SPONSOR: Sen. Mantzavinos & Sen. Pettyjohn & Rep. Bush & Rep. Spiegelman
Reps. Carson, D. Short

DELAWARE STATE SENATE
153rd GENERAL ASSEMBLY

SENATE SUBSTITUTE NO. 2
FOR
SENATE BILL NO. 19
AS AMENDED BY
HOUSE AMENDMENT NO. 2

AN ACT TO AMEND TITLE 5 OF THE DELAWARE CODE RELATING TO STABLECOINS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE (Two-thirds of all members elected to each house thereof concurring therein):

Section 1. Amend Title 5 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

Chapter 35. Delaware Payment Stablecoins Act

Subchapter I. General Provisions

§ 3501. Short title.

This chapter may be cited as the "Delaware Payment Stablecoins Act."

§ 3502. Legislative findings and purpose.

(a) The General Assembly finds all of the following:

(1) Payment stablecoins are digital assets designed to maintain a stable value relative to a fixed monetary amount and are increasingly used for payment and settlement purposes in domestic and international commerce.

(2) The federal Guiding and Establishing National Innovation for U.S. Stablecoins Act, Pub. L. 119-27, 12 U.S.C. § 5901 et seq. (the "GENIUS Act"), enacted July 18, 2025, establishes a national framework permitting state-qualified payment stablecoin issuers to operate under state regulatory regimes that are substantially similar to the federal framework, subject to certification by the Stablecoin Certification Review Committee.

(3) Delaware, as a leader in financial regulation and corporate law, has a compelling interest in establishing a payment stablecoin regulatory framework that is competitive, protective of consumers, and consistent with the federal framework so that Delaware-chartered entities may qualify as state-qualified payment stablecoin issuers under the GENIUS Act.

SD : JH : ALW : 0111530126
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Released: 06/24/2026 04:34 PM

(4) A unified, clear state licensing regime prevents regulatory arbitrage, protects Delaware residents from fraud and insolvency, and ensures that payment stablecoin issuers operating in this State maintain adequate reserves and sound risk management practices.

(b) The purpose of this chapter is to achieve all of the following:

(1) Establish a licensing and regulatory framework for payment stablecoin issuers and establish a voluntary registration safe harbor for digital asset service providers that elect to obtain a Delaware regulatory relationship.

(2) Adopt definitions and standards substantially similar to those in the GENIUS Act and the Office of the Comptroller of the Currency's implementing regulations, as amended from time to time .

(3) Provide for strong preemption of inconsistent local laws and ordinances .

(4) Protect Delaware residents through robust reserve, capital, anti-money laundering, data privacy, and consumer disclosure requirements .

(5) Authorize and direct the State Bank Commissioner to promulgate regulations implementing this chapter with maximum flexibility to align with evolving federal standards.

§ 3503. Definitions.

As used in this chapter:

(1) “Affiliate” means as defined under § 101 of this title.

(2) “Bank Secrecy Act” means as defined in all of the following, with any amendments to the following provisions:

a. Section 21 of the Federal Deposit Insurance Act, 12 U.S.C. § 1829b.

b. Chapter 2 of Title I of Public Law 91-508, 12 U.S.C. § 1951 et seq.

c. Subchapter II of Chapter 53 of Title 31, United States Code, and notes thereto, 31 U.S.C. § 5311 et seq.

(3) “Board of Directors” means a permitted payment stablecoin issuer's or applicant's board of directors, or the group of individuals that serve the nearest equivalent function of acting as the governing body of the issuer or applicant, without regard to the specific title of such body.

(4) “Commissioner” means the State Bank Commissioner.

(5) “Control” means the following:

a. With respect to an entity, any of the following:

1. The power, directly or indirectly, to direct the management or policies of the entity, whether through ownership of voting securities, by contract, or otherwise.

2. The power to vote 10% or more of any class of voting securities of the entity.

b. With respect to a digital asset, the unilateral power to execute or prevent the transfer of the asset, including through any of the following:

1. Sole possession of the private keys or cryptographic credentials necessary to authorize a transaction.

2. Possession of a threshold of credentials in a multi-signature arrangement sufficient to authorize or block a transaction.

3. The ability to modify or override the smart contract or protocol governing the asset to affect its transfer.

c. "Control" does not include a person's participation in any of the following:

1. Processing, validating, or relaying digital asset transactions on behalf of another.

2. Providing software, hardware, or infrastructure used to manage cryptographic keys without independent discretion to move assets.

3. Serving as a co-signer in a multi-signature arrangement where the person's keys alone are insufficient to reach the signing threshold.

4. Holding credentials in a custodial or administrative capacity solely at the direction of the owner.

d. "Control" does not mean a person's relationship to a digital asset where that relationship is governed by a federal securities custody regime, including requirements under the Investment Company Act of 1940, 15 U.S.C. § 80a-1 et seq. and the Investment Advisers Act of 1940 § 80b-1 et seq.

(6) "Customer" means a person that purchases, through any consideration, the products or services of another person.

(7) "Digital asset" means any digital representation of value that is recorded on a cryptographically secured distributed ledger.

(8) a. "Digital asset service provider" means a person that engages in the business in this State, or on behalf of customers or users in this State, of any of the following:

1. Exchanging digital assets for monetary value.

2. Exchanging digital assets for other digital assets.

3. Transferring digital assets to a third party.

4. Acting as a digital asset custodian.

5. Participating in financial services relating to digital asset issuance.

b. “Digital asset service provider” does not include any of the following:

1. A distributed ledger protocol.

2. An immutable and self-custodial software interface.

3. A person solely by virtue of that person's developing, operating, or engaging in the business of developing distributed ledger protocols or self-custodial software interfaces.

4. A person solely by virtue of that person's developing, operating, or engaging in the business of validating transactions or operating a distributed ledger.

5. A person solely by virtue of that person's participating in a liquidity pool or other similar mechanism for the provisioning of liquidity for peer-to-peer transactions.

(9) “Digital wallet” means a software program or hardware device that stores and manages the private keys associated with a particular unit of a digital asset.

(10) “Director” means an individual who serves on the Board of Directors of a permitted payment stablecoin issuer or applicant, except an advisory director who does not have the authority to vote on matters before the board of directors or any committee of the board of directors and who provides solely general policy advice to the board of directors or any committee.

(11) “Distributed ledger" means technology in which data is shared across a network that creates a public digital ledger of verified transactions or information among network participants and cryptography is used to link the data to maintain the integrity of the public digital ledger and execute other functions.

(12) “Distributed ledger protocol” means publicly available and accessible executable software deployed to a distributed ledger, including smart contracts or networks of smart contracts.

(13) “Eligible financial institution” means any of the following:

a. A person who is any of the following:

1. Eligible to hold reserve assets in custody pursuant to the standards set forth in § 3527 of this title and applicable regulations promulgated by the Commissioner.

2. Complies with the reserve asset custody requirements of § 3527 of this title.

3. Has entered into a custody agreement with a permitted payment stablecoin issuer documenting compliance with the requirements of § 3527 of this title, as applicable.

b. A Federal Reserve Bank.

(14) "Executive officer" means the president, chair of the board of directors, chief executive officer, chief operating officer, chief financial officer, chief investment officer, chief risk officer, chief technology officer, and Bank Secrecy Act compliance officer of a permitted payment stablecoin issuer. "Executive officer" includes any individual serving in the functional capacity of any listed title or its equivalent, without regard to title, salary, or compensation.

(15) "Fair value" means fair value as determined under generally accepted accounting principles as used in the United States.

(16) "Family" means as defined in § 901 of Title 10.

(17) "Federal qualified payment stablecoin issuer" means an entity that has been approved by the Office of the Comptroller of the Currency to issue payment stablecoins pursuant to the GENIUS Act, 12 U.S.C. § 5904.

(18) "Foreign payment stablecoin issuer" means an issuer of a payment stablecoin that is all of the following:

a. Organized under the laws of or domiciled in a foreign country or a territory of the United States.

b. Not a permitted payment stablecoin issuer as defined in 12 U.S.C. § 5901(23).

(19) "GAAP" means generally accepted accounting principles as used in the United States.

(20) "Insider" means a principal shareholder, an executive officer, a director, or a related interest of, or a family member of any of these persons.

(21) "Institution-affiliated party" with respect to a permitted payment stablecoin issuer, means any director, officer, employee, or controlling stockholder of the permitted payment stablecoin issuer.

(22) "Insured credit union" has the meaning given to that term in § 101 of the Federal Credit Union Act, 12 U.S.C. § 1752.

(23) "Insured depository institution" has the meaning given under § 796 of this title, provided that the term includes an insured credit union.

(24) "Lawful order" means any final and valid writ, process, order, rule, decree, command, or other requirement issued or promulgated under federal or state law, issued by a court of competent jurisdiction or by an authorized government agency pursuant to its statutory authority, that does all of the following:

a. Requires a person to seize, freeze, burn, or prevent the transfer of payment stablecoins issued by the person.

b. Specifies the payment stablecoins or accounts subject to blocking with reasonable particularity.

c. Is subject to judicial or administrative review or appeal as provided by law.

(25) "Monetary value" means a national currency or deposit as that term is defined in § 3 of the Federal Deposit Insurance Act, 12 U.S.C. § 1813(l) denominated in a national currency.

