Consumer Finance Monitor Podcast (Season 8, Episode 47): The GENIUS Act and the Future of Stablecoins: What Banks and Fintechs Need to Know – Part 2

Speakers: Alan Kaplinsky, Peter Jaslow, Richard Rosenthal and Art Wilmarth

Alan Kaplinsky:

Welcome to the award-winning Consumer Finance Monitor podcast, where we explore important new developments in the world of consumer financial services and what they mean for your business, your customers, and the industry. This is a weekly show brought to you by the Consumer Financial Services Group at the Ballard Spahr Law Firm. I'm your host, Alan Kaplinsky, the former practice group leader for 25 years and now senior counsel of the Consumer Financial Services Group at Ballard Spahr, and I'm very pleased to be moderating today's program.

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Today's podcast show is part two of a repurposed webinar that we produced on September 3rd titled The GENIUS Act and the Future of Stablecoins: What Banks and Fintechs Need to Know. Last Thursday, on October 16th, we released part one of this repurposed webinar of September 3rd, and I strongly urge you to listen to part one of this repurposed webinar before you listen to the release that we're doing today that is a part two. Today, we are going to consider the legal risks, key issues, and constitutional challenges that are already surfacing, the business model impact, including the role of tokenized deposits, the implications for fintechs, banks, and other market participants, compliance roadmaps and operational readiness strategies, and finally, opportunities for privately-owned and publicly-traded big tech firms and other commercial enterprises to acquire stablecoin issuers and enter the banking business. I will now turn the program over to my colleague Peter Jaslow, who will discuss the legal risks, key issues, and constitutional challenges already surfacing.

Peter Jaslow:

Yeah. I guess picking up from where I just mentioned, I think there were industry groups and lawmakers who were arguing for stronger consumer protection and other legal protections. The oversight is largely put in OCC and some of those other banking regulators, so there's not really an active role for the CFPB or FTC, and in particular, coins that are compliant with the GENIUS Act, those that meet the payment stablecoin definition and issued by a permitted issuer, they're exempt from SEC and CFTC jurisdiction. Those are agencies' regulators that have had a major role in regulating cryptocurrency and digital assets to date, so there's going to be somewhat of a regime shift, and the SEC itself has been shifting some of its enforcement priorities ever since the new administration so it's not surprising that it went in this way, but does seem to afford less clear coverage for those types of addressing of fraud, unauthorized types transactions that would've had regulation if it went with the other version of the act, the STABLE Act, that had been proposed.

Another item that I think would be legal risk is that there's no insurance here. There's no federal insurance or other explicit guarantees for the timely redemption. I had flagged earlier that issuers have to adopt policies setting forth how to provide for timely redemption, but it's not explicit guarantee. There's no guarantee of recovery in the event of bankruptcy. There were some changes made to the Bankruptcy Act to give priority to holders of payment stablecoins, but doesn't otherwise guarantee that if something goes wrong, that everybody would be able to recover. The Act does include a number of rules around deceptive and other misleading claims and prohibit certain claims. For instance, you can't make any claim that you're issuing a payment stablecoin unless the product's issued pursuant to the act. It's also going to be deceptive issue if you make claims about having government backing or federal insurance. Those are strictly prohibited and those types of things would come with civil liability for violations.

There are a number of penalties included. There was a number of penalty provisions included within the act for noncompliance and those range substantially. There's fines from $100,000 per day up to $1 million per violation, as well as criminal penalties for certain violations where there could be imprisonment for up to five years under the act. Those seem to be for more willful violations, unlicensed issuances, making false certifications to the government, things of that nature. The couple other items that I think have come up, the act didn't deal with anything related to security breaches, unauthorized platform breaches exposure, and what would happen in the event of consumer losses, let's say if the reserves are depleted or the coins are stolen. That was a big area that's just not really addressed, although it could be subject to future rulemaking.

The act, generally, in terms of its regulation approach, it seems to rely on monthly attestations instead of some kind of third-party independent audits or reserve verification. I flagged this idea of making monthly attestation reports about the amounts of reserve, but there's really no independent third-party analysis or verification of that. I guess, lastly, the act authorized federal regulators to assess and create standards for payment stablecoins generally with the idea that the legislators acknowledge that it's important for the stablecoin system to be able to interoperate with other financial services and digital financial market tools generally, so those rulemaking, providing for interoperation, is all to be determined and to come. I know Art had talked briefly about preemption, which there has been a lot of discussion about potential preemption concerns which could give rise to constitutional challenges. I don't know, Art, if you had other thoughts or would want to chime in more on that point.

