

# FLORIDA'S PROPOSED PAYMENT STABLECOIN ACT

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# WHAT IS STABLECOIN?

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# Cryptocurrencies

- Stablecoins are cryptocurrencies.
- So what is a cryptocurrency you ask?
- A cryptocurrency is a digital or virtual unit of value secured by cryptography, operating on a decentralized network (a blockchain) (as opposed to a central bank), that enables secure peer-to-peer transactions without intermediaries.



# The Problem of Volatility



However, cryptocurrencies, such as bitcoin, are notoriously volatile in value, which makes their use a medium for payment, readily convertible into a fiat currency, problematic.

Stablecoins are cryptocurrencies that are designed to maintain a stable market value. Issuers of stablecoins typically accomplish this by pegging a stablecoin's market price to a reserve asset, such as a fiat currency, a commodity, another crypto asset or a combination of such reserve assets.

Over 90% of stablecoins are pegged to a fiat currency, and stablecoins that are pegged 1:1 to U.S. Dollar reserves held by their issuer make up the largest share of the stablecoin market.

# Growing Popularity of Stablecoins

Popular stablecoins are widely used as a medium of exchange and for trading on blockchain platforms. Some of the most popular stablecoins assets include Tether (USDT) and USD Coin (USDC). As of mid-January 2026, the aggregate market cap for stablecoins exceeded \$311 billion dollars, with most of that represented by Tether (USDT) (about \$186 billion) and USDC (issued by Circle) (about \$75 billion).<sup>1</sup>

Since the adoption of the GENIUS Act in July 2025, numerous financial and non-financial institutions have announced plans to issue and/or utilize stablecoins<sup>2</sup>, citing lower costs and faster settlement of payments.

Bloomberg Intelligence projects that the market value of stablecoins will explode to \$56.6 trillion by 2030.



<sup>1</sup> Source: Kracken.com visited on January 13, 2026.

<sup>2</sup> According to an EY/Parthenon stablecoins survey.

# THE GENIUS ACT

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# The GENIUS Act

The Guiding and Establishing National Innovation for U.S. Stablecoins Act (the “GENIUS Act” or the “Act”) was signed into law on July 18, 2025.

## **When will the GENIUS Act become effective?**

The GENIUS Act will become effective the earlier of (x) 18 months after enactment (i.e., January 18, 2027) or (y) 120 days after rulemaking is completed.

# The GENIUS Act

## What does the GENIUS Act do?

The Act establishes a framework for the regulation of issuers of “payment stablecoins” defined as:

- A digital asset
  - that is, or designed to be, used as a means of payment or settlement; and
  - the issuer of which
    - is obligated to convert, redeem or repurchase for a fixed amount of monetary value, not including a digital asset denominated in a fixed amount of monetary value; and
    - represents that such issuer will maintain a stable monetary value for the digital asset
- other than
  - a national currency
  - a deposit, including a deposit recorded using a digital ledger technology or
  - a security or commodity (the Act expressly excludes securities and commodities from the definition of a payment stablecoin)



# The GENIUS Act

## **What is a “DASP” and what role do DASPs perform in payment stablecoin transactions?**

The GENIUS Act defines a “digital asset service provider” (“DASP”) as a person who for compensation or profit engages for itself or on behalf of customers in the business of

- exchanging digital assets for monetary value
- exchanging digital assets for other digital assets
- transferring digital assets to a third party
- acting as a digital asset custodian or
- participating in financial services relating to digital asset issuance.

# The GENIUS Act

## **What is a “DASP” and what role do DASPs perform in payment stablecoin transactions? (cont.)**

DASPs will hold payment stablecoins and the reserves pegged to their value as custodians and exchange and redeem the payment stablecoins for U.S. dollars, as well as perform related financial services.

A DASP can be, but need not be, a “permitted payment stablecoin issuer” (“PPSI”) (as defined below).

# The GENIUS Act

## Who can issue payment stablecoins?

Payment stablecoins can only be issued by “Permitted Payment Stablecoin Issuers” (“PPSIs”), who are defined in the Act as:

- Insured subsidiaries of depository institutions, including credit unions, approved by their appropriate primary federal regulator
- Federal qualified payment stablecoin issuers defined as:
  - a nonbank entity, other than a State qualified payment stablecoin issuer, approved by the Comptroller
  - an uninsured national bank chartered by the Comptroller and approved by the Comptroller
  - a federal branch approved by the Comptroller
- State qualified payment stablecoin issuers

# The GENIUS Act

## Can non-financial companies issue payment stablecoins?

Yes, private and public non-financial companies can issue payment stablecoins but they:

