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Toomey Announces Legislation to Create Responsible Regulatory Framework for Stablecoins

Releases Discussion Draft of the Stablecoin TRUST Act

Washington, D.C. – U.S. Senate Banking Committee Ranking Member Pat Toomey (R-Pa.) today released a **discussion draft** of legislation establishing a new regulatory framework for payment stablecoins.

“While today stablecoins facilitate trading with cryptocurrencies, tomorrow stablecoins could be widely used in the physical economy. They have the potential, among other things, to speed up payments and automate transactions,” said Ranking Member Toomey. “The proposed regulatory framework I’m releasing today will allow this crypto-innovation to continue flourishing while protecting consumers and minimizing potential risks from stablecoins to the financial system. I look forward to receiving feedback on this legislation from my colleagues and stakeholders as Congress continues its work on stablecoin regulation.”

Key Components

- Authorizes three different options to issue payment stablecoins:
 - o Establishes a new federal license designed specifically for stablecoin issuers;
 - o Preserves the state-registered money transmitter status for most existing stablecoin issuers; and
 - o Clarifies that insured depository institutions are permitted to issue stablecoins.
- Protects consumers by subjecting all payment stablecoin issuers—regardless of whether they are a state money transmitter or receiving a new federal license—to standardized requirements, including:
 - o Disclosures regarding the reserve assets backing the stablecoin;
 - o Clear redemption policies; and
 - o Subjecting them to routine audits by registered public accounting firms.

- Provides much-needed clarity that, at a minimum, stablecoins that do not offer interest are not securities.
 - o Provides a clear regulatory framework for payment stablecoins and rejects the Securities and Exchange Commission's approach of regulating through enforcement actions.
- Applies privacy protections to transactions involving stablecoins and other virtual currencies.

Background

- In August 2021, Ranking Member Toomey **announced** he was soliciting legislative proposals to ensure federal law supports the development of digital assets and its underlying technologies while protecting investors.
- In December 2021, Ranking Member Toomey released a **set of principles** to lay the framework for forthcoming stablecoin legislation.

Click [here](#) to read the discussion draft.

Click [here](#) for a section-by-section.

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