Art Wilmarth:

Yes. I think I would just simply say that I think sections 4B, section 7, and section 16D are going to be hotly-contested areas with regard to how far preemption of state consumer protection laws might go, whether there might be preemption of state money transmitter laws for state-licensed stablecoin issuers going across state lines, so I would just flag those. I think they're all very complex. I discussed each of them in my forthcoming article, which a preliminary version is posted on SSRN, but I think they're going to be very difficult issues to sort out, particularly section 7 I think is just a direct conflict between what 7A says and what 7F says. With regard to your other points, I wanted to pick up on the federal consumer protection because that's a big issue.

Section 6C makes a reference only to one provision of the Consumer Financial Protection Act, which has all the enumerated consumer laws in it, and one reference to the Federal Trade Commission Act. It just says this doesn't affect those provisions, but as you pointed out, it doesn't say anywhere that the CFP Act and the CFPB's authority actually apply to payment stablecoins. It leaves it completely open. Now, I think one could make a pretty good argument that a payment stablecoin is in fact a regulated payment instrument under the Consumer Financial Protection Act and other laws such as the Electronic Funds Transfer Act. I think one could make a good argument that that's the case, but certainly, the silence leaves open, first of all, the possibility that the federal regulators will say, "No, it doesn't apply by rulemaking," and that will have to be challenged by the Consumer Protection Bar, or if they leave it open, I'm sure the industry will take the position that the CFP Act doesn't apply and the CFPB's authority doesn't apply, and that will have to be litigated, so I think that's an enormous issue.

Your reference to the redemption policy is very interesting, because you're right, there's nothing said about what the nature of redemption has to be. Does it have to be one day, two days, three days, 10 days? I mean, if you look at Circle, which is the biggest U.S. stablecoin provider, they don't provide redemption to ordinary retail purchasers. You have to be a Circle member, which is a big institutional purchaser, to get direct redemption rights. Your only right to get your stablecoin sold is to go to an exchange like Coinbase. Well, does that satisfy the redemption requirement? If you say, "I don't redeem for small purchasers," but you can go to a list of seven or eight or 10 exchanges and sell your stablecoins, there is that redemption? I think that's going to be an enormous issue that the regulators will have to work out.

We haven't mentioned foreign stablecoin issuers too much, but I think there's a huge question as to... Tether, for example, the largest stablecoin issuer in the world, they opted not to comply with Europe's so-called MiCA regime for stablecoins, and so they were delisted from every EU exchange because they didn't want to comply with it. Are they going to be willing to comply with the GENIUS Act? They have certainly been very, I would say, coy about it, to put it mildly. They've sort of indicated, "Well, we might set up a special stablecoin just for U.S. institutional customers," but if they don't comply, will exchanges in this country still be allowed to offer U.S. Tether stablecoins?

As you noted, there is a qualification regime for foreign stablecoin issuers, it's fairly complex, but then there's also interesting waiver authority where the Secretary of the Treasury can decide to allow a foreign stablecoin issuer, their coins to be sold in the United States even though they're not a qualified foreign stablecoin issuer. Again, the Secretary of the Treasury has enormous discretion and waiver authority, which I think is very problematic, but that's going to be another, I think, huge issue that's going to have to be sorted out. I think we've already mentioned the ambiguities about reserve requirements and what degree of diversification will be required, what kind of limits on re-hypothecation for repurchase agreements. That will be, I think, a significant question, but I'll close there.

Richard Rosenthal:

Maybe just to pile on real quick, the five or six... I think both of you hit most of mine, but just the issues that come to mind for me, payment system access, is this an indirect way to get access to payments? Rewards in the back door on interest, state versus federal roles, which, Art, you hit. There's a lot of clarity that needs to be achieved there. I'm glad you brought in the foreign bank point, because what's the role of also branches in issuance, things like that. Public versus private, so who can be an issuer and is there a different set of requirements there?

The law doesn't deal with the processing of stablecoins. You can't forget that they're on Ethereum or these blockchain rails that have different properties. For instance, generally, they're irrevocable. When you send money, you can't get it back. There are different AML impacts of moving money on blockchains that you don't know who the validators are, we'll talk about that, and Art, to pile on, Tether has announced that they will launch a U.S.-compliant product. They are trying to design a stablecoin that meets GENIUS unlike what they did in Europe. But just to round out a couple points, I thought I would kind of summarize our collective thoughts.