- face significant restrictions
- require unanimous approval from the Stablecoin Certification Review Committee (“SCRC”), demonstrating that they pose no material risk to financial stability, and
- must demonstrate compliance with the Act’s requirements

# The GENIUS Act

## What are some of the key features of the GENIUS Act?

- Reserves and transparency requirements
  - PPSIs must hold 1:1 reserves for any payment stablecoins issued
    - Reserves held in low-risk assets like short term Treasuries, cash (including Federal Reserve notes) or similar assets
    - Reserves the composition of which must be attested by third party auditors and published on a monthly basis
- Non-rehypothecation
  - PPSIs cannot use reserves to fund other investments with certain exceptions

# The GENIUS Act

## What are some of the key features of the GENIUS Act? (cont.)

- **Non-Interest Bearing**
  - PPSIs are prohibited from offering yield or interest on issued payment stablecoins with some exceptions
- **Anti-money laundering (AML) sanctions and know-your customer (KYC) rules**
  - PPSIs are subject to the Bank Secrecy Act (BSA) and need to comply with AML, sanctions and KYC rules that apply to financial institutions
- **Consumer protections in the event of bankruptcy of a PPSI**
  - Claims by holders of payment stablecoins have priority over claims of the PPSI and its creditors, both in bankruptcy and other proceedings against the PPSI

# The GENIUS Act

## **What are some of the key features of the GENIUS Act? (cont.)**

- Clarification of Regulatory Oversight
  - Clarifies the appropriate federal regulator for payment stablecoins and permits state regulation subject to certain restrictions
- PPSIs will be subject to bank-like prudential regulation and prohibited from tying arrangements
  - PPSIs may not condition the availability of products or services to a customer based on whether that customer obtains an additional paid product or service from the PPSI

# The GENIUS Act

## What are other important provisions of the GENIUS Act?

- Preemption
  - Federal qualified PPSIs or subsidiaries of insured depository institutions or credit unions are preempted from state laws related to chartering, licensing or other authorization to do business as a PPSI, but are not preempted from state consumer protection laws
    - This potentially reduces the burden of registering under state money transmission and virtual currency laws (but not state laws relating to digital asset custody, transmission or exchange of virtual currencies)



# The GENIUS Act

## What are other important provisions of the GENIUS Act? (cont.)

- Enforcement and Penalties for Noncompliance
  - The GENIUS Act includes regulatory, civil and criminal penalties for noncompliance
    - Primary federal payment stablecoin regulators may prohibit an issuer from issuing payment stablecoins, initiate cease-and-desist proceedings, remove an affiliated party from participation or issue civil monetary penalties
    - Unlicensed issuance of payment stablecoins is subject to civil penalties of up to \$100,000 a day, and knowing violations can result in penalties of up to \$1,000,000 per violation, up to five years of imprisonment or both

# The GENIUS Act

## What are other important provisions of the GENIUS Act? (cont.)

- **Custody, Safekeeping and Limitations on Stablecoin Activities**
  - PPSIs are limited to issuing and redeeming payment stablecoins, managing reserves and providing custodial and safekeeping services of stablecoins or private keys
  - Segregation of assets is required for assets backing payment stablecoins and commingling of assets with limited exceptions
  - DASPs which are not PPSIs may manage reserves and provide custodial and safekeeping services, as well as other financial services related to payment stablecoins
  - Payment stablecoin reserves may only be used as collateral for payment stablecoins and the private keys used to issue payment stablecoins and must be entities subject to regulatory oversight by federal and state banking regulators
  - Federal regulators may not require depository institutions to include assets held in custody, including payment stablecoins, as liabilities on financial statements or to hold additional regulatory capital against assets in custody or safekeeping

# The GENIUS Act

## What are other important provisions of the GENIUS Act? (cont.)

- Marketing Restrictions
  - The GENIUS Act prohibits PPSIs from employing “deceptive names” in marketing, such as representing that their payment stablecoins are backed or guaranteed by the U.S. government or covered by federal deposit insurance

# The GENIUS Act

## What about rulemaking and future cryptocurrency legislation?

### ■ Rulemaking

- The primary federal payment stablecoin regulators, the Treasury Secretary and each state payment stablecoin regulator is directed to promulgate regulations through notice and comment procedures within one year of enactment of the GENIUS Act
- The primary federal payment stablecoin regulators and the state payment regulators must also issue regulations providing for certain tailored requirements and standards applicable to PPSIs, including
  - Capital requirements
  - Liquidity standards
  - Reserve asset diversification standards
  - Interest rate risk management standards and
  - Principles-based requirements and standards related to
    - operations,
    - compliance and
    - information technology risk management
  - So far, only a notice of future rulemaking has been published by the Treasury