(26) "National currency" means any of the following:

a. A Federal Reserve note as that term is used in the first undesignated paragraph of § 16 of the Federal Reserve Act, 12 U.S.C. § 411.

b. Money standing to the credit of an account with a Federal Reserve Bank.

c. Money issued by a foreign central bank.

d. Money issued by an intergovernmental organization pursuant to an agreement by two or more governments.

(27) "Nonbank entity" means a person that is not a depository institution or subsidiary of a depository institution.

(28) a. "Nonpublic personal information" means any of the following:

1. Information provided by a customer to a permitted payment stablecoin issuer to obtain a financial product or service.

2. Information about a customer resulting from any transaction involving a financial product or service between the permitted payment stablecoin issuer and a customer.

3. Information otherwise obtained by the permitted payment stablecoin issuer in connection with providing a financial product or service to a customer.

b. "Nonpublic personal information" does not include publicly available information, unless, when combined with other information, it would reveal the identity of a customer or enable access to the customer's account.

(29) "Offer" means to make available for purchase, sale, or exchange.

(30) "Outstanding issuance value" means the total consolidated par value of all of a payment stablecoin issuer's payment stablecoins for which the issuer is obligated to convert, redeem, or repurchase for a fixed amount of monetary value, as of any given date.

(31) a. "Payment stablecoin" means a digital asset that is used as a means of payment or settlement and the issuer of the digital asset does any of the following:

1. Is obligated to convert, redeem, or repurchase for a fixed amount of monetary value, not including a digital asset denominated in a fixed amount of monetary value.

2. Represents that the issuer will maintain, or creates the reasonable expectation that it will maintain, a stable value relative to the value of a fixed amount of monetary value.

b. "Payment stablecoin" does not include a digital asset that is any of the following:

1. A national currency.

2. A deposit as defined in § 3 of the Federal Deposit Insurance Act, 12 U.S.C. § 1813, including a deposit recorded using distributed ledger technology.

3. A security, as defined in § 2 of the Securities Act of 1933, 15 U.S.C. § 77b, § 3 of the Securities Exchange Act of 1934, 15 U.S.C. § 78c, § 2 of the Investment Company Act of 1940, 15 U.S.C. § 80a-2, or the Delaware Securities Act under Chapter 73 of Title 6, provided that no bond, note, evidence of indebtedness, or investment contract issued by a permitted payment stablecoin issuer shall qualify as a security solely by virtue of satisfying the conditions under subsection (a) of this section, consistent with § 17 of the GENIUS Act, 12 U.S.C. § 5916.

(32) "Payment stablecoin issuer" means a person that creates, issues, or redeems payment stablecoins and is obligated to provide redemption on demand at par in United States dollars or an equivalent value to the holder.

(33) "Permitted payment stablecoin issuer" means a person licensed or otherwise approved under this chapter or applicable federal law to issue payment stablecoins, including any of the following:

a. A state-qualified payment stablecoin issuer licensed under § 3511 of this title.

b. A subsidiary of an insured depository institution approved to issue payment stablecoins pursuant to 12 U.S.C. § 5904.

c. A federal qualified payment stablecoin issuer approved pursuant to 12 U.S.C. § 5904.

(34) "Person" means as that term is defined under § 101 of this title.

(35) "Registered public accounting firm" means any of the following:

a. A firm as that term is defined under the Sarbanes-Oxley Act of 2002, 15 U.S.C. § 7201.

b. A certified public accounting firm licensed to practice in this State under Chapter 1 of Title 24 that meets the peer review and quality control standards established by the Delaware Board of Accountancy.

(36) "Reserve assets" means the assets a permitted payment stablecoin issuer is required to maintain pursuant to § 3521 of this title.

(37) "Resident" means a person, as defined in § 132 of Title 8, who is any of the following:

a. Is domiciled in this State.

b. Is physically located in this State for more than 183 days of the previous 365 days.

c. Has a principal place of business in this State.

(38) "Self-custodial wallet" means a software or hardware mechanism that enables a person to store, transfer, and interact with digital assets using a private cryptographic key or combination of keys exclusively controlled by that person and not by any third-party intermediary.

(39) "State-qualified payment stablecoin issuer" means an entity licensed under § 3511 of this title.

(40) "Sub-custodian" means a person that provides custody and safekeeping services to a permitted payment stablecoin issuer or covered custodian, including through a digital wallet for which such person controls the associated private keys, with respect to covered assets of a customer for which the permitted payment stablecoin issuer or covered custodian otherwise serves as custodian under § 3527 of this title.

(41) "Subsidiary" means as that term is defined under § 101 of this title.

(42) "Tokenized deposit" means a digital asset representing a deposit liability of an insured depository institution that is recorded on a distributed ledger and constitutes a demand deposit or similar obligation of the issuing institution. A tokenized deposit is not a payment stablecoin for purposes of this chapter.

Subchapter II. Scope and Exemptions

§ 3506. Scope.

(a) This chapter applies to any person engaged in the business of any of the following:

(1) Issuing a payment stablecoin to or on behalf of a resident of this State .

(2) Acting as a digital asset service provider with or on behalf of a resident of this State, to the extent that the person elects to register under § 3518 of this title or is subject to the consumer protection provisions of § 3535 of this title.

(3) Providing custody services for payment stablecoin reserve assets on behalf of a permitted payment stablecoin issuer licensed under this chapter, unless exempt under § 3507 of this title.

(b) A person engages in the issuance of a payment stablecoin in this State if the payment stablecoin is offered, sold, or made available to residents of this State, regardless of the physical location of the issuer.

§ 3507. Exemptions.

(a) The following persons are exempt from the licensing requirements of Subchapter III of this chapter:

(1) The United States, any state, any political subdivision of a state, or any agency or instrumentality of the foregoing .

(2) A federal qualified payment stablecoin issuer regulated and supervised exclusively by the Office of the Comptroller of the Currency pursuant to 12 U.S.C. § 5903(b)(1), with respect to its payment stablecoin issuance activities.

(3) A subsidiary of an insured depository institution that has been approved by the appropriate federal banking agency to issue payment stablecoins pursuant to 12 U.S.C. § 5904.

(4) A person engaged in money transmission that holds a license under Chapter 23 of this title, provided that such person may elect to register as a digital asset service provider under § 3518 of this title.

(5) An attorney, to the extent of providing escrow services to a resident.

(6) A title insurance company, to the extent of providing escrow services.

(7) A person whose total value of payment stablecoin issuance activity with or on behalf of residents, measured in United States dollars, does not exceed $5,000 in the aggregate on an annual basis, provided that the Commissioner may adjust this threshold by regulation not less frequently than every 3 years to reflect changes in the dollar value of regulated digital assets or other relevant economic factors.

(8) A person that develops, publishes, distributes, or maintains software, including self-custodial wallet software, solely to enable users to interact with distributed ledger systems, provided the person has no unilateral control over any user's digital assets.

(9) A person exempt from licensure under applicable federal law or by order of the Commissioner.

(b) The following transactions are exempt from the licensing requirements of Subchapter II of this chapter:

(1) The direct transfer of digital assets between 2 individuals acting on their own behalf and for their own lawful purposes, without the involvement of an intermediary.

(2) To any transaction involving the receipt of digital assets by an individual between an account owned by the individual in the United States and an account owned by the individual abroad that are offered by the same parent company.

(3) To any transaction by means of a software or hardware wallet that facilitates an individual’s own custody of digital assets.

§ 3508. Restriction on payment stablecoin issuance by non-financial public companies.

(a) A public company, or a wholly or majority-owned subsidiary or affiliate of a public company, that is not predominantly engaged in 1 or more financial activities, as described in § 4(k) of the Bank Holding Company Act of 1956,

12 U.S.C. § 1843(k), including activities permissible for permitted payment stablecoin issuers and digital asset service providers under the GENIUS Act, may not issue a payment stablecoin in this State or to or on behalf of a resident of this State unless the Stablecoin Certification Review Committee established under the GENIUS Act, 12 U.S.C. § 5901(27), has approved such issuance by unanimous vote in accordance with § 4(a)(12) of the GENIUS Act, 12 U.S.C. § 5903(a)(12).

(b) The prohibition in subsection (a) of this section applies equally to a company that is not domiciled in the United States or its territories and that is not predominantly engaged in 1 or more financial activities as described in subsection (a) of this section.

(c) For purposes of this section, whether a company is "predominantly engaged in 1 or more financial activities" shall be determined in accordance with the standards established by the Stablecoin Certification Review Committee pursuant to § 4(a)(12)(D) of the GENIUS Act, 12 U.S.C. § 5903(a)(12)(D), or, in the absence of such standards, by the Commissioner by regulation, applying the standards applicable to financial holding companies under § 4(k) of the Bank Holding Company Act of 1956, 12 U.S.C. § 1843(k).

(d) The Commissioner may not issue a license under § 3511 of this title to an applicant subject to the prohibition in subsection (a) of this section unless the applicant has obtained the unanimous vote of the Stablecoin Certification Review Committee finding all of the following:

(1) The applicant will not pose a material risk to the safety and soundness of the United States banking system, the financial stability of the United States, or the Deposit Insurance Fund.

(2) The applicant will comply with the data use limitations applicable to permitted payment stablecoin issuers under § 4(a)(12)(B) of the GENIUS Act, 12 U.S.C. § 5903(a)(12)(B).

