

GENERAL ASSEMBLY OF NORTH CAROLINA
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HOUSE BILL DRH30522-MUF-90

Short Title: NC Digital Asset and Stablecoin Act.

(Public)

Sponsors: Representative Chesser.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO ENACT THE NORTH CAROLINA DIGITAL ASSET AND STABLECOIN
3 ACT, AS RECOMMENDED BY THE HOUSE SELECT COMMITTEE ON
4 BLOCKCHAIN AND DIGITAL ASSETS.

5 The General Assembly of North Carolina enacts:

6
7 **PART I. DIGITAL ASSET FINANCIAL ACT**

8 **SECTION 1.(a)** Chapter 53 of the General Statutes is amended by adding a new
9 Article to read:

10 "Article 26.

11 "Digital Asset Financial Act.

12 **"§ 53-441. Definitions.**

13 The following definitions apply in this Article:

- 14 (1) Customer. – A person for which a financial institution provides digital asset
15 services, including a digital asset account holder or a person on whose behalf
16 the financial institution acts in a fiduciary capacity.
- 17 (2) Digital asset. – A natively electronic asset that confers economic, proprietary,
18 or access rights and is recorded or stored in a blockchain, cryptographically
19 secured distributed ledger, or similar technology. A digital asset is personal
20 property.
- 21 (3) Digital asset custody services. – The safekeeping or custody of digital assets
22 on behalf of customers by a financial institution, including maintaining control
23 over the digital assets and any associated cryptographic keys.
- 24 (4) Digital asset services. – Any services involving digital assets offered by a
25 financial institution, including digital asset custody services, staking services,
26 and digital asset transaction services.
- 27 (5) Digital asset transaction services. – Services that facilitate the execution of
28 digital asset purchase or sale transactions on behalf of a customer.
- 29 (6) Exercise of an act of ownership interest. – Includes the following actions by a
30 customer relating to a digital asset account:
- 31 a. Conducting a transaction with digital assets in the account, including
32 buying or selling digital assets.
- 33 b. Depositing into or withdrawing from a digital asset account fiat
34 currency or other property, whether by a one-time transaction or a
35 recurring transaction.
- 36 c. Electronically accessing the digital asset account.



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- 1 d. Conducting any activity with respect to another digital asset account
2 or any other property held with the same financial institution.
- 3 e. Taking any other action that reasonably demonstrates to the financial
4 institution that the customer knows that the digital asset account exists.
- 5 (7) Fiduciary capacity. – Acting with trust powers under State law to provide
6 digital asset services on behalf of a customer, including the discretionary
7 management or administration of digital assets subject to fiduciary duties.
- 8 (8) Financial institution. – A bank chartered under State law or a credit union
9 organized under State law.
- 10 (9) Keys. – A pair of cryptographic codes associated with a digital asset wallet,
11 consisting of a public key and a private key. The public key enables the receipt
12 of digital assets and the verification of digital signatures. The private key
13 enables the control, transfer, or management of digital assets within the wallet.
- 14 (10) Non-fiduciary capacity. – Providing digital asset custody services solely for
15 safekeeping, without discretionary authority to manage or transfer the assets
16 and with legal title and control of the assets remaining with the customer.
- 17 (11) Regulating authority. – Either of the following:
- 18 a. In the case of a State-chartered bank, the Commissioner of Banks.
- 19 b. In the case of a State-organized credit union, the Administrator of
20 Credit Unions.
- 21 (12) Slashing. – A penalty imposed by a blockchain protocol that results in the
22 forfeiture or reduction of staked digital assets or rewards due to validator
23 misconduct or failure.
- 24 (13) Staking. – Committing digital assets to a blockchain network to participate in
25 the network's operations by validating transactions, proposing and attesting to
26 blocks, and securing the network.
- 27 (14) Staking rewards. – Any interest, yield, or other compensation earned by a
28 customer through staking digital assets on a blockchain network.
- 29 (15) Subcustodian. – A third party that a financial institution uses to hold digital
30 assets on the financial institution's behalf as part of providing custody services
31 to a customer.
- 32 (16) Wallet. – A digital interface or physical device that stores digital assets or
33 private keys, enabling the owner to securely manage, transfer, and maintain
34 independent control over their digital assets.

35 **"§ 53-442. Digital asset custody services.**

36 (a) Notification. – A financial institution intending to offer digital asset custody services
37 shall notify the regulating authority in writing before initiating these services. The written notice
38 shall be provided to the regulating authority at least 60 days before the financial institution's
39 commencement of custody services and shall include any information required by the regulating
40 authority to evaluate the financial institution's plans, policies, and procedures for compliance
41 with this section.

42 (b) Fiduciary Capacity. – A financial institution shall not begin offering digital asset
43 custody services in a fiduciary capacity without first obtaining the written approval of the
44 regulating authority. In applying for approval, the financial institution shall demonstrate that it
45 has satisfied all requirements to exercise trust powers and that it has the necessary expertise,
46 policies, and procedures in place to safely conduct fiduciary digital asset custody services. The
47 regulating authority has the discretion to condition or limit the scope of a financial institution's
48 authority to engage in fiduciary digital asset custody services and may impose any supervisory
49 conditions deemed necessary to ensure the safety and soundness of the financial institution and
50 the protection of customer assets. Additionally, if a financial institution provides digital asset
51 custody services in a fiduciary capacity and uses a subcustodian for those assets, the financial

1 institution shall provide notice to the regulating authority of its use of a subcustodian for fiduciary
2 custody.

3 (c) Fiduciary and Non-Fiduciary Capacity. – A financial institution may directly provide
4 digital asset custody services to its customers and may provide digital asset custody services in
5 either a fiduciary capacity or a non-fiduciary capacity, subject to the following provisions:

6 (1) Fiduciary capacity. – A financial institution shall not provide digital asset
7 custody services in a fiduciary capacity unless it is authorized to exercise trust
8 powers under State law. A financial institution acting in a fiduciary capacity
9 shall exercise this authority in accordance with all applicable fiduciary duties
10 and standards, including those governing trustees, custodians, and agents
11 under State law.

12 (2) Non-fiduciary capacity. – A financial institution may provide digital asset
13 custody services in a non-fiduciary capacity without being authorized to
14 exercise trust powers. When acting in a non-fiduciary capacity, the financial
15 institution shall act solely as a custodian for safekeeping purposes and shall
16 not exercise discretionary authority over the customer's digital assets. The
17 financial institution may act only upon the written instructions of the customer
18 and shall not independently manage, transfer, or dispose of the digital assets.

19 (d) Customer Agreement and Disclosures. – A financial institution shall enter into a
20 written custodial agreement with each customer before undertaking digital asset custody services.
21 The custodial agreement shall specify whether the financial institution is acting in a fiduciary
22 capacity or a non-fiduciary capacity for that customer. The agreement shall also include the
23 following written disclosures in a clear and conspicuous manner:

24 (1) Digital assets held in custody by the financial institution are not deposits,
25 obligations, or other liabilities of the institution.

26 (2) Digital assets in custody are not insured by the Federal Deposit Insurance
27 Corporation (FDIC), the National Credit Union Administration (NCUA), or
28 any other federal or State deposit insurance or share insurance program.

29 (e) Pooled or Segregated Custody Permitted. – A financial institution may hold digital
30 assets of multiple customers in a pooled custody arrangement or may segregate digital assets by
31 individual customer, in accordance with its custodial agreements. Pooled custody is permitted so
32 long as the financial institution maintains accurate records identifying each customer's interest in
33 the digital assets. A financial institution may segregate a customer's digital assets in a separate
34 account or digital wallet upon a customer's request or as required by the custodial agreement or
35 other law.

36 (f) Asset Reserve Requirement. – A financial institution providing digital asset custody
37 services shall at all times maintain control over a quantity of each type of digital asset in its
38 custody that equals or exceeds the total quantity of that digital asset owed to customers or
39 required to be held on behalf of customers. In no event shall the financial institution hold less
40 than a one hundred percent (100%) reserve of each digital asset owed or attributable to its
41 customers, and the financial institution's aggregate holdings of each digital asset shall at all times
42 be equal to or greater than the total amount of that asset that the financial institution owes to its
43 customers. Pooled custody of assets, as provided in subsection (e) of this section, shall not relieve
44 the financial institution of the requirement to individually account for and fully reserve each type
45 of digital asset for the benefit of customers under this subsection.

46 (g) Independent Annual Audits. – A financial institution engaging in digital asset custody
47 services shall undergo an independent audit of its custodial activities and holdings at least once
48 every fiscal year. The audit shall be conducted by a qualified independent auditor and shall verify
49 that the financial institution's actual holdings of each digital asset exceed the amount of that
50 digital asset that the institution owes to or holds for customers. The financial institution shall

1 promptly provide the results of each annual audit to the regulating authority and shall make the
2 audit results available to its customers upon request.

3 **"§ 53-443. Subcustody of digital assets.**

4 (a) A financial institution may utilize one or more subcustodians to assist in providing
5 digital asset custody services to its customers. The engagement of a subcustodian does not require
6 a separate consent from the customer, so long as the use of subcustodians is disclosed in the
7 customer's custodial agreement. The use of a subcustodian does not relieve the financial
8 institution of its duties as custodian, and the financial institution remains responsible to the
9 customer for the custody of the digital assets.

10 (b) A financial institution may place digital assets into subcustody only with one of the
11 following entities:

12 (1) A bank chartered under the laws of this State, another state, or the United
13 States.

14 (2) A special purpose depository institution chartered under the laws of another
15 state.

16 (3) A money transmitter licensed under Article 16B of this Chapter.

17 (c) A financial institution shall execute a written agreement with each subcustodian it
18 uses. Each agreement shall delineate the rights and responsibilities of the financial institution and
19 the subcustodian and require compliance with this section. The financial institution shall make a
20 subcustodial agreement available to the regulating authority for review upon request.

21 (d) A financial institution placing digital assets in subcustody shall at all times retain
22 control and custody of those assets. The subcustodial arrangement shall be structured so that the
23 financial institution remains the custodial recordholder of the assets on behalf of its customers
24 and the digital assets remain the property of the financial institution's customers.

25 (e) For each digital asset held in subcustody, the financial institution shall require the
26 subcustodian to maintain at least a one hundred percent (100%) reserve of that asset by type. The
27 amount of each type of digital asset held by the subcustodian shall at all times equal or exceed
28 the amount of that asset credited to the financial institution's customers. Different types of digital
29 assets shall not be commingled for reserve purposes, and assets held by a subcustodian on behalf
30 of one financial institution shall not be commingled with assets held on behalf of any other
31 financial institution or person.

