

Witherspoon Examines Stablecoin Regulation in *Law360*

In the News

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Stinson LLP Partner [Tom Witherspoon](#) authored an article for *Law360* analyzing the recently enacted Guiding and Establishing National Innovation for U.S. Stablecoins (Genius) Act and its implications for the future of payment stablecoins in the U.S. financial system.

In his article, “Genius Act Sets Stablecoin Standards – Without Regulation E,” Witherspoon outlines how the Genius Act establishes a first-of-its-kind federal framework for stablecoin issuance while leaving unresolved questions about whether these digital assets fall under the Electronic Fund Transfer Act (EFTA) and its implementing regulation, Regulation E.

Witherspoon explores the act’s impact on consumer protection, compliance obligations for permitted payment stablecoin issuers, and the potential interplay with federal and state regulatory regimes. He highlights that while the act requires issuers to be treated as financial institutions for purposes of the Bank Secrecy Act, it remains silent on whether that same classification applies under the EFTA – an omission that could significantly affect consumer rights and liability protections in cases of fraud or unauthorized transfers.

“Whether applicability of the EFTA to payment stablecoins will be further tested may be left to the states in the years to come, at least during this administration,” Witherspoon writes. “The act preserves for states the ability to enforce their ‘laws relating to consumer protection’ and states that ‘nothing in this Act shall preempt State consumer protection laws.’”

Witherspoon focuses his practice on payments, consumer financial products and other bank and financial regulatory matters with an emphasis on compliance, financial transactional and litigation matters.

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