(3) Any other findings required by the Stablecoin Certification Review Committee pursuant to § 4(a)(12) of the GENIUS Act, 12 U.S.C. § 5903(a)(12).

(e) A permitted payment stablecoin issuer that is a public company, or a wholly or majority-owned subsidiary or affiliate of a public company, that is not predominantly engaged in 1 or more financial activities as described in subsection (a) of this section shall comply with the data use limitations established under § 4(a)(12)(B) of the GENIUS Act, 12 U.S.C. § 5903(a)(12)(B), and any implementing regulations promulgated by the Stablecoin Certification Review Committee.

(f) The Commissioner shall promulgate regulations implementing this section, which shall be consistent with the standards and interpretive rules issued by the Stablecoin Certification Review Committee pursuant to § 4(a)(12)(D) of the GENIUS Act, 12 U.S.C. § 5903(a)(12)(D).

Subchapter III. Licensing; Digital Asset Service Provider Registration

§ 3511. License required.

(a) Unless exempt under § 3507 of this title, a person may no t issue a payment stablecoin to or on behalf of a resident.

(b) The Commissioner shall issue a Payment Stablecoin Issuer License, for persons who issue payment stablecoins.

(c) Each category of license shall be subject only to requirements proportionate to the risks presented by the activities conducted thereunder.

(d) The Commissioner, by regulation, may create subcategories of licenses within each category established by this section to reflect material differences in the nature, volume, or risk of regulated activities.

§ 3512. Application for license.

(a) An application for a license under this chapter must do all of the following:

(1) Be made in a form and medium prescribed by the Commissioner.

(2) Include the following information:

a. The legal name of the applicant, each current or proposed business address, and any fictitious or trade name used or planned for use in this State.

b. The legal name, any former or fictitious name, and the residential and business address of each executive officer, director, and any person that has control of the applicant.

c. A description of the applicant's current and former business for the five years preceding the application, including its products and services, website addresses, projected user base, and specific marketing targets.

d. A list of each money-service or money-transmitter licenses the applicant holds in another state, the date each expires, and any disciplinary history in any other jurisdiction.

e. A list of any criminal conviction, deferred prosecution agreement, or pending criminal proceeding in any jurisdiction against the applicant, any executive officer, any director, any responsible individual, and any person with control over or under the applicant.

f. The source and sufficiency of funds to conduct regulated activity in compliance with § 3522 of this title.

g. Whether the applicant is registered with the Financial Crimes Enforcement Network as a money services business.

h. A description of the applicant's following information:

1. Custody structure, including segregation or omnibus custody.

2. Private key management and security architecture.

3. Reserve asset composition, verification methodology, and custodians.

4. Redemption procedures and policies.

5. Anti-money laundering and sanctions compliance program.

6. Business continuity and disaster recovery plans specific to digital asset operations.

i. A set of fingerprints for each executive officer and director.

j. Cybersecurity and smart contract audit by a qualified independent auditor.

k. Any other information as the Commissioner requires by regulation.

(3) Be accompanied by a nonrefundable application fee in an amount established by the Commissioner by regulation.

(4) Be accompanied by evidence that the applicant has or will have, upon issuance of the license, the minimum net worth and reserve assets required under § 3522 of this title.

(b) For good cause, the Commissioner may waive a requirement of subsection (a) of this section or permit an applicant to submit other information in lieu of a required item.

(c) An application is not complete until the Commissioner has received all required information and completed its investigation under subsection (d) of this section.

(d) Upon receipt of a complete application, the Commissioner shall investigate any of the following:

(1) The financial condition and responsibility of the applicant.

(2) The relevant financial and business experience, character, and general fitness of the applicant.

(3) The competence, experience, character, and general fitness of each executive officer, director, and any person with control of the applicant.

(e) Not later than 120 days after an application is complete, the Commissioner shall notify the applicant of the Commissioner's decision to approve, conditionally approve, or deny the application. If the Commissioner does not act within 120 days of the completed application, the application is deemed denied, except the Commissioner may extend this period by an additional 60 days upon written notice to the applicant for good cause shown. An applicant whose application is deemed denied under this subsection may immediately resubmit the application, which must be treated as a new complete application for purposes of this subsection.

(f) An applicant shall pay the reasonable costs of the Commissioner's investigation under this section.

(g) A license takes effect on the later of the following:

(1) The date the Commissioner issues the license.

(2) The date the licensed person provides the security required by § 3522 of this title.

§ 3513. Reciprocal recognition.

(a) An applicant licensed in another state is eligible for a license in this State without full duplicative review, if all of the following conditions are satisfied:

(1) The applicant holds a valid license in good standing from the other state.

(2) The applicant submits a registration in the form required by the Commissioner, along with evidence of the applicant's out-of-state licensure.

(b) A license issued under this section does not require the applicant to establish a separate legal entity in this State.

§ 3514. [Reserved.]

§ 3515. Transition of state-qualified issuers exceeding the $10 billion threshold.

(a) If the outstanding issuance value of a state-qualified payment stablecoin issuer exceeds $10,000,000,000 during any consecutive 12-month period, the issuer shall notify the Commissioner within 10 business days of such exceedance.

(b) Within 360 days after the date that the outstanding issuance value of a state-qualified payment stablecoin issuer exceeds $10,000,000,000, the issuer shall do one of the following:

(1) Apply for and obtain approval from the appropriate federal regulator to issue payment stablecoins as a permitted payment stablecoin issuer under the GENIUS Act.

(2) Reduce its outstanding issuance value below $10,000,000,000.

(c) During the transition period described in subsection (b), the issuer's license under this chapter remains in effect, subject to continued compliance with all requirements of this chapter.

(d) The Commissioner shall promulgate regulations implementing the transition requirements of this section, which may include provisions permitting the Commissioner to coordinate with the applicable federal regulator during the transition period.

§ 3516. Voluntary election by federal qualified payment stablecoin issuer to convert to Delaware state qualification.

(a) A federal qualified payment stablecoin issuer that is a nonbank entity under the exclusive jurisdiction of the Office of the Comptroller of the Currency pursuant to 12 U.S.C. § 5903(b)(1) may apply to the Commissioner for a payment stablecoin issuer license under § 3511 of this title and, upon obtaining the license and completing the federal exit process described in subsection (d) of this section, operate as a Delaware state-qualified payment stablecoin issuer subject to all requirements of this chapter.

(b) An applicant under this section is eligible to apply only if, at the time of application, all of the following conditions are met:

(1) The applicant's outstanding issuance value does not exceed $10,000,000,000, calculated pursuant to § 3503(30) of this title.

(2) The applicant is not subject to any pending or outstanding cease-and-desist order, consent order, formal enforcement action, or supervisory agreement with the Office of the Comptroller of the Currency or any other federal or state financial regulatory authority, unless the Commissioner determines in a written finding that the nature of the outstanding supervisory matter does not present a material risk to Delaware payment stablecoin holders.

(3) The applicant is legally established under the laws of this State or another state and, if established under the laws of another state, is qualified to do business in Delaware under applicable Delaware law as of the anticipated date of license issuance.

(4) The applicant's reserve assets are in compliance with § 3521 of this title as of the application date, as demonstrated by the most recent monthly reserve report and registered public accounting firm examination submitted to the Office of the Comptroller of the Currency.

(5) The applicant has provided written notice to the Office of the Comptroller of the Currency of its intent to seek Delaware state qualification and has obtained one of the following:

a. Written no-objection or approval from the Office of the Comptroller of the Currency acknowledging the applicant's intent to voluntarily surrender its federal qualified status upon Delaware licensure.

b. Evidence satisfactory to the Commissioner that the applicable OCC federal license surrender procedures have been formally initiated and that no regulatory or legal impediment to surrender is known to exist.

(c) An application under this section must satisfy all requirements of § 3512 of this title and must also include all of the following:

(1) The applicant's complete federal application history with the Office of the Comptroller of the Currency, including the most recent examination report or examination summary transmitted to the applicant by the OCC, to the extent disclosure is authorized by the OCC.

(2) A written certification by the applicant's chief executive officer and chief financial officer attesting that, as of the certification date, all of the following conditions are met:

a. Reserve assets satisfy the requirements of § 3521 of this title.

b. No pending or threatened federal or state enforcement action exists that has not been disclosed pursuant to § 3512 of this title.

c. Outstanding issuance value does not exceed $10,000,000,000.

(3) A transition plan describing in reasonable detail all of the following:

a. The applicant's plan to formally surrender its federal qualified status concurrently with or immediately upon the effective date of the Delaware conditional license issued under subsection (d) of this section, including the anticipated timing and sequencing of each federal exit step.

b. Any operational changes required to conform to this chapter that are not already required by OCC implementing regulations, and the timeline for achieving compliance.

c. The applicant's plan for ensuring continuity of payment stablecoin issuance and redemption operations throughout the conversion period without interruption to existing holders.

d. The applicant's plan for notifying existing payment stablecoin holders of the regulatory transition, including the anticipated timeline, any operational impacts, and holder rights under this chapter.

(4) The OCC written no-objection or approval described in paragraph (b)(5)a. of this section, or, if paragraph (b)(5)b. of this section applies, evidence satisfactory to the Commissioner that applicable federal surrender procedures have been initiated.

(5) Any additional information as the Commissioner requires by regulation.

