BLOCKCHAIN ASSOCIATION

June 9, 2026

Via email submission: comments@fdic.gov

Jennifer M. Jones
Deputy Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Re: GENIUS Act Requirements and Standards for FDIC-Supervised Permitted Payment Stablecoin Issuers and Insured Depository Institutions

Dear Ms. Jones:

The Blockchain Association ("BA") submits this letter in response to the request for comments by the Federal Deposit Insurance Corporation ("FDIC") on its Proposed Rule GENIUS Act Requirements and Standards for FDIC-Supervised Permitted Payment Stablecoin Issuers and Insured Depository Institutions, 91 Fed. Reg. 18,534 (Apr. 10, 2026).

The BA is the leading nonprofit membership organization dedicated to promoting a pro-innovation policy environment for the digital asset economy.[1] The BA endeavors to achieve regulatory clarity and to educate policymakers, regulators, courts, and the public about how blockchain technology can pave the way for a more secure, competitive, and consumer-friendly digital marketplace. The BA represents member companies reflecting the wide range of the dynamic blockchain industry, including software developers, infrastructure providers, exchanges, custodians, investors, and others supporting the public blockchain ecosystem. Many of those member companies are building, supporting, or are deeply interested in stablecoin products in the United States.

Introduction and Executive Summary

The Blockchain Association supports the FDIC's efforts to establish a comprehensive regulatory framework for stablecoins under the GENIUS Act. The BA has long called for greater regulatory clarity in the digital assets industry, especially through notice-and-comment rulemaking. The BA applauds the Proposed Rule's "aim[] to establish a tailored, principles-based regulatory regime . . . to support the responsible growth and use of digital assets and related technologies in the banking sector." 91 Fed. Reg. 18,534. The BA agrees with the needs to "provide regulatory clarity for FDIC-supervised [insured depository institutions] seeking to issue payment

[1] *See* Blockchain Association, https://theblockchainassociation.org.

stablecoins" and "expand the set of opportunities related to payment stablecoin market activities." *Id.* at 18,562.

The BA and its members are committed to helping build a stablecoin ecosystem that "promote[s] safety and soundness of FDIC-supervised [permitted payment stablecoins issuers]," encourages insured depository institutions to "invest in innovations with greater confidence," and "provide[s] the general public with more choices for making payments and engaging in transactions." 91 Fed. Reg. at 18,562. These positive outcomes would be consistent with the Trump Administration's goal of "promot[ing] the development and growth of lawful and legitimate dollar-backed stablecoins worldwide." Exec. Order 14178, 90 Fed. Reg. 8,647, 8,647 (Jan. 31, 2025). They would also be in line with the Administration's priority to "support growth and innovation in the digital assets industry, protect consumers, and keep the United States at the forefront of digital asset development."[2]

The FDIC should calibrate its final rule with that practical market evolution in mind, being sure to consider the perspective of customers and market participants that use digital-dollar instruments in practice. Payment stablecoins are expected to be used for payment, treasury, funding, and settlement purposes in evolving on-chain and hybrid markets. Users increasingly expect digital-dollar instruments to move on shorter and more predictable settlement cycles; a rule that introduces the possibility of delayed settlement cycles or temporary capital lock-up due to a liquidity-outflow event risks undermining the very utility that makes these instruments useful in the first place. Payment stablecoins increasingly compete on speed, predictability, and interoperability, and the regulatory framework should therefore remain workable not only for today's market structure, but also for a market moving toward shorter settlement cycles and more seamless interaction between on-chain and traditional payment rails. The FDIC's final rule should therefore not only preserve safety and clarity at the issuer level, but also remain attentive to how these products function for users in real-world settlement activity.

To further these goals, the FDIC should coordinate with other stablecoin regulators, including the Office of the Comptroller of the Currency ("OCC") and the National Credit Union Administration ("NCUA"), to ensure that the rules promulgated by each agency are aligned and consistent with the GENIUS Act and the Administration's policy priorities. The GENIUS Act envisions a uniform federal regulatory regime for stablecoins to improve regulatory clarity and ensure a level playing field for stablecoin issuers regulated by each primary federal payment stablecoin regulator. Such a level playing field would ensure that competition among stablecoin issuers is based on the

[2] *Fact Sheet: The President's Working Group on Digital Asset Markets Releases Recommendations to Strengthen American Leadership in Digital Financial Technology*, The White House (July 30, 2025), https://tinyurl.com/35es4wjr.

merits of their products and services, not regulatory arbitrage, and would alleviate compliance burdens. Given that the FDIC's Proposed Rule was published after the OCC's related proposal, the FDIC benefited from additional time and discussion with the industry on the impact of certain provisions. The BA believes the changes in the FDIC's Proposed Rule address some of the operational concerns the BA and others raised in their comments on the OCC's proposal.[3] Going forward, the FDIC and other stablecoin regulators should continue to improve and reconcile their rules in a manner that promotes innovation and customer protection and avoids imposing undue and unnecessary burdens on the stablecoin industry.

In several respects, the FDIC's proposed rule is an improvement upon the OCC's proposal (or provisions the OCC said it is considering adopting) and the NCUA's proposal (which is substantially similar to the OCC's proposal). In particular:

- **Reserve Assets:** The FDIC correctly decided not to impose detailed diversification requirements for reserve assets similar to those proposed by the OCC and the NCUA. Rigid diversification requirements are unnecessary in light of the requirement to maintain a 1:1 reserve ratio consisting of limited types of secure assets. Rigid thresholds of the sort proposed by the OCC and the NCUA (even if adopted as an optional safe harbor) are inconsistent with the GENIUS Act, operationally impracticable for many stablecoin issuers, and unsupported by an evidentiary record sufficient to justify the immense burden they would impose. For similar reasons, the FDIC should *not* impose its proposed 40% cap on reserve assets held at a single financial institution. The FDIC also correctly decided not to require issuers to hold a minimum percentage of reserve assets in deposits. Reserve assets held as deposits would be largely uninsured and pose credit risk to the issuer. Finally, the FDIC should clarify that tokenized forms of otherwise eligible reserve assets are presumptively permissible to satisfy the reserve requirement, consistent with the GENIUS Act's express inclusion of tokenized reserves in the statutory list of authorized assets.

- **Multi-brand issuance:** The FDIC should continue to permit multi-brand issuance, which supports competition and innovation and mirrors long-standing practice for other financial products.

- **Definition of "customer":** The FDIC should continue to define "customer" to exclude indirect stablecoin holders. Expanding the definition, as the OCC's and the NCUA's proposed rules do, would result in numerous technical impossibilities.

[3] The BA has submitted a comment to the OCC on its proposed rule, which is incorporated by reference in this comment letter and enclosed as Exhibit A.

- **Discretionary consequences for low reserve assets:** The FDIC should ensure that consequences for reserve assets falling below the required 1:1 ratio are discretionary, rather than automatic. A discretionary framework would allow the FDIC to calibrate its response to the magnitude, duration, cause, and holder impact of any reserve shortfall, while avoiding the destabilizing effects of automatic issuance freezes or mandatory liquidation triggers. This approach is more consistent with the FDIC's stated view that "different [supervisory] tools may be appropriate for different circumstances." 91 Fed. Reg. 18,542.

- **Redemption delays:** The BA supports the FDIC's proposal to grant issuers flexibility to request extensions of the redemption period in times of high demand. The FDIC's approach is a significant improvement over the OCC's and NCUA's proposed automatic redemption delay, which would encourage runs and undermine consumer confidence in stablecoins. The OCC and NCUA should align their final rules with the FDIC's approach.

On the other hand, several provisions, as currently drafted, exceed the FDIC's statutory authority and impose unreasonable operational burdens on issuers. In the sections below, the BA highlights targeted revisions that would better align the FDIC's final rule with the GENIUS Act's text and pro-innovation objectives, as well as current industry practice.

- **Yield or interest prohibition:** The FDIC should not extend the GENIUS Act's prohibition on payment of yield or interest by issuers to third parties through a regulatory presumption. Broadly restricting third-party rewards programs would exceed the FDIC's authority under the GENIUS Act and would inhibit the development of stablecoin-based financial products. Especially in light of legislative progress on this issue in the draft CLARITY Act, the FDIC (and OCC and NCUA) should refrain from adopting any final rule on this issue at this time.

- **Minimum redemption threshold:** The FDIC should not require issuers to redeem any number greater than or equal to one stablecoin. The GENIUS Act does not compel a one-unit redemption minimum, and the FDIC has offered no justification for this proposal. This extremely low redemption threshold would impose disproportionate know-your-customer and anti-money-laundering compliance burdens that provide little incremental consumer benefit.

- **Prohibition on credit:** The FDIC should not prohibit issuers from providing credit to customers to purchase stablecoins. A categorical credit prohibition is overbroad because the FDIC's stated concern is the use of reserve assets or excessive leverage, not the extension of credit from non-reserve assets where otherwise permissible. The final rule

should prohibit only the use of reserve assets to finance stablecoin purchases, but should not sweep in separately funded credit activity or ordinary-course credit products offered by an affiliated or parent insured depository institution.

The FDIC should also make a number of technical revisions to clarify certain provisions and reduce unnecessary compliance and operational friction, as detailed in Section IV below.

In considering these and other design choices for a final rule, the FDIC should conduct a more fulsome economic analysis that accounts for competition from adjacent digital-dollar products, including tokenized deposits. Each of the substantive policy choices in the FDIC's final rule will have effects on this competitive marketplace, including how stablecoins compare to alternative products in terms of their utility, speed, operational flexibility, and customer experience.

