

.....
(Original Signature of Member)

119TH CONGRESS
2D SESSION

H. R.

To provide for the regulation of registered covered providers, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mrs. KIM introduced the following bill; which was referred to the Committee on _____

A BILL

To provide for the regulation of registered covered providers, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Payments Access and
5 Consumer Efficiency Act of 2026” or the “PACE Act of
6 2026”.

7 **SEC. 2. DEFINITIONS.**

8 In this Act:

1 (1) BOARD.—The term “Board of Governors”
2 means the Board of Governors of the Federal Re-
3 serve System.

4 (2) COMPTROLLER.—The term “Comptroller”
5 means the Comptroller of the Currency.

6 (3) COVERED PROVIDER.—The term “covered
7 provider” means a person that provides payment
8 services and—

9 (A) holds at least 40 active money trans-
10 mitter licenses issued in accordance with the
11 laws of each applicable State in which the appli-
12 cant seeks to offer such payment services;

13 (B) holds a depository institution (as de-
14 fined in section 3(e) of the Federal Deposit In-
15 surance Act (12 U.S.C. 1813(e))) charter from
16 the State in which the applicant seeks to offer
17 such payment services; or

18 (C) holds a State credit union (as defined
19 in section 101 of the Federal Credit Union Act
20 (12 U.S.C. 1752)) charter from the State in
21 which the applicant seeks to offer such payment
22 services.

23 (4) COVERED STATE REGULATOR.—The term
24 “covered State regulator” means a State agency

1 that has issued a charter or license to a registered
2 covered provider.

3 (5) DEPOSIT.—The term “deposit” has the
4 meaning given in section 3 of the Federal Deposit
5 Insurance Act (12 U.S.C. 1813).

6 (6) INSURED DEPOSITORY INSTITUTION.—The
7 term “insured depository institution” has the mean-
8 ing given in section 2 of the GENIUS Act (12
9 U.S.C. 5901).

10 (7) MONETARY VALUE.—The term “monetary
11 value” means a medium of exchange.

12 (8) OUTSTANDING PAYMENT OBLIGATIONS.—
13 The term “outstanding payment obligations” means
14 the amount of payment service obligations incurred
15 by a registered covered provider but not yet paid.

16 (9) PAYMENT INSTRUMENT.—The term “pay-
17 ment instrument” means a physical or electronic
18 check, draft, money order, traveler’s check, or card
19 or other means of access to an account or other in-
20 strument for the transmission or payment of mone-
21 tary value. The term does not include stored value.

22 (10) PAYMENT SERVICE.—The term “payment
23 service”—

24 (A) means—

1 (i) receiving monetary value for trans-
2 mission or transmitting monetary value;

3 (ii) receiving monetary value from a
4 payor on behalf of a payee for goods or
5 services provided by the payee;

6 (iii) selling or issuing stored value;

7 (iv) selling or issuing payment instru-
8 ments; and

9 (v) providing access or custody serv-
10 ices with respect to monetary value; and

11 (B) does not include the provision solely of
12 online or telecommunications services or net-
13 work access.

14 (11) PAYMENTS RESERVE ACCOUNT.—The term
15 “payments reserve account” means an account held
16 at a Federal reserve bank that includes access to
17 Fedwire Funds Service, FedNow Service, and
18 FedACH Services (including access to necessary rel-
19 evant contingent services, as determined by the
20 Board of Governors of the Federal Reserve System).

21 (12) REGISTERED COVERED PROVIDER.—The
22 term “registered covered provider” means a covered
23 provider that has registered with the Comptroller in
24 accordance with the requirements of this Act.

1 (13) STATE.—The term “State” means each
2 State of the United States, the District of Columbia,
3 and each territory or possession of the United
4 States.

5 (14) STORED VALUE.—The term “stored value”
6 has the meaning given in section 1002(28) of the
7 Consumer Financial Protection Act of 2010 (12
8 U.S.C. 5481(28)).

