



February 13, 2026

ENGROSSED HOUSE BILL No. 1217

DIGEST OF HB 1217 (Updated February 11, 2026 9:30 am - DI 140)

Citations Affected: IC 28-8; IC 28-16; IC 35-52.

Synopsis: Regulation of stablecoin. Prohibits a permitted payment stablecoin issuer or foreign payment stablecoin issuer from: (1) paying interest or any other type of yield; or (2) providing any other economic benefit; to a person in connection with the person's holding, use, or retention of a payment stablecoin. Provides that: (1) a payment stablecoin may be issued in Indiana only by a licensed payment stablecoin issuer; and (2) beginning July 1, 2028, subject to specified exceptions, a digital asset service provider may not offer or sell a payment stablecoin in Indiana that is not issued by a licensed payment stablecoin issuer. Requires the department of financial institutions (department) to: (1) administer licensure of persons to act as payment stablecoin issuers; and (2) regulate and supervise licensed payment stablecoin issuers. Establishes requirements for licensure as a payment stablecoin issuer and a process by which an applicant for licensure may appeal denial of the applicant's application. Imposes reporting requirements for licensed payment stablecoin issuers. Specifies powers of the department in regulating and supervising licensed payment stablecoin issuers. Specifies civil and criminal penalties for violations. Provides for priority of claims in an insolvency action regarding a licensed payment stablecoin issuer.

Effective: July 1, 2026.

Pierce K, Teshka, Judy

(SENATE SPONSOR — BALDWIN)

January 5, 2026, read first time and referred to Committee on Financial Institutions.
January 13, 2026, amended, reported — Do Pass.
January 15, 2026, read second time, ordered engrossed.
January 16, 2026, engrossed.
January 20, 2026, read third time, passed. Yeas 67, nays 23.

SENATE ACTION

January 26, 2026, read first time and referred to Committee on Insurance and Financial Institutions.
February 12, 2026, reported favorably — Do Pass; reassigned to Committee on Appropriations.

EH 1217—LS 7003/DI 119



February 13, 2026

Second Regular Session of the 124th General Assembly (2026)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2025 Regular Session of the General Assembly.

ENGROSSED HOUSE BILL No. 1217

A BILL FOR AN ACT to amend the Indiana Code concerning financial institutions.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 28-8-7.1 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2026]:

4 **Chapter 7.1. Payment of Interest or Yield on Stablecoin**

5 **Sec. 1. As used in this chapter, "foreign payment stablecoin**
6 **issuer" has the meaning set forth in 12 U.S.C. 5901(12).**

7 **Sec. 2. As used in this chapter, "permitted payment stablecoin**
8 **issuer" has the meaning set forth in 12 U.S.C. 5901(23).**

9 **Sec. 3. A permitted payment stablecoin issuer, foreign payment**
10 **stablecoin issuer, or person acting on behalf of a permitted**
11 **payment stablecoin issuer or foreign payment stablecoin issuer**
12 **may not:**

13 **(1) pay to a person that holds a payment stablecoin any form**
14 **of:**

15 **(A) interest; or**

16 **(B) yield, whether in cash, tokens, or other consideration;**

17 **or**

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1 (2) provide a person that holds a payment stablecoin an
2 economic benefit of any kind;
3 in connection with the person's holding, use, or retention of the
4 payment stablecoin.

5 SECTION 2. IC 28-16 IS ADDED TO THE INDIANA CODE AS
6 A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1,
7 2026]:

8 **ARTICLE 16. DIGITAL ASSETS**

9 **Chapter 1. Definitions**

10 **Sec. 1. The definitions in:**

- 11 (1) this chapter; and
- 12 (2) 12 U.S.C. 5901;

13 apply throughout this article.

14 **Sec. 2. "Department"** means the department of financial
15 institutions.

16 **Sec. 3. "Hardware wallet"** means:

- 17 (1) a physical device that:
 - 18 (A) is not continuously connected to the Internet; and
 - 19 (B) enables an individual to secure and transfer digital
- 20 assets; or
- 21 (2) a physical device that enables the owner of digital assets to
- 22 retain independent control over the digital assets.