(d) The following sequencing provisions apply to ensure compliance with the exclusive jurisdiction requirement of 12 U.S.C. § 5903(b)(1):

(1) Upon approving an application under this section, the Commissioner shall issue a conditional license that does the following:

a. Takes effect and confers full Delaware state-qualified payment stablecoin issuer status on the date the applicant provides the Commissioner with written evidence satisfactory to the Commissioner that the applicant's federal qualified payment stablecoin issuer status under 12 U.S.C. § 5901(11) has been voluntarily surrendered, rescinded, or otherwise terminated by the Office of the Comptroller of the Currency.

b. Is subject to automatic revocation, without further hearing, if the applicant fails to complete the federal exit process and satisfy the condition of paragraph (d)(1)a. of this section within 365 days after the date the Commissioner issues the conditional license.

(2) During the period between issuance of a conditional license and its effectiveness under paragraph (d)(1)a. of this section, the applicant must do all of the following:

a. Remain a federal qualified payment stablecoin issuer subject to exclusive OCC jurisdiction and is not subject to examination or enforcement by the Commissioner with respect to payment stablecoin issuance activities.

b. Promptly notify the Commissioner in writing of any material change in financial condition, any new enforcement action commenced by any regulator, or any other development that would affect the applicant's eligibility under this section.

(3) On the date the conditional license becomes effective under paragraph (d)(1)a. of this section, and not before, all of the following applies:

a. The applicant becomes a Delaware state-qualified payment stablecoin issuer subject to all requirements of this chapter, including examination and enforcement by the Commissioner under Subchapter IX of this chapter.

b. The applicant shall file with the Commissioner, within 30 days, the first monthly reserve report required by § 3526(a) of this title for the period following the effective date.

c. The applicant's payment stablecoin issuer license issued under this chapter becomes unconditional and subject to annual renewal pursuant to applicable regulations.

(e) Notwithstanding the standard 120-day review period under § 3512(e) of this title, the Commissioner shall act on a completed application under this section within 90 days of the date the application is deemed complete. The Commissioner may extend the review period by an additional 45 days upon written notice to the applicant for good cause shown.

(f) The Commissioner shall, by regulation under § 3566(a)(12) of this title, establish a reduced application fee for applicants under this section that reflects the reduced investigative burden applicable to applicants that have already been approved and examined as federal qualified payment stablecoin issuers.

(g) During the period between submission of an application under this section and the effective date of the conditional license under paragraph (d)(1)a. of this section, all of the following applies:

(1) The applicant shall maintain reserve assets in compliance with § 3521 of this title and with applicable OCC implementing regulations.

(2) The applicant may not materially alter its payment stablecoin issuance, reserve management, or redemption practices without prior written notice to the Commissioner.

(3) Payment stablecoin holders shall retain all rights and remedies available under the GENIUS Act, applicable federal law, and Delaware consumer protection law.

(h) Nothing in this section may be construed to limit, reduce, or otherwise affect the authority of the Office of the Comptroller of the Currency over an applicant during the period between submission of an application under this section and the effective date of the conditional license pursuant to paragraph (d)(1)a. of this section. The Office of the Comptroller of the Currency remains the exclusive primary federal payment stablecoin regulator of the applicant during that period for all purposes under 12 U.S.C. § 5903(b)(1), including examination, enforcement, and supervisory authority over payment stablecoin issuance.

(i) The Commissioner shall promulgate regulations under § 3566(a)(12) of this title implementing this section, which shall address, at a minimum:

(1) Application procedures and forms.

(2) Form and content requirements for the transition plan required by paragraph (c)(3) of this section.

(3) Holder notification content and timing requirements under paragraph (c)(3)d. of this section.

(4) Criteria for the Commissioner's written findings regarding outstanding enforcement actions under paragraph (b)(2) of this section.

(5) Form and content of evidence of OCC exit satisfactory to the Commissioner under paragraph (d)(1)a. of this section.

(6) Reduced application fee schedule under subsection (f) of this section.

(7) Coordination procedures with the Office of the Comptroller of the Currency during the conversion process, consistent with the information-sharing arrangement under § 3567 of this title.

(j) Beginning 1 year after the first license is issued under this section, and annually thereafter, the Commissioner shall include in the Commissioner's annual report to the Governor and the General Assembly a summary of: applications received, approved, and denied under this section in the preceding year; aggregate outstanding issuance value of issuers that have converted to Delaware state qualification; OCC coordination activities related to federal-to-state conversions; and any recommendations for legislative or regulatory changes to improve the conversion process.

§ 3517. Change in control of permitted payment stablecoin issuers.

(a) A person who proposes, directly or indirectly, to acquire control of a permitted payment stablecoin issuer licensed under this chapter shall provide written notice to the Commissioner not less than 60 days before the proposed acquisition. For purposes of this section, there is a rebuttable presumption of control if, after the proposed transaction, a person would beneficially own 10% or more of the voting securities of the permitted payment stablecoin issuer.

(b) The Commissioner shall, upon receipt of a complete notice under subsection (a) of this section, review the proposed acquisition using the fitness and character standards of § 3536 of this title applicable to initial licensing. The Commissioner may do any of the following:

(1) Approve the proposed acquisition.

(2) Conditionally approve the proposed acquisition subject to conditions designed to address fitness or safety concerns.

(3) Disapprove the proposed acquisition if the Commissioner determines in a written finding that the proposed acquiror does not satisfy the fitness standards of § 3536 of this title, or that the proposed acquisition poses material risks to the safety and soundness of the permitted payment stablecoin issuer or to payment stablecoin holders.

(c) A proposed acquisition of control may proceed unless the Commissioner disapproves it within 60 days of receipt of a complete notice under subsection (a) of this section. The Commissioner may extend the review period by an additional 30 days upon written notice to the proposed acquiror for good cause shown. If the Commissioner does not act within the applicable review period, the proposed acquisition is deemed not disapproved.

(d) If a person acquires control of a permitted payment stablecoin issuer without providing prior notice as required by subsection (a) of this section, the Commissioner may, on an emergency basis and without prior hearing, suspend the issuer's license pending completion of a fitness review under subsection (b) of this section. Any emergency suspension under this subsection is subject to prompt post-deprivation hearing consistent with § 3552(c) of this title. The Commissioner shall also require the acquiror to provide, within 15 business days of the acquisition of control, all information required by subsection (a) of this section as if the notice had been timely filed.

(e) The Commissioner shall promulgate regulations implementing this section, which must, at a minimum:

(1) Form and content of pre-acquisition notices.

(2) Standards for determining when a person has or will have beneficial ownership of 10% or more of voting securities for purposes of subsection (a) of this section.

(3) Criteria for the Commissioner's written findings under paragraph (b)(3) of this section.

(4) Procedures for expedited review when a proposed acquisition is accompanied by full fitness documentation under § 3512 of this title.

(f) This section does not apply to any of the following:

(1) Acquisitions of control that are subject to the jurisdiction of the Board of Governors of the Federal Reserve System under the Bank Holding Company Act, 12 U.S.C. § 1841 et seq., or the Change in Bank Control Act, 12 U.S.C. § 1817(j).

(2) Acquisitions of control of a federal qualified payment stablecoin issuer, which remains exclusively subject to OCC oversight under 12 U.S.C. § 5903(b)(1).

§ 3518. Voluntary digital asset service provider registration.

(a) A person that engages in the business of acting as a digital asset service provider in this State, or on behalf of customers or users in this State, may register with the Commissioner under this section. Registration under this section is voluntary and no person is required to register as a condition of conducting digital asset service provider activity in this State.

(b) A person registered under this section:

(1) Is recognized as a Delaware-registered digital asset service provider for purposes of any interstate reciprocity program or multistate compact established by the Commissioner pursuant to § 3513 of this title.

(2) May represent to customers and counterparties that it is registered with the Delaware State Bank Commissioner as a digital asset service provider.

(3) Is eligible for the safe harbor against local licensing requirements established by § 3541(b) of this title.

(4) Is eligible for expedited review of any subsequent application for a payment stablecoin issuer license under § 3511 of this title, reflecting the Commissioner's familiarity with the registrant's operations and compliance program.

(c) An application for registration under this section must include all of the following:

(1) The registrant's legal name, principal place of business, and any fictitious or trade name used in this State.

(2) A description of the digital asset service provider activities conducted in this State.

(3) A description of the registrant's anti-money laundering and sanctions compliance program, to the extent required by the Bank Secrecy Act and applicable FinCEN regulations.

(4) A list of each money-services or money-transmitter license the registrant holds in another state.

(5) Any other information as the Commissioner requires by regulation.

(d) A registrant under this section shall do all of the following:

(1) Notify the Commissioner within 30 days of any material change in the information provided under subsection (c) of this section.

(2) Renew its registration annually, accompanied by a registration fee established by the Commissioner by regulation.

(3) Cooperate with any inquiry by the Commissioner relating to consumer complaints filed by Delaware residents against the registrant.

(e) Registration under this section does not subject a registrant to examination, enforcement action, or substantive regulation by the Commissioner with respect to digital asset service provider activities, except as follows:

(1) The Commissioner may receive and investigate consumer complaints from Delaware residents relating to registered digital asset service providers.

(2) The Commissioner may share registration information and complaint records with the financial regulatory authorities of other states and with federal financial regulators.

(3) The Commissioner may by regulation establish minimum disclosure standards applicable to registered digital asset service providers with respect to fees, terms of service, and consumer rights, provided that such standards do not constitute a comprehensive examination or supervision regime.