Alan Kaplinsky:

Thank you, Rich. Why don't you move into discuss the business model impact including the role of tokenized deposits?

Richard Rosenthal:

Yeah. If we just take a giant step back for a second, what are the ramifications of this? I think you need to start with a notion of what do you think the stablecoin market will be in the future? Today, it's about $300 billion in market capitalization, and I think what's important to note about that is 99% of that is U.S. dollar-denominated stablecoins. That metric I gave you is not just a... That's a global number, and so where's this money going to come from? How much are stablecoins going to grow? There's been a number of banks and Treasury has done a study as well that has said these will grow 10X. Where's that going to come from? What are the use cases? Some of the use cases could be cross-border payments. Stablecoins potentially have a role at reducing the number of hops and the total cost of that transaction, moving money cross-border.

Stablecoins, could they be used as an inflation hedge for certain countries that want to get into U.S. dollars? Could this be a Treasury management tool, meaning a corporate or a merchant of a platform could move money to that platform without going through wires or ACH? I think one has to explore, and this is the conversations we're having and the conversations I've been having over the last five plus years on stablecoins, what is the real utility? There is also the programmability of money. You can add certain features. You could say, "Pay interest every day." You could define certain properties of that stablecoin that allow you to automate certain things. There is a great debate in the industry right now about the real utility of stablecoins. My personal view, and view that I think most that I've been advising clients on, is that regardless if you're a bull or bear or you don't believe in it or not, this is a national priority for this administration and they will be creative in finding ways to promote adoption, so you need to look at how are you going to look at this as a payment rail.

I think one analogy to think about this is this will be another potential rail. Corporates, retail customers could want to use this as a means of moving money. It may not be everybody, but it will be some people, and it could include the government in terms of sending and receiving money. If you look at stablecoins, they're going to grow, and they will come at the expense of some deposits. There have been some studies that looked at what deposit cannibalization can incur. Do people allocate money differently? Again, there's a range of scenarios to look at, but I think if we just take a step back and say that market's going to grow, it potentially comes at the expense of deposits, and so what's the impact on the bank balance sheet? Does this impact how much lending they can do? Do they see any attrition in customers? Is this an opportunity for a non-bank to enter the payments game? Is this an opportunity for a non-bank to incentivize customers by using a stablecoin to purchase their product? We're already seeing this.

You can go online, you check out with a stablecoin on Shopify, you get a percent back. You use a stablecoin, you get rewards. Imagine that with electronics, with cellphones, people incentivizing many ecosystems. I think the banks have to look at this as a potential threat, not just a threat to their balance sheet but maybe some fee income from payments businesses that are cross-border in nature. There's also just taking a step back... It's not just the banking regulators, it's also the SEC and CFTC. Paul Atkins publicly said his mission is to move capital markets on chain. Right now, a lot of the stablecoin activity is for crypto traders and crypto users in getting on and off out of their crypto positions. Does that change when you have bonds, and equities, and other things on chain, digital assets on chain? Now I have this cash-like instrument that allows me to move in and out and more activities happening on chain. I think the reason why banks will look at tokenized deposits as maybe a friend is because we talked about the notion that you can't lend in the same way you do with deposits with stablecoins.

Banks like fractional banking. They like taking deposits and making loans, and so if you could digitize a deposit product and I can get the same benefits of digital assets with that deposit product, I'm allowing money to move on blockchain rails potentially cheaper, I think that's why they're looking at that. The big difference between stablecoins and tokenized deposits is tokenized deposits are not as interoperable. You can't take a tokenized deposit of bank one and walk into bank two and say, "Honor that." There still has to be infrastructure and a settlement mechanism to honor those things. The benefit of stablecoin is you and I can go on and exchange, we can go potentially in the future to a bank and we can have a wallet, and we can move it anywhere all around the world. That's why stablecoins potentially have an adoption and interoperability boost. When we're talking with clients right now, it's laying out the range of roles you can play. You don't have to be an issuer, but you probably need to look at accepting and receiving stablecoin payments.