These improvements would be consistent with the FDIC's stated goals in this rulemaking, preserve the Proposed Rule's benefits, help ensure regulatory clarity, consumer protection, and fair competition between banks and nonbanks, make the final rule more consistent with the GENIUS Act, and reduce unnecessary operational burdens.

Finally, the FDIC should undertake a separate notice-and-comment rulemaking to address any regulatory requirements applicable to tokenized deposits. Adopting discrete requirements for tokenized deposits in this rulemaking would risk conflating the regulatory treatment of stablecoins with that of tokenized deposits, and leave important questions unanswered concerning how existing deposit regulations would apply to tokenized deposits. Moreover, because tokenized deposits involve different kinds of risks, the FDIC should fully consider and manage these risks in a separate rulemaking. That approach would better protect consumers who own tokenized deposits and ensure a level regulatory playing field for banks offering tokenized deposits and stablecoin issuers.

The FDIC's Mandate Under The GENIUS Act

GENIUS Act. This rulemaking implements the Guiding and Establishing National Innovation for U.S. Stablecoins Act, 12 U.S.C. § 5901 *et seq.* ("GENIUS Act" or the "Act"). The GENIUS Act "protects consumers from nefarious actors in financial markets," "attract[s] more digital asset activity to the country by providing clear rules and promoting responsible innovation in the stablecoin market," and "combat[s] illicit activity in digital assets."[4] The Act establishes a comprehensive statutory scheme governing payment stablecoins—meaning "digital asset[s]" that are used or designed to be "used as a means of payment or settlement," "the issuer of which

[4] *Fact Sheet: President Donald J. Trump Signs GENIUS Act into Law*, The White House (July 18, 2025), https://tinyurl.com/chutjkkm; *see also FACT SHEET: The GENIUS Act Protects Consumers*, S. Comm. on Banking, Hous. & Urb. Affs. (Apr. 16, 2025), https://tinyurl.com/2md9njxr.

is obligated to . . . redeem . . . for a fixed amount of monetary value" and "represent that" the issuer will maintain a "stable value relative to the value of a fixed amount of monetary value." 12 U.S.C. § 5901(22). Among other provisions, the Act defines which entities are authorized to issue payment stablecoins; imposes marketing, reserve assets, and liquidity standards on permitted payment stablecoin issuers; preempts state licensing requirements with respect to "Federal qualified payment stablecoin issuer[s]" (i.e., nonbanks or uninsured banks); and prioritizes claims of stablecoin holders in insolvency proceedings. *See* 12 U.S.C. § 5901 *et seq.*

Under the Act, the FDIC serves as the "primary Federal payment stablecoin regulator" for subsidiaries of insured state nonmember banks and state savings associations, and the FDIC exercises licensing, supervisory, and enforcement authority over such issuers. 12 U.S.C. §§ 5901(25), 5904(a), 5905. The Act also requires the FDIC and other "primary Federal payment stablecoin regulator[s]" to "promulgate regulations to carry out this chapter through appropriate notice and comment rulemaking." *Id.* § 5913(a).

Comments On The Proposed Rule

It is critical that the FDIC coordinate with other federal payment stablecoin prudential regulators—the OCC, the Board of Governors of the Federal Reserve System (the "Federal Reserve"), and the NCUA—to develop a uniform stablecoin regulatory regime. In several respects, the FDIC's Proposed Rule is a step forward for the industry and increases regulatory clarity for stablecoin issuers, consistent with the intent of the GENIUS Act—both the FDIC itself and other stablecoin regulators should adopt the FDIC's proposals on those fronts (with the handful of revisions proposed below). In other respects, however, the FDIC's Proposed Rule should be revised to: (i) ensure consistency with the GENIUS Act; and (ii) avoid imposing substantial and unjustified operational burdens on issuers.

I. The FDIC and other federal stablecoin regulators should coordinate their rulemakings.

Congress aimed to create a uniform federal regulatory regime through the GENIUS Act and directed the FDIC to issue regulations "in coordination" with other "primary Federal payment stablecoin regulators." 12 U.S.C. § 5903(h)(2). For that reason, it is critical that the OCC, FDIC, Federal Reserve, and NCUA harmonize their respective rules to achieve regulatory parity for issuers. The BA appreciates the FDIC's efforts "to align [its] proposed rule with the OCC's proposed rule," while improving on the OCC's initial proposal in some ways that better reflect the text and purpose of the GENIUS Act. 91 Fed. Reg. at 18,535.

Consistency across the agencies' final rules would avoid regulatory arbitrage, prevent consumer confusion, and alleviate compliance burden. Inconsistent requirements across regulators could incentivize issuers to structure their operations to minimize regulatory burdens rather than to

prioritize safety and resiliency, disadvantage certain types of issuers relative to other issuers, inhibit growth in the stablecoin industry, and ultimately undermine the goals of the GENIUS Act. Moreover, an issuer with affiliated entities that are regulated by different agencies may face divergent or even conflicting compliance obligations that increase costs with no corresponding safety benefit. In addition, stablecoin holders may perceive issuers supervised by different regulators as functionally equivalent and therefore may be unable to effectively evaluate the relative safety of competing products that are subject to different regulatory regimes.

In its comment letter to the OCC, attached as Exhibit A to this letter, the BA has urged the OCC to adopt the FDIC's approach to several provisions to promote uniformity between the agencies. The BA has also proposed revisions to the OCC's proposed rule that are in line with the BA's suggestions to the FDIC. The OCC and FDIC (as well as the Federal Reserve and NCUA) should "further align . . . to promote consistency of regulations," 91 Fed. Reg. at 18,535, by: (1) adopting the FDIC's proposal where the FDIC's proposal is superior to the OCC's, and (2) adopting the BA's proposed revisions in the places where both proposals are wanting.

II. The BA generally supports numerous provisions of the Proposed Rule.

For several provisions in the Proposed Rule, the FDIC's approach is a significant improvement over the OCC's and the NCUA's proposals or contemplated approaches. The BA therefore encourages all three agencies to adopt the FDIC's general approach on these issues. The FDIC, OCC, and NCUA should further improve on the FDIC's proposal by adopting the BA's recommendations discussed below.

A. The final rule should not impose stringent reserve-diversification requirements, through a safe harbor or otherwise.

Proposed part 350.4 addresses stablecoin issuers' reserve requirements; subsection (f) addresses diversification and concentration requirements specifically. As proposed, part 350.4(f) does not impose extensive reserve-diversification requirements akin to those in the OCC's or the NCUA's proposed rules. The BA supports that approach. But the FDIC does propose requiring a stablecoin issuer to "limit its exposure to any one eligible financial institution . . . to no more than 40 percent of its reserve assets." 91 Fed. Reg. at 18,572. The FDIC should remove that requirement.

1. Extensive reserve diversification requirements are unnecessary and cannot be adopted without giving commenters an opportunity to weigh in on specific quantitative proposals.

The BA supports the FDIC's decision to not impose stringent reserve-diversification requirements in the Proposed Rule. The FDIC correctly concluded that "[g]iven the narrow scope of eligible reserve asset[s]" under the GENIUS Act, "extensive asset diversification requirements are [not] necessary." 91 Fed. Reg. at 18,542. Stablecoin issuers should be permitted to manage their reserve assets in a manner most aligned to their risk profile and to account for market conditions and operational risks in determining which assets to hold.

That approach is consistent with Congress's directive that the FDIC shall "issue regulations implementing reserve asset diversification . . . that are tailored to the business model and risk profile of" stablecoin issuers. 12 U.S.C. § 5903(a)(4)(A)(iii). Stablecoin issuers are diverse. As the BA's membership demonstrates, stablecoin issuers have widely variable sizes, business models, and risk profiles. These differences require different reserve-diversification strategies. For example, some issuers opt to hold all reserves in cash and cash-equivalent assets, while others have a higher concentration of U.S. Treasury funds and stablecoins.[5] Simple reserve structures may be sufficient for smaller or simpler issuers with lower redemption volumes, while large, globally active issuers may prefer to custody their reserves in global settlement accounts, "including [at] any foreign branches or agents, including correspondent banks, of an insured depository institution." 12 U.S.C. § 5903(a)(1)(A)(ii). Some issuers may also rely more heavily on custodial or trust structures—for example, large trust structures that are bankruptcy-remote and carry no credit risk—for Treasuries and collateral.

Other federal regulators similarly recognize that diversification requirements can be more flexible when reserves are held in very safe assets. The SEC exempts "government securities" from its diversification requirements for money-market funds. *See* 17 C.F.R. § 270.2a-7(d)(3). Banking regulators also do not subject banks to stringent reserve-diversification requirements. Even though banks are required to maintain only fractional rather than 1:1 reserves, they have the flexibility to create a reserve-asset portfolio that works for their business, so long as they meet the liquidity-coverage ratio. The FDIC (and the OCC and NCUA) should ensure that stablecoin issuers have the same flexibility, especially given that they are already subject to far more stringent reserve requirements imposed by Congress. *See* Ex. A at 5-7.

[5] *USDC: The world's largest regulated stablecoin powering global finance*, Circle (accessed June 9, 2026), https://tinyurl.com/9e2mwdyh; *Transparency*, Frax.com (accessed June 9, 2026), https://tinyurl.com/yc478vvd.

The FDIC's Question 52 asks whether the agency should "adopt any other restrictions on reserve asset concentration." 91 Fed. Reg. at 18,544. The answer is no. In particular, the FDIC should not impose quantitative diversification requirements "as mandatory requirements or as a safe harbor." 91 Fed. Reg. at 18,544. Doing so would exceed the FDIC's statutory authority, be operationally impractical, and limit innovation by ruling out business models that, although perfectly safe, would not be workable under rigid quantitative thresholds similar to those proposed by the OCC and NCUA.