32 (f) A financial institution shall only utilize a subcustodian that maintains insurance
33 coverage sufficient to protect against the loss of digital assets due to cybersecurity breaches, theft,
34 or other similar events. The financial institution shall ensure that the subcustodian's insurance
35 remains in effect and adequate to cover the value of assets held in subcustody.

36 (g) Digital assets held in subcustody shall be included in the scope of the financial
37 institution's annual independent audits under G.S. 53-442(g). All records relating to digital assets
38 held in subcustody are subject to examination by the regulating authority to the same extent as
39 records relating to digital assets held directly by the financial institution.

40 **"§ 53-444. Staking of digital assets.**

41 (a) Regulatory Notification and Approval. – A financial institution shall notify the
42 regulating authority in writing of its intent to offer staking services at least 60 days before
43 initiating these services. The written notice shall include any information that the regulating
44 authority requires to evaluate the financial institution's plans, policies, and procedures for
45 conducting staking in a safe and sound manner. A financial institution shall not begin staking
46 digital assets in a fiduciary capacity on behalf of a customer without first obtaining the written
47 approval of the regulating authority.

48 (b) Staking Services. – A financial institution may stake digital assets held in custody on
49 behalf of its customers. Staking services may be provided with respect to digital assets held in
50 either a fiduciary capacity or non-fiduciary capacity, subject to the requirements of this section.
51 Unless otherwise instructed by the customer, a financial institution may include a customer's

1 digital assets in its staking program by default, so long as the customer has been given the
2 required disclosures and an opportunity to opt out as described in subsection (c) of this section.

3 (c) Customer Disclosures and Opt-Out. – Before initiating staking services for any
4 customer's digital assets, a financial institution shall provide the customer with a clear and
5 conspicuous written disclosure of the terms and conditions of the staking program, including the
6 following:

7 (1) Automatic staking and opt-out. – That the financial institution may
8 automatically stake digital assets in the customer's account unless the
9 customer affirmatively opts out of participation.

10 (2) Risks of staking. – The key risks associated with staking, such as the potential
11 for loss of staked assets or rewards due to slashing or other network events,
12 and cybersecurity or operational risks inherent in the staking process.

13 (3) Lock-up periods. – Any applicable lock-up, unbonding, or notice period
14 before staked assets can be withdrawn or transferred and the implications of
15 this period for the customer's access to the customer's assets.

16 (4) Customer rights. – The customer's rights and obligations related to the staking
17 service, including the right to discontinue participation in staking at any time
18 and the entitlement to receive staking rewards earned on the customer's assets.

19 (5) Fees. – The amount or rate of any fees or commissions that the financial
20 institution deducts from staking rewards as compensation for providing the
21 staking service.

22 (d) Customer Ownership and Off-Balance Sheet Status. – A digital asset that a financial
23 institution stakes on behalf of a customer remains the property of the customer. Staked customer
24 assets, and any staking rewards associated with those assets, shall not be recorded as assets or
25 liabilities on the financial institution's balance sheet. The financial institution shall ensure that
26 staked assets are safeguarded and not subject to any lien, security interest, or claim of the
27 financial institution's creditors. A financial institution shall not encumber, hypothecate, or
28 otherwise use a customer's staked assets for any purpose except for facilitating staking on the
29 relevant blockchain or distributed ledger and shall not expose the assets to risk of loss except to
30 the extent inherent in the normal operation of the staking process.

31 (e) Use of Subcustodians for Staking. – A financial institution may utilize one or more
32 subcustodians to facilitate the staking of digital assets on behalf of its customers. The financial
33 institution shall at all times retain control over the staked assets and maintain appropriate
34 oversight of the staking process. The use of a subcustodian for staking does not relieve the
35 financial institution of its duties to the customer under this section, and the financial institution
36 remains responsible for ensuring compliance with all requirements of this section. A subcustodial
37 arrangement for staking shall be executed in a written agreement that delineates the rights and
38 responsibilities of the financial institution and the subcustodian.

39 (f) Reserve Requirements for Staked Assets. – In addition to complying with the reserve
40 requirements of this Article, a financial institution shall ensure that a sufficient portion of each
41 digital asset type remains unstaked or otherwise available to promptly meet customer withdrawal
42 requests, subject to any staking lock-up or unbonding periods disclosed to the customer pursuant
43 to subsection (c) of this section.

44 (g) Staking Rewards to Customers. – All rewards, yield, or other benefits earned from
45 the staking of a customer's digital assets shall accrue to the benefit of that customer. A financial
46 institution may deduct a reasonable fee or commission from staking rewards only if that fee has
47 been disclosed to the customer in advance in writing. Except as otherwise agreed in writing by
48 the customer, the financial institution shall credit all net staking rewards, after the deduction of
49 any disclosed fees, to the customer's account in the same type of digital asset that generated the
50 rewards. These credits shall be made within a reasonable period after the rewards are received or
51 become available to the financial institution.

1 (h) Audits, Risk Management, and Insurance. – A financial institution's staking activities
2 shall be included within the scope of its independent annual audits under G.S. 53-442(g). The
3 financial institution shall implement and maintain written internal policies and procedures to
4 effectively identify, monitor, and manage risks associated with staking, including operational
5 risks, cybersecurity threats, slashing, and other risks associated with staking services. The
6 financial institution shall maintain insurance coverage adequate to protect against potential losses
7 arising from staking activities, including losses attributable to slashing, cybersecurity breaches,
8 theft, or similar events, and shall ensure this coverage remains in effect and sufficient to cover
9 the current value of assets staked on behalf of its customers. All records relating to the financial
10 institution's staking services shall be available for independent audit and examination by the
11 regulating authority, consistent with the treatment of non-staked custodial asset records.

12 **"§ 53-445. Digital asset transaction services.**

13 (a) Regulatory Notice. – A financial institution intending to engage in digital asset
14 transaction services under this section shall provide at least 60 days' written notice of its intent
15 to the regulating authority. The financial institution may commence these services only after the
16 notice period has elapsed unless the regulating authority allows an earlier date.

17 (b) Fiduciary Capacity. – A financial institution may engage in digital asset transaction
18 services when acting in a fiduciary capacity on behalf of a customer, subject to the requirements
19 of this section.

20 (c) Customer Disclosures. – A financial institution shall disclose to its customer, before
21 or at the time of a digital asset transaction, the following disclosures in a clear and conspicuous
22 manner:

23 (1) The methodology or basis used to determine the execution price of the digital
24 asset transaction.

25 (2) Any spreads, fees, commissions, or other charges that will be applied to the
26 transaction.

27 (3) The expected time line for settlement of the transaction and for the digital
28 asset to be available in the customer's account.

29 (d) Customer Instruction or Discretionary Authority. – A financial institution shall
30 execute a digital asset transaction only if one or more of the following applies:

31 (1) The transaction is executed pursuant to the express instruction of the
32 customer.

33 (2) The transaction is executed in the exercise of discretionary investment
34 authority granted to the financial institution under the governing fiduciary
35 instrument or other law.

36 (e) Counterparties. – A financial institution shall facilitate digital asset transactions only
37 with counterparties who are also authorized to engage in digital asset transaction services.

38 (f) Prohibition on Proprietary Trading. – A financial institution engaging in digital asset
39 transaction services under this section shall act solely in a fiduciary capacity for the benefit of its
40 customers and shall not engage in proprietary trading of digital assets. No purchase or sale of a
41 digital asset shall be made for the financial institution's own account under the authority of this
42 section, and all transactions shall be solely for the account of, or benefit of, a customer.

43 (g) Use of Subcustodians and Execution Agents. – A financial institution engaging in
44 digital asset transaction services under this section may utilize subcustodians or third-party
45 execution agents to execute transactions on behalf of its customers. The financial institution may
46 delegate discretionary authority to these subcustodians or agents regarding the timing, sequence,
47 and venue of transaction execution. This delegation shall comply with the fiduciary
48 responsibilities of the financial institution. The financial institution shall perform due diligence
49 and maintain continuous monitoring of every subcustodian or execution agent to ensure
50 compliance with this Article and the protection of digital assets. Delegation of authority under

1 this subsection does not relieve the financial institution of its fiduciary obligations or its
2 responsibility to comply with this Article.

3 (h) Custody of Assets Post-Transaction. – A financial institution that purchases a digital
4 asset under this section shall ensure that the asset is transferred into the financial institution's
5 custody as soon as commercially practicable after execution of the transaction. All digital assets
6 so acquired shall be held in custody in accordance with the fiduciary custody standards
7 established in this Article and maintained under the financial institution's control consistent with
8 its fiduciary obligations.

9 (i) Record Keeping and Oversight. – For each digital asset purchase or sale executed
10 under this section, the financial institution shall create and retain a record of the transaction,
11 including the date and time of execution; the type and amount of digital asset purchased or sold;
12 the price at which the transaction was executed; the identity of the counterparty; any execution
13 agent used; and all fees, commissions, or spreads charged. These records shall be maintained for
14 at least five years and shall be made available to the regulating authority upon request or during
15 examination.

16 **"§ 53-446. Anti-money laundering, cybersecurity, and other compliance requirements.**

17 (a) Compliance. – A financial institution shall comply with all federal and State laws
18 governing its digital asset services. These laws include the federal Bank Secrecy Act (31 U.S.C.
19 § 5311 et seq.) and its implementing regulations, customer due diligence requirements issued by
20 the U.S. Department of the Treasury's Financial Crimes Enforcement Network, sanctions
21 regulations administered by the U.S. Department of the Treasury's Office of Foreign Assets
22 Control (OFAC), and data security and privacy laws, such as the Gramm-Leach-Bliley Act (15
23 U.S.C. § 6801 et seq.) and its implementing regulations.

24 (b) Anti-Money Laundering Program. – A financial institution shall establish and
25 maintain an anti-money laundering compliance program that is risk-based and commensurate
26 with the nature and scope of the financial institution's digital asset services. The program shall
27 include all of the following:

- 28 (1) A system of internal controls to ensure ongoing compliance with the Bank
29 Secrecy Act and other applicable anti-money laundering requirements.
- 30 (2) Independent testing for compliance to be conducted by qualified internal audit
31 personnel or an independent party.
- 32 (3) Appropriate risk-based procedures for conducting ongoing customer due
33 diligence, including monitoring of customer transactions and updating
34 customer information as necessary.

35 (c) Cybersecurity Program. – A financial institution shall implement and maintain a
36 written cybersecurity program designed to ensure the security of the financial institution's digital
37 asset services systems and protect the confidentiality, integrity, and availability of customer
38 digital assets and related information. The cybersecurity program shall be commensurate with
39 the financial institution's size and complexity and the sensitivity of its operations and shall align
40 with federal cybersecurity standards for institutions, including the guidelines of the Federal
41 Financial Institutions Examination Council (FFIEC) Information Technology Examination
42 Handbook and the framework established by the National Institute of Standards and Technology
43 (NIST). The program shall include administrative, technical, and physical safeguards to protect
44 against anticipated threats or hazards and unauthorized access to or theft of customer assets or
45 information.

