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House Approves Groundbreaking Stablecoin Regulation as U.S. Embraces Crypto Future

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In a landmark development for the digital economy, the U.S. House of Representatives has passed the Genuine Innovation in the Economy through Unified Standards (GENIUS) Act, signalling the country’s first major federal legislation aimed at regulating stablecoins, a key component of the cryptocurrency market. Backed by bipartisan support, the bill positions the United States as a leading force in shaping the future of digital finance.

The GENIUS Act lays the groundwork for how financial institutions, including banks and cryptocurrency firms, can issue stablecoins, a class of digital tokens typically pegged to the U.S. dollar to maintain price stability. Under the new framework, stablecoin issuers must maintain reserves in U.S. dollars or equivalent assets and publicly disclose their holdings, ensuring transparency and consumer protection without stifling innovation.

The legislation, which passed with a vote of 308 to 122, now heads to President Donald Trump's desk for signing. President Trump, who has positioned himself as a vocal supporter of cryptocurrency innovation, has pledged to promote a friendlier regulatory environment for the industry. "President Trump promised to make America the crypto capital of the world, and today we delivered," said House Majority Whip Tom Emmer (Republican – Minnesota) following the vote.

Thursday's decision forms part of a broader legislative package dubbed "Crypto Week" by House Republicans. Alongside the GENIUS Act, lawmakers approved two additional proposals in the House: the Clarity for Digital Tokens Act, which names the Commodity Futures Trading Commission (CFTC) as the lead regulatory body for crypto oversight, and the Anti-Central Bank Digital Currency (CBDC) Surveillance State Act, aimed at preventing the Federal Reserve from launching a government-backed digital currency. Both bills now await Senate deliberation.

The GENIUS Act's focus on stablecoins reflects their increasing relevance in mainstream finance. Unlike more volatile tokens such as Bitcoin, stablecoins maintain a 1:1 value with fiat currencies and are commonly used as a stepping stone to trade other digital assets or to facilitate cross-border payments. However, the sector is not without risk, with past failures like TerraUSD highlighting the need for oversight.

Supporters of the bill argue it strikes a necessary balance, providing investor confidence while keeping the U.S. competitive in the global crypto marketplace. The stablecoin market alone is estimated at \$260 billion and continues to grow rapidly.

Critics, however, have raised concerns over potential conflicts of interest, pointing to President Trump's financial links to World Liberty Financial, a digital platform that has launched its stablecoin, USD1.

In June, Trump disclosed earnings of over \$57 million from his stake in World Liberty Financial, and businesses linked to him have reportedly generated hundreds of millions

more through cryptocurrency ventures. Critics such as Rep. Maxine Waters (Democrat – California) have the White House, however, maintains that Trump’s crypto holdings are managed through a trust controlled by his adult children, asserting that no ethical lines have been crossed.

Trump’s administration has sharply diverged from its predecessor’s heavy-handed approach, which saw legal action taken against several prominent crypto platforms and figures, including FTX founder Sam Bankman-Fried. Trump’s alignment with the crypto sector has attracted strong financial backing from digital asset investors and has played a strategic role in his 2024 re-election bid.

As the GENIUS Act moves through the legislative process, the U.S. takes a pivotal step toward legitimising and integrating cryptocurrency into its financial system. With clear regulatory boundaries and a renewed focus on innovation, the stage is set for a new era in global finance, one that embraces digital assets while ensuring accountability and consumer safety.