Quantitative diversification requirements would treat diversification as a standalone policy objective at the expense of prudent liquidity management. This approach would add significant operational burdens for both startups and established issuers, which could impede timely redemption and settlement. The purpose of the GENIUS Act's 1:1 reserve ratio and conservative reserve-asset requirements is to ensure that funds are available when stablecoin holders need them. The rigid diversification requirements proposed by the OCC and NCUA and contemplated by Question 52 are inconsistent with that statutory mandate because they would impede redemption and add operational and credit risk to the system. For example, requiring issuers to hold a specified percentage of reserves in immediately available assets could force issuers to make non-economic decisions. During periods of market volatility, an issuer's liquid reserve assets may decline in value such that the issuer may be forced to convert its longer-term assets into liquid assets at a loss to meet an arbitrary near-term liquidity requirement.[6]

As another example, a required weighted average maturity of no more than 20 days (also proposed by the OCC and NCUA and contemplated by Question 52) would exceed the FDIC's authority under the GENIUS Act because it effectively changes the statutory basket of eligible reserve assets. The GENIUS Act already limits reserve assets to highly liquid, low-risk cash and cash equivalents. As a practical matter, a weighted average maturity of no more than 20 days could exclude safe assets with longer maturities that Congress expressly permitted issuers to hold as reserve assets. Moreover, during periods of high interest rates, a mandatory weighted average maturity of no more than 20 days would prevent issuers from taking advantage of higher yields offered by longer-term, high-quality assets that are expressly permitted by the GENIUS Act. A short weighted average maturity time also means that issuers must constantly reinvest maturing assets. This process requires issuers to incur significant transaction costs and poses reinvestment risks as issuers may be unable to find high-grade, short-term products to reinvest their cash flows in, especially during periods of falling interest rates or market volatility. Forcing

[6] *See Banks' Unrealized Losses, Part 1: New Treatment in the "Basel III Endgame" Proposal*, Cong. Rsch. Serv. (Apr. 22, 2024), https://tinyurl.com/musk9wcd.

those losses onto stablecoin issuers does nothing to protect stablecoin holders or serve the purposes of the GENIUS Act.

Numerical thresholds would also be impracticable for some issuers' operational models. For example, if an issuer maintains separate trusts for each branded stablecoin's reserve assets (as the Proposed Rule currently requires, *see* Proposed Rule § 350.4(c), 91 Fed. Reg. at 18,571), the issuer would have to allocate each trust's reserves among many custodians and in different types of assets to comply with regulatory requirements. This process would both be operationally intensive and force issuers to incur more financial risk, as issuers may be forced to interact with less established custodians or pay substantial upcharges to work with financial institutions with uncompetitive pricing.

Nor would adopting quantitative diversification metrics as a safe harbor resolve the operational challenges that those metrics would impose on issuers. A safe harbor raises concerns that, in practice, it will be viewed as a supervisory "floor" and that the FDIC (and OCC and NCUA) will consider any deviation to be problematic. In particular, adopting a quantitative safe harbor could be perceived as a framework more akin to a rebuttable presumption than a liability shield, where deviation from the agencies' criteria invites heightened scrutiny. In practice, a safe harbor similar to what the OCC and NCUA have proposed could create a form of implicit supervisory pressure, where issuers will feel compelled to conform to the safe harbor regardless of whether it aligns with their specific risk profile or imposes unreasonable and unnecessary burdens. That approach undermines the flexibility inherent in the principles-based, risk-adjusted supervisory model required by the GENIUS Act. *See* 12 U.S.C. § 5903(a)(4)(A)(iii)(I). The FDIC should instead seek to protect the economic integrity of payment stablecoins without sacrificing the practical utility that makes them valuable as real settlement instruments in digital markets.

Moreover, the FDIC could not adopt quantitative diversification requirements without running afoul of the Administrative Procedure Act ("APA"). Because the Proposed Rule (correctly) does not propose or attempt to justify any specific numerical diversification requirements, it does not provide any underlying data to justify the selection of any particular quantitative metrics. Should the FDIC choose to adopt quantitative diversification requirements in its final rule beyond proposed part 350.4(f), it must supplement the administrative record with the evidence supporting those proposed requirements, repropose the rule, and reopen the comment period. *See United States v. Nova Scotia Food Prods. Corp.*, 568 F.2d 240, 252 (2d Cir. 1977) ("To suppress meaningful comment by failure to disclose the basic data relied upon is akin to rejecting comment altogether."); *Chamber of Com. of U.S. v. SEC*, 443 F.3d 890, 899 (D.C. Cir. 2006) ("Among the information that must be revealed for public evaluation are the 'technical studies and data' upon which the agency relies."). Similarly, if the FDIC decides to impose quantitative requirements, it must repropose the rule because a final rule with quantitative requirements

would not be "a logical outgrowth of the rule proposed." *Long Island Care at Home, Ltd. v. Coke*, 551 U.S. 158, 174 (2007) (cleaned up). "[A] new round of notice and comment would" be necessary because that would be "the first opportunity for interested parties to offer comments that could persuade the [FDIC] to modify" its proposed diversification metrics. *Am. Water Works Ass'n v. EPA*, 40 F.3d 1266, 1274 (D.C. Cir. 1994) (articulating the standard for whether a final rule satisfies the "logical outgrowth" doctrine).

The BA believes that data or evidence sufficient to support any numerical proposals are unlikely to exist, because stablecoins have not existed in large scale long enough for the FDIC to develop any preemptive metrics on reserve-asset diversification. Thus, even if reproposed, the FDIC would not be able to "examine the relevant data and articulate a satisfactory explanation for its action including a rational connection between the facts found and the choice made." *See Motor Vehicle Mfrs. Ass'n of U.S., Inc. v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 43 (1983) (cleaned up).

In short, the FDIC correctly recognized that extensive and rigid diversification requirements (whether imposed through a formally binding rule or a practically binding safe harbor) are unnecessary. The FDIC should stick with that approach in its final rule.

2. The FDIC should not adopt its proposed 40% cap on reserves held at one financial institution.

Although the FDIC correctly recognized that "extensive asset diversification requirements are unnecessary," proposed part 350.4(f) would require that an issuer "limit its total counterparty exposure to any one eligible financial institution . . . to no more than 40 percent of its reserve assets, across all brands of payment stablecoins issued." 91 Fed. Reg. at 18,542. This concentration limit is impractical and should be omitted from any final rule.

The BA understands the FDIC's concern that an issuer should "minimize[] its risk of being subject to the health of a single eligible financial institution." 91 Fed. Reg. at 18,542. However, a mandatory concentration metric would not practically reduce counterparty risks for issuers in any meaningful way and could introduce liquidity risks and unnecessary operational costs.

For large-scale issuers, the market reality is that there are a finite number of entities globally with sufficient capacity and scale to support large movements of reserve assets. A large issuer may exhaust the practical capacity of counterparties willing and able to hold its reserves before reducing its holding at any single financial institution to below 40%. And the FDIC's proposed requirement would force issuers to sacrifice their liquidity and ability to monetize large balances of reserves to meet redemption requests. In practice, coordinating simultaneous liquidation across multiple custodians would be challenging, especially since different custodians may have

different operational timelines, cut-off times, and settlement processes. During a significant redemption event, an issuer would need to coordinate across all its custodians simultaneously under time pressure; this process would incur greater liquidity risks than if the issuer had held its reserves at only one or two reliable financial institutions. Even aside from redemption concerns, managing relationships, custody agreements, and compliance monitoring across a large number of counterparties adds significant operational cost and complexity for issuers.

Instead, the FDIC should accommodate the diversity of stablecoin issuers by allowing them to choose an allocation of reserve assets and counterparties that best suits their needs without compromising safety. For example, a stablecoin with $2 million in circulation that holds 41% of its reserve assets at one institution is significantly less vulnerable to a liquidity crunch at the institution than a similarly situated stablecoin with $150 billion in circulation, even though both are equally non-compliant with proposed part 350.4(f)'s 40% threshold. This is because withdrawal of reserve assets by the smaller issuer would not significantly impact the institution's liquidity, even assuming the institution might have trouble meeting large withdrawal requests by the larger issuer. The FDIC should preserve that flexibility.

Thus, the FDIC should not retain the 40% concentration ceiling. If the FDIC retains the ceiling, however, it should apply the ceiling only to reserve assets held in uninsured deposits and other similar unsecured exposures at an insured depository institution, rather than to high-quality securities held in custody or trust or repurchase agreements ("repos") cleared through market utilities. Assets held in trust or custodial structures do not present the same type of counterparty exposure as uninsured deposits, making a concentration threshold like the one in proposed part 350.4(f) especially unnecessary for those kinds of assets. Owners of uninsured deposits become unsecured general creditors of a bank if the bank fails; by contrast, custodied or trust assets are segregated from the custodian's own assets and are unaffected by the custodian's insolvency. Centrally cleared repos are similarly insulated from bilateral counterparty failure because a registered clearing agency adjusts the cash or collateral transferred between the two parties to cover fluctuating market values. Applying a concentration limit to custodied or trust assets and cleared repos therefore adds operational friction for stablecoin issuers without a commensurate safety benefit.

Moreover, if the FDIC chooses to adopt the 40% concentration limit in the final rule, it should do so only as a safe harbor, akin to Option A of the OCC's and NCUA's proposed rules (but without the other rigid quantitative requirements in the OCC's and NCUA's proposals). *See* 91 Fed. Reg. 10,202, 10,216 (Mar. 2, 2026); 91 Fed. Reg. 28,956, 28,975 (May 18, 2026). A safe harbor, while still problematic for the reasons discussed above, would at least grant issuers flexibility to decide whether the 40% cap is feasible enough to seek the safe harbor, or if instead it is too impracticable to pursue. If the FDIC takes that approach—to be clear, the FDIC should not include

a 40% ceiling either as a formal requirement or as a safe harbor—the FDIC should adopt regulatory text explicitly stating that the FDIC cannot apply any formal or informal presumption of non-compliance against any issuers who hold more than 40% of their reserve assets at a single institution.