9 **SEC. 3. FEDERAL REGISTRATION OF ELIGIBLE STATE PAY-**
10 **MENT SERVICE PROVIDERS.**

11 (a) REGISTRATION OF PAYMENT SERVICE PRO-
12 VIDERS.—

13 (1) REGISTRATION.—A covered provider may
14 submit an application to register with the Comp-
15 troller to become a registered covered provider.

16 (2) EVALUATION.—The Comptroller shall evalu-
17 ate an application received under paragraph (1)
18 using only the factors specified under paragraph (3).

19 (3) FACTORS.—The factors specified in this
20 paragraph are the following:

21 (A) The applicant is limited to engaging in
22 activities that directly support or are incidental
23 to the provision of payment services.

24 (B) The applicant is able to meet the re-
25 quirements of sections 4 and 5.

1 (C) The applicant has adequate financial
2 resources, managerial or technical expertise,
3 and a governance system tailored to the busi-
4 ness model and risk profile of the covered pro-
5 vider.

6 (D) The applicant is able to comply with
7 the requirements of the Bank Secrecy Act (as
8 defined in section 2 of the GENIUS Act (12
9 U.S.C. 5901)).

10 (E) The applicant demonstrates benefit to
11 the public, including with respect to innovation,
12 competition, and enabling widespread access
13 and use of payment services.

14 (F) The applicant is not a designated fi-
15 nancial market utility (as defined in section
16 803(4) of the Payment, Clearing, and Settle-
17 ment Supervision Act of 2010 (12 U.S.C.
18 5462(4)).

19 (4) HOLDERS OF MONEY TRANSMITTER LI-
20 CENSES.—A covered provider described in section
21 2(3)(A) that becomes a registered covered provider
22 under this Act may provide payment services in any
23 State.

24 (b) TIMING FOR DECISION; GROUNDS FOR DE-
25 NIAL.—

1 (1) INITIAL APPLICATIONS.—With respect to an
2 application under subsection (a) received during the
3 180-day period beginning on the date of the enact-
4 ment of this Act, the Comptroller shall notify each
5 applicant, not later than 180 days after the receipt
6 of such application—

7 (A) that the application is complete; or

8 (B) that the application is incomplete and
9 the specific information required for the appli-
10 cation to be considered complete.

11 (2) EXTENSION.—The Comptroller may extend
12 the period described in paragraph (1) by an addi-
13 tional 60 days.

14 (3) SUBSEQUENT APPLICATIONS.—With respect
15 to an application received after the end of the period
16 described in paragraph (1) (including any extension
17 made under paragraph (2)), the Comptroller shall
18 provide the notification required under such para-
19 graph to each applicant not later than 30 days after
20 receiving such application.

21 (4) DECISION.—Not later than 180 days after
22 notifying the applicant that an application is com-
23 plete, the Comptroller shall notify the applicant of
24 whether the Comptroller approved or denied such
25 application. If the Comptroller fails to submit a noti-

1 fication with such 180-day period, such application
2 shall be deemed to be approved.

3 (5) DENIAL.—

4 (A) GROUNDS FOR DENIAL.—The Comp-
5 troller may deny a complete application received
6 under subsection (a) only if the Comptroller de-
7 termines the factors described in subsection
8 (a)(3) are not satisfied.

9 (B) EXPLANATION REQUIRED.—The
10 Comptroller shall provide each applicant of a
11 complete application that was denied a written
12 notice explaining such denial, including all find-
13 ings made by the Comptroller with respect to
14 the factors described in subsection (a)(3).

15 (c) REVOCATION.—The Comptroller shall establish,
16 by rule, a process by which the Comptroller may review
17 and revoke a registration granted under this section to a
18 covered provider if the Comptroller determines the factors
19 described in subsection (a)(3) are not satisfied. Such proc-
20 ess shall include a process for providing notice to the cov-
21 ered provider and a process for review of the decision to
22 revoke a registration.

