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HOUSE BILL No. 1217

Proposed Changes to introduced printing by AM121701

DIGEST OF PROPOSED AMENDMENT

Payment stablecoin issuers. Adds provisions prohibiting 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 the provisions added by the bill do not apply to a licensed payment stablecoin issuer to the extent that federal law precludes or preempts the application of the provisions.

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 28-16~~ IC 28-8-7.1 IS ADDED TO THE
2 INDIANA CODE AS A NEW ~~ARTICLE~~ CHAPTER TO READ
3 AS FOLLOWS [EFFECTIVE 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
10 payment stablecoin issuer, or person acting on behalf of a
11 permitted payment stablecoin issuer or foreign payment stablecoin
12 issuer 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
17 consideration; or

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(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.

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

1 ARTICLE 16. DIGITAL ASSETS

Chapter 1. Definitions

Sec. 1. The definitions in:

(1) this chapter; and

(2) 12 U.S.C. 5901;

apply throughout this article.

Sec. 2. "Department" means the department of financial institutions.

Sec. 3. "Hardware wallet" means:

(1) a physical device that:

(A) is not continuously connected to the Internet; and

(B) enables an individual to secure and transfer digital assets; or

(2) a physical device that enables the owner of digital assets to retain independent control over the digital assets.

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

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

(1) enables an individual to secure and transfer digital assets;

or

(2) enables the owner of digital assets to retain independent control over the digital assets.

Chapter 2. Regulation of Stablecoin

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

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

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

(1) A direct transfer of a digital asset between two (2) individuals acting on the individuals' own behalf and for the individuals' own lawful purposes, without the involvement of an intermediary.

(2) A transaction involving transfer of a digital asset by an



individual between:

(A) an account in the United States; and

(B) an account outside the United States;

that are held by the individual and that are administered by the same entity.

(3) A transaction conducted by means of a hardware wallet or software wallet that facilitates an individual's custody of digital assets.

(b) Except as provided in subsection (a), beginning July 1, 2028, a digital asset service provider may not offer or sell in Indiana a payment stablecoin that is not issued by a licensed payment stablecoin issuer.

Sec. 4. (a) The department shall:

(1) establish standards and processes for:

(A) licensure of persons to act as permitted payment stablecoin issuers in Indiana, including examination and qualification standards and processes; and

(B) regulation and supervision of licensed payment stablecoin issuers in Indiana;

that prioritize the financial soundness of licensed payment stablecoin issuers; and

(2) receive and evaluate applications submitted by applicants to the department for licensure as a permitted payment stablecoin issuer in Indiana.

(b) A person that wishes to be licensed as a permitted payment stablecoin issuer in Indiana must submit an application for licensure to the department in the form and manner prescribed by the department.

(c) The department shall evaluate an application for licensure submitted under subsection (b) as follows:

(1) The department shall determine whether the application is substantially complete. An application is substantially complete for purposes of this subdivision if the application contains sufficient information for the department to render a decision regarding the factors set forth in subdivision (2).

(2) If the department finds an application to be substantially complete under subdivision (1), the department shall evaluate the application based on the following criteria:

(A) The ability of the applicant, based on the applicant's financial condition and resources, to meet the requirements set forth under 12 U.S.C. 5903.

(B) Whether an officer or director of the applicant has



1 been convicted of a felony offense involving insider
2 trading, embezzlement, cybercrime, money laundering,
3 financing of terrorism, or financial fraud.

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

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

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

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

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

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

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

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

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

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

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

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

41 (g) The department shall deny a substantially complete
42 application for licensure under subsection (b) only if the



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department finds, based on the factors under subsection (c)(2), that the operations of the applicant as a permitted payment stablecoin issuer would be financially unsound. The department shall not consider issuance of payment stablecoins on an open, public, or decentralized network to be a ground for finding that the operations of an applicant as a permitted payment stablecoin issuer would be financially unsound.

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

- (1) all findings made by the department with respect to all identified material shortcomings in the application; and
- (2) actionable recommendations as to how the applicant can address the identified material shortcomings.

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

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

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

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

(m) If the department fails to notify an applicant of the department's approval or denial of the applicant's substantially complete application within the time period specified in subsection



1 (f), the application is considered approved.

2 (n) The denial of an applicant's application under this section
3 does not prohibit the applicant from filing a subsequent application
4 for licensure under this section.

5 (o) The department shall:

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

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

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

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

17 including documentation on the status of the application and
18 why the application has not yet been approved.

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

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

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

35 (2) the financing of terrorist activities;

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

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

41 (c) The department may revoke the department's approval of
42 a person's application for licensure under section 4 of this chapter



1 if the person fails to file the certification required under subsection
 2 (a) not later than one hundred eighty (180) days after the date on
 3 which the department approves the person's application.

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

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

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

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

25 (2) Conduct examinations in conjunction with other state or
 26 federal government agencies.

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

30 (4) Incorporate:

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

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

38 into the department's examination or investigation reports.

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



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1 licensed payment stablecoin issuer.

2 (d) Rules adopted by the department to regulate licensed
3 payment stablecoin issuers must, at minimum, ensure that licensed
4 payment stablecoin issuers are in compliance with federal laws and
5 regulations applicable to permitted payment stablecoin issuers.

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

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

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

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

- 24 (1) the licensee violates this chapter or a rule adopted or
25 order issued under this chapter;
26 (2) the licensee does not cooperate with an examination or
27 investigation by the department;
28 (3) the licensee engages in fraud, intentional
29 misrepresentation, or gross negligence;
30 (4) the competence, experience, character, or general fitness
31 of:

32 (A) the licensee; or

33 (B) a:

- 34 (i) person in control;
35 (ii) key individual; or
36 (iii) responsible person;

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

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

41 (6) the licensee is insolvent, suspends payment of the
42 licensee's obligations, or makes a general assignment for the



benefit of the licensee's creditors.

(b) In determining whether a licensee is engaging in an unsafe or unsound practice for purposes of subsection (a)(5), the department may consider the size and condition of the licensee's payment stablecoin issuance, the magnitude of a loss, the severity of a violation of this chapter, and the previous conduct of the licensee or other person responsible for the violation.

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

(1) cause immediate and irreparable harm to:

(A) the licensee;

(B) the licensee's customers; or

(C) the public; or

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

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

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

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

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

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

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

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

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

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



1 **Sec. 9. The department may enter into a consent order with a**
 2 **person at any time to resolve a matter arising under this chapter**
 3 **or under a rule adopted or order issued under this chapter. A**
 4 **consent order under this section:**

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

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

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

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

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

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

26 **commits a Class A misdemeanor.**

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

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

34 **commits a Level 6 felony.**

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

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




violation, including the department's reasonable attorney's fees.

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

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

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

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

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

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