46 (d) Incident Notification. – A financial institution shall notify the regulating authority of
47 any material cybersecurity incident as soon as possible, but in no event later than 72 hours after
48 discovering the incident. This notice shall provide a description of the incident and its likely
49 impact on the financial institution and its customers, in accordance with any notification
50 procedures prescribed by the regulating authority. For purposes of this subsection, a "material
51 cybersecurity incident" means a cybersecurity breach or event that materially compromises the

1 security, confidentiality, or integrity of the financial institution's information systems or the
2 digital assets under its control.

3 (e) Record Keeping. – A financial institution shall maintain detailed records of its
4 compliance efforts under this section, including all policies, procedures, risk assessments, audit
5 reports, and training materials related to its anti-money laundering and cybersecurity programs.
6 All records and supporting documentation shall be retained for at least five years and shall be
7 made available for inspection by the regulating authority upon request or during an examination.

8 (f) Program Oversight Personnel. – A financial institution shall designate qualified
9 individuals responsible for overseeing the institution's anti-money laundering and cybersecurity
10 programs. The designated anti-money laundering compliance officer and the designated
11 cybersecurity program officer shall have the expertise, authority, and resources to administer
12 their respective programs and to enforce compliance with all applicable laws. A financial
13 institution shall promptly report to the Commissioner the names and contact information of these
14 designated individuals and shall notify the Commissioner of any change in these designations.

15 **"§ 53-447. Prohibition on rehypothecation.**

16 A financial institution shall not rehypothecate a customer's digital assets.

17 **"§ 53-448. Unclaimed digital assets.**

18 Digital assets held by a financial institution under this Article that are presumed abandoned
19 are subject to Article 4 of Chapter 116B of the General Statutes. For purposes of that Article, a
20 financial institution holding digital assets is a holder as defined in G.S. 116B-52, and the
21 customer is an apparent owner as defined in G.S. 116B-52.

22 **"§ 53-449. Rulemaking.**

23 The State Banking Commission and Credit Union Commission may adopt rules to
24 implement, clarify, and enforce the requirements of this Article. These rules may include more
25 specific standards for anti-money laundering, cybersecurity, and customer due diligence
26 programs. The State Banking Commission and Credit Union Commission may also issue
27 advisory guidance to assist financial institutions in complying with this Article.

28 **"§ 53-450. Enforcement and supervisory authority.**

29 (a) Grounds. – The regulating authority may exercise the enforcement powers set forth
30 in this section, if the regulating authority determines that a financial institution has done any of
31 the following:

- 32 (1) Violated any provision of this Article or rule adopted or order issued under it.
- 33 (2) Engaged in any unsafe or unsound practice in connection with its digital asset
34 services.
- 35 (3) Operated in a manner that threatens the safety or security of a customer's
36 digital assets.

37 (b) Corrective Action Orders. – The regulating authority may issue a written order
38 directing a financial institution to take specific corrective action to remedy any misconduct
39 described in subsection (a) of this section. The order shall state the grounds for issuance and the
40 required remedial measures. The financial institution shall, within 10 days of receiving the order,
41 respond in writing to the regulating authority detailing the corrective actions taken or planned.

42 (c) Temporary Emergency Orders. – If the regulating authority determines that a
43 financial institution has engaged in any misconduct described in subsection (a) of this section
44 and this misconduct is likely to cause immediate and irreparable harm to its customers or the
45 public, the regulating authority may issue a temporary emergency order. This order may direct
46 the financial institution to immediately cease and desist from the activity and take any other
47 action necessary to prevent or mitigate the harm. A temporary emergency order is effective upon
48 service on the financial institution. A financial institution subject to a temporary emergency order
49 shall be given the opportunity for an expedited hearing. Upon the financial institution's request,
50 a hearing shall be held within 10 days after the issuance of the temporary emergency order to
51 determine whether the order should be stayed, modified, or made permanent. If no hearing is

1 requested within the 10-day period, or if the financial institution fails to appear at the scheduled
2 hearing, the temporary emergency order remains in effect until the regulating authority either
3 lifts it or replaces it with a cease and desist order under subsection (d) of this section.

4 (d) Cease and Desist Orders. – The regulating authority may, after notice and an
5 opportunity for hearing, issue an order requiring a financial institution to cease and desist from
6 any activity described in subsection (a) of this section. The regulating authority shall serve upon
7 the financial institution a written notice describing the alleged misconduct and specifying a time
8 and place for a hearing to be held within 15 days of the notice, at which the financial institution
9 may present evidence or argument. If the regulating authority finds that the financial institution
10 has engaged in the alleged misconduct, the regulating authority may issue a cease and desist order
11 ordering the financial institution to immediately discontinue the misconduct and take affirmative
12 action, if necessary, to prevent its recurrence.

13 (e) Suspension or Revocation of Digital Asset Service Authority. – If, after notice and an
14 opportunity for hearing, the regulating authority determines that a financial institution has
15 engaged in any misconduct described in subsection (a) of this section, the regulating authority
16 may suspend or revoke the institution's authority to provide digital asset services under this
17 Article. A notice of intent to suspend or revoke shall be served upon the financial institution,
18 stating the grounds for the action and setting a hearing at which the financial institution may
19 show cause why its authority should not be suspended or revoked. A suspension or revocation
20 issued under this subsection becomes effective only after the financial institution has been given
21 notice, an opportunity for a hearing, and a written decision by the regulating authority affirming
22 the grounds for the suspension or revocation.

23 (f) Civil Penalty. – In addition to or instead of an order described in this section, the
24 regulating authority may impose a civil penalty for any misconduct described in subsection (a)
25 of this section. For the first offense, the civil penalty shall not exceed five thousand dollars
26 (\$5,000) per violation. For each subsequent offense, the penalty shall not exceed ten thousand
27 dollars (\$10,000) per violation. Each act or omission that is found to constitute a violation is a
28 separate violation for purposes of assessing civil penalties. The regulating authority shall give
29 written notice to the financial institution of the proposed civil penalty, identifying the misconduct
30 and the amount of the penalty, and shall inform the financial institution of its right to request a
31 hearing on the civil penalty in accordance with subsection (g) of this section.

32 (g) Hearing and Appeal Rights. – A financial institution subject to an enforcement action
33 under this section is entitled to a hearing of the regulating authority's decision. Upon request by
34 the financial institution, the Commissioner shall conduct an administrative hearing within 15
35 days of the request. The financial institution may present evidence and argument at the hearing,
36 and the regulating authority shall issue a written final decision or order based on the record of
37 the proceeding. A bank may appeal a final decision or order of the Commissioner of Banks to
38 the State Banking Commission, in accordance with G.S. 53C-2-6, and a credit union may appeal
39 a final decision or order of the Administrator of Credit Unions to the Credit Union Commission,
40 in accordance with G.S. 54-109.92(k). The filing of an appeal operates as an automatic stay of
41 the regulating authority's order, unless the reviewing commission, upon motion of the regulating
42 authority, finds that a stay would pose a substantial risk to the public interest."

43 **SECTION 1.(b)** G.S. 116B-52 reads as rewritten:

44 **"§ 116B-52. Definitions.**

45 ~~In this Chapter:~~ The following definitions apply in this Chapter:

46 (1) "Apparent owner" means a person whose name appears on the records of a
47 holder as the person entitled to property held, issued, or owing by the holder.

48 ...

49 (2a) "Digital asset" is as defined in G.S. 53-441.

(2b) "Digital asset account" means an account, wallet, or other custodial arrangement maintained by an apparent owner with a holder that may contain one or more types of digital assets.

...

(3a) "Exercise of an act of ownership interest" is as defined in G.S. 53-441.

...

(5) "Holder" means a person obligated to hold for the account of or deliver or pay to the owner property that is subject to this Chapter.

...

(6a) "Keys" is as defined in G.S. 53-441.

...

(11b) "Qualified custodian" means a person selected by the Treasurer to receive and hold digital assets presumed abandoned under this Chapter that meets one or more of the following criteria:

- a. A federal or state-chartered bank, trust company, or special purpose depository institution that is licensed or authorized to offer custody services for digital assets.
- b. A company possessing a license granted by this State or another state that offers custody services for digital assets.
- c. An entity that qualifies as a "financial institution" under 31 C.F.R. § 1010.100 and is subject to the anti-money laundering obligations of the federal Bank Secrecy Act, 31 U.S.C. § 5311 et seq.

...."

SECTION 1.(c) G.S. 116B-53 reads as rewritten:

"§ 116B-53. Presumptions of abandonment.

...

(c) Property is presumed abandoned if it is unclaimed by the apparent owner during the time set forth below for the particular property:

...

(15a) Property held in a digital asset account, five years after the earliest of the following dates:

- a. The date of the last exercise of an act of ownership interest by the apparent owner.
- b. The date a second consecutive communication from the holder to the apparent owner is returned to the holder as undeliverable to the apparent owner.
- c. The date the holder discontinued communications to the apparent owner.

The five-year period under this subdivision is tolled upon the apparent owner's exercise of an act of ownership interest or any written, oral, or electronic communication from the apparent owner to the holder. The holder shall maintain a record of this communication.

...."

SECTION 1.(d) G.S. 116B-59 reads as rewritten:

"§ 116B-59. Notice by holders to apparent owners.

(a) Repealed by Session Laws 2017-134, s. 2(a), effective October 1, 2017, and applicable to property presumed abandoned on or after that date.

(a1) A holder of property that is presumed abandoned and that is either (i) a security or other equity interest in a business association, including a security entitlement under Article 8 of Chapter 25 of the General Statutes, that is valued at twenty-five dollars (\$25.00) or more or (ii) property, other than a security or other equity interest in a business association, including a

1 security entitlement under Article 8 of Chapter 25 of the General Statutes, that is valued at fifty
2 dollars (\$50.00) or more shall send written notice by first-class mail to the apparent owner not
3 more than 120 days or less than 60 days before filing the report required by this Article. The
4 holder shall exercise reasonable care to ascertain that it is sending the written notice to the
5 apparent owner's correct address. ~~A holder may authorize a third party to perform the duties
6 required by this subsection. Notwithstanding any third-party authorization, the holder bears
7 responsibility for a failure to comply with this section.~~

8 (a2) A holder of property held in a digital asset account that is presumed abandoned under
9 G.S. 116B-53(c)(15a) and that is valued at twenty-five dollars (\$25.00) or more shall send notice
10 to the apparent owner not more than 120 days or less than 60 days before filing the report required
11 by this Article. The holder shall send notice by one or both of the following methods:

12 (1) Sending notice by electronic mail, push notification, text message, or other
13 electronic communication method to the apparent owner at the electronic
14 address or through the communication channel maintained in the holder's
15 records for the apparent owner.

