



MUTUAL ALERT

House Committee Passes Stablecoin Act

Last Week, the U.S. House Financial Services Committee reported out of committee, HR 2392, also known as the "Stablecoin Transparency and Accountability for a Better Ledger Economy Act of 2025 or the STABLE Act of 2025". HR 2392 proposes to regulate the issuance and use of stablecoins, which are digital currencies pegged to a stable asset like the U.S. dollar on a 1:1 value ratio.

The Bill mandates that any entity issuing stablecoins must be an approved subsidiary of an insured depository institution, a qualified non-bank payment stablecoin issuer or a State qualified payment stablecoin issuer, that has obtained approval to issue stablecoins under the Act from its appropriate federal or State regulator. The Bill's supporters argue that this requirement ensures that stablecoin issuers are subject to similar regulatory standards as traditional banks. State issuers are not required to obtain approval of a host state effectively preempting host state laws and assuring interstate fungibility.

The introduction of HR 2392 is poised to have several implications for community banks. By requiring stablecoin issuers to submit to bank like supervision, the Bill arguably levels the playing field between community banks and non-bank affiliated fintech companies. Although, the Bill's mechanisms for insuring that States do not approve non-bank affiliated issuers or issuers subject to bank like regulation mainly reside in the Bill's backup federal authority. This would reduce the competitive pressure on community banks from unregulated stablecoin issuers. However, the Bill effectively exempts the issuers from leverage capital requirements, stating in Section 5, that capital requirements applied to an issuer must be tailored to its business model and risk profile and not exceed that which is sufficient to ensure ongoing operations. What is "sufficient" for a 1:1 stablecoin is arguably very little. Further, the Bill prohibits higher leverage or risk-based capital requirements on a consolidated holding company level.

The purpose of the Bill is to enhance consumer trust in stablecoins, potentially increasing popular acceptance. Community banks that offer stablecoin services through subsidiaries may benefit from this increased trust and consumer interest. However, community banks will also need to make operational adjustments to accommodate the new regulatory requirements for stablecoins. This will involve investing in compliance infrastructure and staff training as well as technology costs which most community banks will not be able to afford. For mutual banks, stablecoins present a variety of challenges. Will customer demand for stablecoins cause them to bank elsewhere? Even if not, will they withdraw their funds to purchase stablecoins effectively offering another disintermediation threat? What is likely is that before the Bill becomes law, it will undergo further changes whether by floor amendment in the House or in the Senate. Whether it becomes law is altogether another question. If it does, it may offer mutual banks the

opportunity to offer a collaborative mutual coin. It is not difficult to imagine a CUSO coin sponsored by credit unions.

In conclusion, HR 2392 represents a significant step towards regulating the stablecoin market and ensuring its integration into the broader financial system. AMB will continue to monitor the progress of this Bill and provide updates on its implementation and impact.

Douglas Faucette
America's Mutual Banks
202 220 6961 O
301 873 6195 C
701 8th Street, N.W., Suite 500
Washington D.C. 20001
dfaucette@troutman.com
www.americasmutualbanks.com