(f) The Commissioner may revoke a registration under this section upon a finding, following notice and opportunity to be heard, that the registrant has knowingly made a material misrepresentation in its registration filing or renewal, or has been subject to a final enforcement action by a federal financial regulatory authority.

(g) The Commissioner shall promulgate regulations implementing this section, establishing at a minimum the form and content of registration filings, renewal procedures, consumer disclosure standards under paragraph (e)(3) of this section, and registration fee schedules.

Subchapter IV. Standards for Payment Stablecoin Issuance

§ 3521. Reserve requirements.

(a) A permitted payment stablecoin issuer shall at all times maintain identifiable reserve assets backing the issuer's outstanding payment stablecoins on at least a 1-to-1 basis by fair value. Reserve assets must consist only of the following:

(1) United States coins and currency, including Federal Reserve notes, or money standing to the credit of an account with a Federal Reserve Bank.

(2) Funds held as demand deposits or other deposits that may be withdrawn upon request at any time, or insured shares, at an insured depository institution, subject to any limitations imposed by the Commissioner by regulation to address safety and soundness risks.

(3) United States Treasury bills, notes, or bonds that are any of the following:

a. Have a remaining maturity of 93 days or less.

b. Were issued with a maturity of 93 days or less.

(4) Money received under repurchase agreements with the permitted payment stablecoin issuer acting as a seller of securities and with an overnight maturity, that are backed by United States Treasury bills with a maturity of 93 days or less.

(5) Reverse repurchase agreements with the permitted payment stablecoin issuer acting as a purchaser of securities and with an overnight maturity, collateralized by United States Treasury notes, bills, or bonds on an overnight basis, subject to overcollateralization in line with standard market terms, that are any of the following:

a. Tri-party.

b. Centrally cleared through a clearing agency registered with the Securities and Exchange Commission.

c. Bilateral with a counterparty that the issuer has determined to be adequately creditworthy.

(6) Securities issued by an investment company registered under the Investment Company Act of 1940, or other registered government money market funds, that are invested solely in underlying assets described in paragraphs (a)(1) through (a)(5) of this subsection.

(7) Any other similarly liquid assets approved in writing by the Commissioner, including any reserve described in paragraphs (a)(1) through (a)(6) of this subsection in tokenized form, if the tokenized reserves comply with all applicable laws and regulations.

(b) Reserve assets required under subsection (a) of this section may not be pledged, rehypothecated, or reused by the permitted payment stablecoin issuer, either directly or indirectly, except under the following circumstances:

(1) To satisfy margin obligations in connection with permitted investments under paragraphs (a)(4) and (a)(5) of this section.

(2) To satisfy obligations associated with the use, receipt, or provision of standard custodial services.

(3) To create liquidity to meet reasonable expectations of requests to redeem payment stablecoins, such that reserve assets in the form of United States Treasury bills may be sold as purchased securities for repurchase

agreements with a maturity of 93 days or less, provided that the Commissioner has approved such activity or the repurchase agreements are cleared by a clearing agency registered with the Securities and Exchange Commission.

(c) Reserve assets must be held with eligible financial institutions. A permitted payment stablecoin issuer shall enter into a written custody agreement with each eligible financial institution holding its reserve assets, documenting that institution's compliance with the requirements of § 3527 of this title.

(d) The Commissioner shall promulgate regulations establishing the following:

(1) Concentration limits on the percentage of reserve assets that may be held at any single eligible financial institution, to reduce systemic risk; provided that such regulations must include a safe harbor under which an issuer is deemed to satisfy the concentration requirement if it maintains no more than 40% of its reserve assets at any one eligible financial institution.

(2) Liquidity standards requiring that a permitted payment stablecoin issuer maintain minimum percentages of its required reserve assets in immediately available form, which standards shall be principles-based and tailored to the business model and risk profile of the issuer, and which may include a safe harbor substantially similar to those set forth in OCC final regulations, as amended from time to time.

(e) If at any time a permitted payment stablecoin issuer's reserve assets fall below the minimum required by subsection (a) of this section, the issuer is subject to all of the following:

(1) The issuer must notify the Commissioner through the Commissioner's designated supervisory office on the same business day on which the issuer becomes aware, or reasonably should have become aware, that its reserve assets have fallen below the required minimum.

(2) The issuer is prohibited from issuing new payment stablecoins until its reserve assets are restored to the required minimum under subsection (a), except that the issuer may issue payment stablecoins solely as necessary to facilitate the transfer of existing payment stablecoins from one distributed ledger to another, provided that such transactions do not increase the net outstanding issuance value.

(f) If the issuer fails to restore its reserve assets to the required minimum within 15 consecutive business days after the deficiency first arose, the issuer must do all of the following:

(1) Immediately commence an orderly liquidation of reserve assets and redemption of all outstanding payment stablecoins in a manner consistent with § 3523 of this title and with regulations promulgated by the Commissioner.

(2) Discontinue any fee to a holder for the redemption of payment stablecoins at any time during the liquidation period.

(g) The Commissioner may extend the 15-consecutive-business-day period under subsection (f) of this section by written order for good cause shown, including where the Commissioner determines that the issuer has submitted a credible remediation plan with a reasonable timeline for attaining compliance. Notwithstanding the foregoing, if the Commissioner determines at any time that a permitted payment stablecoin issuer faces a significant risk of being unable to attain compliance with subsection (a) of this section within a reasonable period, the Commissioner may order the issuer to initiate orderly redemption of all outstanding payment stablecoins. The Commissioner's authority under this paragraph does not limit the Commissioner's authority to pursue other enforcement measures under Subchapter IX of this chapter.

§ 3522. Capital and net worth requirements.

(a) A permitted payment stablecoin issuer shall maintain minimum capital sufficient to ensure its ongoing operations. The Commissioner shall promulgate regulations establishing the following:

(1) A minimum fixed capital requirement for de novo permitted payment stablecoin issuers, which must not be less than $5,000,000.

(2) A minimum ongoing capital requirement equal to not less than 12 months of the issuer's projected operating expenses.

(3) Any additional capital requirements the Commissioner determines are appropriate based on the issuer's risk profile, business model, outstanding issuance value, or other relevant factors.

(b) The Commissioner may, by regulation or order, require a state-qualified payment stablecoin issuer to maintain capital buffers above the minimum requirements of subsection (a) of this section if the Commissioner determines that additional capital is necessary to ensure the ongoing operations of the issuer, having regard to the issuer's business model and risk profile.

(c) The Commissioner's capital requirements under this section shall do the following:

(1) Be tailored to the business model and risk profile of permitted payment stablecoin issuers.

(2) Not exceed requirements that are sufficient to ensure the ongoing operations of the issuer.

(3) Align, to the extent practicable, with capital requirements established by the primary federal payment stablecoin regulators for federal qualified payment stablecoin issuers, to maintain the substantial similarity necessary for GENIUS Act certification.

§ 3523. Redemption policy; disclosures.

(a) A permitted payment stablecoin issuer shall publicly disclose its redemption policy, which must do all of the following:

(1) Establish clear and conspicuous procedures for timely redemption of outstanding payment stablecoins.

(2) Specify any conditions, limitations, or fees associated with redemption, provided that:

a. Fees may only be changed upon not less than 7 days prior notice to holders.

b. Any discretionary suspension of redemptions may only be imposed by order of the Commissioner under § 3555 of this title, by order of the Board of Governors of the Federal Reserve System, or by a court of competent jurisdiction.

(3) Establish the following mandatory timing standards:

a. Require the issuer to complete any requested redemption not later than 2 business days following the date of the requested redemption, except as otherwise provided in paragraphs (a)(4) and (a)(5) of this section.

b. Prohibit the permitted payment stablecoin issuer from unilaterally limiting, suspending, or otherwise delaying redemptions for any reason in the absence of an order described in paragraph (a)(2)b. of this section.

c. Require the permitted payment stablecoin issuer to honor any redemption request for a whole number of payment stablecoins not less than 1, subject to applicable customer identification and onboarding requirements established by regulation.

(4) If a permitted payment stablecoin issuer faces redemption demands in excess of 10% of its outstanding issuance value in a single 24-hour period, the period for timely redemption under paragraph (a)(3)a. of this section is immediately extended to 7 calendar days by operation of this paragraph with respect to all redemption requests outstanding at the time the 10% threshold is met and all subsequent redemption requests. The issuer must notify the Commissioner within 24 hours of the time at which the 10% threshold is met. The Commissioner may, in the Commissioner's discretion, permit the issuer to resume normal 2-business-day redemption prior to the expiration of the 7 calendar-day period upon a finding that the issuer has the ability to redeem in an orderly and fair manner. This extended period is non-discretionary and operates by statute upon the occurrence of the trigger event.

(5) The required redemption policy disclosure must be posted in a clear and conspicuous manner on the issuer's publicly accessible website and must include a statement consistent with paragraph (a)(3) of this section explaining the mandatory timing standards and the limited circumstances under which redemptions may be delayed.

(b) The Commissioner may, by written order, extend or modify the redemption period applicable to a permitted payment stablecoin issuer beyond the periods specified in this subsection in the event of an extraordinary market disruption,

systemic liquidity crisis, material cybersecurity incident, or other emergency conditions posing imminent risk of harm to payment stablecoin holders or the financial system. Any order under this subsection must specify the duration and conditions of any extension and is subject to review under § 3555 of this title.

