF CONSTRUCTION.

Nothing in this Act or the amendments made by this
Act may be construed to restrict the creation, issuance,
distribution, use, purchase, or sale of any cryptocurrency
or other privately-issued digital financial instrument that
is not a “qualified stablecoin”, as such term is defined
in section 2.

SEC. 8. EFFECTIVE DATE.

This Act and the amendments made by this Act shall
take effect after the end of the 1-year period beginning
on the date of the enactment of this Act.