


Impact of the GENIUS Act on Crypto Markets

The GENIUS Act and Its Impact on Crypto Policy

The GENIUS Act represents a significant step in establishing a regulatory framework for stablecoins in the United States. By defining stablecoins as digital tokens pegged to the value of the dollar, the Act aims to provide a common-sense, bipartisan approach to regulation. This framework is designed to ensure that stablecoin issuers maintain reserves on at least a 1 to 1 basis, which can include U.S. currency, demand deposits, and Treasury bills. The Act also specifies that digital assets used primarily within a system controlled by its issuer are not considered payment stablecoins. [\[1\]](#) [\[2\]](#)

The GENIUS Act outlines several penalties for violations related to payment stablecoins. Permitted issuers or affiliated parties that materially violate the Act may face civil penalties of up to \$100,000 per day. Additionally, knowingly participating in a violation can incur further penalties, and criminal penalties are also specified for false certifications. These measures are intended to ensure compliance and integrity within the stablecoin market. [\[2\]](#)



Up to \$5,000,000

Maximum fine for willfully submitting a false certification under the GENIUS Act. [\[2\]](#)


The GENIUS Act designates Federal qualified nonbank payment stablecoin issuers as financial institutions under the Gramm-Leach-Bliley Act. This designation requires them to comply with the Bank Secrecy Act and sanctions laws, ensuring that they operate within a regulated framework. The Act mandates that the primary Federal payment stablecoin regulator supervise these issuers, with the Comptroller examining their operations and financial condition. This regulatory oversight is intended to maintain financial stability and consumer protection. [\[2\]](#)


PENALTY TYPE	DESCRIPTION	MAXIMUM PENALTY
Civil Penalty	Material violation of the Act	\$100,000 per day

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moment in U.S. crypto policy. By defining key terms and establishing oversight mechanisms, the Act seeks to bring stability and transparency to the market. However, the criticisms and challenges it faces highlight the complexities of regulating a rapidly evolving industry. As the Act is implemented, its success will depend on the ability of regulators and lawmakers to address its shortcomings and adapt to the changing landscape of digital finance.  [\[1\]](#) [\[2\]](#)

Citations

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