23 **Sec. 4. "Licensed payment stablecoin issuer", or "licensee"**
24 means a person that is licensed under IC 28-16-2-4.

25 **Sec. 5. "Software wallet"** means a software application that:

- 26 (1) enables an individual to secure and transfer digital assets;
- 27 or
- 28 (2) enables the owner of digital assets to retain independent
- 29 control over the digital assets.

30 **Chapter 2. Regulation of Stablecoin**

31 **Sec. 1.** This chapter does not apply to a permitted payment
32 stablecoin issuer to the extent that federal law precludes or
33 preempts the application of this chapter.

34 **Sec. 2.** A payment stablecoin may be issued in Indiana only by
35 a licensed payment stablecoin issuer.

36 **Sec. 3. (a)** This section does not apply to any of the following:

- 37 (1) A direct transfer of a digital asset between two (2)
- 38 individuals acting on the individuals' own behalf and for the
- 39 individuals' own lawful purposes, without the involvement of
- 40 an intermediary.
- 41 (2) A transaction involving transfer of a digital asset by an
- 42 individual between:



- 1 (A) an account in the United States; and
 2 (B) an account outside the United States;
 3 that are held by the individual and that are administered by
 4 the same entity.
 5 (3) A transaction conducted by means of a hardware wallet or
 6 software wallet that facilitates an individual's custody of
 7 digital assets.
 8 (b) Except as provided in subsection (a), beginning July 1, 2028,
 9 a digital asset service provider may not offer or sell in Indiana a
 10 payment stablecoin that is not issued by a licensed payment
 11 stablecoin issuer.
 12 Sec. 4. (a) The department shall:
 13 (1) establish standards and processes for:
 14 (A) licensure of persons to act as permitted payment
 15 stablecoin issuers in Indiana, including examination and
 16 qualification standards and processes; and
 17 (B) regulation and supervision of licensed payment
 18 stablecoin issuers in Indiana;
 19 that prioritize the financial soundness of licensed payment
 20 stablecoin issuers; and
 21 (2) receive and evaluate applications submitted by applicants
 22 to the department for licensure as a permitted payment
 23 stablecoin issuer in Indiana.
 24 (b) A person that wishes to be licensed as a permitted payment
 25 stablecoin issuer in Indiana must submit an application for
 26 licensure to the department in the form and manner prescribed by
 27 the department.
 28 (c) The department shall evaluate an application for licensure
 29 submitted under subsection (b) as follows:
 30 (1) The department shall determine whether the application
 31 is substantially complete. An application is substantially
 32 complete for purposes of this subdivision if the application
 33 contains sufficient information for the department to render
 34 a decision regarding the factors set forth in subdivision (2).
 35 (2) If the department finds an application to be substantially
 36 complete under subdivision (1), the department shall evaluate
 37 the application based on the following criteria:
 38 (A) The ability of the applicant, based on the applicant's
 39 financial condition and resources, to meet the
 40 requirements set forth under 12 U.S.C. 5903.
 41 (B) Whether an officer or director of the applicant has
 42 been convicted of a felony offense involving insider



1 trading, embezzlement, cybercrime, money laundering,
2 financing of terrorism, or financial fraud.

3 (C) The competence, experience, and integrity of the
4 officers, directors, and principal shareholders of the
5 applicant, of any subsidiaries of the applicant, and of any
6 parent company of the applicant, including:

7 (i) the record of the officers', directors', and principal
8 shareholders' compliance with state and federal laws and
9 regulations; and

10 (ii) the ability of the officers, directors, and principal
11 shareholders to fulfill any commitments to, and any
12 conditions imposed by, the department in connection
13 with licensure as a permitted payment stablecoin issuer
14 in Indiana.

15 (D) Whether the redemption policy of the applicant meets
16 the standards set forth under 12 U.S.C. 5903.

