JANUARY 2026

DIGITAL ASSET: STABLECOINS

FROM LIBRA TO LAW: MARKET SHOCKS, POLICY DEBATE, AND THE GENIUS ACT

2025 marked a watershed year for stablecoins, as they moved from niche crypto instruments in regulatory gray areas to gaining formal recognition, reflecting their rising acceptance as an integral part of the financial system for payments, settlement, and cross-border transactions.

In the United States, the **Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act**, signed into law on July 18, 2025, established the first comprehensive federal framework for payment stablecoins. The Act sets standards for reserve backing, permitted issuers, and disclosure requirements, placing stablecoin issuance under federal supervision to reduce regulatory ambiguity and support broader adoption. While it does not classify stablecoins as traditional bank liabilities or securities, it creates a tailored regulatory regime distinct from both unregulated digital assets and conventional banking products.

But what events and forces ultimately led to the passage of the Act?

This infographic traces the policy and market events that led to the GENIUS Act. The timeline begins with Facebook's Libra announcement in 2019, a pivotal moment that brought stablecoins into mainstream policy discussions and accelerated both adoption and scrutiny. As the market expanded and different stablecoin structures emerged, weaknesses in reserves, governance, and operational practices became increasingly apparent through events such as the Terra collapse and the FTX bankruptcy. These shocks prompted lawmakers in the House and Senate to explore oversight models, prudential standards, and federal requirements. The combined effect of market growth, structural gaps, and repeated stress events ultimately drove the policy conversation toward a framework, culminating in the GENIUS Act.

This infographic is structured into three parallel timelines: U.S. House legislative activity (top), U.S. Senate legislative activity (middle), and key market developments (bottom). While many bills were introduced but not enacted, they helped shape congressional debate and inform the development of the regulatory framework, with select proposals advancing in one chamber. The GENIUS Act is the first legislation to pass both chambers and be signed into law.

House Path

- Managed Stablecoins are Securities Act of 2019 — Nov 20, 2019
- Crypto-Currency Act of 2020 — Mar 9, 2020
- Stablecoin Classification & Regulation Act of 2020 — Nov 30, 2020
- Digital Asset Market Structure & Investor Protection Act — Jul 28, 2021
- Stablecoin Transparency Act — Mar 31, 2022
- Reporting requirements for persons who issue fiat currency-backed stablecoins — Jul 26, 2022
- Clarity for Payment Stablecoins Act of 2023 — Jul 20, 2023
- Financial Innovation & Technology for the 21st Century Act — Jul 20, 2023 Passed house
- Digital Asset Market Structure & Investor Protection Act — Sep 27 2023 re-introduced
- Stablecoin Transparency & Accountability for a Better Ledger Economy Act of 2025 — Mar 26 2025 re-introduced

Senate Path

- Stablecoin Transparency Act — Mar 31, 2022
- Lummis-Gillibrand Responsible Financial Innovation Act — Jun 7, 2022
- Stablecoin TRUST Act of 2022 — Dec 21, 2022
- Lummis-Gillibrand Responsible Financial Innovation Act — Jul 12, 2023 re-introduced
- Lummis-Gillibrand Payment Stablecoin Act — Apr 17, 2024

Market Events

- Facebook announces Libra — Jun, 2019
- Circle's USDC market cap exceeds $3 billion — Dec, 2020
- Tether's USDT market cap exceeds $50 billion — Apr, 2021
- President's Working Group (PWG) Report on stablecoins — Nov, 2021
- TerraUSD (UST) collapse — May, 2022
- FSOC report on Digital Assets Financial Stability Risks — Oct, 2022
- FTX bankruptcy — Nov, 2022
- USDC temporarily de-pegs following the SVBcollapse — Mar, 2023
- SEC files lawsuits against Binance & Coinbase — Jun, 2023

GENIUS Act

Jul 18, 2025

**Legislation primarily addressing market infrastructure, tokenization of securities, intermediary supervision, or innovation enablement is excluded. This timeline focuses on bills shaping regulatory jurisdiction, payment stablecoin issuer standards, and payments-related financial stability risk.*

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EARLY SIGNALS, INITIAL POLICY INITIATIVES, AND THE FAULT LINES OF MARKET GROWTH

