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Legislative Update

What the GENIUS Act Means for UK and Foreign Stablecoin Issuers

By [Arun Srivastava](#) and [Lisa E. Rubin](#)

Stablecoins are commanding increasing attention from global regulators. While the U.K. is moving steadily toward a clearer regulatory framework, the U.S. is advancing federal legislation that could reshape how foreign stablecoin issuers access the U.S. market.

For U.K.-based legal and compliance professionals, navigating developments in the U.S. can be challenging, particularly given the dual-track legislative process involving competing proposals from the U.S. Senate and House of Representatives. That said, recent progress signals a shift away from the uncertainty of regulation-by-enforcement toward a more formal regulatory structure. In this client alert, we provide a high-level overview of the two key U.S. proposals, the GENIUS Act and the STABLE Act, with a particular focus on what they mean for non-U.S. issuers looking to engage with the U.S. market.

The GENIUS Act v. the STABLE Act

On June 17, the Senate passed the GENIUS Act ([S.1582](#)) overwhelmingly with a bipartisan [vote of 68 to 30](#), marking a significant step forward in advancing stablecoin legislation in the U.S. The GENIUS Act establishes a regulatory framework for payment stablecoins, defined as digital asset coins designed for payment and listed by a stablecoin issuer that maintains the coin will hold a stable value relative to a fixed amount of monetary value.

The legislation now heads to the House of Representatives, where the House Financial Services Committee [has been focused](#) on its [own version of stablecoin legislation](#), the STABLE Act ([H.R. 2392](#)). The STABLE Act passed out of the House Financial Services Committee earlier this year but has not been considered on the House floor. On June 18, [the president urged](#) the House to pass the GENIUS Act without any changes to the legislative text as soon as possible so he can sign it into law.

While the GENIUS Act and the STABLE Act are substantially aligned in establishing a regulatory framework for payment stablecoins, key differences remain, including in their treatment of foreign issuers.

UK and Other Foreign Issuers

For U.K. and other non-U.S. stablecoin issuers, the key question is whether the new legislation will present regulatory barriers to accessing the U.S. market; specifically, whether a state or federal license will be required to issue stablecoins in the U.S.

Both the GENIUS Act and the STABLE Act contain limited exceptions from their general prohibitions on the issuance and distribution of payment stablecoins by foreign issuers. These exceptions permit foreign stablecoins to be offered in the U.S. under certain conditions, including where the U.S. Treasury determines that the issuer is subject to a comparable regulatory regime and the issuer agrees to U.S. oversight.

However, the GENIUS Act imposes more stringent requirements than the STABLE Act in certain circumstances. In addition to the Treasury's comparability determination, the GENIUS Act requires recommendations from other federal banking regulators. These additional conditions are likely to make U.S. market access more complex for U.K.-based or other non-U.S. issuers, particularly those not already operating through a U.S.-regulated entity.

STABLE Act	GENIUS Act
<p>Exception from General Prohibition. Foreign issuers may issue stablecoins in the U.S., and custodial intermediaries may offer or sell their payment stablecoin, if the foreign issuer:</p> <ul style="list-style-type: none"> (i) Is subject to a regulatory regime that the Treasury determines is comparable to the requirements under the STABLE Act; and (ii) Consents to reporting and examination requirements as determined by the Office of the Comptroller of the Currency (OCC) or the Federal Reserve Board. Sec. 3(b)(2). 	<p>Exception from General Prohibition. Foreign issuers may issue stablecoins in the U.S., and digital asset service providers may offer or sell their payment stablecoin, if the foreign issuer:</p> <ul style="list-style-type: none"> (i) Is subject to regulation and supervision by a foreign regulator that the Treasury determines is comparable to the regulatory and supervisory regime under the GENIUS Act, and only upon the recommendation from each other member of the Stablecoin Certification Review Committee; (ii) Is registered with the OCC; (iii) Holds reserves in a U.S. financial institution sufficient to meet liquidity demands of U.S. customers; and (iv) The foreign jurisdiction in which the issuer is based is not subject to comprehensive economic sanctions. Sec. 18(a).

While both the United Kingdom and the European Union have moved to regulate fiat-backed stablecoins, neither jurisdiction's current regime is directly comparable to the U.S. GENIUS Act. The GENIUS Act establishes a regulatory framework tailored specifically to payment stablecoins, with a dual-track system allowing for either federal or qualifying state-level oversight.