23 **SEC. 4. CUSTOMER PROTECTION STANDARDS.**

24 (a) RESERVE STANDARDS.—

1 (1) IN GENERAL.—A registered covered pro-
2 vider shall maintain identifiable reserves backing
3 outstanding payment obligations on at least a 1 to
4 1 basis, with reserves comprising—

5 (A) United States coins and currency (in-
6 cluding Federal Reserve notes) or money stand-
7 ing to the credit of an account with a Federal
8 Reserve Bank;

9 (B) funds held as demand deposits (or
10 other deposits that may be withdrawn upon re-
11 quest at any time) or insured shares at an in-
12 sured depository institution (including any for-
13 eign branches or agents, including cor-
14 respondent banks, of an insured depository in-
15 stitution), subject to limitations established by
16 the Corporation and the National Credit Union
17 Administration, as applicable, to address safety
18 and soundness risks of such insured depository
19 institution

20 (C) funds in transit to the registered cov-
21 ered provider that are owed by an insured de-
22 pository institution or another registered cov-
23 ered provider, including funds from the auto-
24 mated clearinghouse system or funds receivable
25 from a payment instrument;

- 1 (D) Treasury bills, notes, or bonds—
- 2 (i) with a remaining maturity of 93
- 3 days or less; or
- 4 (ii) issued with a maturity of 93 days
- 5 or less;
- 6 (E) money received under repurchase
- 7 agreements, with the registered covered pro-
- 8 vider acting as a seller of securities and with an
- 9 overnight maturity, that are backed by Treas-
- 10 ury bills with a maturity of 93 days or less;
- 11 (F) reverse repurchase agreements, with
- 12 the registered covered provider acting as a pur-
- 13 chaser of securities and with an overnight ma-
- 14 turity, that are collateralized by Treasury notes,
- 15 bills, or bonds on an overnight basis, subject to
- 16 overcollateralization in line with standard mar-
- 17 ket terms, that are—
- 18 (i) tri-party;
- 19 (ii) centrally cleared through a clear-
- 20 ing agency registered with the Securities
- 21 and Exchange Commission; or
- 22 (iii) bilateral with a counterparty that
- 23 the issuer has determined to be adequately
- 24 creditworthy even in the event of severe
- 25 market stress;

1 (G) securities issued by an investment
2 company registered under section 8(a) of the
3 Investment Company Act of 1940 (15 U.S.C.
4 80a-8(a)), or other registered Government
5 money market fund, and that are invested sole-
6 ly in underlying assets described in subpara-
7 graphs (A) through (F);

8 (H) any other similarly liquid Federal Gov-
9 ernment-issued asset approved by the Comp-
10 troller; or

11 (I) any reserve described in subparagraphs
12 (A) through (D) or subparagraphs (G) through
13 (H) in tokenized form, provided that such re-
14 serves comply with all applicable laws and regu-
15 lations.

16 (2) PROHIBITION ON REHYPOTHECATION.—Re-
17 serves described under paragraph (1) may not be
18 pledged, rehypothecated, or reused, except for the
19 purposes described in section 4(a)(2) of the GE-
20 NIUS Act (12 U.S.C. 5903(a)(2)).

21 (3) SEGREGATION REQUIREMENT FOR ACCESS
22 OR CUSTODY SERVICES.—A registered covered pro-
23 vider providing access or custody services for mone-
24 tary value shall segregate and separately account for

1 such monetary value and may not commingle such
2 monetary value with the assets of such provider.

3 (b) RECORDKEEPING STANDARDS.—

4 (1) IN GENERAL.—A registered covered pro-
5 vider shall maintain records of—

6 (A) outstanding payment obligations of the
7 provider with respect to each customer of the
8 provider; and

9 (B) reserves held pursuant to subsection
10 (a).

11 (2) ACCESS OR CUSTODY SERVICES.—A reg-
12 istered covered provider that provides access or cus-
13 tody services for monetary value shall maintain ben-
14 efiticial ownership records with respect to each appli-
15 cable account and customer.

16 **SEC. 5. RISK MANAGEMENT STANDARDS AND FAIR ACCESS.**

17 (a) IN GENERAL.—The Comptroller shall ensure that
18 a registered covered provider shall be subject to the cap-
19 ital, liquidity, and risk management regulations issued
20 pursuant to section 4(a)(4) of the GENIUS Act (12
21 U.S.C. 5903(a)(4)) in a similar manner that such regula-
22 tions apply to a permitted payment stablecoin issuer (as
23 defined in section 2 of such Act (12 U.S.C. 5901)), where
24 such regulations are tailored to the business model and
25 risk profile of the registered covered provider.

