



FedFin Weekly Alert

Monday, May 12, 2025

❑ HOW SHAKY IS STABLECOIN LEGISLATION?

As we [noted](#) last week, Democrats were joined by two populist Republicans in blocking the procedural motion necessary to move the “GENIUS” Act to the Senate floor ([see FSM Report CRYPTO48](#)). The bill foundered on two policy differences and, beneath them, the politics evident in growing determination of even centrist, moderate, and crypto-friendly legislators to block or, if that’s not possible, at the least embarrass the President and friendly Republicans.

For Members of Congress, the 2026 midterm election is already well under way, and the President’s stablecoin ventures are not the only stablecoin-related issue on which Democrats think they can put the GOP in a tight spot. Other considerations in the marathon drafting sessions ahead of the Senate floor debacle reflect key banking-industry concerns in areas such as master-account access, stablecoin return, and affiliate restraints. The independent bankers who [spoke out](#) on these issues as the Senate headed to a vote may not have the money wielded by crypto interest groups, but they have more votes, especially in rural states. What they want thus influences Congress at least as much as what giant bankers seek. When community and large banks are united – as they are on stablecoin legislation – this is a formidable concern for many Members, including senior GOP legislators.

What’s next? Defeat on the procedural motion [riled](#) tempers, but moderate Democrats remain committed to some form of stablecoin bill. They will press for key banking concerns and also Trump-specific provisions, but are likely to give on going after Mr. Trump if they like the rest of the bill. Their support is the margin of victory in the Senate, where Sen. Warren (D-MA) and other progressives will remain opposed to the bill no matter what. Compromise is complex, but still seems possible.

All these dynamics also apply to the pending House bill ([see FSM Report CRYPTO51](#)), but Democrats have less of a lock unless populist Republicans again object. They did not do so during HFSC’s [mark-up](#), but could rally on the floor in light of Senate action. What that is and when it is drives what and when the House moves. If the Senate’s bill founders, the House may take up stablecoins on its own to pressure the Senate, but how this intersects with another priority – crypto-regulatory redesign – very much remains to be seen.

Headlines From the Past Week's Daily Briefings

May 5

- **Senate Stablecoin Bill Hits Road Block** - Although growing Democratic opposition to the Senate stablecoin ([see FSM Report CRYPTO51](#)) has largely united around opposition to the President, the statement from nine senators also strengthens the banking industry's hand.
- **Waters Gets GAO, IG Studies of CFPB Changes** - HFSC Ranking Member Maxine Waters (D-CA) has [announced](#) that GAO the Federal Reserve Inspector General—also charged with overseeing the CFPB—honored her request and began an investigation into what she called the CFPB's "unlawful and unilateral" shutdown.
- **House Crypto-Markets Rewrite Touches Payment Stablecoins** - HFSC and Ag Committee leadership today [released the draft bill](#) realigning cryptoasset regulatory jurisdiction set for its initial HFSC hearing in this Congress.
- **OCC Seeks Input on Community Bank Digitalization** - The OCC issued a [request](#) for information on Community-bank digitalization, paying particular attention to identifying key challenges adopting and implementing digital banking technologies.

May 6

- **Waters Blocks Crypto Hearing** - Joint HFSC/Ag hearing on digital asset market structure was closed down by Ranking Member Maxine Waters (D-CA), with a Democratic walkout following a motion to object that was followed by a "shadow" hearing on what Committee Democrats referred to as "Trump's crypto corruption."
- **Bowman Faces Possible Roadblock** - Senate Banking advanced FRB Gov. Bowman as Fed supervisory vice chair on a party-line vote of 13-11.
- **CFPB Bags BN/PL Regs** - Continuing the dismantling of Chopra-era regulation, the CFPB announced it will no longer enforce its ([see FSM Report CREDITCARD38](#)) bringing digital buy-now, pay-later offerings under credit-card standards.

May 7

- **Scott, Warren Renew Fed Attack** - Renewing their [alliance against the FRB](#), Sens. Scott (R-FL) and Warren (D-MA) yesterday [reintroduced](#) legislation to force a new, fully independent and Senate-confirmed IG for the Federal Reserve System.
- **Bessent Holds His Own on Reg Rewrite, Defends Need for Bank-Issued Stablecoins** - At a fiery hearing at which Democrats took strong issue with Chair Hill's (R-AR) committee rules as well as some of Secretary Bessent's answers, the Secretary [reiterated](#) Treasury's ongoing work to review the Basel III proposal's capital requirements to ensure U.S. bank competitiveness without providing specifics or a timeline.
- **OCC Expands Crypto-Custody Activities** - Building on its March decision to [rescind](#) prior OCC actions limiting cryptoasset activities, the OCC issued a new interpretive [letter](#)

stating that national banks may provide and outsource customer crypto-custody, -sub custody, and -execution services.

May 8

- **HFSC GOP Secure Cuts to CFPB, PCAOB, OFR** - Nearly nine hours after it [began](#), HFSC voted 30-22 along party lines to advance its committee's reconciliation bill, exceeding the minimum \$1 billion in cuts.
- **Scott Slams Fed, IOR** - Moving on from legislation [introduced](#) with Sen. Warren (D-MA) to create a more independent IG for the Federal Reserve System, Sen. Scott (R-FL) has [introduced](#) additional measures to curtail the FRB.
- **KC Fed: Fee Income Necessary for Sound Banking** - A new Kansas City Fed [study](#) looks at the extent to which non-interest income sources increase bank market power and affect monetary-policy transmission, breaking new ground in two areas typically dominated by talk of deposit-taking and lending.
- **OCC Redesigns Merger Policy** - Even as the Senate rejected last year's merger rule ([see FSM Report MERGER19](#)), the OCC today [rescinded](#) it along with the agency's controversial policy statement subjecting mergers to an array of new approval criteria.
- **Senate Stablecoin Bill Hits a Snag** - Postponing Senate action on stablecoin legislation ([see FSM Report CRYPTO48](#)), the Senate today voted [48-49](#) to defeat the motion to proceed with the consideration of S. 1582.