In contrast, the U.K. is yet to introduce a comprehensive framework for the regulation of payment stablecoins. The U.K. Treasury is presently consulting on changes to the U.K. regulatory perimeter to bring stablecoin issuers within the full-blown financial services regulatory system (see the draft Financial Services and Markets Act 2000 (Regulated Activities and Miscellaneous Provisions) (Cryptoassets) Order 2025). In addition, the Financial Conduct Authority (FCA) is consulting through its CP 25/14 on new rules for the regulation of stablecoins and their custody (see Consultation Paper 25/14: Stablecoin issuance and cryptoasset custody). These developments might move the U.K. regulatory environment toward the standards of the proposed U.S. legislation, but at the present time the current anti-money laundering and e-money rules that apply to stablecoins in the U.K. are unlikely to be regarded as comparable to the U.S. rules.

The EU's Markets in Crypto-Assets Regulation (MiCA), effective from June 2024 for stablecoins, provides a unified licensing regime for stablecoin issuers across Member States, but its focus is broader, covering a wide range of crypto-assets and imposing more rigid authorization, governance and reserve requirements. Stablecoins are more formally defined in the MiCA as "asset-referenced tokens" (ARTs) or "e-money tokens," broadly cryptoassets that purport to maintain a stable value by referencing another value such as an official currency (or basket thereof).

Neither the U.K. nor the EU offers a direct analogue to the GENIUS Act's state opt-in structure or its emphasis on aligning payment stablecoin regulation with traditional banking oversight.

Difference Between the GENIUS Act and the STABLE Act

While the GENIUS Act and the STABLE Act are broadly aligned in their aim of establishing a regulatory framework for payment stablecoins, they diverge in several key areas, particularly with respect to issuer eligibility, treatment of state-regulated entities and oversight mechanisms.

- State Certification. One of the most significant distinctions is that the GENIUS Act introduces a dual-track framework that permits certain smaller issuers, those with less than \$10 billion in consolidated outstanding stablecoin issuance, to opt into a state-level regulatory regime, provided that regime is certified as "substantially similar" to the federal framework. Certification under the GENIUS Act requires a unanimous determination by a new Stablecoin Certification Review Committee, composed of the Treasury, the Federal Reserve and the FDIC. In contrast, the STABLE Act does not impose a size threshold for state-regulated issuers and requires only the Treasury to certify that a state's regime meets or exceeds federal standards before a state-approved issuer may operate.
- Transition to Federal Oversight. The GENIUS Act also imposes transition obligations: Once a state-qualified issuer exceeds the \$10 billion cap, it must either transition to the federal regime within 360 days or obtain a waiver from federal regulators to remain under state supervision. This waiver may be granted based on factors such as the issuer's capitalization, regulatory history and the strength of the state framework.
- Restrictions on Publicly Traded Non-Financial Companies. Another key difference lies in the treatment of non-financial firms. The GENIUS Act generally prohibits public companies not predominantly engaged in financial activities from issuing stablecoins unless granted an exception by unanimous vote of the Stablecoin Certification Review Committee. The STABLE Act contains no such restriction, potentially allowing a broader range of corporate entities to participate in stablecoin issuance, provided they meet other licensing and regulatory requirements.

While it remains to be seen whether the GENIUS and STABLE acts will ultimately be reconciled or incorporated into broader digital asset market structure legislation such as the CLARITY Act, the GENIUS Act, having passed the Senate with strong bipartisan support, currently appears to be a legislative vehicle of interest.

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If you have any questions concerning these developing issues, please do not hesitate to contact any of the following Paul Hastings lawyers:

London

Nina Moffatt
+44-20-3023-5248
ninamoffatt@paulhastings.com

Arun Srivastava
+44-20-3023-5230
arunsrivastava@paulhastings.com

Bhavesh Panchal
+44-20-3023-5148
bhaveshpanchal@paulhastings.com

Samantha Wood
+44-20-3023-5234
samanthawood@paulhastings.com

David Wormley
+44-20-3321-1032
davidwormley@paulhastings.com

San Francisco

Lisa E. Rubin
+1-415-856-7027
lisarubin@paulhastings.com

Paul Hastings LLP

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