17 (E) Any other factors established under federal regulations
18 or by the department that are necessary to ensure the
19 applicant's financial soundness as a permitted payment
20 stablecoin issuer.

21 (d) Not later than thirty (30) days after receiving an application
22 for licensure under subsection (b), the department shall notify the
23 applicant as to:

24 (1) whether the department considers the application to be
25 substantially complete under subsection (c)(1); and

26 (2) if the application is not substantially complete, the
27 additional information the applicant must provide in order
28 for the application to be considered substantially complete.

29 (e) If the department finds an application for licensure under
30 subsection (b) to be substantially complete, the department shall
31 consider the application to no longer be substantially complete only
32 if there is a material change in circumstances sufficient to require
33 the department to treat the application as a new application.

34 (f) Not later than one hundred twenty (120) days after receiving
35 a substantially complete application for licensure under subsection
36 (b), the department shall:

37 (1) either approve or deny the application; and

38 (2) notify the applicant of the department's approval or denial
39 of the application.

40 (g) The department shall deny a substantially complete
41 application for licensure under subsection (b) only if the
42 department finds, based on the factors under subsection (c)(2), that



1 the operations of the applicant as a permitted payment stablecoin
2 issuer would be financially unsound. The department shall not
3 consider issuance of payment stablecoins on an open, public, or
4 decentralized network to be a ground for finding that the
5 operations of an applicant as a permitted payment stablecoin issuer
6 would be financially unsound.

7 (h) Not later than thirty (30) days after the date on which the
8 department notifies an applicant of the department's denial of the
9 applicant's application for licensure under subsection (g), the
10 department shall provide the applicant with written notice
11 explaining the reasons for the denial with specificity, including:

12 (1) all findings made by the department with respect to all
13 identified material shortcomings in the application; and

14 (2) actionable recommendations as to how the applicant can
15 address the identified material shortcomings.

16 (i) Not later than thirty (30) days after an applicant receives a
17 notice under subsection (h), the applicant may request, in writing,
18 an opportunity to appeal the denial in an oral hearing before the
19 department.

20 (j) Upon the department's receipt of an applicant's timely
21 request under subsection (i), the department shall provide the
22 applicant notice of the time, which may not be later than thirty (30)
23 days after the date on which the department receives the request,
24 and place at which the applicant may appear, personally or
25 through counsel, to submit written materials or provide oral
26 testimony and oral argument in appeal of the denial.

27 (k) Not later than sixty (60) days after the date of an applicant's
28 hearing under subsection (j), the department shall provide the
29 applicant with notice of the department's final determination,
30 which must contain a statement of the basis for the department's
31 determination, including the department's specific findings.

32 (l) If an applicant does not make a timely request for a hearing
33 under subsection (i), the department shall notify the applicant in
34 writing, not later than ten (10) days after the date by which the
35 applicant's request for a hearing must be made under subsection
36 (i), that the denial of the applicant's application is the final
37 determination of the department.

38 (m) If the department fails to notify an applicant of the
39 department's approval or denial of the applicant's substantially
40 complete application within the time period specified in subsection
41 (f), the application is considered approved.

42 (n) The denial of an applicant's application under this section



1 does not prohibit the applicant from filing a subsequent application
2 for licensure under this section.

3 (o) The department shall:

4 (1) notify the governor when the department begins
5 processing applications under this chapter; and

6 (2) not later than January 1 of each year, report to the general
7 assembly, in an electronic format under IC 5-14-6, regarding
8 any application for licensure under this chapter:

9 (A) that, as of December 31 of the immediately preceding
10 year, has been pending for one hundred eighty (180) days
11 or more since the date on which the application was
12 initially submitted; and

13 (B) for which the applicant has been informed that the
14 application is not substantially complete;

15 including documentation on the status of the application and
16 why the application has not yet been approved.

17 (p) A person licensed as a permitted payment stablecoin issuer
18 under this chapter is not required to obtain any other license or
19 charter to act as a permitted payment stablecoin issuer in Indiana.