16 (2) If the holder, in the regular course of business, sends physical mail to the
17 apparent owner, sending written notice by mail to the apparent owner's last
18 known mailing address.

19 The holder shall exercise reasonable care to ascertain that the notice is directed to the apparent
20 owner's correct address, whether physical or electronic.

21 (b) Repealed by Session Laws 2017-134, s. 2(a), effective October 1, 2017, and
22 applicable to property presumed abandoned on or after that date.

23 (c) ~~The A~~ written notice to apparent owners required under this section must contain all
24 of the following:

25 (1) A statement that, according to the records of the holder, property is being held
26 to which the addressee appears entitled and the amount or description of the
27 property.

28 (2) The name, address, and contact information of the person holding the property
29 and any necessary information regarding changes of name and address of the
30 holder.

31 (3) The date the holder intends to submit the report required under this Article
32 and a statement that, if satisfactory proof of claim is not presented by the
33 owner to the holder within 30 days of that date, then property will be placed
34 in the custody of the Treasurer, to whom all further claims shall be directed.

35 (4) A statement that, once property is placed in the custody of the Treasurer, all
36 interest, dividends, income, and gains earned on the property will remain with
37 the Treasurer, even if the owner subsequently reclaims the property from the
38 Treasurer.

39 (d) With the written consent of the Treasurer, this section may be waived, in whole or in
40 part, for good cause shown and upon conditions and terms that are prescribed by the Treasurer.

41 (e) A holder may authorize a third party to perform the duties required by this section.
42 Nevertheless, the holder bears responsibility for a failure to comply with this section."

43 **SECTION 1.(e)** G.S. 116B-60 reads as rewritten:

44 **"§ 116B-60. Report of abandoned property; certification by holders with tax return.**

45 (a) A holder of property presumed abandoned shall file a report in an electronic format
46 prescribed by the Treasurer concerning the property. Holders shall file an electronic certification
47 and verification in order to comply with subsection (f) of this section. A holder may authorize a
48 third party to perform the duties required by this subsection. Notwithstanding any third-party
49 authorization, the holder bears responsibility for a failure to comply with this section.

1 (b) For amounts due to the apparent owner of property of the value of fifty dollars
2 (\$50.00) or more, the report must be verified and must contain the following, if known by the
3 holder:

- 4 (1) Except with respect to a traveler's check or money order, full name, last known
5 address, social security number or taxpayer identification number, date of
6 birth, drivers license or state identification number, and email address of each
7 person who, from the records of the holder of the property, appears to be the
8 apparent owner of the property.
- 9 (2) A description of the property, the identification number, if any, and the
10 property amount.
- 11 (3) Repealed by Session Laws 2011-230, s. 4, effective October 1, 2011.
- 12 (4) In the case of an amount held or owing under an annuity or a life or
13 endowment insurance policy, the full name and last known address, social
14 security number or taxpayer identification number, date of birth, drivers
15 license or state identification number, and email address of the annuitant or
16 insured and of the beneficiary.
- 17 (5) The date, if any, on which the property became payable, demandable, or
18 returnable, and the date of the last transaction or communication with the
19 apparent owner with respect to the property.
- 20 (6) Other information that the Treasurer by rule prescribes as necessary for the
21 administration of this Chapter.

22 (b1) With the exception of property subject to G.S. 116B-53(c)(4), 116B-53(c)(5), and
23 116B-53(c)(5a), and 116B-53(c)(15a), amounts due an apparent owner less than fifty dollars
24 (\$50.00) may be reported in an aggregate amount without furnishing any of the information
25 required by subsection (b) of this section.

26"

27 **SECTION 1.(f)** Article 4 of Chapter 116B of the General Statutes is amended by
28 adding a new section to read:

29 **"§ 116B-61.1. Delivery of abandoned digital assets.**

30 (a) A holder of property held in a digital asset account that is presumed abandoned under
31 G.S. 116B-53(c)(15a) shall report the property to the Treasurer pursuant to G.S. 116B-60 and, if
32 the digital asset account contains digital assets and the holder has the necessary private key or
33 other means required to transfer the digital assets, shall deliver the digital assets in their native
34 form to a qualified custodian designated by the Treasurer. The holder shall provide the Treasurer
35 with proof of delivery upon request.

36 (b) If the holder does not have the necessary private key or is otherwise unable to transfer
37 the digital assets to the qualified custodian, the holder shall maintain the digital assets until the
38 necessary key becomes available or the holder is otherwise able to transfer the digital assets to
39 the qualified custodian. The holder shall notify the Treasurer that it is maintaining the digital
40 assets pursuant to this subsection and shall report the digital assets in each subsequent report filed
41 under G.S. 116B-60 until delivery is completed.

42 (c) If the Treasurer determines that a reported digital asset cannot be accepted for custody
43 by the qualified custodian designated by the Treasurer, is of de minimis or nominal value, or that
44 the costs of custody, transfer, or administration would exceed the value of the digital asset, the
45 Treasurer may direct the holder to liquidate the digital asset and deliver the net proceeds to the
46 Treasurer. The Treasurer may also identify classes or types of digital assets that are exempt from
47 delivery or that are subject to liquidation upon reporting.

48 (d) A holder that delivers digital assets or pays proceeds to the Treasurer in good faith
49 pursuant to this section is relieved of all liability arising after the delivery or payment with respect
50 to the digital assets delivered or proceeds paid, in accordance with G.S. 116B-63."

51 **SECTION 1.(g)** G.S. 116B-65 reads as rewritten:

1 **"§ 116B-65. Public sale of abandoned property.**

2 ...
3 (d) Digital assets delivered to the Treasurer or to a qualified custodian designated by the
4 Treasurer shall be maintained in their native form for a minimum period of three years after
5 delivery. Following the completion of the three-year holding period, the Treasurer may arrange
6 for the sale of the digital assets. No sale shall occur before the expiration of the holding period.
7 Nothing in this subsection requires the Treasurer to liquidate digital assets upon the conclusion
8 of the three-year holding period.

9 If the apparent owner of digital assets makes a claim during the period in which the digital
10 assets are still maintained in their native form, the Treasurer shall, at the election of the apparent
11 owner, either transfer the digital assets in their native form to a custodian selected by the apparent
12 owner or arrange for the sale of the digital assets and remit the net proceeds to the apparent
13 owner.

14 The Treasurer shall not sell a digital asset for less than the prevailing market price at the time
15 of sale. If a digital asset does not have a prevailing market price or the Treasurer does not have a
16 means of determining the prevailing market price, the Treasurer may sell the digital asset by any
17 commercially reasonable method.

18 After the expiration of the three-year holding period, a person making a claim is entitled to
19 receive the digital assets, if they still remain in the custody of the Treasurer, or the net proceeds
20 received from a sale, less any fees and expenses incurred in the sale."

21 **SECTION 1.(h)** Holders are not required to report or deliver digital assets under
22 Article 4 of Chapter 116B of the General Statutes until the first reporting cycle beginning on or
23 after 18 months after this act becomes law. The Treasurer shall designate a qualified custodian
24 and issue reporting instructions for digital assets before this reporting cycle.

25 The initial report filed under G.S. 116B-60 for digital assets subject to
26 G.S. 116B-53(c)(15a) shall include all digital assets that would have been presumed abandoned
27 during the 10-year period immediately preceding the effective date of subsections (b) through
28 (g) of this section, as if G.S. 116B-53(c)(15a) had been in effect during that period.

29 **SECTION 1.(i)** Subsections (b) through (g) of this section become effective on or
30 after 18 months after this act becomes law. The remainder of this section is effective when it
31 becomes law.

32
33 **PART II. NORTH CAROLINA STABLECOIN ACT**

34 **SECTION 2.(a)** Chapter 53 of the General Statutes is amended by adding a new
35 Article to read:

36 "Article 27.

37 "North Carolina Stablecoin Act.

38 **"§ 53-461. Short title.**

39 This Article shall be known and may be cited as the "North Carolina Stablecoin Act."

40 **"§ 53-462. Definitions.**

41 The following definitions apply in this Article:

42 (1) Commission. – The North Carolina State Banking Commission.

43 (2) Commissioner. – The North Carolina Commissioner of Banks.

44 (3) Digital asset. – Defined in G.S. 53-441.

45 (4) Eligible reserve assets. – Liquid assets comprising only the following:

46 a. United States coins and currency, including Federal Reserve notes.

47 b. Demand deposits or other immediately withdrawable funds held in
48 accounts at insured depository institutions or insured credit unions.

49 c. United States Treasury bills, notes, or bonds with a remaining maturity
50 of 93 days or less.

- 1 d. Repurchase agreements with a maturity of seven days or less, the
2 underlying collateral of which consists solely of United States
3 Treasury securities with a remaining maturity of 93 days or less.
4 e. Reverse repurchase agreements with a maturity of seven days or less
5 that are fully collateralized by United States Treasury securities on an
6 overnight basis and cleared through a qualifying central counterparty
7 or equivalent secure mechanism.
8 f. Shares in money market funds that invest exclusively in assets
9 described in sub-subdivisions a. through d. of this subdivision.
10 g. Balances held at the Federal Reserve.
11 (5) Foreign entity. – An entity organized under the laws of a foreign country.
12 (6) GENIUS Act. – The Guiding and Establishing National Innovation for U.S.
13 Stablecoins Act, Pub. L. No. 119-27, as amended.
14 (7) Licensed stablecoin issuer. – A payment stablecoin issuer that is legally
15 incorporated or organized under the laws of the United States or any state and
16 holds a license issued under this Article; the term is equivalent to a state
17 qualified payment stablecoin issuer under federal law.
18 (8) Payment stablecoin. – A digital asset (i) that is designed or marketed to be
19 used as a means of payment or settlement, (ii) the issuer of which undertakes
20 to convert, redeem, or repurchase for a fixed amount of monetary value, and
21 (iii) that is not legal tender, a deposit, or a security registered under federal
22 securities laws.
23 (9) Payment stablecoin issuer. – A person that issues a payment stablecoin.
24 (10) Permitted payment stablecoin issuer. – A licensed stablecoin issuer that is
25 licensed or authorized under this Article or a federally qualified payment
26 stablecoin issuer chartered or licensed pursuant to the GENIUS Act.
27 (11) Person. – An individual, partnership, corporation, limited liability company,
28 association, trust, or other legal entity.
29 (12) Primary federal payment stablecoin regulator. – A federal agency that is the
30 primary regulator of a category of permitted payment stablecoin issuers
31 pursuant to section 2(25) of the GENIUS Act.
32 (13) Principal office. – A principal place of business consisting of at least one
33 enclosed room or building of stationary construction in which all of the books,
34 records, and files pertaining to the issuance of payment stablecoins issued
35 under this Article are maintained.