3. The final rule should not require issuers to hold a minimum percentage of reserve assets in deposits.

The FDIC requests comments on whether it should require issuers "to maintain a minimum amount of reserve assets in the form of deposits." 91 Fed. Reg. 18,543. The Proposed Rule as currently drafted does *not* require issuers to hold any minimum percentage of reserve assets in deposits. That is the correct approach, and is a significant improvement over the OCC's proposal to require an issuer "with an outstanding issuance value of $25 billion or more to, on each business day, maintain at least 0.5 percent of its reserve assets in the form of insured deposits or insured shares at an insured depository institution, up to a cap of $500 million." 91 Fed. Reg. at 10,219. Because the NCUA proposes a substantively identical requirement as the OCC's proposal, the BA supports the FDIC's Proposed Rule over the NCUA's as well. *See* 91 Fed. Reg. at 28,977.

The OCC's and NCUA's insured-deposit minimum is unworkable, particularly because the FDIC's Proposed Rule would treat reserve assets as "corporate deposits" of the issuer rather than asset deposits of "payment stablecoin holders on a pass-through basis." 91 Fed. Reg. at 18,559. The FDIC does not insure deposits above the $250,000 corporate limit, so as a practical matter most reserve assets held in deposits to satisfy the OCC's and NCUA's requirement would be uninsured unless an issuer maintains as many as 2,000 separate accounts with $250,000 in insured deposits.[7] The OCC and NCUA should withdraw their unreasonable requirement to align with the FDIC's proposed approach to deposit insurance for reserve assets.

Question 40 in the Proposed Rule correctly recognizes that "uninsured deposits present credit risk." 91 Fed. Reg. at 18,543. The FDIC should not force issuers to hold reserve assets with known credit risk. Moreover, Question 40 contemplates adopting "a limit on the amount of reserve assets that can be held in deposits that are not FDIC-insured or shares that are not NCUA-insured[.]" *Id.* If adopted, a cap on reserves held as uninsured deposits or shares could be inconsistent with a reserve-asset deposit minimum, given the regulatory reality that most deposit reserves would be uninsured. To avoid introducing credit risk and inconsistency with potential concentration limits applicable to uninsured deposits, the FDIC should not impose any reserve-asset deposit minimum in the final rule.

[7] *Corporation, Partnership and Unincorporated Association Accounts*, FDIC (May 29, 2024), https://tinyurl.com/4s2nccv8.

4. The FDIC should clarify that tokenized forms of otherwise eligible reserve assets are presumptively permissible.

The FDIC requests comments on whether it should "include a list of approved reserve assets in proposed § 350.4(e) for 'similarly liquid Federal government-issued assets'" or "implement a procedure for approvals." 91 Fed. Reg. at 18,543. The FDIC should not require issuers to obtain case-by-case approval of specific tokenized assets or allow issuers to hold only tokenized assets on a closed list published by the FDIC.

Either approach would be inconsistent with the GENIUS Act's clear statutory text providing that an issuer may hold "reserves comprising" "*any* reserve described in clause (i) through (iii) or clause (vi) through (vii) in tokenized form." 12 U.S.C. § 5903(a)(1)(A)(viii) (emphasis added). For example, the FDIC lacks statutory authority to limit the use of tokenized assets to those that could hypothetically be issued by the Treasury Department. Moreover, given the rapid evolution of different forms of tokenized products, it would be premature for the FDIC to publish a closed list at this point or extra-statutory criteria for tokenized assets. The FDIC should instead conform the final rule to the general statutory principle that a tokenized asset that otherwise satisfies 12 U.S.C. § 5903(a)(1)(A)(viii) can be used to satisfy the statutory reserve requirement, so long as a stablecoin issuer can demonstrate with respect to the tokenized asset legal title, enforceability, custody or control, valuation, transfer restrictions, settlement finality, monetization capability, and reconciliation between on-chain records and legally operative books and records. Issuers should retain discretion to hold tokenized assets as reserves if the issuer determines that they satisfy the statutory standard, without seeking any form of mandatory pre-approval or authorization from the FDIC.

That said, the BA would welcome public guidance from the FDIC consistent with the statutory principles described above, including non-exclusive examples of permissible tokenized assets, and confirming that issuers may hold these and other tokenized assets that satisfy the statutory standard in their reserves. The non-exclusive list should include, at minimum, tokenized funds holding short-duration U.S. government securities and other tokenized assets with high credit quality and short-term liquidity.

B. The FDIC should permit multi-brand issuance.

Proposed part 350.4(c) notes that stablecoin issuers might issue "more than one publicly distinguishable brand of payment stablecoin." 91 Fed. Reg. at 18,571. The BA agrees with the FDIC's decision to permit multi-brand issuance.

The BA supports the FDIC's decision to allow a stablecoin issuer to "issue multiple brands of distinct payment stablecoin" in the Proposed Rule. 91 Fed. Reg. at 18,541. As a threshold matter,

the approach in the Proposed Rule is consistent with the GENIUS Act's statutory directive that the FDIC issue regulations "in coordination" with other "primary Federal payment stablecoin regulators." 12 U.S.C. § 5903(h)(2). The OCC's proposed rule, like the FDIC's proposal, would allow a stablecoin issuer to issue multiple brands of distinct payment stablecoin. *See* 91 Fed. Reg. at 10,213. Both the FDIC and the OCC should stick with their proposed approach, so the FDIC should again reject any "alternative approach . . . to limit each PPSI to only issuing one payment stablecoin." 91 Fed. Reg. at 18,541.

As the OCC correctly recognized, "permitting a payment stablecoin issuer to issue multiple brands of stablecoin" would "allow parties to leverage the experience and expertise of a permitted payment stablecoin issuer and facilitate a broader range of stablecoins in the market." 91 Fed. Reg. at 10,213. The NCUA similarly recognizes that white-label arrangements "can allow parties to leverage the experience and expertise of an NCUA-Licensed PPSI and facilitate a broader range of Payment Stablecoins in the market." 91 Fed. Reg. at 28,971. Both crypto companies and traditional retailers interested in launching branded stablecoins could do so within weeks by partnering with an issuer, saving the substantial costs necessary to develop stablecoin technology and build the compliance framework required by the GENIUS Act. The FDIC's proposed approach would similarly enable issuers to offer white-labeled stablecoins that integrate their partner firms' customer-loyalty programs, enhancing the user experience and reducing friction during a user's first time using the stablecoin. An issuer could also use multiple brands to target different user bases (e.g., retail users vs. institutional investors) or geographies. And allowing issuers to offer multiple brands of stablecoins empowers users to purchase the stablecoin best suited for their particular needs.

Multi-brand issuance does not risk creating consumer confusion. Financial institutions have long offered multiple cash-equivalent products (such as checking accounts, savings accounts, and money-market accounts) with differing features, terms, and risk characteristics. Consumers are also already familiar with co-branded credit cards; consumers understand that, for example, a Disney credit card and a Marriott credit card are both issued by Chase Bank.[8] Any minimal risk of consumer confusion can be effectively managed through clear disclosures, product labeling, and other established consumer-protection frameworks.

Moreover, an issuer offering multiple brands of stablecoin is no different from a bank operating multiple branches under different names. In that context, banking regulators noted that customers "may inadvertently exceed FDIC insurance limits by depositing excess amounts in different branches of the same institution," but they nevertheless did not prohibit banks from offering multiple brands and only "recommend[ed]" disclosures to prevent "customer confusion

[8] *All Credit Cards*, Chase (accessed June 9, 2026), https://tinyurl.com/a9ejwyf5.

with respect to deposit insurance."[9] The FDIC should not subject stablecoin issuers to more stringent branding rules than banks, especially because there is no analogous concern that stablecoin holders will be confused about deposit-insurance limits (since deposit insurance is generally unavailable to stablecoin holders).

The Proposed Rule notes that "the FDIC would expect that PPSIs with multiple brands of payment stablecoin would establish clear procedures for winding down a brand of payment stablecoin without disrupting the PPSI's other payment stablecoins." 91 Fed. Reg. at 18,541. To the extent the FDIC has questions about operational complexity in a resolution scenario that might result from an issuer offering multiple brands of a stablecoin, such concerns should be carefully distinguished from the question whether issuers should be permitted to issue multiple brands in the first place. Complexity within a resolution scenario is driven primarily by interconnectedness of a wide range of bank and trading activities and ambiguity with regard to the legal rights and timing to exercise such rights. In this context, the questions would center around the legal structure of claims, clarity of redemption rights, and the security and management of reserve assets, all of which can be effectively mitigated through clear legal documentation, consistent treatment of similarly situated claimants, and robust operational planning, without requiring limitations on product branding.

C. The FDIC's definition of customer appropriately includes only direct purchasers.

Proposed part 350.1 defines a "customer" as "a person that purchases (through any consideration) the products or services of a PPSI *directly from the PPSI*." 91 Fed. Reg. 18,570 (emphasis added). The FDIC has requested comments on whether it should define "the term to also include persons with indirect relationships with a PPSI, such as downstream payment stablecoin holders" who have never interacted with the issuer and for whom the issuer would not have any information on file from a previous onboarding process. *Id.* at 18,537. The BA supports the definition in the Proposed Rule and opposes any expansion of the definition.