# The GENIUS Act

## What about rulemaking and future cryptocurrency legislation?

- Future Federal Cryptocurrency Legislation
  - The Clarity Act
    - The House has passed the Clarity Act, but it has been substantially amended by the Senate Banking Committee's Crypto Market Structure Act, which bill has been held up due to criticism by the crypto industry
    - The Clarity Act focuses on:
      - Digital Asset Classification
        - Digital Commodities (with the CFTC as the regulator)
        - Restricted Digital Assets (with the SEC as the regulator) and
        - Permitted Payment Stablecoins (with joint SEC-CFTC oversight with primary prudential regulation consistent with the GENIUS Act framework)
    - Offers, Sales and Trading of Digital Commodities and Issuance and Intermediary Regulation (regulated by the CFTC under the Commodities Exchange Act (CEA))
    - Issuance and Intermediary Registration for Restricted Digital Assets (regulated by the SEC under the Securities Act, Securities Exchange Act, the Investment Company Act and Investment Advisers Act)

# The GENIUS Act

## What about rulemaking and future cryptocurrency legislation?

- Future Federal Cryptocurrency Legislation (cont.)
  - The Senate's Crypto Market Structure Act
    - Key differences from the Clarity Act
      - Restricts stablecoin rewards
      - Codifies digital asset classification through the Securities Act
      - Provides for SEC rulemaking and disclosure obligations
      - Establishes a DeFi regulatory framework under SEC and Treasury oversight
      - Imposes BSA/AML obligations on DeFi platforms and
      - Regulates digital assets within the regulated banking system
  - Industry objections
    - Gives too much power to the SEC
    - Amounts to a *de facto* ban on tokenized equities
    - Adds burdensome restrictions on DeFi
    - Restricts a company's ability to pay "rewards" on stablecoin holdings, favoring the banking industry over non-bank DASPs

# **FLORIDA'S PROPOSED PAYMENT STABLECOIN ACT**

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# Florida's Proposed Payment Stablecoin Act

The Florida legislation with respect to payment stablecoins (“Proposed Payment Stablecoin Act” or the “Proposed Act”) has been drafted as an amendment to Chapter 560, F.S. (the “Money Business Services Act”) which is part of Title XXXIII, F.S. (Regulation of Trade, Commerce, Investments and Solicitations).

The Proposed Payment Stablecoin Act is intended to implement the requirements for state regulation of payment stablecoins established under the GENIUS Act.



# Florida's Proposed Payment Stablecoin Act

## **Why is the Proposed Act part of the MBS Act and what does the MBS Act regulate?**

The MBS Act regulates money services businesses (“MBSs”) like check cashiers, money order sellers, and foreign money transmitters. The amendment creates Part V of the MBS Act entitled “Payment Stablecoin Issuers.”

The MBS Act provides:

- definitions for terms related to money services,
- outlines licensing requirements for MBSs, including the application process, fees and renewal procedures

# Florida's Proposed Payment Stablecoin Act

## Why is the Proposed Act part of the MBS Act and what does the MBS Act regulate?

The MBS Act provides: (cont.)

- requires MBSs to have a license to operate legally in Florida
- details the compliance obligations of MBSs, including AML requirements (which are somewhat different than those required under the BSA and the GENIUS Act), record retention and reporting obligations
- details the supervisory powers of regulatory authorities and penalties for noncompliance
- exempts certain entities from licensing and
- provides for disciplinary actions, penalties for violations and authority to enforce compliance

The MBS Act is currently the primary statutory framework for the regulation of businesses which engage in cryptocurrency transactions, including those relating to stablecoins, in Florida.

# Florida's Proposed Payment Stablecoin Act

## Are DASPs regulated under the MBS Act?

DASPs, when acting as intermediaries (but not when acting as PPSIs or custodians) are currently regulated under the MBS Act since they are included in the MBS Act's definition of a "money transmitter" as intermediaries which receive virtual currency for the purpose of transmittal of virtual currencies within or outside of the United States from one person to another location or person by any means, including:

- electronic transfer,
- the Internet or
- through bill payment services or other businesses.

Importantly, notwithstanding their regulation under the MBS Act's general provisions for MBSs, DASPs are not specifically referred to or separately regulated for their payment stablecoin business under the Proposed Act.

In considering the Proposed Act it is important to remember that it is in draft form and may undergo substantial revision as it is considered by the various legislative and industry constituencies who each will have a role in the final bill.