1 (b) FAIR ACCESS OBLIGATION.—A registered covered
2 provider—

3 (1) shall be subject to the requirements of the
4 Equal Credit Opportunity Act (15 U.S.C. 1691 et
5 seq.) in the same manner as a creditor under such
6 Act;

7 (2) may not deny access to payment services to
8 an individual because of the individual’s constitu-
9 tionally or statutorily protected beliefs, affiliations,
10 or political views;

11 (3) may not cancel a payment services account
12 of an individual as a tool to inhibit such beliefs, af-
13 filiations, or political views; and

14 (4) shall make all business decisions with re-
15 spect to the provision of payment services on the
16 basis of individualized, objective, and risk-based
17 analyses.

18 **SEC. 6. EXAMINATIONS, CONTRACTED SERVICES, AND EN-**

19 **FORCEMENT.**

20 (a) IN GENERAL.—The Comptroller may make ex-
21 aminations of a registered covered provider with respect
22 to the following:

23 (1) The nature of the operations and financial
24 condition of the registered covered provider.

1 (2) The financial, operational, and other risks
2 that may pose a threat to—

3 (A) the safety and soundness of the reg-
4 istered covered provider; or

5 (B) the stability of the financial system of
6 the United States.

7 (3) The systems of the registered covered pro-
8 vider for monitoring and controlling the risks de-
9 scribed in paragraph (2).

10 (4) The compliance of the registered covered
11 provider with the requirements of Federal consumer
12 financial law (as defined in section 1002 of Con-
13 sumer Financial Protection Act of 2010 (12 U.S.C.
14 5481)), including by—

15 (A) obtaining information about the activi-
16 ties and compliance systems or procedures of
17 such provider; and

18 (B) detecting and assessing risks to con-
19 sumers and to markets for consumer financial
20 products and services (as defined in such sec-
21 tion 1002).

22 (b) CONTRACTED SERVICES.—

23 (1) IN GENERAL.—Whenever a registered cov-
24 ered provider relies on or contracts for any services
25 or activities that are directly related to and are crit-

1 ical to the provision of payment services by the reg-
2 istered covered provider—

3 (A) the person that performs such services
4 or activities shall be subject to regulation and
5 supervision by the Comptroller to the same ex-
6 tent as if such services were being performed by
7 the registered covered provider; and

8 (B) the registered covered provider shall
9 notify the Comptroller of any relationship be-
10 tween the provider and the person that per-
11 forms such services or activities not later than
12 30 days after the date which is the earlier of
13 the date on which—

14 (i) such provider and such person
15 enter into a contract for provision of such
16 services or activities; or

17 (ii) such person begins performance of
18 such service or activity.

19 (c) ENFORCEMENT.—The Comptroller may enforce
20 the requirements of sections 4 and 5 of this Act against
21 a registered covered provider and take such actions
22 against such provider as permitted under section 8 of the
23 Federal Deposit Insurance Act (12 U.S.C. 1818), as if
24 such provider was an insured depository institution.

1 **SEC. 7. REPORTS.**

2 (a) SUBMISSION OF REPORTS.—At the frequency es-
3 tablished by the Comptroller, a registered provider shall
4 submit to the Comptroller a report relating to—

5 (1) the financial condition of the registered cov-
6 ered provider;

7 (2) compliance by the registered covered pro-
8 vider with the requirements of this Act and other
9 applicable laws relating to the provision of payment
10 services; and

11 (3) any other information the Comptroller may
12 reasonably require with respect to the registered cov-
13 ered provider and the scope of the provision of pay-
14 ment services of such provider.

15 (b) EXISTING REPORTS.—To comply with the re-
16 quirements of this section, the Comptroller shall, to the
17 maximum extent practicable, use existing reports and
18 other supervisory information and avoid duplication of ex-
19 amination activities, reporting requirements, and requests
20 for information.