Limiting the term "customer" to individuals that directly purchased the stablecoin from the issuer properly reflects the reality of the relationship and avoids imposing undue burdens on issuers. Users frequently trade stablecoins on crypto exchanges or elsewhere, so the universe of stablecoin holders changes minute to minute. The daily trading volume of USDC, for example, was more than $11 billion as of June 9, 2026.[10] When a user purchases a stablecoin on a third-party exchange from another user, the third-party exchange rather than the issuer possesses the

[9] FIL-46-98 Attachment B, Interagency Statement, Branch Names (May 1, 1998), https://tinyurl.com/5xpjhmsr.

[10] *USDC Price* (USDC), Coinbase (accessed June 9, 2026), https://tinyurl.com/3zsycbd8.

identification information for both users; the exchange would have obtained this information when the users opened their accounts at the exchange and underwent know-your-customer verifications.

Expanding the definition of a "customer" to include downstream stablecoin holders, in conjunction with an issuer's obligations under other provisions of the Proposed Rule, would force issuers to affirmatively maintain contact with a constantly shifting set of stablecoin holders whom the issuers have no way of knowing about, in two ways.

First, proposed part 350.3(b)(8) would prohibit issuers from "provid[ing] a customer credit, directly or indirectly, to enable the customer to purchase or otherwise acquire payment stablecoins from the" issuer. 91 Fed. Reg. at 18,571. The BA opposes the adoption of that prohibition for other reasons. *See infra* at 26-28. But if the FDIC adopts that prohibition, it would be impracticable for stablecoin issuers to comply with the rule if the definition of customer were expanded to include holders of stablecoins that did not acquire them directly from the stablecoin issuer. Stablecoin issuers subject to FDIC supervision are subsidiaries of insured state nonmember banks and state savings associations. Extending credit is their core business. But if an issuer's customers include all stablecoin holders, the issuer would be unable to offer many credit products—for example, credit cards—because it would have no way of knowing whether the person it is extending credit to acquired the issuer's stablecoins on the secondary market or if that person would use the credit card to purchase stablecoins. An expansive definition of "customer" would therefore unintentionally enlarge the prohibition that would be imposed under proposed part 350.3(b)(8).

Second, proposed part 350.6(b)(5) requires an issuer to "notify its customers if [it] becomes aware of an incident of unauthorized access to sensitive customer information." That requirement would be impossible to satisfy for stablecoin holders who lack a direct relationship with the issuer. The issuer would not have any sensitive customer information such as addresses or birth dates on file to begin with. Moreover, from a technical perspective, although the issuer would have visibility into activities that occur on the blockchain—for example, transfers of the stablecoin between wallet addresses—the issuer would likely be unable to discern whether an indirect holder's private key has been accessed without authorization. Therefore, proposed part 350.6(b)(5) is more appropriately directed at customers who maintain an account with the issuer, rather than all stablecoin holders.[11]

[11] Because proposed part 350.5(d)(2) requires an issuer to "securely deliver[]" a notice of fee increases to "current customers for whom the [issuer] *has contact information*," the expanded definition of customer would not affect its application. 91 Fed. Reg. 18,546 (emphasis added).

Finally, an expanded definition that includes indirect purchasers would be inconsistent with other regulatory definitions outside the stablecoin context. For example, customer-privacy rules under the Gramm-Leach-Bliley Act define "customer" as "a consumer who has a customer relationship" with the regulated entity, meaning there is "a continuing relationship between a consumer and" the regulated entity. 16 C.F.R. § 314.2(c), (e). The FDIC's definition of customer should maintain consistency with those regimes.

D. The FDIC should retain its discretionary approach to reserve shortfalls and encourage interagency harmonization.

The BA supports the FDIC's decision to adopt a discretionary, supervisory approach to imposing consequences when an issuer fails to maintain the reserve assets required by proposed part 350.4(a). Under proposed part 350.4(i)(1), when an issuer determines or has reasonable grounds to suspect that the value of reserves backing outstanding payment stablecoins is less than the required amount, the issuer must notify the FDIC in writing, with a description of measures to be taken pursuant to its restoration plan, as appropriate. The FDIC may then determine whether those measures are sufficient and, if not, direct the issuer to (i) suspend or reduce issuance of payment stablecoins, (ii) take measures to restore the aggregate reserve asset value, or (iii) execute an orderly redemption of all outstanding payment stablecoins. 91 Fed. Reg. at 18,572. As the FDIC explained in the preamble, this framework is "intended to give the FDIC discretion in supervising a PPSI and to protect payment stablecoin holders," because "[t]he FDIC recognizes that different tools may be appropriate for different circumstances, and thus believes allowing discretion would be valuable." 91 Fed. Reg. at 18,542. With the caveat that the FDIC's discretionary choices must be reasonable and consistent with the GENIUS Act and other applicable law, the BA supports this approach.

By contrast, the OCC's and the NCUA's proposed rules automatically impose consequences in the event of a reserve shortfall. Under the OCC's proposed part 15.11(g), the consequences for a reserve shortfall are non-discretionary and escalate mechanically: an issuer that fails to satisfy the minimum reserve asset requirement at any time is immediately and automatically "prohibited from issuing any new payment stablecoins" until the shortfall is remediated. 91 Fed. Reg. at 10,290. If the issuer fails to meet its minimum reserve asset requirement "for 15 consecutive business days," it must begin liquidation of reserve assets and redemption of outstanding payment stablecoins, and may not charge customers a redemption fee during the liquidation. *Id.* The OCC argued that "[b]ecause of the importance of maintaining minimum

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The FDIC's implicit recognition that it would be impossible for issuers to comply with this provision if it applied to any falling into the expanded definition of customer applies equally to the other provisions applying to customers. The simplest solution is to maintain the current proposed definition.

reserve asset levels, the proposed rule would include automatic consequences for any non-compliance intended to prevent any concerns from developing further" and to "prevent chronic non-compliance with minimum reserve asset requirements." *Id.* at 10,219. The NCUA's proposed part 706.202(g) contains substantively identical provisions as the OCC's proposed part 15.11(g). *See* 91 Fed. Reg. at 29,026. The BA supports the FDIC's discretionary approach over the OCC's and NCUA's more automatic approach.

The FDIC, OCC, NCUA, and Federal Reserve should harmonize their final rules around the FDIC's approach. As explained above, it is critical that the FDIC and other agencies maintain a level playing field for stablecoin issuance. *Supra* at 7. A discretionary framework should be adopted by all four agencies to allow regulators to work with issuers to calibrate their responses to the facts and circumstances of a particular shortfall—including its magnitude, duration, cause, and potential effect on stablecoin holders—rather than applying automatic, one-size-fits-all consequences that could destabilize the issuer or harm stablecoin holders. For example, a momentary or minor shortfall caused by intraday market fluctuations, a brief custodial settlement delay, or a transient valuation movement in eligible reserve assets should not automatically trigger an issuance freeze or mandatory liquidation and imposing those consequences unnecessarily could cause serious harm to the issuer and stablecoin holders.

Still, there should be transparency in the actions taken by the FDIC to provide insight and clarity for the industry and consumers for actions taken with regard to an issuer's failure to maintain reserve requirements. In that respect, we recommend that the FDIC (and other primary federal payment stablecoin regulators) publish quarterly any actions taken, on an anonymized basis, with regard to issuers that experience a shortfall in reserve requirements.

The FDIC's approach, with the added transparency, preserves supervisory flexibility while still permitting the agency to require remediation, suspend or reduce issuance, or direct an orderly redemption when warranted.

E. The FDIC correctly decided to allow issuers to extend the redemption period in response to a "significant redemption request."

Proposed part 350.5(c) allows an issuer to "request that the FDIC grant [it] approval to extend the redemption time period beyond the required two business days" if the issuer "receives redemption requests that exceed 10 percent of its outstanding issuance value within a 24-hour period." 91 Fed. Reg. at 18,545-46. This is an improvement on the OCC's and NCUA's proposed automatic extension of the redemption period during a significant redemption request, which could encourage, rather than discourage, runs by inflaming panic among stablecoin holders. *See* 91 Fed. Reg. at 10,291 (prohibiting redemption "prior to the seven-calendar day period" unless "the OCC determines that the issuer has the ability to redeem sooner in an orderly fashion and

through a fair and transparent process"); 91 Fed. Reg. at 29,027 (identical proposed provision by the NCUA). The FDIC's proposal, on the other hand, would protect stablecoin holders and better ensure financial stability by giving issuers flexibility without reducing stablecoin's utility as a payment instrument.

An automatic and mandatory extension of the redemption period would be problematic for small issuers, who may trigger the 10% redemption threshold even in the course of ordinary business. If a large market maker looks to exit a stablecoin temporarily as part of its trading operations, it may easily withdraw more than 10% of the total supply of a small-cap stablecoin. Similarly, a large institutional holder may redeem a large number of stablecoins in one request as part of a cross-border financing deal, which could amount to more than 10% of the stablecoin's outstanding issuance value. The OCC's and the NCUA's proposed rules would significantly disadvantage small issuers by preventing them from fulfilling redemption requests by their business counterparties on the ordinary timeframe without any good reason to do so.

In 2014, the SEC adopted an approach that extended the redemption period in the context of money-market funds, adopting a rule providing that a money-market fund could "impose a liquidity fee of up to 2%, or temporarily suspend redemptions . . . for up to 10 business days in a 90-day period, if the fund's weekly liquid assets fall below 30% of its total assets." Money Market Fund Reform; Amendments to Form PF, 79 Fed. Reg. 47,736, 47,747 (Aug. 14, 2014). In 2023, the SEC removed the ability of money-market funds to "temporarily halt[] redemptions" because the SEC's 2014 rule "may have encouraged runs in March 2020 and may be procyclical in times of stress."[12] Unlike the FDIC's proposal, the SEC rule did not require money-market funds to seek regulatory approval before pausing redemption or imposing a liquidity fee. Rather than providing a cool-off period, the possibility of a redemption hold when a fund approached the publicly disclosed 30% liquid asset threshold created panic, incentivized investors to prematurely redeem their assets to avoid capital lock-up, and undermined the fund's resiliency in times of stress. The FDIC's proposed part 350.5(c) appropriately guards against these risks by allowing issuers to extend the redemption period only with the FDIC's prior approval.