(c) A permitted payment stablecoin issuer may not pay interest or yield on payment stablecoins to holders. This prohibition does not prevent an issuer from earning returns on its reserve assets for the issuer's own account. Notwithstanding anything in this subsection, if any federal law, regulation, order, or guidance permits a federally chartered or federally licensed payment stablecoin issuer to pay interest or yield on payment stablecoins to holders, then a state-chartered or state-licensed permitted payment stablecoin issuer shall be equally permitted to pay interest or yield on payment stablecoins to holders on the same terms and to the same extent as authorized for a federally permitted issuer, without further legislative action.

(d) A permitted payment stablecoin issuer may not issue or market a payment stablecoin in any name, mark, or description that states or implies that the payment stablecoin is issued, guaranteed, or backed by the United States government or any agency thereof.

(e) A permitted payment stablecoin issuer may not make the issuance of a payment stablecoin contingent upon the purchase of any other product or service.

Subchapter V. Custody of Reserve Assets and Payment Stablecoins

§ 3526. Monthly reporting and attestation.

(a) Not later than noon on the last day of each calendar month, a permitted payment stablecoin issuer shall publish on 1 of its publicly accessible websites a report disclosing, as of the last day of the preceding calendar month, the following:

(1) The total number and aggregate outstanding issuance value of payment stablecoins issued and outstanding.

(2) The amount and composition of the issuer's reserve assets, including the average tenor and geographic location of custody of each category of reserve asset.

(3) A description of any material changes in reserve composition since the preceding monthly report.

(b) Each month, the information disclosed in the preceding month's report required by subsection (a) of this section must be examined by a registered public accounting firm engaged by the issuer.

(c) Each month, the chief executive officer and chief financial officer of a permitted payment stablecoin issuer shall submit to the Commissioner a signed certification as to the accuracy of the current monthly report required by subsection (a) of this section.

(d) A permitted payment stablecoin issuer with an outstanding issuance value exceeding $50,000,000,000 shall annually prepare a financial statement in accordance with GAAP, audited by a registered public accounting firm, and shall submit the audited statement to the Commissioner within 90 days after the close of each fiscal year.

§ 3527. Custody requirements.

(a) This section applies to any permitted payment stablecoin issuer and to any person that provides custodial or safekeeping services for any of the following:

(1) Payment stablecoin reserve assets.

(2) Payment stablecoins used as collateral.

(3) Private keys used to issue payment stablecoins.

(4) Cash and other property received in the course of providing custodial services for any of the foregoing.

(b) A permitted payment stablecoin issuer and any custodian of reserve assets shall do all of the following:

(1) Separately account for the reserve assets of each issuer or customer and treat and deal with those assets as belonging to that issuer or customer and not as property of the custodian.

(2) Not commingle reserve assets with the general assets of the custodian.

(3) Take appropriate steps to protect reserve assets from claims of creditors of the custodian and of any sub-custodian, including by adopting, implementing, and maintaining written policies, procedures, and internal controls that are adequate to comply with applicable law and commensurate with the custodian's size, complexity, and risk profile.

(c) A custodian shall maintain possession or control of covered assets held directly, including through a digital wallet for which the custodian controls the associated private keys. A custodian may use a sub-custodian if all of the following requirements are met:

(1) The use is consistent with applicable law.

(2) The custodian maintains adequate safeguards and internal controls reasonably designed to provide oversight of the sub-custodian's compliance with this section.

(3) The sub-custodian is an eligible financial institution or is subject to requirements materially equivalent to those of this section.

(d) Reserve assets held in custody for a permitted payment stablecoin issuer may not be considered property of the custodian in any insolvency, receivership, or similar proceeding affecting the custodian, and may not be available to satisfy claims of the custodian's creditors.

(e) The Commissioner shall promulgate regulations establishing minimum standards for custodial agreements, internal controls, reporting to the Commissioner, and examination of custodians operating in this State.

Subchapter VI. Anti-Money Laundering and Sanctions Compliance

§ 3531. AML program requirements.

(a) A permitted payment stablecoin issuer licensed under § 3511 of this title is a financial institution for purposes of the Bank Secrecy Act and shall comply with all applicable requirements thereunder, including any tailored rules promulgated by the Financial Crimes Enforcement Network applicable to payment stablecoin issuers.

(b) Each permitted payment stablecoin issuer licensed under § 3511 of this title shall establish, implement, and maintain a written anti-money laundering and countering the financing of terrorism program that does all of the following:

(1) Establishes internal policies, procedures, and controls reasonably designed to prevent the issuer from being used to facilitate money laundering or terrorist financing.

(2) Designates a compliance officer responsible for the program's day-to-day operations.

(3) Provides for ongoing employee training.

(4) Provides for independent testing of the program.

(5) Implements a risk-based customer identification program that identifies and verifies the identity of each initial holder of a payment stablecoin at the time of issuance.

(6) Implements a customer due diligence program consistent with applicable federal requirements.

(7) Maintains appropriate records of transactions involving payment stablecoins as required by the Bank Secrecy Act and regulations thereunder.

(8) Monitors for and reports suspicious activity to the Financial Crimes Enforcement Network and, to the extent required by applicable law, to the Commissioner.

(9) Maintains the technological capability and internal processes to block, freeze, and reject transactions that violate applicable sanctions laws or lawful orders.

(10) Certifies to the Commissioner annually that the issuer has implemented an effective AML and sanctions compliance program.

(c) The Commissioner shall promulgate regulations establishing the form and content of the annual AML certification required by paragraph (b)(10) of this section and may adopt by reference any rules promulgated by the Financial Crimes Enforcement Network applicable to payment stablecoin issuers.

§ 3532. Sanctions compliance; compliance with lawful orders.

(a) A permitted payment stablecoin issuer shall maintain the technological capability to comply with any lawful order requiring the issuer to seize, freeze, burn, or prevent the transfer of payment stablecoins.

(b) Upon receipt of a lawful order from a court of competent jurisdiction or from a Delaware or federal governmental authority, a permitted payment stablecoin issuer shall take all actions required by the lawful order, including freezing or burning the specified payment stablecoins, within the time specified in the order.

(c) A permitted payment stablecoin issuer shall comply with all applicable requirements of the Office of Foreign Assets Control of the United States Department of the Treasury.

(d) The Commissioner shall promulgate regulations establishing minimum technological and operational standards for compliance with this section.

Subchapter VII. Risk Management and Governance

§ 3535. Risk management and governance.

(a) The Commissioner shall promulgate regulations establishing principles-based risk management requirements for permitted payment stablecoin issuers licensed under § 3511 of this title, which must include the following:

(1) Operational risk, including technology infrastructure and cybersecurity.

(2) Liquidity risk management.

(3) Reserve asset interest rate risk and diversification.

(4) Business continuity and disaster recovery, including provisions specific to distributed ledger systems and private key management.

(5) Insider and affiliate transactions, including prohibitions on self-dealing that disadvantages payment stablecoin holders.

(6) Outsourcing of critical functions, including use of sub-custodians and third-party technology providers.

(7) Nonpublic personal information protection and data security.

(8) Asset growth prudential management, ensuring that growth in outstanding issuance value is commensurate with the issuer's risk management capabilities, operational capacity, and staffing.

(9) Annual wind-down planning, requiring each permitted payment stablecoin issuer to prepare and file with the Commissioner an updated plan for the orderly wind-down of its payment stablecoin operations in the event of insolvency or license surrender, consistent with paragraphs (a)(3) and (a)(5) of § 3523 of this title.

(b) Risk management requirements promulgated under this section must be tailored to the business model and risk profile of permitted payment stablecoin issuers, and must be aligned, to the extent practicable, with corresponding federal

standards established under the GENIUS Act and OCC implementing regulations to maintain the substantial similarity required for GENIUS Act certification.

§ 3536. Fitness and character requirements.

(a) An individual who has been convicted of, or has pleaded guilty or nolo contendere to, any crime involving fraud, dishonesty, breach of trust, money laundering, or financial crimes in any jurisdiction may not serve as a director or executive officer of a permitted payment stablecoin issuer licensed under this chapter.

(b) The Commissioner may establish by regulation additional fitness and character standards applicable to executive officers, directors, and persons with control of permitted payment stablecoin issuers, consistent with the standards established for federal qualified payment stablecoin issuers under the GENIUS Act.

§ 3537. Customer data privacy and information security.

(a) A permitted payment stablecoin issuer licensed under § 3511 of this title shall establish, implement, and maintain a written program to protect the nonpublic personal information of its customers from unauthorized access, use, or disclosure. The program must do all of the following:

(1) Include administrative, technical, and physical safeguards appropriate to the size, complexity, and sensitivity of the customer information maintained by the issuer.

(2) Identify and assess internal and external risks to the security, confidentiality, and integrity of customer nonpublic personal information.

(3) Design and implement safeguards to control the risks identified under paragraph (a)(2) of this section.

(4) Include measures to ensure continuity of operations and recover critical functions in the face of disruptions to systems that maintain or process nonpublic personal information.

(b) A permitted payment stablecoin issuer and affiliates of permitted payment stablecoin issuers may not sell, transfer, or disclose a customer's nonpublic personal information to a nonaffiliated third party except in any of the following circumstances:

(1) With the prior informed consent of the customer.

(2) As necessary to provide a product or service requested by the customer, subject to appropriate safeguards and contractual protections.