Do you want to be a custodian? Is there a reserve opportunity? Do you want to manage the reserve for somebody? Do you want to be an infrastructure provider? Do you want to offer tokenized deposits? A lot of variability, a lot of options. Most of the work we're doing now is education, kind of uplifting to a place of what are those options, and then it's not just stablecoins. It's potentially tokenized deposits. But I'd leave you with one thought, and it kind of depends on where you're starting from, whether you're a bank, a non-bank, a FinTech, is this an opportunity or not. But with the speed this is moving and the priority of this as the administration priority and how creative the administration is in enabling this activity, I think the time to act is now, and whether or not you're a big believer in this technology or this capability, I think it could be a demand of customers and we're seeing that play out. But let me pause there and open it up to the other panelists to see Art or Peter, you guys have any thoughts on that?

Art Wilmarth:

I agree with Rich, that stablecoins, if they continue to grow with as much support as they're getting for the administration, they're going to put considerable pressure on the established bank payment systems. I would think, and in some ways, I would hope, that the banks would respond to this challenge by saying, "Well, we need to do effectively what we did with checks." We went from paper checks to electronic checks and electronic clearing about 25 years ago. That was a major change but it didn't essentially transform the business of banking. It made it better and more efficient. Clearly, I think there's no reason why the payment system for banks can't work faster and better than it does, and I think tokenized deposits provide a very good vehicle to do that. The banks, I would say, have to develop these consortium or share distributed ledgers where they are essentially working off a common ledger with each other so they can clear deposit payments much more quickly and with less cost, as Rich says across borders as well as within the country.

I personally don't see an advantage for banks to go to stablecoins, because stablecoins still have two major problems in my opinion. One is there's a major scalability problems if you're talking about a public blockchain. Once you start talking about something that isn't a public blockchain, then it seems to me that the whole paradigm shifts and somebody is responsible. But on a public blockchain, the consensus mechanisms make it not so easy to transact a lot of volume very quickly. The more serious problem in my mind is exactly the one Rich mentioned, which is the immutability problem. Once you make a payment, a transaction on a public blockchain, it is virtually impossible to reverse it. I mean, it's not literally impossible, but I think for all practical purposes, one should assume that it's impossible to undo a transaction. How do you handle erroneous, fraudulent, mistaken transactions? I mean, there's litigation now ongoing on that very point involving Coinbase and Circle, although it's all based on state contract law.

I think even for banks that are moving toward instantaneous payments, they have to be concerned about, "Well, wait a minute, is there a fail-safe where we have some ability to sort of review transactions and make sure that they're not fraudulent, or mistaken, or erroneous before we execute them?" I mean, speed is nice, but speed can also kill, as we know, so I think there are some very interesting logistical challenges there. I agree with Rich, and we'll discuss this in item eight. For non-banks, stablecoins, I think, offer an unbelievable opportunity to get into the payments and deposit-taking business, and that is an enormous threat to the banking system, which we'll discuss in number eight. But I agree that for banks, if you don't want to get run over, it seems to me that tokenized deposits, moving toward distributed ledgers, shared ledgers, is going to be critical.

The last thing I would say is I also agree with Rich, that where you do see stablecoins growing outside the crypto ecosystem is in countries, Turkey, for example, that have high inflation, depreciated currencies, and not great access to bank payment transactions. I think those countries are going to react in their own ways. Will they allow dollar-linked stablecoins to become a huge part of their effective currency? That's going to be very interesting to see. I think you're already seeing in China, China is saying, "How do we prevent dollar-linked stablecoins from getting a foothold here?" I think you're going to see some sovereign action on do we allow dollar-linked stablecoins to become essentially an alternative currency where we know that they will eat away at our local currency and our local payment system. That's another set of challenges.

Alan Kaplinsky:

Okay. Rich, let's go back to you.

Richard Rosenthal:

I will hopefully make up some time for us, but I think it's important, just building on this conversation, what are the compliance issues or issues that will drive risks that the compliance reg risks finance teams need to deal with? I think it's helpful just to recap a few of those things, and also just pointing out some things that still need to be sorted. We haven't talked about the tax and accounting treatment of these things. Stablecoins are not cash equivalent right now. FASB and other accounting bodies are looking at whether they should be deemed cash equivalent. This would be a big deal because this would, I think, make it a lot easier for stablecoins to move and be recognized in books and records. It also has to get clarity on a tax perspective. Right now, stablecoins are treated as property, which makes it challenging for tax reporting for retail, corporate, and other people in the ecosystem.