An automatic and mandatory extension of the redemption period will also hamper institutional adoption of payment stablecoins as cash or cash equivalents, which would essentially negate their value as widely usable payment instruments. For expected collateral, margin, and other institutional settlement use cases, ordinary-course intraday flows by one institution may exceed the "significant redemption request" threshold for the entire US-based stablecoin industry. In the digital assets market, users expect dollar instruments to move on shorter and more

[12] Gary Gensler, *Statement on Money Market Funds* (July 12, 2023), https://tinyurl.com/3t7t43vb.

predictable settlement cycles—regardless of whether the instrument is a stablecoin or tokenized deposit. A rule that responds to stress by introducing a blunt automatic delay risks undermining the very utility that makes these instruments useful in the first place. The FDIC should therefore coordinate with the OCC and the NCUA to ensure that all three agencies promulgate a rule that promotes the growth and development of the stablecoin industry.

III. Certain provisions exceed the FDIC's authority or would be arbitrary and capricious if adopted.

Although most of the above discussed provisions of the Proposed Rule should be adopted as proposed with the revisions discussed above, the FDIC should remove or substantially revise other provisions to: (i) ensure consistency with the GENIUS Act; and (ii) avoid imposing substantial and unjustified operational burdens on issuers. If the FDIC does not remove or substantially revise those provisions along the lines described below, it should study them further and repropose them for further comment to ensure that the public has an adequate opportunity to comment based on a complete evidentiary record.

A. The prohibition on payment of interest or yield should not apply to third parties.

The GENIUS Act prohibits a "permitted payment stablecoin issuer or foreign payment stablecoin issuer" from "pay[ing] the holder of any payment stablecoin any form of interest or yield (whether in cash, tokens, or other consideration) solely in connection with the holding, use, or retention of such payment stablecoin." 12 U.S.C. § 5903(a)(11). The Proposed Rule restates that prohibition and adds that the FDIC "presumes that a permitted payment stablecoin issuer" has violated it if "[t]he permitted payment stablecoin issuer has a contract . . . with an affiliate of the issuer or related third party to pay interest or yield to the affiliate or related third party" and the "affiliate or related third party . . . has a contract . . . to pay interest or yield . . . to a holder of any payment stablecoin issued by the permitted payment stablecoin issuer solely in connection with the holding, use, or retention of such payment stablecoin." 91 Fed. Reg. at 18,571. The Proposed Rule defines "related third party" broadly to include "a person offering to pay interest or yield to payment stablecoin holders as a service" and "any person that the PPSI issues payment stablecoins on the person's behalf or under the person's branding." *Id.* at 18,539. In doing so, the Proposed Rule would potentially prohibit third parties that do not issue stablecoins but offer services enabling stablecoin holders to hold and exchange them from offering rewards to customers who hold stablecoins on their platforms.

By attempting to extend the prohibition on offering yield to any "related third party"—a phrase the Proposed Rule defines broadly—through a regulatory "presumption," the Proposed Rule exceeds the FDIC's authority under the GENIUS Act. In addition to the statutory violation, extending the prohibition on offering yield to third parties would stifle innovation in the

stablecoin space, in direct contravention of the GENIUS Act's purpose and Trump Administration policy.

The GENIUS Act prohibits only stablecoin *issuers* from paying interest or yield. Congress was well aware that third parties (including, but not limited to, crypto exchanges) offer yield on stablecoins, often under contracts with stablecoin issuers, when it passed the GENIUS Act. But Congress did not prohibit those arrangements and attempts to do so during the legislative process failed. *See* 171 Cong. Rec. S3275, S3287 (daily ed. June 9, 2025) (Senator Warren attempting to amend the GENIUS Act to state that "[n]o *person* may pay the holder of a payment stablecoin any form of interest or yield, or any other similar inducement, in connection with the holding, use, or retention of a payment stablecoin") (emphasis added).[13] The FDIC "has no power to 'tailor' [the GENIUS Act] to bureaucratic policy goals by rewriting unambiguous statutory terms." *Util. Air Regul. Group v. EPA*, 573 U.S. 302, 325 (2014); *see Loper Bright Enters. v. Raimondo*, 603 U.S. 369, 400-01 (2024) (no deference for agency interpretation of statute that is inconsistent with the statute's text). Thus, the FDIC's desire to prevent circumvention of the GENIUS Act's prohibition on issuers offering yield—a laudable goal that in narrow circumstances could potentially justify applying a rebuttable presumption to certain issuer affiliates such as wholly owned subsidiaries—cannot justify a broader presumption that would extend the prohibition to third parties.

Indeed, Congress is deliberating now on whether to prohibit third-party intermediaries from offering yield in connection with the proposed CLARITY Act.[14] There is no reason for the FDIC, OCC, or NCUA to promulgate any rule limiting the ability of third parties to offer yield before Congress resolves this issue in the CLARITY Act. Any such rule by the FDIC would at best risk inconsistency with subsequent legislation and may prejudice the outcome of active congressional deliberation on the same question.

Congress would not be actively debating this point if it had already resolved it in the GENIUS Act, because "Congress . . . make[s] major policy decisions itself"—it does "not leave those decisions

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[13] *See also* 171 Cong. Rec. S3239, S3257 (daily ed. June 5, 2025) (similar failed amendment offered by Senator Hickenlooper, stating that "[n]o permitted payment stablecoin issuer . . . shall directly or *indirectly* pay the holder of any payment stablecoin any form of interest or yield[.]") (emphasis added).

[14] *See* Senate Banking Committee, *Digital Asset Market Structure Request for Information*, at 5 (July 22, 2025), https://tinyurl.com/43bsz5ay ("Should legislation limit or prohibit the ability of digital asset intermediaries to offer rewards on digital assets, including stablecoins?"); *Chairman Scott, Senators Lummis, Tillis Release Market Structure Bill Text Ahead of Banking Committee Markup*, S. Comm. on Banking, Hous. & Urb. Affs. (May 12, 2026), draft bill at 207–08, https://tinyurl.com/3ur25v59.

to agencies." *West Virginia v. EPA*, 597 U.S. 697, 723 (2022). And Congress would not be contemplating giving the SEC and CFTC authority to promulgate disclosure rules if it intended for the FDIC to regulate this area. On May 14, the Senate Banking Committee approved a draft of the CLARITY Act that would prohibit digital asset service providers from paying "interest or yield (whether in cash, tokens, or other consideration)" to United States customers where the payments are "(A) solely in connection with the holding of the payment stablecoins of that restricted recipient," or "(B) on a payment stablecoin balance in a manner that is economically or functionally equivalent to the payment of interest or yield on an interest-bearing bank deposit."[15] But the draft would expressly permit "rewards or incentives based on bona fide activities or bona fide transactions that are not economically or functionally equivalent to the payment of interest or yield on an interest-bearing bank deposit" pursuant to regulations adopted by the SEC, CFTC, and Secretary of the Treasury. *Id.* In other words, Congress is actively considering and has made substantial progress towards bipartisan legislation that would allow payments that the FDIC's, OCC's, and NCUA's proposed rules would call into question, and pursuant to which other agencies—not the FDIC or OCC or NCUA—would be required to flesh out the line between prohibited third-party payments that are equivalent to interest or yield on bank deposits.

Nor could the FDIC justify its proposal by stating that the presumption can be rebutted. Among other problems, issuers—the regulated parties under the Proposed Rule—often will lack access to the information necessary to rebut the presumption, which would instead be in the hands of third parties. If an issuer does not have a direct pass-through agreement with a third party that pays yield to stablecoin holders, the third party independently decides whether to pay yield to stablecoin holders. The issuer may not know or have any ability to control whether the third party will decide to pay yield or the terms of the third party's payments to stablecoin holders, and therefore may have no way of rebutting the presumption. In practice, the presumption would effectively function as a rule that prohibits third parties from offering yield when they have an agreement with stablecoin issuers. A presumption that is practically impossible to rebut is no presumption at all, but would instead operate as a prohibitive rule.

In any event, even if the GENIUS Act did permit the FDIC to extend the prohibition on issuing yield further (it does not), the Proposed Rule's potential extension of the ban to third parties would be arbitrary and capricious. The purpose of the GENIUS Act is to "promot[e] responsible innovation in the stablecoin market."[16] Prohibiting third parties from offering rewards to

[15] *See* H.R. 3633, § 404(c), 119th Cong. (as reported by S. Comm. on Banking, Hous. & Urb. Affs., June 1, 2026).

