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Client Alert: Florida's New Stablecoin Framework: What Issuers Need to Know Before October 2026

When Governor Ron DeSantis signed Florida House Bill 175 (HB 175), companion to Florida Senate Bill 314 (SB 314), into law in late June, Florida became the first U.S. state to pass a comprehensive licensing and prudential supervision regime for payment stablecoin issuers. The core provisions take effect on October 1, 2026. For fintech companies, payment processors, and chartered banks contemplating stablecoin issuance, the statute creates not merely a compliance checklist but a matrix of interconnected business risks, any one of which, if unmanaged, could expose an issuer to license denial, enforcement action, criminal liability, or catastrophic loss of market confidence.

This article organizes the new framework around the categories of risk that matter most to boards, in-house counsel, and compliance officers charged with operationalizing the law: market access risk, treasury and reserve risk, financial-crime and sanctions risk, insolvency and creditor priority risk, enforcement and litigation exposure, and cross-jurisdictional regulatory arbitrage risk. Within each, we synthesize the relevant statutory requirements and offer governance priorities that should shape decision making between now and October .

Gaining and Preserving Market Access

The threshold question for any prospective issuer is whether it can obtain and retain authorization to operate in Florida. HB 175 offers two parallel licensing tracks: a money services business license with supplemental

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stablecoin qualification under new Part V of Chapter 560, Florida Statutes, and a trust company certificate of approval under new section 658.997. The substantive obligations are identical regardless of pathway, but the organizational and governance implications differ. Non-bank fintechs must navigate money services business (MSB) licensing infrastructure through Florida's Office of Financial Regulation (OFR), and trust company applicants, typically exempt from Florida's money services businesses law, face the additional governance expectations of the Financial Institutions Code. Federal Deposit Insurance Corporation (FDIC)-insured banks and credit unions are excluded entirely from the state qualified category, channeled instead to federal frameworks.

Market access risk crystallizes in three ways. First, the OFR's supplemental application requires disclosure of every officer and director felony conviction involving financial fraud, cybercrime, money laundering, insider trading, or terrorism financing. A single disqualifying individual in a management team can stall the entire filing. Second, the OFR must determine application completeness within 30 days and render a final decision within 120 days—with deemed approval if the OFR fails to act within that time—but denial is permissible on safety and soundness grounds. Denials trigger administrative hearing rights under the Florida Administrative Procedure Act, yet the reputational cost of a public denial can itself foreclose future market opportunities. Third, ongoing market access depends on post-licensure conduct. For instance, licenses can be revoked as a result of failure to comply with the federal GENIUS Act's (Pub. L. No. 119-27) Anti-Money Laundering (AML) requirements, failure to comply with the Bank Secrecy Act (BSA), providing materially false reserve attestations, or violating prohibited conduct restrictions, such as tying arrangements (i.e., conditioning stablecoin services on purchases of unrelated products or services), deceptive naming, and unlawful yield payments. Issuers should treat the licensing application not as a one-time gate but as an ongoing governance commitment.

Managing Treasury, Reserve, and Counterparty Exposures

The heart of the prudential regime is its reserve mandate. Issuers must maintain identifiable reserves backing outstanding stablecoins on at least a one-to-one basis, composed exclusively of a closed universe of high-quality liquid assets, including: U.S. currency; Federal Reserve balances; insured demand deposits (subject to FDIC/National Credit Union Association (NCUA) limits); U.S. Treasuries with 93 days or less remaining maturity; qualifying overnight repurchase and reverse repurchase agreements collateralized by short-term treasuries; registered government money market fund shares invested solely in the foregoing; other similarly liquid federal assets approved in consultation with the OFR; and tokenized forms of any of the above.