21 **SEC. 8. PRIORITY FOR CUSTOMERS OF REGISTERED COV-
22 ERED PROVIDERS.**

23 (a) NONBANK PROVIDER DEFINED.—In this section,
24 the term “nonbank provider” means a registered covered
25 provider that is not an insured depository institution (as

1 defined in section 2 of the GENIUS Act (12 U.S.C.
2 5901)).

3 (b) EXCLUSION FROM BANKRUPTCY.—A nonbank
4 provider shall not be treated as a debtor for purposes of
5 chapter 7 or chapter 11 of title 11, United States Code.

6 (c) INSOLVENCY STANDARDS.—

7 (1) IN GENERAL.—A nonbank provider shall be
8 eligible to be subject to an insolvency proceeding ad-
9 ministered by a covered State regulator.

10 (2) APPOINTMENT.—Notwithstanding any other
11 provision of Federal law or the law of any State, the
12 Comptroller may be appointed by the covered State
13 regulator to act as conservator or receiver for such
14 a nonbank provider, pursuant to such rules issued
15 by the Comptroller.

16 (3) BACKUP AUTHORITY.—If, with respect to
17 an insolvent nonbank provider, a State does not
18 promptly initiate an insolvency proceeding beginning
19 on the date the nonbank provider becomes insolvent,
20 the Comptroller shall initiate such insolvency pro-
21 ceeding. For purposes of this paragraph, the Comp-
22 troller shall issue such rules as necessary to define
23 “promptly”.

24 (d) PRIORITY.—To the extent that a customer may
25 hold balances with a nonbank provider, amounts realized

1 from the liquidation or other resolution of the nonbank
2 provider by the covered State regulator or the Comptroller
3 (whichever is acting as a conservator or receiver under this
4 section) shall be distributed to pay claims (other than se-
5 cured claims to the extent of any such security) in the
6 following order of priority:

7 (1) Administrative expenses of the conservator
8 or receiver.

9 (2) Outstanding payment obligations to cus-
10 tomers.

11 (3) Any other general or senior liability of the
12 nonbank provider.

13 (4) Any obligation subordinated to liabilities de-
14 scribed in paragraphs (2) and (3) not described in
15 paragraph (5).

16 (5) Any obligation to shareholders or members
17 of the nonbank provider arising as a result of their
18 status as shareholders or members.

19 (e) CUSTODIAL ASSETS.—Monetary value maintained
20 in connection with access or custody services, properly seg-
21 regated from the nonbank provider's proprietary assets,
22 are not general assets of the nonbank provider subject to
23 the priority set forth in subsection (d). Any shortfall in
24 custodial assets shall have the same priority as out-

1 standing payment obligations to customers under sub-
2 section (d)(2).

3 (f) **ADDITIONAL POWERS.**—In addition to and not in
4 derogation of the powers conferred and the duties imposed
5 by this Act on the Comptroller or a State as conservator
6 or receiver of a nonbank provider, the Comptroller or
7 State, as applicable, shall have such additional powers and
8 duties with respect to the nonbank provider as imposed
9 on a conservator or receiver of an insured depository insti-
10 tution under any other provision of law.

11 **SEC. 9. ACCESS TO PAYMENTS RESERVE ACCOUNTS.**

12 (a) **ACCESS.**—To obtain access to a payments reserve
13 account in the same manner and to the same extent as
14 such access would be granted to an insured depository in-
15 stitution, a registered covered provider may submit a re-
16 quest to the Board of Governors for such access.

17 (b) **APPROVAL.**—The Board of Governors shall ap-
18 prove or deny such a request not later than 120 days after
19 receipt of such request, which period may be extended by
20 an additional 60 days. If the Board of Governors fails to
21 act on such a request within such period, the request shall
22 be deemed to be approved.