[16] *Fact Sheet: President Donald J. Trump Signs GENIUS Act into Law*, The White House (July 18, 2025), https://tinyurl.com/chutjkkm.

stablecoin holders will *inhibit* innovation of stablecoin-based financial products. Yield programs are central to the functioning of crypto platforms because they: (1) attract capital inflow and boost liquidity, thereby enabling platforms to facilitate trading and reduce market friction; (2) increase retention of user capital on a platform, which provides stability during volatile periods; (3) allow users to receive returns on idle assets while remaining ready to execute trades; and (4) provide platforms with idle assets on-platform that can be used to generate revenue. Nor will allowing these arrangements have a meaningful impact on the banking industry. The White House Council of Economic Advisers recently found that eliminating stablecoin rewards would increase lending by only 0.02%, and at "a net welfare cost of $800 million."[17]

For all these reasons, the FDIC should abandon the rebuttable presumption in the Proposed Rule.[18]

B. The Proposed Rule should not require issuers to redeem any number greater than or equal to one stablecoin.

Proposed part 350.5(a)(5) would require issuers to "redeem any number greater than or equal to one payment stablecoin." 91 Fed. Reg. at 18,573. This is an unduly low threshold, and the FDIC does not offer any rationale for its imposition. Instead, the FDIC should not set any minimum redemption threshold, thus allowing stablecoin issuers to compete on that dimension. Given the burdens imposed by the know-your-customer and anti-money-laundering verification requirements that apply to each redemption request, requiring issuers to set this low a threshold would impose unreasonable costs and operational difficulties.

The FDIC offers no justification for requiring stablecoin issuers to allow redemption of a single stablecoin. Notably, the FDIC did not adopt the OCC's justification for its parallel requirement—that a purportedly "natural reading of the definition of 'payment stablecoin'" means "a digital asset that an issuer 'is obligated to convert, redeem, or repurchase for a fixed amount of monetary value.'" 91 Fed. Reg. at 10,220 (quoting 12 U.S.C. § 5901(22)). The OCC stated that because the phrase "'payment stablecoin' is singular, the statutory language suggests that while an issuer could set a minimum redemption threshold at a fraction of a payment stablecoin, an issuer must redeem any number greater than or equal to one payment stablecoin," or else a

[17] *Effects of Stablecoin Yield Prohibition on Bank Lending*, White House Council of Economic Advisers (Apr. 8, 2026), https://tinyurl.com/3yywjfwc.

[18] To the extent the FDIC considers expanding the rebuttable presumption in the Proposed Rule or otherwise attempting to impose additional restrictions on issuers' payments to third parties, the FDIC cannot do so in a final rule—instead, the FDIC would be required to repropose the rule and allow commenters an opportunity to weigh in. *See, e.g.*, *Env't Integrity Project v. EPA*, 425 F.3d 992, 998 (D.C. Cir. 2005) (vacating final rule under the logical-outgrowth doctrine).

payment stablecoin "would not be redeemable for a fixed amount of monetary value." *Id.* The NCUA similarly justified its one-stablecoin redemption minimum based on this interpretation of the statute. *See* 91 Fed. Reg. at 28,984.

The FDIC's decision not to adopt the OCC's justification was wise because the OCC's reasoning was premised on a flawed interpretation of the GENIUS Act. Under the Dictionary Act, "words importing the singular include and apply to several persons, parties, or things[.]" 1 U.S.C. § 1. Indeed, all of the GENIUS Act's definitions are singular for this reason. And stablecoins would still be redeemable for a fixed amount of monetary value if an issuer sets a higher floor for redemptions: one stablecoin pegged to the US dollar would still be worth one dollar even if a holder needs 100 stablecoins to redeem them directly from the issuer. The statute therefore does not prescribe a minimum threshold for direct redemption but instead provides for only the general requirement that stablecoins be redeemable.

The FDIC does not explicitly repeat the OCC's statutory error in the Proposed Rule. But refraining from formally adopting the OCC's statutory argument is no substitute for "articulat[ing] a satisfactory explanation" for the Proposed Rule, as the APA requires. *State Farm*, 463 U.S. at 43; *see also Amerijet Int'l, Inc. v. Pistole*, 753 F.3d 1343, 1350 (D.C. Cir. 2014) ("an agency must explain why it chose to do what it did" and "conclusory statements will not do") (cleaned up). Nor could the FDIC backfill a justification in the final rule that interested parties did not have the opportunity to comment on. Thus, the FDIC cannot adopt this provision without reproposing the redemption threshold alongside a reasonable explanation for adopting it.

In any event, the FDIC should decline to adopt a requirement that issuers redeem a single stablecoin because the proposed mandatory redemption threshold will impose undue and unnecessary burdens on issuers. Know-your-customer and anti-money-laundering requirements can make it costly for issuers to redeem stablecoins.[19] Although those costs are a necessary part of doing business, for some issuers they will be unreasonable and overly burdensome to justify the redemption of a single stablecoin.[20] Those costs will either be borne by issuers or they will be passed on to customers.

Instead of imposing an arbitrary, impractically low threshold for redemption unsupported by any explanation, the FDIC should permit competition on this basis. If customers prefer stablecoins issued by issuers that allow the redemption of a single stablecoin, such stablecoins will ultimately

[19] *See* Barry Elad & Robert A. Lee, *KYC Compliance in Crypto Statistics 2026: Growth, Risks, and Reality Check* (Oct. 21, 2025), https://tinyurl.com/4u737kr3.

[20] Today, even large stablecoin issuers restrict direct redemption to institutional holders due to the high costs of anti-money-laundering and know-your-customer verifications.

prevail. More likely, few customers will ever need to redeem a single stablecoin from the issuer, and the market will determine a more reasonable and practicable threshold.

C. The FDIC should not prohibit issuers from providing credit to customers to purchase stablecoins.

Proposed part 350.3(b)(8) would prohibit a stablecoin issuer from "provid[ing] a customer credit, directly or indirectly, to enable the customer to purchase or otherwise acquire payment stablecoins from the permitted payment stablecoin issuer." 91 Fed. Reg. at 18,571. The FDIC suggests that this prohibition is intended to preserve the GENIUS Act's core guardrails: stablecoin issuers must maintain reserve assets composed of a narrow set of highly liquid assets and must engage only in a narrow set of activities designed to ensure that they can satisfy redemption requests. *Id*. at 18,539. The FDIC further states that if a stablecoin issuer lends funds to customers to purchase stablecoins, or otherwise issues stablecoins on credit, the stablecoin issuer would need separate funding to acquire and maintain identifiable reserves, potentially resulting in a highly leveraged balance sheet in which reserve assets do not provide the intended resiliency. *Id*. at 18,539.

The FDIC specifically asks whether proposed part 350.3(b)(8) should be modified, narrowed, or replaced with alternatives that better achieve the objective of ensuring that reserve assets provide the intended resiliency. 91 Fed. Reg. at 18,540. The answer is yes. The FDIC should replace the categorical prohibition with a targeted restriction providing that: (i) an issuer may not use reserve assets to fund customer credit; (ii) an issuer may not issue payment stablecoins on credit unless it separately obtains and maintains eligible reserve assets sufficient to satisfy the one-to-one backing requirement at issuance; and (iii) any permitted customer-credit activity must be funded from non-reserve assets and supported by capital, liquidity, and risk-management controls commensurate with the issuer's risk profile.

The BA agrees that reserve assets should not be used to fund customer credit and that payment stablecoins should not be issued without fully funded, identifiable reserves. But the FDIC's proposal is overbroad. Instead, the FDIC should consider and adopt a narrower alternative rule prohibiting issuers from extending credit using their reserve assets, as opposed to other funds.[21] That alternative approach would accomplish the FDIC's stated goal without imposing a categorical prohibition on all customer-credit activity connected to the acquisition of payment stablecoins. The FDIC's stated concern is reserve resiliency and leverage, not the mere existence

[21] *See, e.g.*, *Am. Gas Ass'n v. FERC*, 593 F.3d 14, 19 (D.C. Cir. 2010) ("In cases where parties raise reasonable alternatives to the Commission's position, we have held that reasoned decisionmaking requires considering those alternatives.").

of separately funded credit activity where that activity is otherwise permissible and does not impair the issuer's ability to maintain fully backed reserves.

A narrower approach would also align better with the structure of the Proposed Rule. Proposed part 350.4 already requires a stablecoin issuer to maintain identifiable reserves fully backing outstanding payment stablecoins on an at least one-to-one basis, and proposed part 350.4(a)(2) requires the stablecoin issuer to monitor issuance and redemption to ensure compliance. 91 Fed. Reg. at 18,541, 18,571. Proposed part 350.9 further requires a stablecoin issuer to determine and maintain capital commensurate with the level and nature of all risks to which it is exposed, including risks from off-balance-sheet activities. *Id*. at 18,576. Those provisions provide a more tailored framework for addressing leverage, liquidity, and reserve-resiliency risks than a categorical prohibition on customer-credit activity.

The FDIC should therefore narrow proposed part 350.3(b)(8). The final rule should make clear that a stablecoin issuer may not use required reserve assets to fund customer credit and may not issue payment stablecoins unless it maintains eligible reserve assets sufficient to satisfy the one-to-one backing requirement at issuance. But the final rule should not prohibit customer-credit activity funded solely from non-reserve assets, where otherwise permissible under applicable law and supported by capital, liquidity, and risk-management controls commensurate with the issuer's business model and risk profile.

The FDIC should also clarify that proposed part 350.3(b)(8) is inapplicable to ordinary-course credit products offered by an affiliated or parent insured depository institution, or other credit products not designed to finance purchases of the issuer's stablecoins, provided those products do not use reserve assets to fund the credit or impair the issuer's ability to maintain fully backed reserves or satisfy redemption requests. Without that clarification, the prohibition could be read to reach beyond the FDIC's stated reserve-resiliency concern and into ordinary banking or affiliate credit activities that do not present the specific risk the FDIC identified. That is doubly so if the FDIC adopts an expanded definition of customer akin to the OCC's overbroad definition. *See supra* at 17.

Because the FDIC has not explained why those narrower alternatives would be insufficient, the categorical prohibition is not supported by the agency's stated rationale. The FDIC therefore has not "articulate[d] a satisfactory explanation for its action," including a rational connection between the facts found and the choice made, as required by the APA. *State Farm*, 463 U.S. at 43. The FDIC should accordingly narrow proposed part 350.3(b)(8) in the final rule rather than adopt a categorical prohibition that exceeds the agency's own reserve-resiliency rationale.