# Florida's Proposed Payment Stablecoin Act

## A Brief History

### What happened to the FREE Act?

The current version of the Proposed Act described herein is a version prepared principally by an industry group with input from Florida legislative committees and represents a total revision from the initial version of the bill we examined then called the Financial Rights and Economic Empowerment Act (the “**FREE Act**”).

The Blockchain Committee of the Florida Business Law Section at the invitation of the Office of Financial Regulation (“**OFR**”) formed a working group (the “**Working Group**”) which reviewed and provided technical comments on the FREE Act. The Working Group concluded that the FREE Act required substantial revision because it failed to comply with the GENIUS Act’s requirement that any state regulatory framework for payment stablecoins must be “substantially similar” to the federal regulatory framework under the GENIUS Act.

# Florida's Proposed Payment Stablecoin Act

## A Brief History

### **What was wrong with the draft FREE Act?**

Among other things, it failed to provide:

- procedures for applications and opt-in of PPSIs to state regulation
- limitations and qualifications for licensure as a state-regulated payment stablecoin issuer such as limitations on aggregate outstanding payment stablecoin issuances of not more than \$10B

The Working Group noted in its technical comments, that the FREE Act generally failed to follow most of the requirements for state-regulated payment stablecoin issuers as provided in the GENIUS Act and as will be supplemented by regulations to be promulgated thereunder. Moreover, the FREE Act provided that it would be effective on July 1, 2026, a date that would be prior to the effective date of the GENIUS Act.

# Florida's Proposed Payment Stablecoin Act

## A Brief History

### **What was wrong with the draft FREE Act? (cont.)**

Based in part on these observations, the FREE Act was withdrawn and replaced by a bill largely drafted with the assistance of the cryptocurrency and stablecoin industry which addressed many of the concerns of the Working Group.

The initial draft of the Proposed Act has been revised to reflect some of the comments provided by the Working Group but is still a work in progress. Additional revisions will need to be made to comply with the requirements of the GENIUS Act and its “substantially similar” requirement. Some of those necessary revisions are discussed later in this presentation.

What follows is a description of the Proposed Act in the last form reviewed by the Working Group.

# Florida's Proposed Payment Stablecoin Act

## A Brief History

### What are some of the key provisions of the Proposed Payment Stablecoin Act?

- **Definitions.** The Proposed Act adds two new definitions in proposed Section 560.103 of the MBS Act:
  - “Payment stablecoin” (which is defined to have the same meaning as in the GENIUS Act) and
  - “Qualified payment stablecoin issuer” (“QPSI”) defined as a person approved by OFR
    - to issue payment stablecoins with a consolidated total outstanding issuance of \$10B or less or
    - after receipt of a waiver from its applicable federal regulator, approved to issue more than a consolidated total outstanding issuance of \$10B

# Florida's Proposed Payment Stablecoin Act

## A Brief History

### What are some of the key provisions of the Proposed Payment Stablecoin Act? (cont.)

- **Effective Date.** The Proposed Act will be effective on the earlier of (x) 120 days after the date final regulations are implemented for the GENIUS Act or (y) June 30, 2027.
- **Registration Required.** To operate in Florida, a QPSI must first register or renew its registration as required by the Proposed Act. The Proposed Act sets forth certain requirements for registration and approval.
- **Transition to Federal Regulatory Framework or Suspend Issuance of Payment Stablecoins.** QPSIs operating in Florida which exceed the regulatory cap on payment stablecoin issuances must either transition to regulation by its appropriate federal regulator or suspend issuance of payment stablecoins until its outstanding payment stablecoin issuances drop below the regulatory cap, unless such QPSI's primary federal regulator provides a waiver.



# Florida's Proposed Payment Stablecoin Act

## A Brief History

### What are some of the key provisions of the Proposed Payment Stablecoin Act? (cont.)

- Exempts Payment Stablecoins from Regulation as a Security or Commodity under Chapter 517, F.S. The Proposed Act would amend Chapter 517 to exclude payment stablecoins from the definition of a security or commodity.
- Provides Criteria for Applications and Renewals.
  - Application requirements include an attestation by the applicant regarding the use of blockchain analytics as part of its compliance procedures
  - The Proposed Act requires OFR to deny applications submitted by persons having a control person that has engaged in unlawful business practices or has been convicted or found guilty of, or pled guilty or nolo contendere to a crime involving dishonest dealing, fraud, acts of moral turpitude, or other acts reflecting an inability to engage lawfully in the business of a payment stablecoin issuer

