

6 Risk Areas Future Fla. Stablecoin Issuers Should Plan For

By **Elizabeth Brusa** (August 19, 2026)

When Gov. Ron DeSantis signed H.B. 175, the companion to S.B. 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 Oct. 1.

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 these, if unmanaged, could expose an issuer to license denial, enforcement action, criminal liability or catastrophic loss of market confidence.



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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. H.B. 175 offers two parallel licensing tracks: a money services business license with a supplemental stablecoin qualification under new Part V of Chapter 560 of the 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. Nonbank fintechs must navigate money services business licensing infrastructure through the Florida Office of Financial Regulation. 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 Corp.-insured banks and credit unions are excluded entirely from the state-qualified category, channeled instead to federal frameworks.

Risks to market access crystallize 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 postlicensure conduct. For instance, licenses can be revoked if a licensee:

- Fails to comply with the federal Guiding and Establishing National Innovation for U.S. Stablecoins, or Genius, Act's anti-money laundering requirements;
- Fails to comply with the Bank Secrecy Act;
- Provides materially false reserve attestations; or
- Violates prohibited conduct restrictions, such as tying arrangements that, for example, condition 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 Administration 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 the above.

Treasury risk here is not merely about maintaining a dollar-for-dollar cushion. It extends to counterparty concentration because insured deposit limits constrain placement at a single institution, duration mismatch because the 93-day ceiling on treasuries limits yield optimization, and custodian compliance because custodians and safekeepers must independently satisfy the Section 10 standards of the Genius Act.

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. The issuer's CEO and chief financial officer must personally certify the report's accuracy to the OFR on pain of criminal liability, as knowing falsity is a second-degree misdemeanor.

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 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.

Limiting Financial Crime and Sanctions Exposure

H.B. 175 integrates stablecoin issuance into both the Florida Control of Money Laundering in Money Services Business Act, codified in Section 560.123 of the Florida Statutes, and the Florida Control of Money Laundering and Terrorist Financing in Financial Institutions Act, codified in Section 655.50. The new law expands the definition of "monetary instruments" to encompass payment stablecoins. Issuers must comply with the full suite of Genius Act anti-money laundering 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 Title 8 of the U.S. Code, Section 1189, and terrorist financing.

The OFR must make these certifications available to the secretary of the U.S. Department 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 Title 18 of the U.S. Code, Section 1001, which addresses 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 postlicensure remediation project. The 180-day window is a certification deadline, not a build-it-from-scratch timeline.

Programs should incorporate transaction monitoring systems calibrated to stablecoin-specific typologies, sanctions screening against Office of Foreign Assets Control and relevant foreign terrorist organization lists, and board-level reporting protocols that create a documented record of oversight.

Considering the Possibilities of Insolvency, Creditor Priority and Reserve Segregation

One category of risk that warrants particular attention from boards 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.

H.B. 175 requires reserves to 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 money services business 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 that confirm nonconsolidation 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.

Managing Enforcement Risk and Personal Liability

The penalty architecture of H.B. 175 is designed to deter. Penalties for willful unlicensed stablecoin activity are graduated by dollar amount, with transactions at or below \$300 within 12 months constituting a first-degree misdemeanor, \$300 to \$20,000 constituting a third-degree felony, \$20,000 to \$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. The OFR must certify to the federal Stablecoin Certification Review Committee — which is chaired by the 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 stablecoin 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 drops 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 Digital Asset Market 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 that build flexible, principles-based compliance frameworks rather than rigid, rule-specific systems.

Governance Priorities for the Path Forward

The Oct. 1 effective date is not a finish line but 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 Florida's law demands, the state offers a credible first-mover advantage in a market where regulatory certainty itself is a competitive asset.

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