36 **"§ 53-463. License or authorization requirement.**

37 (a) Unlawful Issuance Without Authority. – No person shall issue, circulate, offer, or
38 redeem a payment stablecoin in North Carolina unless the person is a permitted payment
39 stablecoin issuer.

40 (b) General License Requirement for Issuers. – A person with a consolidated total
41 outstanding issuance of payment stablecoins of not more than ten billion dollars
42 (\$10,000,000,000) that seeks to issue a payment stablecoin in this State shall obtain a license as
43 a licensed stablecoin issuer from the Commissioner unless the person is otherwise authorized to
44 issue a payment stablecoin.

45 (c) Authorization of Trust Companies. – The Commissioner may authorize a trust
46 company chartered in this State to issue payment stablecoins without obtaining a license under
47 this Article if the trust company submits an application to expand its business activities to include
48 the issuance of payment stablecoins. A State trust company authorized under this subsection shall
49 comply, on a continuing basis, with every operational, reserve, disclosure, redemption, and
50 consumer protection requirement of this Article and the rules adopted under it as though it were

1 a licensed stablecoin issuer. The trust company shall periodically report to the Commissioner,
2 and the Commissioner may initiate an examination.

3 (d) Reciprocity for State Qualified Issuers. – A state qualified payment stablecoin issuer
4 licensed by and subject to supervision of another state payment stablecoin regulator that has filed
5 a current certification of substantial similarity under the GENIUS Act may issue payment
6 stablecoins in this State without obtaining a separate license, so long as the issuer gives written
7 notice to the Commissioner and complies with this Article and with the consumer protection laws
8 of this State.

9 (e) Insured Depository Institutions and Insured Credit Unions. – The following
10 provisions apply for specific issuers and institutions:

11 (1) Subsidiary issuance. – A State chartered insured depository institution or State
12 chartered insured credit union may issue payment stablecoins only through a
13 subsidiary that is a licensed stablecoin issuer under this Article unless the
14 institution obtains direct issuance approval under subdivision (2) of this
15 subsection.

16 (2) Direct issuance approval. – The Commissioner may, upon application,
17 authorize a State chartered insured depository institution or State chartered
18 insured credit union to issue payment stablecoins in its own name if the
19 Commissioner finds that both of the following apply:

20 a. The institution has received written approval from its primary federal
21 banking regulator to engage in payment stablecoin activities.

22 b. The institution will comply, on a continuing basis, with every
23 operational, reserve, disclosure, redemption, and consumer protection
24 requirement of this Article and the rules adopted under it as though it
25 were a licensed stablecoin issuer.

26 The institution shall periodically report to the Commissioner, and the
27 Commissioner may initiate an examination.

28 (3) Federal and State parity. – Nothing in this subsection relieves an institution or
29 its subsidiary of any requirement imposed by its primary federal banking
30 regulator or limits the Commissioner's authority to enforce State consumer
31 protection laws pursuant to section 7(f) of the GENIUS Act.

32 (f) Foreign Entity. – The following provisions apply to a foreign entity:

33 (1) Permitted pathways. – An entity organized under the laws of a foreign country
34 shall not offer or issue payment stablecoins to persons in this State unless
35 either of the following applies:

36 a. The entity has incorporated or organized a subsidiary or affiliate in the
37 United States and that subsidiary or affiliate has obtained either a
38 provisional license issued under subdivision (2) of this subsection or a
39 full license as a licensed stablecoin issuer under this Article and has a
40 principal office in the United States. The principal office shall not be
41 located at an individual's home or residence.

42 b. The entity is registered with the Office of the Comptroller of the
43 Currency pursuant to section 18 of the GENIUS Act and the Secretary
44 of the Treasury has determined that the entity's home country
45 regulatory framework is comparable.

46 (2) Provisional license. – Upon determining that a license application submitted
47 under G.S. 53-464 is complete, the Commissioner may issue a provisional
48 license authorizing limited issuance for a period not exceeding six months,
49 renewable once, subject to conditions the Commissioner prescribes to protect
50 consumers.

- 1 (3) Expedited review. – The Commissioner shall approve, provisionally license,
2 or deny an application submitted under G.S. 53-464 within 120 days after the
3 application is deemed complete unless the applicant consents to an extension.
4 (4) Technical assistance. – The Commissioner shall publish application guidance
5 and shall offer pre-filing meetings to assist prospective applicants in
6 understanding the requirements of this Article.
7 (5) Effect of license. – A foreign entity, or its United States subsidiary or affiliate,
8 that holds a provisional license or a full license issued under this Article is
9 deemed a permitted payment stablecoin issuer for the duration of the license
10 and may offer or issue payment stablecoins to persons in this State subject to
11 the terms of the license.
12 (6) Wind-down authority. – The Commissioner may grant a transitional
13 exemption from this subsection to a foreign entity, not exceeding 12 months,
14 solely to facilitate orderly compliance or to wind down.

15 **§ 53-464. Licensing of issuers, application, and qualifications.**

- 16 (a) Authority of Commissioner. – The Commissioner shall do the following:
17 (1) Administer a licensing program for payment stablecoin issuers, issue licenses,
18 conduct oversight, and issue orders necessary to implement and enforce this
19 Article.
20 (2) Each year on the date prescribed by the Secretary of the Treasury, the
21 Commissioner shall file the certification of substantial similarity required by
22 section 4(b)(3) of the GENIUS Act and shall maintain objective criteria for
23 that certification.
24 (b) Eligible Applicants. – The following are eligible applicants for an issuer license:
25 (1) A corporation or limited liability company organized under the laws of any
26 state or of the United States that is neither an insured depository institution
27 nor an insured credit union may apply for a license as a licensed stablecoin
28 issuer.
29 (2) An insured depository institution or insured credit union chartered in this State
30 may elect to apply for a license under this section and, upon licensure, shall
31 comply with all provisions of this Article that apply to a licensed stablecoin
32 issuer.
33 (3) A United States subsidiary or affiliate of a foreign organized entity that
34 satisfies G.S. 53-463(e).
35 (c) Commissioner's Participation in Nationwide Registry. – The Commissioner may
36 participate in the Nationwide Mortgage Licensing System and Registry also known as the
37 Nationwide Multistate Licensing System and Registry, including the State Examination System
38 and any other electronic or successor systems developed and maintained by the Conference of
39 State Bank Supervisors for the licensing, registration, and supervision of persons under this
40 Article, pursuant to 12 U.S.C. § 5102(6) and 12 C.F.R. Part 1008. The Commissioner may
41 establish relationships or contracts with the Nationwide Multistate Licensing System and
42 Registry or other persons designated by it to collect and maintain records and process fees. For
43 the purpose of participating in the Nationwide Multistate Licensing System and Registry, the
44 Commissioner may waive or modify, in whole or in part, any or all of the requirements as
45 reasonably necessary to participate in the Nationwide Multistate Licensing System and Registry.
46 (d) Application Contents. – An applicant shall apply through the Nationwide Mortgage
47 Licensing System and Registry on a form acceptable to the Commissioner and include, at a
48 minimum, the following:
49 (1) Legal name, any assumed business names, principal office address, mailing
50 address, email, social security or taxpayer identification number, and form and
51 jurisdiction of organization.

- 1 (2) Identities and background information for each director, executive officer, and
2 person owning ten percent (10%) or more of voting power. Background
3 information shall include, at a minimum, all of the following:
4 a. Business history.
5 b. A description of any injunctions or administrative orders by a state or
6 federal authority to which the person is or has been subject.
7 c. Any conviction, within the past 10 years, of a misdemeanor involving
8 any fraud, false statement or omission, any theft or wrongful taking of
9 property, bribery, perjury, forgery, counterfeiting, extortion, or
10 conspiracy to commit any of these offenses, or involving any financial
11 service or business related to financial services.
12 d. Any felony conviction.
13 (3) A business plan describing the proposed payment stablecoin, technology
14 platform, markets served, and risk management framework.
15 (4) Policies demonstrating the applicant's ability to comply with the reserve,
16 redemption, disclosure, anti-money laundering, sanctions compliance,
17 operational risk, cybersecurity, and business continuity requirements of this
18 Article.
19 (5) Evidence of financial resources and capitalization sufficient to operate in a
20 safe and sound manner and meet the capital and liquidity standards issued by
21 the Commissioner under subsection (h) of this section.
22 (6) A detailed description of the organizational structure of the applicant,
23 including the identity of parent companies or subsidiaries, and the disclosure
24 of any parent company or subsidiary that is publicly traded on a stock
25 exchange.
26 (7) The applicant's consent to a federal and State criminal history record check
27 and a set of the applicant's fingerprints in a form acceptable to the
28 Commissioner. In the case of an applicant that is a person other than an
29 individual, each individual who has control of the applicant shall consent to a
30 federal and State criminal history record check and submit a set of that
31 individual's fingerprints pursuant to this subdivision.
32 (8) A copy of the applicant's most recent audited financial statement prepared in
33 accordance with generally accepted accounting principles, including the
34 balance sheet, statement of income or loss, statement of changes in
35 shareholder equity, if applicable, statement of changes in financial position,
36 and the applicant's audited financial statements for the immediately preceding
37 two-year period. However, if the applicant is a wholly owned subsidiary of a
38 corporation, the applicant may submit either the parent corporation's
39 consolidated audited financial statements for the current year and for the
40 immediately preceding two-year period or the parent corporation's Form 10K
41 reports filed with the United States Securities and Exchange Commission for
42 the prior three years instead of the applicant's financial statements. If the
43 applicant is a wholly owned subsidiary of a corporation having its principal
44 place of business outside the United States, similar documentation filed with
45 the parent corporation's non-United States regulator may be submitted to
46 satisfy this subdivision.
47 (9) Copies of all filings, if any, made by the applicant with the United States
48 Securities and Exchange Commission, or with a similar regulator in a country
49 other than the United States, within the year preceding the date of filing of the
50 application.
51 (10) Any additional information the Commissioner requires.