# Florida's Proposed Payment Stablecoin Act

## A Brief History

### What are some of the key provisions of the Proposed Payment Stablecoin Act? (cont.)

- **Establishes Minimum Prudential Requirements.** The Proposed Act incorporates the minimum requirements of Section 4(a) of the GENIUS Act (Standards for the Issuance of Payment Stablecoins), including requirements that the QPSI:
  - Maintain identifiable 1:1 reserves limited to permitted low-risk instruments as provided under the GENIUS Act
  - Publicly disclose a redemption policy and monthly reserve composition
  - Comply with federal prohibitions on rehypothecation of reserve assets and with the liquidity requirements or parameters established under the GENIUS Act
  - Not pay interest or yield to holders of payment stablecoins solely in connection with holding or using a payment stablecoin as provided in the GENIUS Act
  - Not employ tying arrangements that condition access to stablecoin services from a qualified payment stablecoin issuer on the purchase of unrelated products or services and
  - Custody its reserves, payment stablecoins used as collateral and the private keys used by QPSI to access payment stable coins only with entities supervised by OFR

# Florida's Proposed Payment Stablecoin Act

## Other Important Provisions of the Proposed Payment Stablecoin Act

- **Bankruptcy and Creditor Claims.** The Proposed Act provides protections against claims of QPSIs and creditors of QPSIs, including in connection with bankruptcy or insolvency proceedings where the QPSI is the debtor, that protect payment stablecoins, reserves, private keys, cash and other property of the customer or security for the payment of redemptions
- **Certification.** The Proposed Act provides that OFR will submit
  - an initial certification to the SCRC that the state regulatory regime established by the Proposed Act meets the requirement of “substantial similarity” to the federal regulatory regime not later than July 18, 2026 and
  - annual recertifications to the SCRC, confirming the accuracy of the initial certification.

# Florida's Proposed Payment Stablecoin Act

## **How will the content of the Certification be determined?**

The content in the certification will be an attestation by OFR about the substantial similarity of the Florida regulatory regime with “substantial similarity” to be reflective of the broad-based principals established by the Secretary of the Treasury, by notice and comment rulemaking, under the GENIUS Act.

Under the GENIUS Act, the form of the certification will be prescribed by the SCRC.

# Florida's Proposed Payment Stablecoin Act

## How will the content of the Certification be determined? (cont.)

- Establishes Rulemaking Authority. The Proposed Act empowers
  - the Financial Services Commission to adopt rules to administer the Proposed Act
  - OFR to adopt rules establishing standards for:
    - The conduct, supervision, examination and regulation of QPSIs, including requirements relating to
      - Reserves
      - Liquidity
      - Customer-asset protection
      - Reporting
      - Risk management and
      - Compliance
- **Effective Date for Certain Provisions.** The Proposed Act provides that except as expressly provided therein it will become effective on July 1, 2026.

# Florida's Proposed Payment Stablecoin Act

## Potential Deficiencies in the Proposed Act

- **Potential Deficiencies in the Proposed Act.** The Proposed Act does not provide, in whole or in part, some of the matters applicable to a state regulated payment stablecoin framework under the GENIUS Act. These include, with respect to the definition/requirement for registration as a “qualified payment stablecoin issuer” that the QPSI
  - be legally established under Florida laws
  - not be
    - an uninsured national bank chartered by the Comptroller
    - a Federal branch,
    - an insured depository institution, or
    - a subsidiary of a national bank, Federal branch, or insured depository institution.

# Florida's Proposed Payment Stablecoin Act

## Potential Deficiencies in the Proposed Act (cont.)

- The Proposed Act should also provide for:
  - the creation and enforcement of civil and criminal penalties, including injunctive relief,
  - authorization for OFR to enforce these penalties and
  - interoperability provisions including
    - authority to enter into agreements with federal regulators regarding the enforcement of the federal regulatory regime and with other state regulators adopting state-regulatory regimes allowing such payment stablecoin issuers to operate in Florida

# NEXT STEPS

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# NEXT STEPS

Federal regulators, including the House and Senate, must finalize certain aspects of the regulatory framework for payment stablecoins, including adopting regulations relating to the principal-based determination of what constitutes a “substantially similar” framework that will allow Florida to adopt laws and regulations for its state-regulatory framework.

The timing for this remains uncertain.

Florida legislators must continue to refine the language of the Proposed Payment Stablecoin Act based on the parameters set forth in the GENIUS Act.

The Business Law Section’s Blockchain Committee through the Working Group will continue to work with OFR and the Florida legislature to assist in these goals.

# QUESTIONS?

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# Thank you!



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