Theme	Particulars	Introduction	Stage	Trigger	Response/Initiatives	Outcome
Early signals and initial policy Initiatives	Managed Stable-coins are Securities Act of 2019	Nov 20, 2019	Not Passed	Facebook's Libra announcement raised concerns over private stablecoin issuance and potential threats to U.S. monetary sovereignty, due to its private governance structure and capacity to operate outside existing monetary and regulatory frameworks.	The bill sought to bring managed stablecoins under SEC jurisdiction to ensure investor protection and regulatory accountability.	The trigger created early regulatory uncertainty, and the House took initiatives to open discussions on stablecoin definitions.
	Crypto-Currency Act of 2020	Mar 09, 2020	Not Passed	Following the Libra hearings, agencies like the SEC, CFTC, and FinCEN issued differing guidance. Uncertainty persisted over which agency should oversee digital assets.	Opened discussion to assign clear regulatory roles across SEC, CFTC, and FinCEN.	Revealed fragmented oversight across agencies, underscoring the need for clearer regulatory jurisdiction.
	Stablecoin Classification and Regulation Act of 2020	Nov 30, 2020	Not Passed	Tether and USDC grew rapidly amid unclear reserve composition (asset quality and liquidity) and redemption standards (timing and assurance of full redemption), prompting policymakers to warn of 'shadow banking' risks as non-bank stablecoin issuers expanded without prudential oversight.	Proposed reserve and redemption standards for stablecoin issuers.	Raised awareness of risks from rapid stablecoin growth in the absence of prudential standards.
Market growth exposed fault lines	Digital Asset Market Structure and Investor Protection Act	Jul 28, 2021	Not Passed	The President Working Group report highlighted the importance of robust regulations given potential run risk, payment system risks, and market concentration.	The bill aimed to create a unified framework for classifying and trading digital assets, ensuring consistent investor protections across SEC and CFTC jurisdictions.	Stressed the importance of harmonized oversight for investor protection and systemic risk.
	Stablecoin Transparency Act	Mar 31, 2022	Not Passed	Questions persisted about how fiat-backed stablecoins were collateralized and audited, and whether reserves met expected standards.	Required issuers to disclose reserves and undergo audits.	Elevated transparency expectations for fiat-backed stablecoins.
	Stablecoin Transparency Act	Mar 31, 2022	Not Passed			
	Lummis-Gillibrand Responsible Financial Innovation Act	Jun 7, 2022	Not Passed	The bill was introduced after significant market turbulence, including the TerraUSD collapse.	It sought to define regulatory boundaries, establish prudential standards for stablecoin issuers, and strengthen consumer protection and financial stability.	Reflected heightened bipartisan interest in establishing a clearer and more comprehensive federal regulatory framework.
	Reporting requirements for persons who issue fiat currency-backed stablecoins	Jul 26, 2022	Not Passed	Failures such as TerraUSD and contagion across 3AC, Celsius, Genesis, and Voyager raised concerns about issuer opacity and reserve quality.	Proposed stronger reporting obligations and clearer reserve disclosures for stablecoin issuers.	Reinforced concerns about issuer opacity and systemic confidence risks.
	Stablecoin TRUST Act of 2022	Dec21, 2022	Not Passed	Confidence deteriorated in the digital-asset market following the TerraUSD collapse and FTX bankruptcy.	Policymakers sought to differentiate fully reserved payment stablecoins from speculative or algorithmic crypto tokens.	Emphasized the importance of fully backed stablecoins amid declining market confidence.

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TOWARD A UNIFIED REGULATORY APPROACH AND KEY TAKEAWAYS

Theme	Particulars	Introduction	Stage	Trigger	Response/Initiatives	Outcome
Steps toward a unified regulatory approach	Lummis-Gillibrand Responsible Financial Innovation Act	Jul 12, 2023	Re-introduced but not Passed	Reintroduced amid renewed attention following the FTX and SVB-related disruptions.	Strengthened provisions on consumer protection, oversight, and prudential requirements.	Signaled continued momentum toward more coordinated and comprehensive federal oversight.
	Clarity for Payment Stablecoins Act of 2023	Jul 20, 2023	Not Passed	Concerns about reserve quality, governance, and issuer reliability persisted after multiple market stress events.	Set issuer standards, reserve & redemption rules, and a two-year moratorium on algorithmic stablecoins.	Attempted to rebuild market confidence and clarified that qualified payment stablecoins are not securities.
	Financial Innovation and Technology for the 21st Century Act	Jul 20, 2023	Passed House	Introduced and passed by the House to resolve long-standing jurisdictional overlap between the SEC and CFTC.	The bill established regulatory boundaries and required coordination between the SEC and CFTC to clarify oversight responsibilities.	Provided a clearer division of regulatory responsibilities and improved expectations around coordinated federal oversight.
	Digital Asset Market Structure and Investor Protection Act	Sep 27, 2023	Re-introduced but not Passed	Reintroduced without substantive changes.	The reintroduction primarily served to revive the proposal in a new congressional session after heightened public and political attention.	Generated sustained political focus on market-structure and investor-protection concerns following market failures.
	Lummis-Gillibrand Payment Stablecoin Act	Apr 17, 2024	Not Passed	Introduced amid rising adoption of state-regulated stablecoins (e.g., PayPal USD, USDC) and Treasury's push for federal prudential standards.	The bill sought to establish a unified national framework.	Laid important groundwork toward a unified framework for stablecoin issuers.
	Stablecoin Transparency and Accountability for a Better Ledger Economy Act of 2025	Mar 26, 2025	Not Passed	Introduced to institutionalize reserve transparency and cross-agency accountability for stablecoin oversight.	Proposed standardized transparency requirements, clearer supervisory roles, and stronger inter-agency coordination.	Much of its concepts were folded into the broader framework of the GENIUS Act.

- By 2025, U.S. stablecoin regulation had evolved from abstract risk debates to a concrete legal framework. The Trump II Administration finalized this shift through the GENIUS Act, translating years of discussion into enforceable law and shifting the emphasis from risk framing to regulatory execution.
- The Facebook's Libra announcement occurred during the latter part of the first Trump Administration, when stablecoins were primarily framed as sources of risk to be monitored and contained rather than as financial infrastructure requiring a dedicated regulatory framework.
- The GENIUS Act built on foundations laid during the Biden Administration, which clarified the policy problem, articulated prudential design principles, and fostered bipartisan consensus through reports, hearings, and draft legislation. The Trump II Administration consolidated this groundwork and brought it to legislative completion, institutionalizing issuer-level oversight and shifting the regulatory focus from market activity to the prudential supervision of payment stablecoin issuers.
- Beyond mere continuity of work across administrations, the Act introduced a paradigm shift through new mandates, such as requiring issuers to build capabilities to seize, freeze, burn or prevent transfer of stablecoins, mandating unanimous Stablecoin Certification Review Committee (SCRC) approval for non-financial public companies to issue stablecoins, and legally excluding reserves from bankruptcy estates to guarantee holder protection.

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