

GLOBAL DEVELOPMENTS:

THE GENIUS ACT AND STABLECOIN REGULATIONS IN THE UNITED STATES



WHAT IS THE GENIUS ACT?

The Guiding and Establishing National Innovation for U.S. Stablecoins Act ("**GENIUS Act**") entered into force on July 18, 2025. This Act constitutes the first comprehensive legal framework targeting the stablecoin market, aiming to mitigate money laundering risks, protect investors, and subject issuers to regulatory oversight.

PROVISION ON THE CRIME OF MONEY LAUNDERING:

According to Section 103(b)(2) of the GENIUS Act, stablecoin issuers are legally required to establish infrastructure capable of freezing illicit funds within 48 to 72 hours upon request from U.S. authorities. Non-compliant issuers face severe penalties.



EXAMPLES OF IMPLEMENTATION

- In July 2025, Tether froze a USDT transaction worth USD 85,877, identified as stolen, bringing its total blocked assets to over USD 2.5 billion to date.
- Circle froze approximately USD 3 million in USDC associated with a wallet involved in suspicious activity. The transaction was connected to major exchanges such as Coinbase and Crypto.com.

As seen above, some stablecoin issuers had already taken steps to freeze stolen or illegally obtained funds even before the GENIUS Act. However, with the enactment of this law, issuers are no longer considered merely technological intermediaries but have become active participants in regulatory oversight, working in closer collaboration with government agencies.

REGULATORY FRAMEWORK

The GENIUS Act operates in conjunction with the following regulatory structures:

- Under the Bank Secrecy Act ("BSA") and anti-money laundering ("AML") regulations, financial institutions are obliged to report suspicious transactions.
- The Securities and Exchange Commission ("SEC") and the Commodity Futures Trading Commission ("CFTC") conduct supervisory activities to ensure investor protection and market integrity.
- The Financial Crimes Enforcement Network ("FinCEN") plays a central role in inter-agency data sharing and financial crime analysis.



INTERNATIONAL IMPLICATIONS

- The GENIUS Act impacts not only entities within U.S. jurisdiction but also the global stablecoin market and digital asset issuers with international ambitions.
- All stablecoin projects conducting business with the U.S. or providing services to U.S. citizens are effectively subject to this compliance framework.
- In countries like Turkey, where digital asset regulations are still under development, the GENIUS Act serves as a model and guiding source for expected legislative frameworks.
- Although there is currently no clear legislation specifically targeting stablecoin issuers in Turkey, regulatory actions taken by the Capital Markets Board ("CMB") and MASAK ("Financial Crimes Investigation Board") have laid foundational steps for procedures such as freezing, seizure, or restitution of digital assets.