Treasury risk here is not merely about maintaining a dollar-for-dollar cushion. It extends to counterparty concentration (insured deposit limits constrain placement at a single institution), duration mismatch (the 93-day ceiling on treasuries limits yield optimization), and custodian compliance (all custodians and safekeepers must independently satisfy GENIUS Act section 10 standards). The statute's prohibition on pledging or rehypothecating reserve assets—except for narrow permitted purposes such as margin obligations on permitted reserve investments and limited repo-based liquidity management subject to clearing agency or prior OFR approval—eliminates a range of balance sheet optimization strategies that money market funds routinely employ.

Monthly public reserve reports must disclose total outstanding issuance of payment stablecoins and the issuer's reserve composition, including the average tenor and geographic custody location. Each monthly report must be examined by an accounting firm registered with the Public Company Accounting Oversight Board (PCAOB), and the issuer's CEO and CFO must personally certify the report's accuracy to the OFR, on pain of criminal liability as it is a second-degree misdemeanor for knowing falsity. Issuers exceeding \$50

billion in consolidated outstanding payment stablecoin issuance face an additional requirement: obtaining audited annual financial statements that comply with Generally Accepted Accounting Principles (GAAP) and disclose related party transactions. These statements must be published on the issuer's website and submitted to the OFR. The operational implication is that treasury functions must be designed from inception around auditability and real-time reporting capability, not retrofitted after growth.

Containing Financial Crime and Sanctions Exposure

HB 175 integrates stablecoin issuance into both the Florida Control of Money Laundering in Money Services Business Act, Fla. Stat. § 560.123, and the Florida Control of Money Laundering and Terrorist Financing in Financial Institutions Act, Fla. Stat. § 655.50 by expanding the definition of "monetary instruments" to encompass payment stablecoins. Issuers must comply with the full suite of GENIUS Act Anti-Money Laundering (AML) and sanctions provisions, including Bank Secrecy Act customer identification and due diligence requirements.

The operational deadline is tight. Within 180 days of license or certificate approval, and annually thereafter, issuers must certify to the OFR that they have implemented AML and sanctions programs reasonably designed to prevent facilitation of money laundering, with particular attention to cartels and organizations designated as foreign terrorist organizations under 8 U.S.C. § 1189, and terrorist financing. The OFR must make these certifications available to the U.S. Secretary of the Treasury upon request, and failure to certify is itself grounds for license revocation. Suspected knowing violations may be referred to the U.S. Attorney General or Florida Attorney General, potentially implicating 18 U.S.C. § 1001 (false statements to federal agencies).

For compliance leaders, the key governance priority is to have a substantially complete AML and sanctions program in place before filing the licensing application, not as a post-licensure remediation project. The 180-day window is a certification deadline, not a build-from-scratch timeline. Programs should incorporate transaction monitoring systems calibrated to stablecoin-specific typologies, sanctions screening against Office of Foreign Assets Control (OFAC) and relevant foreign terrorist organization lists, and board-level reporting protocols that create a documented record of oversight.

Insolvency, Creditor Priority, and Reserve Segregation

One category of risk that warrants particular attention from boards and counsel and is frequently underweighted in early-stage compliance planning is what happens to reserve assets and stablecoin holders' claims if an issuer enters financial distress, receivership, or bankruptcy. The history of digital asset custodians and exchanges in recent years has demonstrated that, absent clear legal segregation, customer assets can become entangled in a general creditor pool, subjecting holders to pro rata distribution rather than full recovery.

HB 175 requires that reserves be "identifiable," a term that, in the context of trust and custodial law, signals segregation from the issuer's proprietary estate. The prohibition on pledging, rehypothecating, or reusing reserve assets outside narrow exceptions reinforces this structural separation. However, the statute does not expressly create a statutory trust, priority lien, or bankruptcy remote special-purpose vehicle for reserve assets. Issuers operating under Part V of Chapter 560 as MSB licensees are not depository institutions and, therefore, do not benefit from FDIC receivership protections. Trust company licensees under section 658.997 operate within the Financial Institutions Code but face their own creditor priority questions in a wind-down scenario.