May 9

- **Fed Contemplates More Treasury-Market Backstops** - Roberto Perli, the head of the New York Fed's trading desk, [noted](#) that, while Treasury markets remained resilient even under acute stress last April, reforms are still necessary to backstops such as the standby repo facility (SRF).
- **CFPB Set to Withdraw 67 Standards** - In a [draft notice](#) set to appear in the *Federal Register* on Monday, the CFPB is withdrawing 67 interpretive rules, circulars, and other forms of guidance.
- **CSBS Takes Strong Stand vs. Preemption** - The CSBS today reopened its longstanding battle against OCC preemption with a [letter](#) claiming that the OCC must withdraw its 2011 rule ([see FSM Report PREEMPT29](#)) to comply with recent Supreme Court decisions and Presidential orders.
- **FRB: By Better Definition, the Nation is Even Less Unbanked** - A new Fed staff [paper](#) seeks to differentiate the definition of "unbanked" consumers that desire bank accounts but are unable to obtain them from "out of banking population" who remain out of the banking system by choice.

This Week

Monday, May 12

SEC Crypto Task Force Roundtable entitled: "Tokenization - Moving Assets Onchain: Where TradFi and DeFi Meet." [1:00 pm, 100 F Street NE]. Matters to be discussed: tokenization.

Wednesday, May 14

HFSC Subcommittee on Housing and Insurance Hearing Entitled: "Exploring Alternatives to Traditional Stick-Built Homes." [10:00 am, 2128 RHOB]. Witnesses: TBD.

HFSC Subcommittee on Financial Institutions Hearing Entitled: "Enhancing Competition: Shaping the Future of Bank Mergers and De Novo Formation." [10:00 am, 2128 RHOB]. Witnesses: TBD.

Thursday, May 15

HFSC Task Force on Monetary Policy, Treasury Market Resilience, and Economic Prosperity Hearing Entitled: "Examining Treasury Market Fragilities and Preventative Solutions." [10:00 am, 2128 RHOB]. Witnesses: TBD.

Future Events of Note

Tuesday, May 20

HFSC Markup. [10:00 am, 2128 RHOB]. Matters to be discussed: TBD.

Wednesday, May 21

HFSC Markup. [10:00 am, 2128 RHOB]. Matters to be discussed: TBD.

Friday, June 6

SEC Crypto Task Force Roundtable entitled: "DeFi and the American Spirit." [1:00 pm, 100 F Street NE]. Matters to be discussed: DeFi.

Recent Files Available for Downloading

The following reports and analyses have been sent to retainer clients recently. Copies are also available to retainer clients on the Archives section of Federal Financial Analytics' website: www.fedfin.com or clients may obtain the reports/analyses by e-mailing info@fedfin.com giving the requested item name, firm, and e-mail address. To learn more about *GSE Activity Reports*, click [here](#).

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- **[FAIRLEND12](#)**: President Trump has issued an executive order (EO) ending long-standing practice by federal agencies to judge discrimination not only by whether signs of overt or other forms of express discrimination are found, but also if an entity's actions show disparate impact in who benefits or is harmed by them based on demographic or other "immutable characteristics."
- **[LIVINGWILL26](#)**: The FDIC has used FAQs rather than a formal revision to implement a significant change to the large-IDI solution rules it finalized in 2024.
- **[STRESS34](#)**: Although large banks are already conducting the stress testing mandated earlier this year, the Fed has now proposed several changes that form part of its broader decision late last year to redesign several aspects of this critical process and the manner in which CCAR results factor into the stress capital buffer (SCB), which sets minimum requirements rather than a buffer above them as the term implies
- **[MERGER22](#)**: As required by an executive order (EO) from President Trump mandating both review and then repeal of any rules that adversely affect competition, the FTC is seeking public comment on which rules to target and whether these standards could be modified or must be rescinded to meet the President's goals.
- **[REFORM238](#)**: Although Ranking Member Warren (D-MA) seemed particularly angry with her at this session, FRB Gov. Bowman nonetheless seems set to advance quickly to confirmation after the Easter recess.
- **[TRADE2](#)**: In this report, FedFin provides its first assessment of how the sweeping [tariffs](#) on trade-in-goods set last night by the White House are likely to affect financial-services firms.
- **[REFORM237](#)**: In a series of [letters](#) to federal financial regulators, HFSC Chair Hill and varying groups of GOP-only Members today sent a barrage of demands to federal financial regulators jointly and singly.
- **[CRYPTO51](#)**: The chair of the House Financial Services Committee, Rep. French Hill (R-AR), the Digital Asset Subcommittee's chair, Rep. Bryan Steil (R-WI), eight other Republicans and three Democrats have introduced House legislation to create a long-awaited federal framework for dollar-denominated payment stablecoins.
- **[PAYMENT37](#)**: As [noted](#), the President yesterday issued two executive orders demanding significant change to the federal payment system
- **[GSE-032425](#)**: In this report, we do our damndest to make sense of what's been wrought at Fannie, Freddie, and FHFA in the few days since Bill Pulte took charge and Treasury Secretary Bessent [mused](#) about folding the GSEs into the sovereign wealth fund.