I think, Art, you hit this about the... That the transactions or final people like disputing transaction, there's always fraudulent transactions. How do you deal with that? How do you deal with just... One of the big issues in these networks is sometimes you could be engaging with unhosted wallets where you don't know who the person is or the business is or you don't know who a validator is on the network, so kind of what is the AML regime around this? There is significant risks for people processing stablecoins, and are they processing bad money or terrorist money? There's a lot of work the industry needs to do to adopt an AML regime. A lot of the stablecoins are issued by smart contracts, and those contracts are vulnerable to take over our cyber vulnerabilities, so there's new cyber risks, there's new resiliency risks. I think, also, if you think about the stablecoin peg, at the core is managing the peg. Managing that coin, that $1, can be respected.

We've seen that peg be lost in multiple times over the years. The stablecoin issuer will have to manage that that dollar can be respected, so there will be some new counterparty risk. Stablecoins will fail, they will have issues, so when you're engaging with the stablecoin as a counterparty of that stablecoin, how do you look at that? For the issuer themselves, they are going to have to really spend some time on building the processes to manage that reserve. It is akin to managing a lot of treasurers, and investment managers that manage portfolios will have to develop that skillset. Bottom line, there's a lot of work for stablecoins to scale, to be appropriately managed. Frankly, I think not enough conversation right now in the industry on these issues. The Treasury Department did issue an RFI for information looking for some of these answers on topics like privacy, on fraud, on AML, because these are the next order of issues that we'll have to deal with.

I think for compliance professionals, when you take a step back, you're going to still need to deploy the safety and soundness frameworks that exist, the AML pillars, enhanced diligence, customer due diligence, SARS. There's no new AML pillars. They're all going to have to be adapted and leveraged. Same goes for risk professionals. How do you identify new risks? How do you identify new controls? How do you update your RCSA? How do you update your risk appetite? We can't forget the New York Department of Financial Services has a BitLicense regime and has a regulatory framework in place that I think the OCC will borrow heavily from. We see how that framework works. We see how the DFS is regulating issuers today, and I think that's a helpful playbook for people when they look at topics like cyber AML risk and compliance. I mean, what we spend a lot of time on even is just uplifting education across different functions.

What are the unique compliance risks? What are the unique cyber risks? Update your risk taxonomies. I think most importantly, when you just look at the approach or process to get going here, getting a cross-functional team together of compliance, risk, legal, the business. Educating, engaging, understanding these risks, working on the classic new product approval processes. I think, Art, you made that point where the statute is very vague on some of these things. I think we, as an industry, need to fill in those blanks together and try to find a meaningful target state and help the regulators understand some of these issues, because frankly, that's where the work is, and there's a lot of work to be done right now, but it starts with getting that cross-functional team together, laying out the different product and business model options, assessing and identifying unique risks, and use the tools and infrastructure that have been...

If you're a bank, you know those very well, the safety and soundness tools. If you're a non-bank, there will be some lift there, but that's kind of the process we're going through with firms, and being really kind of methodical about where do you want to play, and what do you think the outlook is, and how does this impact your business model, and is this an opportunity or a threat. The compliance piece, to me, is essential, because if we have pendulum swings, or the regulations, or the enforcement of this regulation changes in a couple years, you need to build a business model that can survive multiple pendulum swings, and very much still, I think for folks that are processing stablecoins, the buck's going to stop with you on topics like AML.

Alan Kaplinsky:

Thank you, Rich. Anyone want to comment on what Rich has had to say? I have one thing. [inaudible 00:32:45]. Let me ask a question. That is, it's a very general question, how involved do you think the White House is going to be in the rulemaking process? An earlier executive order issued by President Trump basically made it clear that he's in charge of all the regulators. He would say there is no such thing as an independent agency, he's in charge, and there is an EO that says that all proposed rules need to be run by the White House and approved. Same thing with the final rules. Do they have the expertise in the White House? I mean, you folks have portrayed today a very complex area, with complexities galore and a lot of uncertainty. Is there expertise in the White House to really handle that, or well, do you think in this instance, we'll say, "Oh, we'll let the regulators just do what they're going to do"?

Art Wilmarth:

No, I assume Treasury Secretary Bessent is going to drive this process. He's got a natural foothold through the OCC, so I presume that Treasury Secretary Bessent and the OCC will absolutely drive the rulemaking process. The Fed and the FDIC will be told to fall in line. I don't think the FDIC will have any resistance. You may have some resistance if the Fed, at least until Jerome Powell's term ends one way or the other. I think Vice Chair for Supervision, Bowman, will certainly be inclined to cooperate, so I think this will be a Treasury-driven process from beginning to end until as Rich says, until there's a really big change in the political context and political environment.