23 (c) **ENFORCEMENT AUTHORITY IN UNUSUAL AND**
24 **EXIGENT CIRCUMSTANCES.**—

1 (1) IN GENERAL.—In unusual and exigent cir-
2 cumstances, the Board of Governors may issue a di-
3 rective that has the effect of a cease and desist order
4 against a registered covered provider that uses a
5 payments reserve account for purposes of noncompli-
6 ance with requirements of sections 4 and 5 of this
7 Act, if the Board of Governors submits a written no-
8 tice to the covered State regulator and the Comp-
9 troller not less than 48 hours before issuing such di-
10 rective.

11 (2) UNUSUAL AND EXIGENT CIRCUMSTANCES
12 DEFINED.—Not later than 180 days after the date
13 of the enactment of this Act and in consultation
14 with the Conference of State Bank Supervisors, the
15 Board of Governors shall issue rules to define the
16 term “unusual and exigent circumstances” for pur-
17 poses of paragraph (1).

18 (3) REVIEW.—

19 (A) ADMINISTRATIVE REVIEW.—

20 (i) IN GENERAL.—After a directive
21 described in paragraph (1) has been issued
22 with respect to a registered covered pro-
23 vider, such registered covered provider may
24 object and present to the Board of Gov-

1 ernors, in writing, the reasons why the di-
2 rective should be modified or rescinded.

3 (ii) AUTOMATIC LAPSE OF DIREC-
4 TIVE.—If, not later than 10 days after the
5 receipt of a response described in clause
6 (i), the Board of Governors does not af-
7 firm, modify, or rescind the directive, the
8 directive shall automatically lapse.

9 (B) JUDICIAL REVIEW.—

10 (i) IN GENERAL.—If the Board of
11 Governors affirms or modifies a directive
12 pursuant to subparagraph (A), any af-
13 fected party may immediately thereafter
14 petition the United States district court for
15 the district in which the main office of the
16 affected party is located, or in the United
17 States District Court for the District of
18 Columbia, to stay, modify, terminate, or
19 set aside the directive.

20 (ii) RELIEF FOR EXTRAORDINARY
21 CAUSE.—Upon a showing of extraordinary
22 cause, an affected party may petition for
23 relief under clause (i) without first pur-
24 suing or exhausting the administrative re-
25 view under subparagraph (A).

1 **SEC. 10. EFFECT ON SECURITIES LAWS.**

2 (a) INVESTMENT ADVISORS ACT OF 1940.—Section
3 202(a)(18) of the Investment Advisers Act of 1940 (15
4 U.S.C. 80b–2(a)(18)) is amended by adding at the end
5 the following: “The term ‘security’ does not include a bal-
6 ance with a registered covered provider, as such term is
7 defined in section 2 of the PACE Act of 2026.”.

8 (b) INVESTMENT COMPANY ACT OF 1940.—Section
9 2(a)(36) of the Investment Company Act of 1940 (15
10 U.S.C. 80a–2(a)(36)) is amended by adding at the end
11 the following: “The term ‘security’ does not include a bal-
12 ance with a registered covered provider, as such term is
13 defined in section 2 of the PACE Act of 2026.”.

14 (c) SECURITIES ACT OF 1933.—Section 2(a)(1) of
15 the Securities Act of 1933 (15 U.S.C. 77b(a)(1)) is
16 amended by adding at the end the following: “The term
17 ‘security’ does not include a balance with a registered cov-
18 ered provider, as such term is defined in section 2 of the
19 PACE Act of 2026.”.

20 (d) SECURITIES EXCHANGE ACT OF 1934.—Section
21 3(a)(10) of the Securities Exchange Act of 1934 (15
22 U.S.C. 78c(a)(10)) is amended by adding at the end the
23 following: “The term ‘security’ does not include a balance
24 with a registered covered provider, as such term is defined
25 in section 2 of the PACE Act of 2026.”.

1 (e) SECURITIES INVESTOR PROTECTION ACT OF
2 1970.—Section 16(14) of the Securities Investor Protec-
3 tion Act of 1970 (15 U.S.C. 78lll(14)) is amended by add-
4 ing at the end the following: “The term ‘security’ does
5 not include a balance with a registered covered provider,
6 as such term is defined in section 2 of the PACE Act of
7 2026.”.