



July 14, 2025

The Honorable Mike Johnson  
Speaker  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Hakeem Jeffries  
House Minority Leader  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable John Thune  
Majority Leader  
United States Senate  
Washington, D.C. 20510

The Honorable Chuck Schumer  
Democratic Leader  
United States Senate  
Washington, D.C. 20510

The Honorable French Hill  
Chairman  
Committee on Financial Services  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Maxine Waters  
Ranking Member  
Committee on Financial Services  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Tim Scott  
Chairman  
Committee on Banking, Housing & Urban Affairs  
United States Senate  
Washington, D.C. 20510

The Honorable Elizabeth Warren  
Ranking Member  
Committee on Banking, Housing & Urban Affairs  
United States Senate  
Washington, D.C. 20510

Dear Speaker Johnson, Leader Jeffries, Majority Leader Thune, Democratic Leader Schumer, Chairman Hill, Ranking Member Waters, Chairman Scott, and Ranking Member Warren:

The Conference of State Bank Supervisors<sup>1</sup> (CSBS) supports the development of a clear, national framework for the regulation of stablecoins. Significant improvements to the GENIUS Act have been made through numerous drafts and during committee and Senate floor consideration, and the House will soon make additional changes in the CLARITY Act. Despite these positive changes, critical amendments are still needed to create a durable framework for stablecoins in the United States, protect consumers, and preserve the integrity of the dual banking system.

We encourage Congress to address these crucial changes as it considers the CLARITY Act and similar legislation designed to reform the regulatory environment for the digital asset marketplace.

- **Preemption for State Uninsured Depositories (Section 16(d))**: Section 16(d) of the GENIUS Act would allow any state-chartered uninsured bank with a payment stablecoin subsidiary to engage in *any* money transmission or custody activities *nationwide* “through” the subsidiary. As a result, the *uninsured parent* would have unfettered authority to bypass host state oversight of traditional money transmission and custody activities. This unprecedented erosion of long-standing host state authority to license and supervise traditional financial activities — wholly unrelated to stablecoins — would weaken vital consumer safeguards, invite regulatory

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<sup>1</sup> CSBS is the nationwide organization of state banking and financial regulators from all 50 states, the District of Columbia, and U.S. territories.



arbitrage, and introduce needless financial stability risks. This section is also completely unnecessary for a nationwide stablecoin framework, as payment stablecoin issuers would already be authorized by the GENIUS Act to operate nationwide for specified stablecoin-related activities. There is simply no justification for this sweeping preemption of state authority.

- **Preemption of State Authority Over State-Chartered Bank Subsidiaries (Section 5(h))**: Section 5(h) would prevent state-banking regulators from vetting proposals to establish payment stablecoin issuer subsidiaries of state-chartered banks. States, as the chartering authority and primary prudential regulator of the parent bank, must retain the authority to approve or deny proposals to establish any payment stablecoin subsidiary that could threaten the safety and soundness of the state-chartered parent bank.
- **Application of State Consumer Financial Protection Law to Payment Stablecoin Issuers (Section 7(f) & Section 4(b)(1))**: As currently drafted, the language of the GENIUS Act creates some uncertainty regarding the applicability of state consumer protection laws to payment stablecoin issuers. To fully effectuate the intent behind Section 7(f), Section 4(b)(1) should be amended to clarify that state consumer protection laws apply to Federal Qualified Payment Stablecoin Issuers and are not preempted.

As you consider the CLARITY Act and other digital asset legislation, we urge Congress to make these essential remaining corrections to the GENIUS Act.

Sincerely,

Brandon Milhorn  
President and CEO

cc: Members of the U.S. House of Representatives  
Members of the United States Senate