1 (e) Standards for Approval. – The Commissioner shall approve an application only upon
2 finding all of the following:

- 3 (1) The applicant possesses capital and liquidity not less than the minimum
4 standards issued under subsection (g) of this section and adequate for its risk
5 profile.
6 (2) The applicant can maintain eligible reserves equal to one hundred percent
7 (100%) of outstanding payment stablecoins and can honor redemptions at par
8 on demand.
9 (3) The applicant has adopted effective programs for compliance with the Bank
10 Secrecy Act, 31 U.S.C. § 5311 et seq., anti-money laundering, sanctions
11 screening, operational risk, cybersecurity, and business continuity.
12 (4) The applicant's officers, directors, and principal owners have the competence,
13 experience, and integrity to operate the business in a safe, sound, and lawful
14 manner.
15 (5) That neither the applicant nor any controlling person is identified on the
16 Specially Designated Nationals and Blocked Persons List prepared by the
17 United States Department of the Treasury and the United States Department
18 of State subject to Presidential Executive Order No. 13224, Blocking Property
19 and Prohibiting Transactions With Persons Who Commit, Threaten to
20 Commit, or Support Terrorism.
21 (6) Licensure will not adversely affect the safety and soundness of the financial
22 system of this State.

23 (f) Decision Period and Provisional License. – The Commissioner shall approve,
24 provisionally license, or deny a completed application not later than 120 days after deeming it
25 complete. The Commissioner may issue a provisional license for a period not exceeding six
26 months, renewable once, subject to conditions necessary to protect consumers. The
27 Commissioner may require additional information and may require the amendment of the
28 application in the course of the investigation. An applicant's failure to furnish all required
29 information within 30 days after filing the application or within 30 days of a request by the
30 Commissioner for additional information may be considered an abandonment of the application.
31 In the course of the investigation, the Commissioner may conduct an on-site examination of the
32 applicant, the reasonable cost of which shall be borne by the applicant. An applicant may
33 withdraw a license application at any time before a decision is made on the initial license
34 application. Any licensing fees paid by the applicant are nonrefundable.

35 (g) Ongoing Obligations of Licensees. – A licensed stablecoin issuer shall do all of the
36 following:

- 37 (1) Maintain continuous compliance with this Article and rules adopted under it.
38 (2) File with the Commissioner a monthly certificate, signed by the chief
39 executive officer and chief financial officer, affirming that the issuer at all
40 times maintained one-to-one eligible reserves during the preceding month,
41 along with the public reserve report required by G.S. 53-465.
42 (3) Obtain an annual examination of reserves by a registered public accounting
43 firm and provide the report to the Commissioner within 10 days of receipt.
44 (4) Provide the Commissioner with a copy of the licensee's annual audited
45 statement of financial condition prepared in accordance with generally
46 accepted accounting principles not more than 120 days after the end of the
47 licensee's fiscal year.
48 (5) Provide the Commissioner not less than 30 days' prior written notice of any
49 change in control.
50 (6) Provide the Commissioner not less than 30 days' prior written notice of any
51 action or circumstance that would cause the consolidated total issuance of

1 payment stablecoins issued by the licensee to exceed ten billion dollars
 2 (\$10,000,000,000). Upon receiving this notice the Commissioner shall, within
 3 60 days, submit a petition to the Secretary of the Treasury and the Comptroller
 4 of the Currency under section 4(c)(2) of the GENIUS Act requesting that
 5 primary prudential oversight of the issuer remains with the State of North
 6 Carolina. The licensee shall cooperate fully with the Commissioner and
 7 provide any information the Commissioner deems necessary to support the
 8 petition. Until the Secretary or the Comptroller issues a final determination,
 9 the licensee remains subject to this Article. If the petition is denied, the
 10 Commissioner shall coordinate with the appropriate federal regulator to
 11 facilitate an orderly transition within the time frame prescribed by the
 12 GENIUS Act.

13 (7) Renew its license annually on a date set by the Commissioner and pay any
 14 required annual assessment.

15 (h) Capital, Liquidity, and Risk-Management Standards. – The Commission shall by rule
 16 establish minimum capital requirements, liquidity and interest rate risk standards, and operational
 17 risk and information technology risk standards for licensed stablecoin issuers. The standards shall
 18 meet or exceed the requirements of section 4(a)(4) of the GENIUS Act and shall ensure the
 19 issuer's ability to redeem payment stablecoins and operate in a safe and sound manner.

20 (i) Fees. – The Commission may by rule prescribe application, licensing, renewal,
 21 examination, and supervision fees in amounts sufficient to cover the costs of administering and
 22 enforcing this Article.

23 (j) Initial Application Fee. – Each application for initial licensure shall be accompanied
 24 by a nonrefundable filing fee of two thousand five hundred dollars (\$2,500).

25 (k) Reporting. – No later than 60 days after the calendar quarter has ended, licensees shall
 26 file a quarterly call report in a form prescribed by the Commissioner through the Nationwide
 27 Multistate Licensing System and Registry, which shall include the number and amount of
 28 payment stablecoins issued.

29 (l) Annual Assessment. – For the purpose of meeting the cost of regulation under this
 30 Article, each licensee shall pay to the Commissioner an annual assessment as provided in this
 31 subsection. The annual assessment shall consist of a base amount of five thousand dollars
 32 (\$5,000) for volumes of no more than one million dollars (\$1,000,000) plus an additional sum,
 33 calculated on the payment stablecoins issued and outstanding reported by the licensee for the
 34 previous calendar year. The cumulative assessment shall be calculated as follows:

<u>Payment Stablecoins in U.S. Dollar Volume</u>	<u>Per U.S. Dollar</u>
<u>\$1,000,001 to \$5,000,000</u>	<u>\$0.0008</u>
<u>\$5,000,001 to \$10,000,000</u>	<u>\$0.0006</u>
<u>\$10,000,001 to \$50,000,000</u>	<u>\$0.00004</u>
<u>More than \$50,000,000</u>	<u>\$0.0000006</u>

41
 42 The Commissioner may collect the assessment provided for in this subsection annually or in
 43 periodic installments as approved by the State Banking Commission.

44 (m) Annual Renewal. – All licenses issued by the Commissioner under this Article expire
 45 annually on December 31 following issuance or on any other date determined by the
 46 Commissioner. A license may be renewed on or after November 1 of each year by complying
 47 with the requirements of this section. The application for renewal shall demonstrate that the
 48 licensee continues to meet the initial minimum standards for licensure under this Article and has
 49 paid all required fees and assessments.

50 (n) Late Renewal. – If a license is not renewed prior to the expiration date, then the
 51 licensee shall pay five hundred dollars (\$500.00) as a nonrefundable late fee. In the event a

1 licensee fails to obtain a reinstatement of the license prior to March 1, the Commissioner shall
2 require the licensee to comply with the requirements for the initial issuance of a license under
3 this Article.

4 **"§ 53-465. Permissible activities; reserve and custody requirements.**

5 (a) Permissible Activities. – A licensed stablecoin issuer may engage only in the
6 following activities and any activities directly related to these activities:

- 7 (1) Issuing payment stablecoins in exchange for United States dollars or other
8 eligible reserve assets.
- 9 (2) Redeeming payment stablecoins.
- 10 (3) Purchasing, selling, holding, and safeguarding eligible reserve assets backing
11 the payment stablecoins.
- 12 (4) Providing custodial or safekeeping services for payment stablecoins or the
13 associated cryptographic keys.
- 14 (5) If the issuer is a subsidiary of an insured depository institution or insured
15 credit union, providing custodial or safekeeping services for reserve assets on
16 behalf of the parent institution in connection with the stablecoin program.
- 17 (6) Any other activity the Commissioner expressly authorizes in writing as
18 directly incidental to the issuance or redemption of payment stablecoins.

19 (b) Prohibited Activities. – A licensed stablecoin issuer shall not do any of the following:

- 20 (1) Engage in commercial lending, securities dealing, or derivatives dealing using
21 any reserve asset or the proceeds thereof.
- 22 (2) Engage in proprietary trading of any asset that is not an eligible reserve asset.
- 23 (3) Purchase or hold, for its own account, any security or instrument issued by an
24 affiliate except on market terms permitted by the Commissioner.
- 25 (4) Condition the availability of any product or service on a customer's purchase,
26 holding, or use of a payment stablecoin.

27 (c) Reserve Requirements and Asset Management. – The following reserve and asset
28 management requirements apply:

- 29 (1) A licensed stablecoin issuer shall at all times maintain eligible reserve assets
30 having an aggregate nominal value not less than one hundred percent (100%)
31 of the outstanding payment stablecoins issued by it.
- 32 (2) The issuer shall monitor daily the value of its outstanding payment stablecoins
33 and the value of its eligible reserve assets. If reserves fall below one hundred
34 percent (100%), the issuer shall immediately notify the Commissioner and
35 restore full coverage without delay. Failure to restore reserves within five
36 business days is grounds for the summary suspension of any license issued
37 under this Article.
- 38 (3) Except as permitted in this Article, an issuer shall not pledge, hypothecate,
39 lend, or otherwise encumber any reserve asset.

40 (d) Redemption Obligations. – The following redemption obligations apply:

- 41 (1) A licensed stablecoin issuer shall publicly disclose its redemption policy in a
42 clear and conspicuous manner. The redemption policy shall establish clear and
43 conspicuous procedures for the timely redemption of outstanding payment
44 stablecoins at par value of the U.S. dollar.
- 45 (2) A licensed stablecoin issuer shall publicly, clearly, and conspicuously disclose
46 in plain language all fees associated with purchasing or redeeming the
47 payment stablecoins. A licensed stablecoin issuer may change these fees so
48 long as it gives seven days' prior notice to holders of the payment stablecoin.
- 49 (3) An issuer shall honor redemption requests for any quantity of payment
50 stablecoins and shall not impose a minimum redemption threshold that is
51 unreasonable or that prevents an ordinary holder from redeeming.

1 (4) Failure to timely redeem a payment stablecoin after receipt of a complete
2 redemption request is grounds for the summary suspension of any license
3 issued under this Article.

4 (5) In the event of significant market stress or a redemption spike, as defined by
5 rule, the issuer may request that the Commissioner authorize a temporary
6 extension to the redemption period to facilitate orderly liquidation. The
7 Commissioner may grant the request if the Commissioner finds there is
8 significant market stress or a redemption spike and the issuer has given
9 advance notice to holders of the payment stablecoin describing the basis and
10 duration of the requested extension.

11 (e) Custody, Segregation, and Priority of Reserves. – Reserve assets shall be held in
12 custodial or trust accounts in the United States with insured depository institutions, insured credit
13 unions, State chartered trust companies that are approved to operate in the State by the
14 Commissioner, Federal Reserve Banks, or other custodians approved by the Commissioner to
15 hold reserve assets and shall be segregated from the issuer's operational funds and other property.
16 Reserve assets shall be held for the collective benefit of payment stablecoin holders. Payment
17 stablecoin holders hold equitable title to the reserve assets. Reserve assets shall not be treated as
18 property of the issuer. In any receivership, insolvency, or similar proceeding under State law,
19 payment stablecoin holders have a first priority perfected security interest in the reserve assets,
20 and those assets shall not be available to satisfy claims of the licensed stablecoin issuer's
21 creditors.