(3) As required by applicable federal or state law, including a lawful order.

(c) Except as otherwise provided in § 12D-103 of Title 6, a permitted payment stablecoin issuer is subject to Chapter 12D of Title 6.

(d) A permitted payment stablecoin issuer that discovers or reasonably suspects an unauthorized acquisition of or access to nonpublic personal information of its customers must do all of the following:

(1) Promptly investigate the incident and take reasonable steps to contain and mitigate any harm to affected customers.

(2) Notify the Commissioner through the Commissioner's designated supervisory office within 72 hours of becoming aware that a breach of nonpublic personal information has occurred or is reasonably likely to have occurred.

(3) Notify affected customers as soon as reasonably practicable following the investigation described in paragraph (d)(1) of this section, in accordance with the form, timing, and content requirements established by the Commissioner by regulation under subsection (e) of this section. If the permitted payment stablecoin issuer is unable to identify which specific customers' information has been accessed, it shall notify all customers in the group of files or accounts reasonably believed to have been accessed. Customer notice may be delayed if a federal or state law enforcement agency determines in writing that notification will interfere with a criminal investigation; upon such determination, the issuer shall notify affected customers as soon as the law enforcement agency advises that notification will no longer interfere with the investigation.

(e) The Commissioner shall promulgate regulations establishing detailed standards under this section, which must be principles-based and substantially similar to standards applicable to federal qualified payment stablecoin issuers under 12 C.F.R. Part 15, as amended. The Commissioner's regulations must address, at a minimum, all of the following:

(1) Content and format requirements for the written information security program required by subsection (a) of this section.

(2) Standards for determining when a breach has occurred or is reasonably likely to have occurred for purposes of paragraph (d)(2) of this section.

(3) Form, timing, and content of customer notifications under paragraph (d)(3) of this section.

(4) Coordination with the Commissioner's supervisory office and relevant law enforcement agencies in the event of a material breach.

Subchapter VIII. Preemption

§ 3541. State preemption of inconsistent local law.

(a) This chapter and regulations under this chapter constitute the sole and exclusive regulatory framework under Delaware law for the licensing, regulation, and supervision of payment stablecoin issuers operating in this State.

(b) A county, city, municipality, or other political subdivision of this State may not enact or enforce any ordinance, regulation, rule, or other requirement that would do any of the following:

(1) Require a payment stablecoin issuer to obtain a local license, permit, or other authorization to conduct payment stablecoin issuance activities in this State or require a registered digital asset service provider under § 3518 of this title to obtain a local license to the extent of the activities described in its registration.

(2) Impose reserve, capital, or AML requirements on payment stablecoin issuers that are additional to or inconsistent with those imposed by this chapter.

(3) Restrict, prohibit, or otherwise regulate the issuance, distribution, sale, or transfer of payment stablecoins, except as expressly authorized by this chapter.

(c) Any local ordinance, regulation, or rule inconsistent with this section is void.

§ 3542. Savings clause.

(a) Nothing in this chapter preempts the following:

(1) The Delaware Consumer Fraud Act under Subchapter II, Chapter 25 of Title 6.

(2) The Uniform Deceptive Trade Practices Act, under Subchapter III, Chapter 25 of Title 6.

(3) Chapter 12B of Title 6.

(4) Chapter 12D of Title 6.

(5) The Delaware Securities Act under Chapter 73 of Title 6 and the Rules pursuant to the Delaware Securities Act.

(6) Any other state consumer protection law.

(7) The authority of the Attorney General to investigate and prosecute violations of state law.

(8) Any applicable federal law, including the GENIUS Act.

(b) This chapter does not create any private right of action beyond those available under existing Delaware law.

Subchapter IX. Examination, Enforcement, and Insolvency

§ 3551. Examination authority.

(a) The Commissioner may examine each permitted payment stablecoin issuer licensed under this chapter as frequently as the Commissioner deems necessary or expedient.

(b) For issuers with an outstanding issuance value exceeding $1,000,000,000, the Commissioner shall conduct a full examination at least annually.

(c) In conducting examinations under this section, the Commissioner has access to every part of the issuer's offices and place of business, and to the issuer's assets, records, books, data systems, and personnel.

(d) The Commissioner may conduct joint or coordinated examinations with the primary federal payment stablecoin regulator or the financial regulatory authority of another state.

(e) An examined issuer shall pay the reasonable costs of any examination conducted under this section, as determined by the Commissioner by regulation.

§ 3552. Enforcement powers.

(a) If the Commissioner has reason to believe that a person has violated or is about to violate any provision of this chapter or any regulation or order of the Commissioner, the Commissioner may do one or more of the following:

(1) Issue a cease and desist order.

(2) Suspend or revoke a license issued under this chapter.

(3) Assess civil penalties for the following amounts:

a. For violations that are not knowing or reckless, not more than $100,000 per violation, per day of a continuing violation.

b. For violations that are knowing or reckless, not more than $500,000 per violation, per day of a continuing violation.

c. For violations that are part of a pattern of misconduct or that result in material harm to payment stablecoin holders, not more than $1,000,000 per violation, per day of a continuing violation.

(4) Seek injunctive relief in the Court of Chancery of the State of Delaware.

(b) In determining the amount of any civil penalty under paragraph (a)(3) of this section, the Commissioner shall consider the following:

(1) The gravity of the violation.

(2) The history of previous violations.

(3) The good faith of the person charged.

(4) The financial resources and good character of the person.

(5) Any unjust enrichment to the person from the violation.

(6) Any harm to payment stablecoin holders or the public.

(7) Any other factors as justice may require.

(c) Before taking action under paragraphs (a)(2) or (a)(3) of this section, the Commissioner shall provide the affected person with notice and an opportunity to be heard in accordance with the Administrative Procedures Act, chapter 101 of Title 29.

(d) The Commissioner may take emergency action under paragraph (a)(1) of this section without prior notice and hearing if the Commissioner determines that immediate action is necessary to prevent imminent harm to payment stablecoin holders or the public. Emergency actions are subject to a prompt post-deprivation hearing.

(e) The Commissioner may share examination reports, investigation files, and other supervisory information with the following:

(1) The primary federal payment stablecoin regulator of an issuer.

(2) Financial regulatory authorities of other states.

(3) Federal law enforcement agencies, subject to appropriate confidentiality agreements.

§ 3553. Criminal penalties.

(a) It is unlawful to knowingly issue a payment stablecoin without a license required by this chapter. Violation of this subsection is a class F felony.

(b) It is unlawful to knowingly make a material misrepresentation in an application for a license under this chapter. Violation of this subsection is a class F felony.

(c) It is unlawful to knowingly submit a false certification of any report or disclosure required under this chapter. Violation of this subsection is a class F felony.

§ 3554. Private rights; no federal preemption of state consumer laws.

(a) A violation of this chapter by a permitted payment stablecoin issuer shall constitute a violation of the Delaware Consumer Fraud Act under Subchapter II, Chapter 25 of Title 6, subject to the enforcement authority of the Attorney General under that Act.

(b) Nothing in this chapter creates a private right of action by a payment stablecoin holder against a permitted payment stablecoin issuer beyond rights available under existing Delaware contract law, tort law, and consumer protection statutes.

§ 3555. Suspension of redemptions.

(a) The Commissioner may, by order, authorize a permitted payment stablecoin issuer to temporarily suspend redemptions of payment stablecoins if all of the following:

(1) The Commissioner determines that immediate suspension is necessary to prevent harm to payment stablecoin holders resulting from an extraordinary market disruption, systemic liquidity crisis, or material cybersecurity incident.

(2) The permitted time, manner, and conditions of any suspension are specified in the order.

(b) A suspension of redemptions ordered under this section may not exceed 10 business days without renewal by the Commissioner upon a new finding of necessity.

(c) Any issuer or holder adversely affected by a suspension order under this section may petition the Court of Chancery for review on an expedited basis.

§ 3556. Treatment of payment stablecoin issuers in insolvency.

(a) In any insolvency proceeding of a permitted payment stablecoin issuer licensed under this chapter under state law, including any receivership or similar proceeding administered by the Commissioner, the claims of persons holding payment stablecoins issued by the permitted payment stablecoin issuer to the reserve assets backing such payment stablecoins have priority over all other claims against the issuer, including administrative claims, secured claims to the extent such claims relate to reserve assets, and general unsecured claims, consistent with § 11(a) of the GENIUS Act, 12 U.S.C. § 5910(a).

(b) Reserve assets maintained by a permitted payment stablecoin issuer in compliance with § 3521 of this title are not property of the issuer's estate in any insolvency proceeding, to the extent the reserve assets are identifiable as backing outstanding payment stablecoins. The reserve assets must be held for the benefit of, and distributed to, payment stablecoin holders in accordance with the priority established in subsection (a) of this section.

(c) If the reserve assets of a permitted payment stablecoin issuer are insufficient to satisfy the redemption claims of all payment stablecoin holders in full, the unsatisfied portion of the redemption claims have priority over all other unsecured claims against the issuer, including administrative expense claims and priority claims under any applicable state insolvency framework, consistent with § 11(d) of the GENIUS Act, 12 U.S.C. § 5910(d).

(d) Any person holding a payment stablecoin issued by a permitted payment stablecoin issuer is deemed to hold a claim against the issuer in an insolvency proceeding in the amount of the par value of the payment stablecoin, regardless of whether the person has a direct contractual relationship with the issuer.

