



June 26, 2025

Dear Members of the U.S. House of Representatives:

Re: Request for Amendments to the GENIUS Act to Uphold the Integrity of the U.S. MSB Regulatory Framework

On behalf of the U.S. Money Services Business (MSB) industry, and in my official capacity as Chairman of the Federal Money Services Business Association (FedMSB), we write to respectfully urge the House to undertake a careful and considered review of the GENIUS Act as transmitted from the Senate, and to adopt essential amendments that will preserve the long-standing regulatory integrity of the MSB sector within the evolving stablecoin framework.

While the GENIUS Act appropriately seeks to establish a federal framework for payment stablecoins, it may inadvertently erode a foundational element of the U.S. financial regulatory system—namely, the federal–state dual oversight regime that governs Money Services Businesses (MSBs).

Innovation in financial markets is both welcome and essential. But it must not come at the expense of dismantling a long-standing supervisory structure that has safeguarded consumers and upheld anti-money laundering (AML) standards under MSB law for decades.

I. Stablecoins Are Institutional Continuations—Not Disruptions

Despite popular narratives portraying stablecoins as a transformative breakthrough in financial technology, their operational architecture closely mirrors historical monetary constructs—most notably, the gold standard and currency board regimes of the twentieth century.



What renders stablecoins viable and broadly accepted is not their novelty, but their institutional familiarity: fully reserved issuance, rule-bound redemption pathways, and value anchoring to sovereign currencies. These features do not signal a break from the past, but rather a technological transplantation of legacy monetary structures into digital infrastructure.

Stablecoins function not as a new monetary paradigm, but as a digitally reenacted expression of classical monetary discipline. Their regulatory treatment, accordingly, should not be based on exceptionality or conceptual novelty. Instead, they should be integrated as extensions of existing supervisory frameworks—not as parallel constructs divorced from established legal and institutional foundations.

For a more detailed analysis, please refer to [Appendix A](#): “*Stablecoins Are Not Innovation—They Are the Digital Echo of Classical Monetary Regimes.*”

II. The GENIUS Act Must Affirm MSB Applicability for Non-Bank Stablecoin Issuers

As currently drafted, the GENIUS Act introduces a new federal licensing framework for stablecoin issuers. While its policy goals are well-intentioned, the Act fails to explicitly affirm that the issuance and redemption of payment stablecoins by non-bank entities constitutes a regulated money transmission activity under existing law—namely, the Bank Secrecy Act (BSA) and its implementing rules governing Money Services Businesses (MSBs).

This omission is not merely technical. Without corrective amendments, the Act may result in the following risks:

- Preempt or displace valid state-issued Money Transmitter Licenses (MTLs);
- Undermine FinCEN’s primary authority over anti-money laundering (AML) compliance in the stablecoin sector;
- Create duplicative, conflicting, or politically variable oversight channels;



– Enable regulatory arbitrage, or worse, invite centralized discretion subject to partisan influence.

In alignment with FedMSB’s official policy position published on June 17, 2025, we therefore urge Congress to adopt the following Four Clarifications as statutory language within the Act. The full FedMSB position paper is attached to this letter as Appendix B for reference.

1. Affirm that payment stablecoin issuance by non-bank entities constitutes money transmission under 31 CFR §1010.100(ff), and is therefore subject to full MSB registration and compliance obligations under federal and state law.

2. Redefine payment stablecoins as “digital payment instruments”—not as digital assets—so as to prevent misclassification, regulatory confusion, or arbitrage across financial statutes.

3. Reinforce FinCEN’s exclusive AML authority over all stablecoin-related activity, including obligations for suspicious activity reporting, recordkeeping, and programmatic internal controls under the BSA.

4. Preserve the legal force and operational validity of state-issued MTLs, ensuring they remain applicable and enforceable for stablecoin businesses, without preemption by a federal license.

Given the foundational role of the MSB framework in the U.S. financial system, we respectfully submit that these clarifications are not optional refinements—but necessary legislative safeguards to ensure regulatory coherence, consumer protection, and AML continuity.

III. Structural Risks of Regulatory Centralization and Political Influence

Absent explicit protections for the existing MSB framework, the GENIUS Act risks concentrating regulatory authority in a manner that may:



- Displace the well-established federal–state AML oversight network jointly administered by FinCEN and state regulators;
- Create duplicative or conflicting licensing regimes, increasing compliance burdens—particularly for smaller, law-abiding market participants;
- Entrust a single federal agency, namely the Office of the Comptroller of the Currency (OCC), with discretionary licensing powers that are vulnerable to political influence and selective enforcement, thereby jeopardizing the neutrality of financial oversight.

