

POLICY POSITION PAPER

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



FedMSB

Executive Summary

This paper presents the unified position of the Federal Money Services Business Association (FedMSB) on the regulatory treatment of payment stablecoins under S.1582 — the GENIUS Act. The paper asserts four foundational clarifications necessary to preserve the integrity of the MSB framework, ensure AML continuity, and avoid regulatory fragmentation as Congress constructs a new licensing regime for payment stablecoin issuance.

The FedMSB closely monitors federal regulatory and policy developments, including statements from the Executive Office of the President, to ensure alignment with government priorities and constructive industry engagement. At the same time, FedMSB expresses concern that excessive regulatory centralization, risks of political patronage, and preemption of established state–federal oversight balances may undermine the long-term stability and innovation of the payment's ecosystem.

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1. Introduction

1.1 Background: GENIUS Act and its policy trajectory

The GENIUS Act (S.1582) introduces the first dedicated federal licensing framework for payment stablecoins, defining new obligations for both bank and non-bank issuers. Having passed cloture in the Senate, it now advances toward House consideration.

1.2 The role of MSBs in the U.S. financial infrastructure

Money Services Businesses (MSBs) are the backbone of non-bank payment systems, enabling critical domestic and cross-border remittance, foreign exchange, and digital asset services. MSBs operate under dual licensure, supervised by both FinCEN and state authorities.

1.3 Objective and structure of this position paper

This document affirms FedMSB's position that any stablecoin regulatory regime must integrate, not displace, the MSB framework. It provides concrete clarifications, proposes statutory amendments, and maps a coordinated engagement strategy with Congress and regulators.

2. The “Four Clarifications”: Core Industry Policy Anchors

2.1 Payment stablecoin issuers must be recognized as MSBs

Non-bank payment stablecoin issuers performing money transmission must be classified as MSBs under 31 CFR §1010.100(ff), with full AML program obligations.

2.2 Stablecoins must be defined as “Payment Instrument,” not “Digital Asset”

Labeling stablecoins as digital assets risks regulatory arbitrage and misalignment. As instruments pegged to legal tender and used for settlement, they must be treated as payment instruments.

2.3 FinCEN must retain AML authority over stablecoin activities

Stablecoin-related financial activity must remain under FinCEN’s AML jurisdiction, ensuring SAR reporting, recordkeeping, and program requirements continue under the Bank Secrecy Act.

2.4 State-issued Money Transmitter Licenses must remain applicable

States must not be preempted in licensing oversight. GENIUS should explicitly recognize the continued validity of Money Transmitter Licenses (MTLs) for stablecoin operations.

3. Risks of Structural Displacement

3.1 Undermining the federal–state MSB regime

Replacing existing MSB registration with a new OCC-led licensing pathway risks dismantling proven regulatory mechanisms developed by FinCEN and the states.

3.2 Redundant and conflicting licensing regimes

The bill risks imposing parallel federal and state requirements without harmonization, creating inefficiencies and compliance uncertainties for issuers.

3.3 Fragmented AML supervision

Multiple regulators may pursue overlapping or inconsistent AML enforcement. This jeopardizes BSA integrity and undermines FinCEN’s centralized role.

3.4 Unintended consequences of over-centralization and politicized licensing pathways

A single federal gatekeeper—especially one subject to political influence—could enable regulatory favoritism, limit innovation, and crowd out smaller players.

4. Proposed Amendments and Clarifying Language for S.1582

4.1 Textual additions to define MSB jurisdiction

Amend Section 2 to affirm that nonbank stablecoin issuers are subject to the definitions and obligations applicable to MSBs under federal law.

4.2 Reinforcing FinCEN's authority within the GENIUS framework

Insert language reaffirming FinCEN's primacy in AML oversight, even for federally licensed stablecoin entities.

4.3 Avoiding federal preemption of state-level licensing

Clarify that nothing in the Act shall be construed to nullify or override state licensing regimes, including MTLs for digital assets and stablecoin activities.

5. State-Level Regulatory Continuity and Engagement

5.1 Legal status and resilience of state MTLs

Money Transmitter Licenses (MTLs) remain foundational tools for consumer protection and prudential supervision, particularly for digital payment services and wallets.