The governance imperative is to build reserve structures proactively through custodial agreements that

establish express trust relationships over reserve assets, board-adopted policies that memorialize the reserves' segregated status, legal opinions confirming non-consolidation in a hypothetical issuer insolvency, and dispute resolution protocols that address stablecoin holder claims in advance of any distress event. Issuers should also consider whether their organizational structure, such as a holding company, operating subsidiary, or special purpose trust, optimizes creditor priority outcomes for stablecoin holders relative to the issuer's general unsecured creditors. This analysis is particularly urgent for issuers that may carry other liabilities, such as vendor obligations, intercompany debt, or technology licensing agreements, alongside their reserve obligations.

Enforcement Risk and Personal Liability

The penalty architecture of HB 175 is designed to deter. Willful unlicensed stablecoin activity is graduated by dollar amount with transactions at or below \$300 within 12 months constituting a first-degree misdemeanor, amounts \$300 – \$20,000 constituting a third-degree felony, amounts \$20,000 – \$100,000 constituting a second-degree felony, and amounts exceeding \$100,000 constituting a first-degree felony. Fines reach the greater of \$250,000 or twice the value involved for a first offense and up to \$500,000 or five times the value involved for repeat violations, with civil penalties up to the greater of the value involved or \$25,000.

Personal liability attaches at the C-suite level through the monthly CEO and CFO reserve certification requirement. Knowing falsity is a criminal offense and creates direct exposure for individual executives—a meaningful departure from the typical compliance officer centric accountability model in financial services regulation. Boards should establish internal verification procedures, legal review of monthly certifications, and indemnification protocols that address this personal liability dimension explicitly.

Navigating Dual Track State and Federal Oversight

Florida's framework does not operate in isolation. It was drafted for express alignment with the GENIUS Act, Pub. L. No. 119-27, and the OFR must certify to the federal Stablecoin Certification Review Committee, which is chaired by the U.S. Treasury Secretary and includes the Federal Reserve Board chair and FDIC chair, that Florida's regime is substantially similar to the federal framework. This certification is the precondition for Florida to retain primary supervisory authority over state-qualified issuers below the federal threshold.

The cross-jurisdictional risk materializes at the \$10 billion threshold. Any issuer whose consolidated outstanding issuance of payment stable coin reaches that mark must notify the OFR within seven business days and, absent a federal waiver, transition to federal oversight within 360 days or cease issuing new stablecoins until issuance recedes below the threshold. For high-growth issuers, this creates a strategic planning obligation of compliance architecture that must be designed from day one to satisfy both Florida's requirements and the federal standards an issuer will face at scale, minimizing the cost and disruption of an eventual transition.

Compounding this uncertainty, the federal CLARITY Act (H.R. 3633), a broader digital asset market structure bill, has stalled in the U.S. Senate. Florida's own prohibition on paying interest or yield where federal law forbids it mirrors this unresolved tension. Issuers must track both state rulemaking and the still outstanding federal implementing regulations under the GENIUS Act. The regulatory landscape is convergent in design but incomplete in execution, a condition that rewards issuers who build flexible, principles-based compliance frameworks rather than rigid, rule-specific systems.

Governance Priorities for the Path Forward

The October 1, 2026 effective date is not a finish line; it is a starting point. Issuers arriving at that date with

robust risk management architectures across all six dimensions discussed above will be positioned not only to obtain licensure but to operate sustainably as both state and federal regulators bring the framework into sharper focus. The governance priorities for the immediate term are clear: assemble application materials and select the optimal licensing pathway now; finalize AML and sanctions programs before filing; formalize reserve composition strategies with compliant custodians; adopt board level policies addressing reserve segregation, insolvency protections, and CEO/CFO certification procedures; and establish regulatory monitoring functions that track both OFR and Florida rulemaking and federal developments under the GENIUS Act.

Florida's stablecoin regime represents a deliberate policy choice to attract responsible innovation through regulatory clarity. For issuers willing to invest in the governance and operational infrastructure the law demands, the state offers a credible first-mover advantage in a market where regulatory certainty itself is a competitive asset.

If you have questions or would like more information, please contact Elizabeth Brusa.