Alan Kaplinsky:

Does the Treasury have the expertise? Are there people that they've hired that are very conversant with stablecoin or crypto in general?

Art Wilmarth:

I would presume so, because this administration has been pro-crypto, all-in on crypto from the election until now. They've appointed a lot of digital asset so-called experts at least, so I would presume that they... They believe that they have the expertise. I don't know independently whether that is perfectly true, but I think they believe they have the expertise.

Alan Kaplinsky:

It's going to take a lot of education from outside too, I believe. [inaudible 00:35:37].

Art Wilmarth:

Yes. They're listening to the crypto industry extensively, obviously. The GENIUS Act was, to me, a wishlist for the crypto industry, and they got what they wished for. On topic eight, I don't want to lose it, because we've mentioned it briefly. There's no question that under the GENIUS Act, privately-held commercial companies, those that are not predominantly engaged in financial activities, can become stablecoin issuers. For example, Elon Musk's X Corp. could become a stablecoin issuer because it's privately held. X money already exists and he has certainly stated his interest in developing stablecoin as a payment instrument as part of their overall strategy, so I would expect X to move pretty quickly. The big question, which Rich teed up, is what about publicly-traded companies? Generally, it says that a publicly-traded company like Microsoft, Meta, Google, Amazon could not become a stablecoin issuer, but again, the Secretary of the Treasury has the authority to waive that restriction, if they decide that allowing one of these big tech companies to become a stablecoin issuer would not present undue risks to financial stability and would be in the national interest.

Now, it takes a unanimous vote of what's called the Stablecoin Certification Review Committee that consists of the Treasury secretary, the chair of the Fed, and the chair of the FDIC, or the chair of the Fed can designate the vice chair for supervision. Again, I would think that the Fed is not going to fall on its sword over this issue probably, and I could foresee big tech firms getting this kind of waiver from the Treasury Secretary and his colleagues. That would be transformational, because for the reasons Rich said, if Meta, Google, Apple, Amazon, all these companies can offer you what looks like a deposit product that has payment features, that allows them to get into huge portions of the banking business they've never occupied before. That would potentially transform I think both the power and influence of big tech, and it would be, I think, an existential threat to the banks. I think that that would be one of the major battlefields that will have to be fought.

Just in that connection, because we've mentioned it, this whole question of yield and reward. Right now, under the GENIUS Act, clearly, exchanges platforms that are not themselves issuing the stablecoins can issue all sorts of rewards and they do, and get 4% or more on Coinbase and Kraken, for example, for using Circle. Coinbase and Circle are business partners. I mean, they have a symbiotic relationship. They may not be affiliates in the classic sense but they are totally business partners, but there's nothing to stop Coinbase from continuing to pay rewards. The banking industry should have addressed that issue during the drafting of the GENIUS Act. Now they've awakened to it and now they're upset, but not clear to me that they can roll it back. But if you're a big tech firm and you can offer stablecoins with rewards, I think that's an enormous threat to the banking industry.

Richard Rosenthal:

Even, Art, not even offering rewards, like being an issuer directly, they could also co-brand, meaning an issuer can issue and then work out kind of revenue share on the backend, so I think your point's right though, the options are a lot for a non-bank company. I think that's why the important point you made, which is maybe a point we can land on, is this is kind of the battle for the hearts and minds of corporates and consumers, where they send money, where they open up wallets, how they move money. I mean, you have another threat here. You have another option, and so I think it's interesting to see the bank response to this, because in the same way, and not to go down a rabbit hole, private credit is attacking parts of this, who do people go to handle some of the core financial services? We're seeing a broadening of who can play, and I think that's an interesting tension to watch.

Art Wilmarth:

I just saw a question say, "What about subsidiaries of big tech firms?" The legislation would not allow a subsidiary or affiliate of a publicly-traded big tech firm to issue stablecoins. But again, there's this waiver authority, and as Rich has pointed out, there are all sorts of, shall we say, informal business partnerships and so on that can be worked out that don't require a subsidiary or an affiliate.

Alan Kaplinsky:

Okay. Well, thank you, Art. We have managed to cover a lot of territory in 90 minutes, so my thanks to Art, and Richard, and to Peter for doing a terrific job in explaining what this GENIUS Act is all about and both the opportunities and the risks.

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