5.2 Preserving dual licensing in the digital payment's era

A dual system encourages regulatory innovation and provides institutional resilience by avoiding central points of failure.

5.3 Coordination with CSBS and leading state regulatory agencies

FedMSB supports structured inter-agency dialogues to define consistent supervisory standards and avoid duplicative burdens.

5.4 Proposed joint engagements and inter-agency dialogue structure

FedMSB recommends forming a joint working group of Treasury, OCC, FinCEN, and Conference of State Bank Supervisors (CSBS) to oversee the implementation of any stablecoin-related licensing harmonization.

6. Legislative and Congressional Engagement Strategy

6.1 Senate Engagement: Ensuring MSB Integration and Regulatory Coherence

Engage members of the Senate Banking Committee to advocate that Money Services Businesses (MSBs) are explicitly and equitably integrated into legislative language.

6.2 House Financial Services Committee engagement

Prioritize House Committee on Financial Services leadership and relevant subcommittees ahead of markup processes.

6.3 Committee-level participation and witness strategy

Prepare expert testimony representing MSB concerns in hearings on digital asset and payment legislation.

6.4 Coordination with Treasury, Federal Reserve, OCC, and FinCEN

Align with relevant offices to ensure the FedMSB perspective is reflected in formal comment and guidance processes.

6.5 Monitoring amendments and positioning MSB priorities in markups

Track House amendments closely, inserting language where necessary to affirm MSB jurisdiction and AML continuity.

7. Federal Oversight and Political Influence Risks

7.1 Concerns regarding political patronage in OCC licensing practices

The OCC, unlike independent regulators such as the Federal Reserve or FinCEN, resides directly within the Department of the Treasury and is subject to executive influence. This makes it more vulnerable to political favoritism or selective enforcement.

7.2 Potential for regulatory capture and preferential approvals

Without appropriate safeguards, the OCC-led regime could enable influence-peddling, where politically connected entities receive expedited or favorable licensing outcomes.

7.3 Specific mention: Conflict of interest risks within the Trump family network

Emerging evidence suggests that members of the Trump family—both through direct corporate initiatives and indirect financial engagements—have entered the stablecoin and broader crypto-asset market. Facts indicate that not only is the Trump Organization exploring the launch of its own branded stablecoin, but also that certain family-affiliated entities maintain financial or advisory relationships with existing stablecoin ventures and infrastructure providers.

✂ Given President Trump's position, oversight structures must be protected from potential conflicts of interest, particularly in OCC-related approvals.

8. Conclusion and Strategic Call to Action

8.1 FedMSB's unified message to Congress and regulators


Stablecoin policy must enhance, not undermine, the robust federal–state MSB oversight regime. Fragmentation will compromise AML standards and market stability.

8.2 Protecting regulatory pluralism and innovation

A centralized regime should not come at the expense of proven state-based experimentation and industry diversity. Dual Licensure remains a core strength.

8.3 Immediate next steps for engagement, publication, and alliance-building


FedMSB will publish this policy position paper on June 17, 2025, and will immediately initiate a coordinated outreach effort targeting members of the U.S. House of Representatives, key regulatory agencies, and aligned industry associations. The objective is to advance a unified policy dialogue asserting that stablecoin issuers—particularly those operating as dollar-backed payment instruments—should be explicitly recognized as a subclass within the federal MSB (Money Services Business) framework.

 This classification is essential to ensuring regulatory consistency, preserving state-federal supervisory balance, and preventing charter arbitrage under emerging digital asset legislation. Strategic partnerships and joint briefings will be pursued to strengthen alignment around this position across the broader financial services policy community.

About FedMSB

The Federal Money Services Business Association (FedMSB) is a nonprofit trade association dedicated to advancing the next-generation MSB 2.0 architecture. As a 501(c)(6) standard-setter and strategic convener, FedMSB supports the development of regulatory frameworks, technical infrastructure, and collaborative ecosystems to elevate trust, transparency, and innovation across the MSB industry.

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