20 Sec. 5. (a) Not later than one hundred eighty (180) days after the
21 date on which a licensed payment stablecoin issuer's application
22 for licensure is approved under section 4 of this chapter, and not
23 later than one hundred eighty (180) days after that date in each
24 year thereafter, the licensed payment stablecoin issuer shall file
25 with the department a certification that the licensed payment
26 stablecoin issuer has implemented anti-money laundering and
27 economic sanctions compliance programs that are reasonably
28 designed to prevent the licensed payment stablecoin issuer from
29 facilitating:

30 (1) money laundering, particularly with regard to money
31 laundering for cartels and organizations designated as foreign
32 terrorist organizations under 8 U.S.C. 1189; and

33 (2) the financing of terrorist activities;

34 in accordance with the requirements of 12 U.S.C. 5901 et seq.

35 (b) The department shall make certifications filed under
36 subsection (a) available to the United States Department of the
37 Treasury upon request by the United States Department of the
38 Treasury.

39 (c) The department may revoke the department's approval of a
40 person's application for licensure under section 4 of this chapter if
41 the person fails to file the certification required under subsection
42 (a) not later than one hundred eighty (180) days after the date on



1 which the department approves the person's application.

2 Sec. 6. (a) The department shall adopt rules under IC 4-22-2 to
3 implement this chapter, including for the purpose of recovering the
4 cost of administering and enforcing this chapter by imposing and
5 collecting proportionate and equitable fees and costs associated
6 with receiving and evaluating applications, conducting
7 examinations, conducting investigations, and other actions
8 required to achieve the purposes of this chapter.

9 (b) The department may conduct an examination or
10 investigation of a licensed payment stablecoin issuer or otherwise
11 take independent action authorized by this chapter as reasonably
12 necessary or appropriate to administer and enforce this chapter,
13 the department's rules implementing this chapter, and other state
14 and federal law applicable to this chapter.

15 (c) To carry out the purposes of this chapter, the department
16 may do any of the following:

17 (1) Enter into agreements or relationships with other state
18 and federal government officials, regulatory agencies, and
19 regulatory associations for the purpose of regulatory
20 efficiency through standardization of methods and procedures
21 and sharing of resources, records, or related information
22 obtained under this chapter.

23 (2) Conduct examinations in conjunction with other state or
24 federal government agencies.

25 (3) Use, hire, contract for, or employ analytical personnel,
26 systems, methods, and software to examine or investigate
27 licensed payment stablecoin issuers.

28 (4) Incorporate:

29 (A) licensing, examination, and investigation reports from
30 other state or federal government agencies and officials;
31 and

32 (B) audit reports regarding licensees and applicants for
33 licensure under this chapter from independent certified
34 public accountants and other qualified third-party
35 auditors;

36 into the department's examination or investigation reports.

37 (5) Summon and examine an individual under oath and
38 require the individual to produce records regarding any
39 matter related to the condition and business of a licensed
40 payment stablecoin issuer or authorized delegate of a licensed
41 payment stablecoin issuer.

42 (d) Rules adopted by the department to regulate licensed



1 payment stablecoin issuers must, at minimum, ensure that licensed
 2 payment stablecoin issuers are in compliance with federal laws and
 3 regulations applicable to permitted payment stablecoin issuers.

4 (e) The department shall provide notice to licensed payment
 5 stablecoin issuers of any changes in federal laws and regulations
 6 applicable to permitted payment stablecoin issuers.

7 Sec. 7. (a) A licensed payment stablecoin issuer shall provide to
 8 the department, at the department's request, and at the location
 9 and in the format specified by the department, any record the
 10 department reasonably requires to conduct a complete
 11 examination for purposes of this chapter. The department may
 12 utilize multistate record production standards and examination
 13 procedures if the standards will reasonably achieve the
 14 requirements of this chapter.

15 (b) Unless otherwise directed by the department, a licensed
 16 payment stablecoin issuer shall pay all costs reasonably incurred
 17 in connection with an examination of the licensed payment
 18 stablecoin issuer, or of an authorized delegate of the licensed
 19 payment stablecoin issuer, under this chapter.

