

H.R. XXXX

Short Title: The Stablecoin Tethering and Bank Licensing Enforcement (STABLE) Act

Stable Act Background:

The COVID-19 Pandemic has exposed numerous barriers to accessing and utilizing mainstream financial institutions, leaving many to look to the financial technology sector to meet the financial servicing needs of LMI consumers, such as support for faster direct payments, access to loans, and access to bank accounts. These vulnerabilities could be exploited and obscured by bad actors looking to issue stablecoins, like other shadow money issuers in the past.

The use of stablecoins and other cryptocurrency presents unique challenges, but it raises the same core fair lending risks present in the traditional, offline marketing of credit products. Although cryptocurrencies may offer new benefits, this type of cryptocurrency should not be beyond the reach of fair lending laws and regulation.

Facebook is taking advantage of the financial exclusion and gap in the market and is just one of the actors that have pursued issuing stablecoins by pegging Libra to a basket of major conventional currencies. JP Morgan, Apple has also considered issue their own stablecoin variants that also have the potential to take advantage of unbanked and underbanked communities.

It is critical not to let Wall St and Silicon Valley own the future of digital payments, which is why Rep Tlaib is introducing the STABLE Act, which would:

- Require any prospective issuer of a stablecoin to obtain a banking charter;
- Require that any company offering stablecoin services must follow the appropriate banking regulations under the existing regulatory jurisdictions;
- Require that any company or bank issuing a stablecoin to notify and obtain approval from the Fed, the FDIC, and the appropriate banking agency 6 months prior to its issuance and maintain an ongoing analysis of potential systemic impacts and risks;
- Require that any stablecoin issuers obtain FDIC insurance or otherwise maintain reserves at the Federal Reserve to ensure that all stablecoins can be readily converted into United States dollars, on demand;

The STABLE Act would protect consumers from the risks posed by emerging digital payment instruments, such as Facebook's Libra and other Stablecoins offered in the market, by regulating their issuance and related commercial activities. Stablecoins - digital currencies whose value is permanently pegged to or stabilized against a conventional currency like the dollar - pose new governance challenges and represent a growing source of the market, liquidity, and credit risk.