We note with concern that the OCC operates under the U.S. Department of the Treasury and is subject to executive direction. Given the financial interests of certain political families in the stablecoin space, the Act’s discretionary licensing structure may generate the perception of regulatory favoritism unless appropriate safeguards are codified.

Within the MSB industry in U.S., concerns have been raised about the concentration of discretionary licensing power in a single federal agency, particularly given the growing involvement of politically connected entities in the stablecoin ecosystem.

Without enforceable firewalls to separate policymaking from private gain, there is a significant risk that public regulatory authority could be converted into a vehicle for preferential access or charter arbitrage.

Oversight of dollar-linked monetary instruments must remain institutionally neutral, politically independent, and procedurally transparent. Anything less would compromise both domestic trust and international credibility in the U.S. payments regime.

IV. Proposed Legislative Amendments and Technical Clarifications

To preserve institutional balance and regulatory coherence, we recommend that the House adopt the following legislative amendments during its deliberation of the GENIUS Act. These amendments target the definitions, supervisory authorities, and licensing provisions of the bill:



1. Affirm MSB Status for Non-Bank Issuers

Amend Section 2 of the GENIUS Act to explicitly recognize that non-bank entities engaging in payment stablecoin issuance and redemption fall within the scope of 31 CFR §1010.100(ff), and must register and comply as MSBs under both federal and state law.

2. Codify FinCEN’s Primary AML Authority

Reinforce FinCEN’s exclusive jurisdiction over AML supervision, including BSA compliance, suspicious activity reporting, and recordkeeping requirements for all stablecoin-related activity—regardless of federal licensing status.

3. Preserve State-Issued Money Transmitter Licenses (MTLs)

Insert statutory language clarifying that nothing in this Act shall be construed to invalidate, override, or preempt valid state-issued MTLs for stablecoin operations. The dual oversight regime remains vital to consumer protection and decentralized risk management.

4. Clarify Legal Classification as “Digital Payment Instrument”

Replace references to “digital asset” with the more functionally accurate term “digital payment instrument” in all relevant definitions and provisions.

While technically narrow, this revision has significant regulatory consequences—preventing regulatory misclassification, promoting definitional clarity, and ensuring alignment with legacy payment law.

For a detailed analysis, please refer to [Appendix C](#): “Technical Amendment Recommendation on the Definition of ‘Payment Stablecoin’ in the GENIUS Act.”

FedMSB stands ready to assist Congressional offices and legislative counsel with drafting language, providing expert testimony, and participating in relevant hearings or committee briefings to support the implementation of these critical amendments.

V. Conclusion: Compliance and Innovation Are Not Opposed—Institutional Continuity Is the Anchor of Stability

The path forward for payment stablecoins is not one of deregulation, but of institutional modernization. The GENIUS Act, in both its spirit and structure, should seek not to



displace the existing compliance architecture, but to extend it meaningfully into the digital realm.

The MSB industry fully supports the modernization of digital finance. But modernization must rest upon the legal foundations that have for decades safeguarded consumers, upheld AML integrity, and ensured fair access to financial services.

Accordingly, the GENIUS Act must not become a conduit for federal preemption, supervisory fragmentation, or politicized centralization. Instead, it should integrate stablecoins into the existing MSB-based supervisory framework, which reflects the strength of the federal–state regulatory partnership.

Given the constitutional implications of displacing established state licensing regimes without explicit statutory justification, the Act—if passed in its current form—would almost certainly invite judicial challenge.

Legislative precision and statutory clarity are therefore not just matters of policy soundness, but of constitutional necessity.

We respectfully urge the House to adopt the amendments set forth herein, and to engage constructively with FedMSB and other relevant stakeholders. Only by affirming legal continuity and regulatory pluralism can we ensure that the stablecoin ecosystem remains compliant, competitive, resilient, and fair—both in principle and in practice.

Yours sincerely,

Federal Money Services Business Association (FedMSB)

Please Find the Following Appendices Attached For Reference.



- **Appendix A**

Stablecoins Are Not Innovation

— They Are the Digital Echo of Classical Monetary Regimes

Available under the **Industry Insight** section at <https://fedmsb.org/letter>

- **Appendix B**

U.S. MSB Industry Policy Position on the GENIUS Act (S.1582)

Available under the **Policy Position** section at <https://fedmsb.org/letter>

- **Appendix C**

Technical Amendment Recommendation on the Definition of 'Payment Stablecoin' in the GENIUS Act

Available under the **Stablecoin** section at <https://fedmsb.org/letter>