20 Sec. 8. (a) The department may suspend or revoke a license
 21 issued under this chapter if:

22 (1) the licensee violates this chapter or a rule adopted or order
 23 issued under this chapter;

24 (2) the licensee does not cooperate with an examination or
 25 investigation by the department;

26 (3) the licensee engages in fraud, intentional
 27 misrepresentation, or gross negligence;

28 (4) the competence, experience, character, or general fitness
 29 of:

30 (A) the licensee; or

31 (B) a:

32 (i) person in control;

33 (ii) key individual; or

34 (iii) responsible person;

35 of the licensee or of an authorized delegate of the licensee;
 36 indicates that it is not in the public interest to permit the
 37 person to issue payment stablecoins;

38 (5) the licensee engages in an unsafe or unsound practice; or

39 (6) the licensee is insolvent, suspends payment of the licensee's
 40 obligations, or makes a general assignment for the benefit of
 41 the licensee's creditors.

42 (b) In determining whether a licensee is engaging in an unsafe



1 or unsound practice for purposes of subsection (a)(5), the
 2 department may consider the size and condition of the licensee's
 3 payment stablecoin issuance, the magnitude of a loss, the severity
 4 of a violation of this chapter, and the previous conduct of the
 5 licensee or other person responsible for the violation.

6 (c) If the department determines that a violation of this chapter,
 7 or of a rule adopted or order issued under this chapter, by a
 8 licensee is likely to:

9 (1) cause immediate and irreparable harm to:

10 (A) the licensee;

11 (B) the licensee's customers; or

12 (C) the public; or

13 (2) cause insolvency or significant dissipation of assets of the
 14 licensee;

15 the department may issue an order requiring the licensee to cease
 16 and desist from the violation.

17 (d) If the department has reason to believe that a person who is
 18 not licensed under this chapter is engaging in an activity for which
 19 a license is required under this chapter:

20 (1) the department may issue an order to the person to show
 21 cause as to why the department should not issue an order
 22 requiring the person to cease and desist from the activity; or

23 (2) if the department determines that the person's activity is
 24 likely to cause immediate and irreparable harm, the
 25 department may petition a court for ex parte issuance of an
 26 order temporarily enjoining the person from engaging in the
 27 activity.

28 (e) An order issued by the department with regard to a person
 29 under subsection (c) or (d):

30 (1) is effective upon service of the order on the person;

31 (2) expires ten (10) days after the order is issued unless the
 32 department commences an administrative review of the order
 33 under IC 4-21.5; and

34 (3) remains effective and enforceable pending the completion
 35 of an administrative review under subdivision (2).

36 (f) A person that is served with an order to cease and desist
 37 under this section may petition a court for a judicial order setting
 38 aside, limiting, or suspending the enforcement, operation, or
 39 effectiveness of the order pending the completion of an
 40 administrative proceeding under subsection (e)(2).

41 Sec. 9. The department may enter into a consent order with a
 42 person at any time to resolve a matter arising under this chapter



1 or under a rule adopted or order issued under this chapter. A
2 consent order under this section:

- 3 (1) must be signed by the person to whom the consent order
4 is issued or by the person's authorized representative;
5 (2) must indicate the person's agreement with the terms set
6 forth in the consent order; and
7 (3) may provide that the consent order does not constitute an
8 admission by the person of a violation of this chapter or of a
9 rule adopted or order issued under this chapter.

10 **Sec. 10. (a) A person that intentionally:**

- 11 (1) makes a false statement, misrepresentation, or false
12 certification; or
13 (2) makes a false entry or omits a material entry;

14 in a record filed or required to be maintained under this chapter,
15 including a certification filed under section 5 of this chapter,
16 commits a Class A misdemeanor.