22 (f) Disclosure, Reporting, and Attestations. – The following requirements apply:

23 (1) Not later than 10 days after the end of each calendar month, a licensed
24 stablecoin issuer shall publish on its public website a report that states both of
25 the following:

26 a. The aggregate number of payment stablecoins outstanding.

27 b. The composition and total nominal value of the eligible reserve assets
28 backing those payment stablecoins, including, for each category, the
29 average remaining maturity and the geographic location of custody.

30 (2) The chief executive officer and the chief financial officer shall sign and file
31 with the Commissioner, on the same schedule, a certificate affirming that the
32 issuer maintained at least one hundred percent (100%) eligible reserve assets
33 during the preceding month.

34 (3) The licensed stablecoin issuer shall obtain an annual examination of its reserve
35 assets by an independent public accounting firm and file the report with the
36 Commissioner not later than 10 days after receipt or any shorter period
37 prescribed by federal regulation.

38 (4) The Commission may by rule require additional reports, including immediate
39 notice of large withdrawals or material changes in reserve composition.

40 **"§ 53-466. Compliance with federal law governing interest, yield, and rewards.**

41 (a) Compliance with Federal Law. – A licensed stablecoin issuer shall comply with any
42 applicable federal law governing the payment, provision, promise, or offering of interest, yield,
43 rewards, rebates, incentives, or other consideration in connection with a payment stablecoin. This
44 section does not create an independent State prohibition or authorization regarding those
45 practices.

46 (b) Definition. – For purposes of this section, "applicable federal law" means any statute
47 enacted by Congress or final rule published in the Federal Register that is binding on permitted
48 payment stablecoin issuers. This term does not include a proposed rule, notice of proposed
49 rulemaking, guidance document, or supervisory letter that has not been finalized through
50 notice-and-comment rulemaking.

51 **"§ 53-467. Anti-money laundering; customer identification; sanctions compliance.**

1 (a) Bank Secrecy Act Status. – A licensed stablecoin issuer is a "financial institution" for
2 purposes of the Bank Secrecy Act, 31 U.S.C. § 5311 et seq., and the regulations of the U.S.
3 Department of the Treasury.

4 (b) Anti-Money Laundering Program. – Each licensed stablecoin issuer shall establish
5 and maintain a written, risk-based anti-money laundering program that satisfies 31 C.F.R. §
6 1022.210 and includes all of the following:

7 (1) Internal policies, procedures, and controls designed to prevent the issuer from
8 being used to facilitate money laundering, terrorist financing, proliferation
9 financing, or other illicit finance.

10 (2) Designation of a qualified compliance officer.

11 (3) Independent testing of the program at least annually, with the results reported
12 to senior management and made available to the Commissioner.

13 (c) Customer Identification Program. – A licensed stablecoin issuer shall implement and
14 follow a customer identification program that meets 31 U.S.C. § 5318(l) and 31 C.F.R. §
15 1010.312. At a minimum, the issuer shall obtain and verify the name, date of birth, address, and
16 other identifying information of each customer and shall retain those records for the period
17 required by federal regulation.

18 (d) Sanctions Compliance. – A licensed stablecoin issuer shall comply with all economic
19 sanctions laws administered by the Office of Foreign Assets Control. Compliance shall include
20 all of the following:

21 (1) Screening customers and transactions against all applicable sanctions lists at
22 onboarding and on a periodic basis.

23 (2) Blocking or rejecting transactions and freezing property as required.

24 (3) Filing any required reports with the Office of Foreign Assets Control in the
25 manner and time frame prescribed by federal regulation.

26 (e) Suspicious Activity and Currency Transaction Reports. – A licensed stablecoin issuer
27 shall file Suspicious Activity Reports and Currency Transaction Reports with the Financial
28 Crimes Enforcement Network as required by 31 C.F.R. Chapter X.

29 (f) Record Keeping. – A licensed stablecoin issuer shall maintain all books, accounts,
30 customer identification, transaction records for the periods required by 31 C.F.R. Part 1022, and
31 other records and shall make those records available to the Commissioner upon request.
32 Maintenance of the documents required by this subsection in the form of any digital or electronic
33 medium constitutes compliance with this subsection so long as the records remain readily
34 convertible into legible, tangible documents and are treated as originals for the purposes of any
35 examination or investigation conducted pursuant to this Article. All records required to be
36 maintained shall be secured against unauthorized access and damage and may be maintained at
37 a location outside this State so long as they are made accessible to the Commissioner upon
38 request.

39 (g) Exemption from State Money Transmission Licensure. – The issuance of a payment
40 stablecoin is not money transmission under Article 16B of this Chapter. A licensed stablecoin
41 issuer is not required to obtain a State money transmitter license with respect to activities
42 conducted in compliance with this Article. A licensed stablecoin issuer may be required to obtain
43 a money transmitter license if it engages in the business of money transmission.

44 (h) Applicability of Other Anti-Money Laundering Statutes. – Nothing in this section
45 limits the applicability of other State anti-money laundering statutes or rules to a licensed
46 stablecoin issuer.

47 (i) Notice of Federal Enforcement Action. – A licensed stablecoin issuer shall notify the
48 Commissioner in writing not later than five business days after the issuer receives notice that it
49 is the subject of any federal investigation, consent order, or enforcement action relating to
50 anti-money laundering, customer identification, or sanctions compliance.

51 **"§ 53-468. Supervision; examinations; reporting.**

1 (a) Examination Authority. – The Commissioner may examine each licensed stablecoin
2 issuer at any time and shall conduct a full scope examination at least once every 24 months. The
3 Commissioner shall not conduct more than two examinations in any 12-month period unless the
4 Commissioner determines that extraordinary circumstances warrant additional review.
5 Examinations may be conducted on-site or remotely and shall address, at a minimum, the
6 following: (i) the issuer's financial condition; (ii) compliance with this Article and federal law;
7 (iii) reserve sufficiency; (iv) corporate governance and internal controls; (v) information
8 technology and cybersecurity safeguards; (vi) anti-money laundering, sanctions, and consumer
9 protection programs; and (vii) any other factor affecting safety, soundness, or consumer
10 protection. The Commissioner shall have full and immediate access to the issuer's books, records,
11 systems, officers, employees, and agents and may administer oaths and subpoena witnesses and
12 documents.

13 For purposes of investigating violations or complaints arising under this Article, or for the
14 purposes of examination, the Commissioner may review, investigate, or examine any licensee,
15 individual, or person subject to this Article as often as necessary in order to carry out the purposes
16 of this Article. The Commissioner may interview the officers, principals, persons with control,
17 employees, independent contractors, agents, and customers of the licensee or person concerning
18 their business. The Commissioner may direct, subpoena, or order the attendance of and examine
19 under oath all persons whose testimony may be required about the business or subject matter of
20 any examination or investigation and may direct, subpoena, or order the person to produce books,
21 accounts, records, files, and any other documents the Commissioner deems relevant to the
22 inquiry. The licensee shall respond to any information requests from the Commissioner within
23 20 days, or a lesser time if specifically requested for good cause, to do either of the following:

- 24 (1) Respond to inquiries from the Commissioner or the Commissioner's designee
25 regarding any complaints filed against the licensee that allege or appear to
26 involve any violation of this Article or any rule affecting payment stablecoin
27 issuance.
- 28 (2) Respond to and cooperate fully with notices from the Commissioner or the
29 Commissioner's designee relating to the scheduling and conducting of an
30 examination or investigation under this Article.

31 (b) Confidentiality and Information Sharing. – All applications, information, reports, and
32 other confidential supervisory information are not public records and shall be kept confidential
33 as provided by G.S. 53C-2-7(b), except as specifically authorized by this Article or by other law.
34 The Commissioner may furnish confidential supervisory information to, and accept confidential
35 supervisory information from, the Board of Governors of the Federal Reserve System, the Office
36 of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the National
37 Credit Union Administration, the U.S. Department of the Treasury, or any state or foreign
38 financial services regulator pursuant to a written information sharing agreement or memorandum
39 of understanding, or as otherwise provided by G.S. 53C-2-7(d).

40 (c) Annual Commissioner Certification. – Not later than 180 days after the initial
41 certification required by G.S. 53-464(a)(2), and annually thereafter, the Commissioner shall file
42 with the Secretary of the Treasury and the Comptroller of the Currency the written certification
43 described in section 7(d)(1) of the GENIUS Act. Each authorized or licensed stablecoin issuer
44 shall, upon the Commissioner's request, provide any reports, data, and attestations that the
45 Commissioner requires to complete the certification.

46 (d) Reports and Notices. – In addition to the monthly certificate and annual audit required
47 by G.S. 53-464 and the reserve disclosures required by G.S. 53-465, a licensed stablecoin issuer
48 shall file any periodic or ad hoc reports concerning its financial condition, risk exposures,
49 cybersecurity incidents, material litigation, or other matters that the Commission prescribes by
50 rule or the Commissioner prescribes by order. A licensed stablecoin issuer shall give the
51 Commissioner prompt written notice of any federal or State enforcement action or investigation

1 relating to anti-money laundering, sanctions, consumer protection, cybersecurity, or safety and
2 soundness matters.

3 (e) Books, Records, and Retention. – A licensed stablecoin issuer shall maintain
4 complete books, records, and digital asset logs of its payment stablecoin business for not less
5 than five years, or for a longer period if required by federal regulation, and shall produce those
6 records to the Commissioner upon request. It shall maintain these materials in an electronic
7 format reasonably accessible to the Commissioner upon request through secure transmission
8 methods, subject to applicable confidentiality protections and appropriate cybersecurity
9 safeguards.

10 (f) Change of Control and Cessation of Business. – Licenses issued pursuant to this
11 Article are not assignable without the approval of the Commissioner. A licensed stablecoin issuer
12 shall give not less than 30 days' prior written notice to the Commissioner of any proposed change
13 in control. The Commissioner may require an application for approval of the new controlling
14 party and shall apply the standards set forth in G.S. 53-464. A licensed stablecoin issuer that
15 intends to cease operations shall submit to the Commissioner, at least 30 days in advance, a
16 wind-down plan that provides for the orderly redemption of all outstanding payment stablecoins
17 and the protection of consumers. The issuer shall carry out the plan under the Commissioner's
18 supervision.

