March 25, 2025

VIA ELECTRONIC SUBMISSION to fsc119@mail.house.gov

United States House Financial Services Committee
Subcommittee on Digital Assets, Financial Technology, and Artificial Intelligence
2129 Rayburn House Office Building
Washington, DC 20515

Re: Public Comment on the STABLE Act of 2025 – Discussion Draft

To Whom It May Concern:

On behalf of the Wall Street Blockchain Alliance (WSBA), we respectfully submit this letter in response to the Financial Services Committee's request for feedback on the discussion draft of the "Stablecoin Transparency and Accountability for a Better Ledger Economy Act of 2025" (the "STABLE Act of 2025"). This letter reflects the consensus views of select members of our organization participating in our member-based organization, offered in their individual capacities and not necessarily on behalf of their respective firms.

The WSBA is a non-profit trade association headquartered in New York City, whose mission is to guide and promote the responsible and innovation-driven adoption of blockchain technology and digital assets within the global financial system. Our diverse membership spans a wide variety of organizations and roles, including, banks, broker-dealers, investment firms, law firms, accounting firms and compliance professionals, all of whom are deeply familiar with and appreciative of laws and regulations relating to blockchain technologies and digital assets.

We appreciate the Subcommittee's leadership in bringing forward this important legislation to address systemic concerns and foster sound governance in the rapidly growing stablecoin sector.

The WSBA supports the intent and direction of the STABLE Act of 2025, which rightly emphasizes the need for transparency, prudential safeguards, and clear legal structures in stablecoin issuance. As stablecoins become foundational instruments in digital markets and increasingly intersect with traditional finance, it is imperative to establish guardrails that protect consumers, ensure market integrity, and preserve U.S. leadership in financial innovation.

We commend the drafters for several key provisions and offer the following observations in support of the legislation:

1. Bankruptcy-Remote Structures Are Essential

We support the requirement that stablecoin issuers establish bankruptcy-remote entities. Such structures are conservative by design and appropriately ensure that the assets supporting the redemption of stablecoins are not subject to claims by creditors of the issuer or its affiliates.

Bankruptcy remoteness is not only a legal safeguard—it is a necessary foundation for the trust and utility of stablecoins as reliable digital representations of value. This design protects consumers and institutions alike, avoids systemic risk, and allows stablecoins to be used confidently within critical market infrastructure, including as margin collateral on regulated exchanges.

Furthermore, we encourage the final legislation to mandate legal opinions verifying the enforceability of the token holders' security interest and priority claims over the asset pool. This would promote consistent interpretation and enforcement, aligning stablecoins with high standards seen in traditional structured finance.

2. Avoiding Implicit Government Guarantees

History has shown that ambiguous risk profiles—especially in financial instruments broadly adopted by retail—often lead to moral hazard. The STABLE Act's approach to minimizing this by requiring conservative structures and disclosures is a wise step toward preventing future expectations of taxpayer bailouts. Well-designed bankruptcy-remote structures, along with transparency requirements, substantially reduce the probability of such outcomes.

3. Audit, Custody, and Risk Controls

We support the STABLE Act's emphasis on audit and reporting obligations. Issuers should provide independently audited financial statements under U.S. GAAP and implement structural separation between custody, settlement, and risk management functions.

Moreover, applying limits on leverage, maturity duration, and asset quality—akin to money market fund (MMF) regulation—would further ensure stability and public trust. These funds serve as a relevant regulatory analog, and the principle of "same risk, same rules" should be consistently applied across both traditional and digital financial instruments.

4. Parity with Traditional Financial Products

While we support the development of stablecoins under clear regulatory frameworks, we caution against granting them undue advantages over legacy instruments such as MMFs, which have long provided comparable functions under proven rulesets. Regulatory parity is important to avoid incentivizing regulatory arbitrage simply due to technological form, not functional difference.

5. Flexibility for Market Structures

The STABLE Act should continue to accommodate a range of issuer structures, including bank subsidiaries, registered investment companies, or non-bank fintech entities—provided they comply with appropriate risk controls. Innovation in issuer formats can serve different market needs, and flexible frameworks will help support broader adoption without compromising safety and soundness.

Conclusion

The STABLE Act of 2025 represents a critical step forward in establishing regulatory clarity and consumer protection in the digital asset ecosystem. We applaud the Committee for its thoughtful, measured approach and its willingness to engage stakeholders in the drafting process.

The Wall Street Blockchain Alliance appreciates the opportunity to share this perspective and stands ready to assist further as this legislation progresses. Please do not hesitate to reach out for additional information or dialogue.

Respectfully submitted,

Wall Street Blockchain Alliance (WSBA)