17 **(b) A person that:**

- 18 (1) is not licensed under this chapter;
19 (2) knowingly engages in an activity for which a license is
20 required under this chapter; and
21 (3) receives not more than seven hundred fifty dollars (\$750)
22 within a thirty (30) day period as a result of the activity under
23 subdivision (2);

24 commits a Class A misdemeanor.

25 **(c) A person that:**

- 26 (1) is not licensed under this chapter;
27 (2) knowingly engages in an activity for which a license is
28 required under this chapter; and
29 (3) receives more than seven hundred fifty dollars (\$750)
30 within a thirty (30) day period as a result of the activity under
31 subdivision (2);

32 commits a Level 6 felony.

33 **(d) If the department determines, after notice to the person and**
34 **an opportunity for the person to be heard, that a person has**
35 **violated this chapter, the department may, in addition to or instead**
36 **of all other remedies available under this chapter, impose upon the**
37 **person a civil penalty in an amount equal to:**

- 38 (1) not more than ten thousand dollars (\$10,000) per
39 violation; plus
40 (2) the department's cost of investigating and prosecuting the
41 violation, including the department's reasonable attorney's
42 fees.



1 **Sec. 11. The following apply to an insolvency proceeding**
2 **regarding a licensed payment stablecoin issuer:**

3 **(1) Subject to subdivision (3), the claim of a person holding**
4 **payment stablecoins issued by the licensed payment stablecoin**
5 **issuer has priority, in ratable proportion to the claims of**
6 **other persons holding payment stablecoins issued by the**
7 **licensed payment stablecoin issuer, over the claims of the**
8 **licensed payment stablecoin issuer and any other claimant**
9 **against the licensed payment stablecoin issuer, with respect to**
10 **the licensed payment stablecoin issuer's required reserves**
11 **under 12 U.S.C. 5903.**

12 **(2) Notwithstanding any other provision of law, a person**
13 **holding a payment stablecoin issued by the licensed payment**
14 **stablecoin issuer has a valid claim against the licensed**
15 **payment stablecoin issuer.**

16 **(3) Subdivision (1) does not apply to claims other than those**
17 **arising directly from the holding of payment stablecoins.**

18 SECTION 3. IC 35-52-28-15 IS ADDED TO THE INDIANA
19 CODE AS A NEW SECTION TO READ AS FOLLOWS
20 [EFFECTIVE JULY 1, 2026]: **Sec. 15. IC 28-16-2-10 defines a crime**
21 **concerning payment stablecoin.**



COMMITTEE REPORT

Mr. Speaker: Your Committee on Financial Institutions, to which was referred House Bill 1217, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 28-8-7.1 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]:

Chapter 7.1. Payment of Interest or Yield on Stablecoin

Sec. 1. As used in this chapter, "foreign payment stablecoin issuer" has the meaning set forth in 12 U.S.C. 5901(12).

Sec. 2. As used in this chapter, "permitted payment stablecoin issuer" has the meaning set forth in 12 U.S.C. 5901(23).

Sec. 3. A permitted payment stablecoin issuer, foreign payment stablecoin issuer, or person acting on behalf of a permitted payment stablecoin issuer or foreign payment stablecoin issuer may not:

(1) pay to a person that holds a payment stablecoin any form of:

(A) interest; or

(B) yield, whether in cash, tokens, or other consideration;
or

(2) provide a person that holds a payment stablecoin an economic benefit of any kind;

in connection with the person's holding, use, or retention of the payment stablecoin."

Page 2, line 10, delete "licensed" and insert "**permitted**".

Page 2, line 12, delete "chapter to a permitted payment" and insert "**chapter.**".

Page 2, delete line 13.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1217 as introduced.)

TESHKA

Committee Vote: yeas 11, nays 0.

EH 1217—LS 7003/DI 119



COMMITTEE REPORT

Mr. President: The Senate Committee on Insurance and Financial Institutions, to which was referred House Bill No. 1217, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS and be reassigned to the Senate Committee on Appropriations.

(Reference is to HB 1217 as printed January 13, 2026.)

BALDWIN, Chairperson

Committee Vote: Yeas 6, Nays 2