19 (g) Joint or Coordinated Examinations. – The Commissioner may conduct joint, alternate,
20 or coordinated examinations or enforcement actions with any federal banking agency or other
21 state or federal regulator having jurisdiction over a licensed stablecoin issuer or its affiliates. To
22 minimize operational friction and prevent duplicative efforts, the Commissioner shall, to the
23 extent practicable, rely on existing supervisory reports, independent audit reports, including
24 System and Organization Controls 1 and 2 reports, and examinations performed by federal
25 regulators or other state regulators. The Commissioner shall not initiate a redundant examination
26 or information request unless the Commissioner determines that existing materials are
27 insufficient to assess compliance with this Article or the safety and soundness of a licensed
28 stablecoin issuer.

29 **"§ 53-469. Enforcement; suspension; revocation.**

30 (a) General Enforcement Authority. – The Commissioner may take any action necessary
31 or appropriate to enforce this Article, any rule adopted or order issued under it, or any condition
32 of a license and to protect payment stablecoin holders and the public.

33 (b) Cease and Desist Orders. – If the Commissioner determines that a person has violated
34 this Article or engaged in an unsafe or unsound practice, the Commissioner may issue a written
35 order requiring the person to cease and desist from the violation or practice and to take affirmative
36 corrective action. If the Commissioner finds that a violation or practice poses an immediate threat
37 to the public, the Commissioner may issue a summary cease and desist order effective upon
38 service. The respondent may request an expedited hearing, which shall be held within 15 days of
39 the request.

40 (c) Civil Penalties. – For each violation of this Article, or rule adopted or order issued
41 under it, the Commissioner may assess a civil penalty of up to the greater of one hundred
42 thousand dollars (\$100,000) per violation or twice the amount of the benefit gained or loss
43 avoided by the violator. For a willful or repeated violation, the Commissioner may assess a
44 penalty of up to the greater of three hundred thousand dollars (\$300,000) per violation or three
45 times the benefit gained or loss avoided by the violator.

46 (d) Restitution and Disgorgement. – The Commissioner may order any person that
47 violates this Article to make restitution to affected customers and to disgorge any ill-gotten gains.

48 (e) Removal and Prohibition of Individuals. – The Commissioner may suspend, remove,
49 or permanently prohibit from participation in the business of any licensed stablecoin issuer in
50 this State any officer, director, employee, or controlling individual who violates this Article,

1 engages in unsafe or unsound conduct, breaches a fiduciary duty, or does not meet the
2 requirements of this Article.

3 (f) License Suspension, Conditioning, Denial, or Revocation. – The Commissioner may
4 suspend, condition, deny, or revoke a license for material or repeated violations, unsafe or
5 unsound practices, or failure to satisfy any requirement of this Article.

6 (g) Receivership or Conservatorship. – If the Commissioner determines that a licensed
7 stablecoin issuer is insolvent or in an unsafe condition that cannot be promptly corrected, the
8 Commissioner may petition the superior court for the appointment of a receiver or conservator.
9 The court may appoint (i) the Federal Deposit Insurance Corporation, if and to the extent
10 permitted by State law and accepted by the Corporation, (ii) a receiver appointed under Article
11 38 of Chapter 1 of the General Statutes, or (iii) any other person the court finds qualified,
12 including a receiver designated under Chapter 53C of the General Statutes. The receiver or
13 conservator shall marshal the licensed stablecoin issuer's reserve assets, protect payment
14 stablecoin holders, and carry out an orderly redemption or wind down under the supervision of
15 the court and the Commissioner.

16 (h) Judicial Enforcement. – The Commissioner may bring a civil action in Wake County
17 Superior Court to obtain an injunction, enforce any order, or collect any civil penalty imposed
18 under this Article.

19 (i) Due Process Procedures. – Except for summary cease and desist orders issued under
20 subsection (b) of this section, the Commissioner shall serve a written notice of charges and shall
21 provide the respondent an opportunity for a contested case hearing conducted in accordance with
22 Article 3A of Chapter 150B of the General Statutes. A person aggrieved may appeal the
23 Commissioner's order to the State Banking Commission as provided by G.S. 53C-2-6(b) and
24 thereafter may seek judicial review under Article 4 of Chapter 150B of the General Statutes.
25 Filing a petition for judicial review does not stay the order unless a stay is granted by the
26 reviewing court.

27 (j) Unlicensed Activity; Criminal Penalty. – A person that issues or purports to issue a
28 payment stablecoin in this State without the required license is subject to a cease and desist order
29 and the civil penalties authorized under subsection (c) of this section. In addition, any person that
30 knowingly and willingly violates any provision of this Article for which a penalty is not
31 specifically provided is guilty of a Class 1 misdemeanor. The Commissioner may also seek
32 injunctive relief.

33 (k) False Statements. – A person that knowingly makes a false entry or statement in any
34 record or report required by this Article, or that knowingly submits false information to the
35 Commissioner, violates this Article and is subject to the civil penalties in subsection (c) of this
36 section and to any applicable criminal penalties.

37 (l) Private Civil Liability. – This Article does not create a private right of action. Nothing
38 in this Article limits any existing right of action under other law.

39 (m) Consent Orders. – The Commissioner may enter into a consent order with any person
40 to resolve a matter arising under this Article. A consent order has the same force and effect as an
41 order issued after a hearing.

42 (n) Criminal Referral. – If the Commissioner believes that conduct in violation of this
43 Article constitutes a crime, the Commissioner may refer the matter to the appropriate law
44 enforcement or prosecutorial agency for criminal prosecution, subject to G.S. 53C-2-7(d) and
45 (e).

46 **"§ 53-470. Coordination with federal regulators and interoperability.**

47 (a) Memoranda of Understanding and Joint Supervision. – The Commissioner may enter
48 into memoranda of understanding with any federal agency and may conduct joint, alternate, or
49 coordinated examinations and enforcement actions pursuant to G.S. 53-469 and sections 7(b) and
50 (c) of the GENIUS Act.

1 **(b) Compliance with Federal Interoperability Standards.** – Each licensed stablecoin issuer
2 shall implement and comply with any technical or operational interoperability standard or
3 guidance that the Secretary of the Treasury, the Board of Governors of the Federal Reserve
4 System, or any successor federal authority issues under section 11 of the GENIUS Act. The
5 Commission shall by rule adopt these standards as requirements under this Article, and the
6 Commissioner shall enforce these standards.

7 **(c) Interoperability Information.** – The Commissioner may require a licensed stablecoin
8 issuer to submit reports or data concerning the interoperability of its payment stablecoin with
9 payment systems or other stablecoins as contemplated by section 8(c) of the GENIUS Act and
10 shall transmit this information to the Secretary of the Treasury upon request.

11 **(d) Federal Reserve Master Account Coordination.** – When a licensed stablecoin issuer
12 applies for a master account or other Federal Reserve payment service, the Commissioner shall
13 coordinate with the Federal Reserve to facilitate the review and shall provide supervisory
14 information as permitted by law. Any guidance or coordination under this subsection is subject
15 to, and shall not conflict with, criteria issued by the Board of Governors pursuant to section 12
16 of the GENIUS Act.

17 **(e) Federal Priority and Minimum Standards.** – If a direct conflict arises between a
18 requirement of this Article and a requirement of federal law that applies to a licensed stablecoin
19 issuer, the federal requirement prevails to the minimum extent of the conflict. The Commissioner
20 shall interpret and apply this Article so that its requirements meet or exceed the minimum
21 standards established under federal law for payment stablecoin issuers at all times.

22 **"§ 53-471. Rulemaking authority.**

23 **(a)** The Commission may adopt rules to implement and enforce this Article; the rules
24 shall meet or exceed the coordination and interoperability standards contained in sections 8 and
25 11 of the GENIUS Act. All rules shall meet or exceed the minimum requirements of the GENIUS
26 Act and any successor federal law and shall take into account technological developments,
27 evolving industry practice, and supervisory experience.

28 **(b)** The Commissioner may recommend a proposed rule, including a proposed
29 amendment to a rule, to the Commission. The Commission shall consider the Commissioner's
30 recommendation at a regularly scheduled meeting before voting on adoption.

31 **(c)** The Commission shall periodically review and, when warranted, amend the rules
32 adopted under this Article to remain aligned with federal regulations and to respond to emerging
33 risks.

34 **(d)** The Commissioner may issue emergency rules when immediate regulation is
35 necessary to address a new risk.

36 **"§ 53-472. Emergency powers.**

37 In the event of a natural disaster or other national, regional, State, or local emergency, the
38 Commissioner may temporarily waive or suspend requirements for compliance with this Article
39 until the disaster or emergency declaration is lifted by the responsible governmental authority.

40 **"§ 53-473. Commissioner's report.**

41 The Commissioner shall provide a semiannual report to the State Banking Commission
42 regarding the status of all licenses issued, examinations conducted, and enforcement actions
43 taken under this Article during the reporting period. The report shall be provided in a manner
44 consistent with applicable confidentiality requirements for supervisory and examination
45 information."

46 **SECTION 2.(b)** Not later than six months after the effective date of this section, the
47 State Banking Commission shall, upon the recommendation of the Commissioner of Banks,
48 adopt rules addressing, at a minimum, the following: application procedures, capital and liquidity
49 standards, detailed reserve asset requirements, reporting formats, and any other matter that this
50 act assigns to the Commission for specification.

1 **SECTION 2.(c)** The Commissioner of Banks shall file its first certification under
2 G.S. 53-464(a)(2) within 12 months of the effective date of this section.

3 **SECTION 2.(d)** A foreign entity, as defined by G.S. 53-462, that, on the effective
4 date of this section, issues a payment stablecoin accessible by residents of this State and that does
5 not meet the requirements of G.S. 53-463(f)(1) shall, not later than 12 months after that date,
6 become a permitted payment stablecoin issuer under G.S. 53-463(f) or cease offering its payment
7 stablecoin in this State and shall provide holders of the payment stablecoin notice of their
8 redemption rights.

9 **SECTION 2.(e)** This section becomes effective the earlier of January 18, 2027, or
10 120 days after the date on which the primary federal payment stablecoin regulators issue any
11 final regulations implementing the GENIUS Act. The Commissioner of Banks shall notify the
12 Revisor of Statutes of the issuance date of these regulations.

13 **PART III. SEVERABILITY AND EFFECTIVE DATE**

14 **SECTION 3.(a)** If any provision of this act, or the application of any provision of
15 this act to any person or circumstance, is held invalid by a court of competent jurisdiction, the
16 remainder of the act and the application of its other provisions to other persons or circumstances
17 shall not be affected by it. The provisions of this act are declared to be severable.

18 **SECTION 3.(b)** Except as otherwise provided, this act is effective when it becomes
19 law.
20