(e) In any insolvency proceeding of a permitted payment stablecoin issuer administered by the Commissioner, the Commissioner shall, to the extent practicable, distribute reserve assets to payment stablecoin holders within 30 days of the commencement of the proceeding, and shall prioritize the prompt return of value to payment stablecoin holders over the administration of other claims against the issuer.

(f) In any case under Title 11 of the United States Code in which the debtor is a permitted payment stablecoin issuer licensed under this chapter, the Commissioner may raise and may be heard on any issue in the case, consistent with § 11(c) of the GENIUS Act, 12 U.S.C. § 5910(c).

(g) A permitted payment stablecoin issuer that is a nonbank entity licensed under this chapter may be considered a debtor under Title 11 of the United States Code. Nothing in this section limits or modifies the application of Title 11 to the debtor except as expressly provided in the GENIUS Act.

(h) The Commissioner shall promulgate regulations establishing procedures for the orderly resolution of a permitted payment stablecoin issuer, which shall be consistent with §§ 10 and 11 of the GENIUS Act, 12 U.S.C. §§ 5909–5911, and OCC implementing regulations, and which must address at a minimum:

(1) Procedures for the identification, segregation, and distribution of reserve assets to payment stablecoin holders.

(2) Coordination with federal bankruptcy courts in any case in which a permitted payment stablecoin issuer is a debtor under Title 11 of the United States Code.

(3) Notification requirements for payment stablecoin holders in the event of an issuer insolvency.

(4) Wind-down procedures consistent with the wind-down planning required under § 3535(a)(9) of this title.

Subchapter X. Treatment of Payment Stablecoins

§ 3561. Legal classification of payment stablecoins.

(a) A payment stablecoin issued by a permitted payment stablecoin issuer is not a security under Chapter 73 of Title 6 solely by being a payment stablecoin. Nothing in this section limits the Investor Protection Director’s authority to determine that a specific digital asset qualifies as a security under applicable Delaware law based on other characteristics.

(b) A payment stablecoin issued by a permitted payment stablecoin issuer is not a deposit for purposes of § 761 of this title solely by being a payment stablecoin. Payment stablecoins issued by permitted payment stablecoin issuers are not deposits insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration, and permitted payment stablecoin issuers shall prominently disclose this fact to holders.

(c) A permitted payment stablecoin issuer may not represent to any person that a payment stablecoin is insured by any federal or state government agency or instrumentality.

§ 3562. Self-Custody; peer-to-peer transactions.

This chapter does not apply to any of the following:

(1) The direct transfer of digital assets between 2 individuals acting on their own behalf and for their own lawful purposes, without the involvement of a licensed intermediary.

(2) Any transaction by means of a self-custodial wallet that facilitates an individual's own custody of digital assets.

(3) Any transaction by a Delaware resident involving the receipt of digital assets between an account owned by the individual in this State and an account owned by the individual abroad with the same parent company.

Subchapter XI. Regulatory Authority and Rulemaking

§ 3565. General regulatory authority.

The Commissioner is the primary state regulatory and supervisory authority in Delaware over entities that issue payment stablecoins and over digital asset providers that have registered under § 3518 of this title. The Commissioner shall serve as the "state payment stablecoin regulator" for purposes of the GENIUS Act, 12 U.S.C. § 5901(30).

§ 3566. Rulemaking; required and discretionary regulations; safe harbor.

(a) Not later than [1 year after the effective date of this Act], the Commissioner shall promulgate regulations implementing the following:

(1) Application procedures, forms, and fees under § 3512 of this title.

(2) Reciprocal recognition standards under § 3513 of this title.

(3) Transition procedures for issuers exceeding the $10 billion threshold under § 3515 of this title.

(4) Reserve asset composition, custody standards, concentration limits, and liquidity standards under § 3521 of this title.

(5) Capital and net worth requirements under § 3522 of this title.

(6) Risk management standards, including asset growth management and wind-down planning, under § 3535 of this title.

(7) Anti-money laundering program standards and annual certification requirements under § 3531 of this title.

(8) Examination standards and fees under § 3551 of this title.

(9) Outstanding issuance value computation methodology under § 3503 of this title.

(10) Data privacy and information security program standards, breach notification procedures, and customer notification requirements under § 3537 of this title.

(11) Procedures for applications by federal qualified payment stablecoin issuers electing Delaware state qualification under § 3516 of this title, including transition plan requirements, holder notification standards, evidence of OCC exit standards, coordination protocols with the Office of the Comptroller of the Currency, and the reduced application fee schedule.

(12) Change-in-control notice procedures and review standards under § 3517 of this title.

(13) Voluntary digital asset service provider registration procedures, form and content standards, renewal procedures, consumer disclosure standards, and fee schedules under § 3518 of this title.

(14) Any other regulations as are necessary to implement this chapter in a manner that is substantially similar to the GENIUS Act and OCC implementing regulations.

(b) The Commissioner may promulgate regulations for the following:

(1) Establishing additional subcategories of the payment stablecoin issuer license under § 3511(d) of this title, and establishing additional form, content, and fee requirements for voluntary DASP registrations under § 3518 of this title.

(2) Granting exemptions from this chapter under § 3507(9) of this title.

(3) Establishing tailored requirements for different classes of permitted payment stablecoin issuers based on size, risk, or business model.

(4) Adopting by reference federal regulations promulgated under the GENIUS Act, as the Commissioner determines is necessary to maintain substantial similarity with the federal framework.

(5) Establishing procedures for automatic or expedited adoption of federal regulatory amendments to maintain ongoing substantial similarity with the federal framework, including any final rules promulgated by the Financial Crimes Enforcement Network, the OCC, the Board of Governors of the Federal Reserve System, or other federal payment stablecoin regulators.

(6) Establishing procedures for coordination with the primary federal payment stablecoin regulators.

(7) Prescribing such other requirements as the Commissioner deems necessary to protect the public and ensure the safety and soundness of permitted payment stablecoin issuers.

(c) In promulgating regulations under this section, the Commissioner shall align Delaware's regulatory framework, to the extent practicable, with regulations promulgated under the GENIUS Act by the primary federal payment stablecoin regulators, including the OCC's regulations implementing the GENIUS Act (Docket ID OCC-2025-0372, as finalized), in order to maintain the substantial similarity required for GENIUS Act certification.

(d) All regulations promulgated under this chapter are subject to the requirements of the Administrative Procedures Act, Chapter 101 of Title 29.

(e) The Commissioner shall adopt regulations establishing a safe harbor for persons that hold a money transmitter license under Chapter 23 of this title and that are engaged in activities that constitute digital asset service activity under this chapter, allowing such persons a reasonable period of not less than 18 months following the effective date of required regulations to come into compliance with any requirements applicable to voluntary registration under § 3518 of this title,

should such persons elect to register. The Commissioner shall also adopt regulations establishing interim authorization procedures for persons who apply to issue a payment stablecoin or act as a digital asset service provider after the effective date of this chapter and before the applicable licensing date specified under subsection (f) of this section, which regulations shall specify the form, standards, and conditions applicable to interim authorizations.

(f) A person is not required to obtain a license under § 3511 of this title earlier than the date that is 18 months after the effective date of this chapter or 120 days after the Commissioner promulgates the regulations required under this section, whichever is earlier, provided that any person seeking to issue a payment stablecoin after the effective date of this chapter and before the applicable licensing date may apply to the Commissioner for interim authorization on a form prescribed by the Commissioner pursuant to regulations promulgated under subsection (e) of this section.

§ 3567. Cooperation and information sharing.

(a) The Commissioner may enter into information-sharing agreements, memoranda of understanding, and cooperative arrangements with the following:

(1) The primary federal payment stablecoin regulators, including the Office of the Comptroller of the Currency, the Federal Reserve Board of Governors, and the Federal Deposit Insurance Corporation.

(2) The Financial Crimes Enforcement Network.

(3) The Office of Foreign Assets Control.

(4) The Securities and Exchange Commission and the Commodity Futures Trading Commission.

(5) The financial regulatory authorities of other states.

(6) Foreign financial regulatory authorities, subject to appropriate confidentiality protections.

(7) The Delaware Department of Justice.

(b) The Commissioner shall cooperate with the Stablecoin Certification Review Committee established under the GENIUS Act, 12 U.S.C. § 5901(27), and shall submit a certification application to that Committee demonstrating that this chapter and the Commissioner's implementing regulations constitute a regulatory framework substantially similar to the federal framework, not later than 6 months after the Commissioner promulgates the required regulations under § 3566(a) of this title.

Subchapter XII. Miscellaneous

§ 3571. Fees.

(a) The Commissioner shall, by regulation, establish a schedule of fees for the following:

(1) License applications.

(2) Annual license renewals.

(3) Examination costs.

(4) Any other regulatory functions as the Commissioner determines appropriate.

(b) Fees collected under this chapter shall be deposited into the State Bank Commissioner Regulatory Revolving Fund established under § 105(b) of this title.

§ 3572. Severability.

If any provision of this chapter or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications which can be given effect without the invalid provision or application, and to this end the provisions of this chapter are severable.

Section 2. This Act is effective immediately and is to be implemented the earlier of the following:

(1) One year from the date of the Act's enactment.

(2) Notice by the State Banking Commissioner published in the Register of Regulations that final regulations to implement this Act have been promulgated.