IV. Certain provisions are in need of technical adjustments.

The BA proposes additional technical revisions to several provisions of the Proposed Rule. The FDIC should adopt these revisions to ensure the Proposed Rule does not unduly burden the business operations of stablecoin issuers.

A. The FDIC should adopt a functional definition of "distributed ledger."

Proposed part 350.1(b)(7) defines "distributed ledger" as "technology in which data is shared across a network that creates a *public* digital ledger of verified transactions or information among network participants and cryptography is used to link the data to maintain the integrity of the *public* ledger and execute other functions." 91 Fed. Reg. at 18,570 (emphasis added).

The FDIC should remove the word "public" from this definition because some blockchain ledgers are not entirely public. Perhaps cognizant of this ambiguity, the FDIC requests comments on how "frameworks [should] differentiate between fully open, hybrid, and permissioned systems[.]" 91 Fed. Reg. at 18,537. The FDIC should not differentiate distributed ledgers based on their level of openness, e.g., public versus permissioned. Rather, the FDIC should adopt a functional framework toward distinguishing different types of blockchains depending on the following considerations: auditability, settlement integrity, access controls, resilience, governance, finality, recoverability, and supervisory visibility. Such a functional approach would better reflect the actual risk profile of a given ledger system; for example, a permissioned ledger with robust auditability and supervisory visibility may present fewer risks than a nominally public ledger with weak governance or uncertain finality.

B. The FDIC should ensure that what constitutes a deposit is technology-neutral.

Proposed part 330.3(k) states that "[t]he technology or type of recordkeeping utilized by an insured depository institution to record deposit liabilities does not affect whether those liabilities constitute 'deposits.'" 91 Fed. Reg. at 18,569. The BA supports the FDIC's technology-neutral approach to the definition of deposits. The FDIC should further clarify in the final rule that if an underlying bank liability meets the applicable definition of a deposit, recording or transferring it using distributed ledger technology would not by itself convert it into a payment stablecoin or another product category. This clarification would be consistent with the GENIUS Act's definition of "payment stablecoin," which expressly excludes deposits, "including a deposit recorded using distributed ledger technology." 12 U.S.C. § 5901(22). The clarification would also provide regulatory certainty to institutions that deploy tokenization technology to deposit products and facilitate innovation in tokenized deposit offerings. The FDIC should ensure that product classifications in its final rule follow the economic and legal substance of the underlying bank liability, rather than the technological means by which it is recorded or transferred.

C. The FDIC should clarify that the Proposed Rule does not apply to digital-dollar products that do not qualify as payment stablecoins under the GENIUS Act.

Proposed part 350.1(b)(17) excludes "a digital asset that is a" "National currency," "deposit," or "Security" from the definition of payment stablecoin. 91 Fed. Reg. at 18,570. The FDIC should further clarify the scope of its Proposed Rule by explicitly stating that its regulations do not extend to digital-dollar products that do not qualify as payment stablecoins under the GENIUS Act, including tokenized deposits. As the market for digital assets continues to evolve, there will likely be a diversity of digital-dollar instruments—for example, a prepaid gift card balance recorded on a distributed ledger—that do not qualify as payment stablecoins. The FDIC should provide regulatory certainty to developers of these innovative digital-dollar instruments by clearly defining the boundary of its final rule. This approach would be consistent with the FDIC's statutory authority under the GENIUS Act over *payment stablecoins* and the Act's pro-innovation policy objective.

D. The final rule should define "smart contract" functionally.

The FDIC requests comments on whether it should "define the term 'smart contract.'" 91 Fed. Reg. at 18,537. The FDIC should adopt a functional definition of "smart contract" in the final rule—software deployed to or interacting with a distributed ledger that executes, records, or enforces transaction logic—without tying the definition to a specific chain, virtual machine, coding language, or permissioning model. As smart contract technology continues to evolve rapidly, a definition that relies on specific technical elements could quickly become obsolete. Moreover, a technical definition risks inadvertently excluding smart contracts that operate on other unenumerated systems.

E. The FDIC should clarify that modern cryptographic governance structures can satisfy the control requirement.

Part 350.103(c)(1) of the Proposed Rule requires a custodian to "[m]aintain possession or control of the customer's payment stablecoin reserves, payment stablecoins used as collateral, private keys, cash, and other property that is held directly, including in a digital wallet for which the custodian controls the associated private keys." 91 Fed. Reg. 18,579. Proposed part 350.103(c)(2) further provides that, with respect to any payment stablecoin or tokenized reserve asset, a custodian "maintains control" if it can "reasonably demonstrate, consistent with the standard of care established by applicable law, that no other party, including the customer or any affiliate of the custodian, can control or transfer the payment stablecoin or payment stablecoin reserve in the form of an asset in tokenized form using a distributed ledger without the affirmative consent of the custodian or sub-custodian." *Id.* The custodian must also "have technical safeguards to prevent unauthorized access by its own personnel." *Id.*

The BA supports the FDIC's goal of ensuring that custodians maintain meaningful control over custodied assets and that customer property is protected from unauthorized transfers and creditor claims. These requirements are consistent with Section 10(b) of the GENIUS Act (12 U.S.C. § 5909(b)), which requires custodians to take appropriate steps to protect customer property from creditor claims. The Proposed Rule should, however, clarify that distributed key-management technologies can satisfy the control requirement where they preserve the custodian's affirmative-consent right and prevent unauthorized unilateral transfers.

Specifically, the FDIC should clarify that "control" for purposes of proposed part 350.103(c)(1) and (c)(2) can be satisfied through multi-party computation ("MPC"), multi-signature technology, policy engines, permissioned smart contracts, recovery keys, and other cryptographic governance structures, so long as the custodian or sub-custodian can reasonably demonstrate that no unauthorized party can control or transfer the relevant assets without its affirmative consent. In many institutional custodial arrangements, private key management is deliberately distributed across multiple parties or devices to reduce single-point-of-failure risk. The Proposed Rule's reference to a digital wallet for which the custodian controls the associated private keys should be more clear that it does *not* require a single custodial entity to hold exclusive unilateral access to the private keys. Specifically, the FDIC should clarify that distributed key-management architectures—including MPC wallets, multi-signature arrangements requiring M-of-N approvals, hardware security modules with policy-engine overlays, permissioned smart contracts, recovery keys, and comparable cryptographic governance structures—can satisfy the possession-or-control standard, provided that the custodian retains the legally and functionally enforceable ability to consent to, or prevent, transfers, and that no unauthorized party can unilaterally move assets.

The OCC's proposed rule appears to address the control question in substantially similar terms. Under proposed part 15.21(b)(2)(ii), a covered custodian "maintains control" if it can "reasonably demonstrate, consistent with the standard of care established by applicable law, that no other party, including the covered customer, can transfer the payment stablecoin or tokenized asset using a distributed ledger without the consent of the custodian or sub-custodian, as applicable." 91 Fed. Reg. 10,295-96. The FDIC described its own proposed control provision as consistent with past interagency guidance regarding control of crypto assets for purposes of safekeeping. 91 Fed. Reg. at 18,557. The FDIC should now make clear that this functional control standard can be satisfied through appropriately designed distributed key-management arrangements.

The FDIC should also apply the control requirement in a technology-neutral manner across different blockchain architectures. The relevant question should be whether the custodian can effectively prevent unauthorized transfers and maintain required consent rights, not whether the arrangement uses a particular key-management model, account structure, smart-contract

architecture, or protocol-level feature. A functional approach would better align with the Proposed Rule's broader risk-based treatment of custody and information-technology controls.

Finally, the FDIC should clarify the interaction between the control requirement and proposed part 350.103(b), which requires custodians to "take appropriate steps to protect the customer's payment stablecoin reserves . . . from claims of creditors of the custodian and any sub-custodian." 91 Fed. Reg. 18,578. The FDIC's preamble states that these measures must be "commensurate with the custodian's size, complexity, and risk profile." *Id.* at 18,557. The BA agrees with this proportionality principle, and the FDIC's final rule should confirm that the adequacy of a custodian's control mechanisms will be evaluated in light of the custodian's specific risk profile and the nature of the assets at issue, rather than against a uniform, prescriptive technical standard.

F. Payment Stablecoins locked in smart contracts for "wrapping" should be exempted from subpart B.

The FDIC has invited comment on whether there are "particular circumstances for which the FDIC should provide additional clarification as to the application of subpart B or the applicability of any exception (*e.g.*, regarding payment stablecoins locked in a smart contract for purposes of 'wrapping' the payment stablecoin for use on an unsupported blockchain)." 91 Fed. Reg. at 18,558. The OCC posed an identical question. *See* 91 Fed. Reg. at 10,264. The FDIC should clarify that payment stablecoins are *not* subject to subpart B solely because they are locked in a smart contract for purposes of wrapping, where the arrangement does not otherwise constitute a custodial or safekeeping service by an FDIC-supervised entity.

"Wrapping" generally refers to the process by which a token issued on one blockchain (the "source chain") is locked, burned, or otherwise immobilized, and a corresponding representation of the locked token—a "wrapped token"—is minted or made available on another blockchain (the "destination chain"). The wrapped token is designed to be backed one-to-one by the locked stablecoin and can be redeemed at any time by burning the wrapped token and unlocking the underlying stablecoin. This process enables stablecoins to be used across a broader range of blockchain ecosystems, facilitating cross-chain payments, decentralized finance applications, and interoperability among distributed ledger networks. Without wrapping, stablecoins would be confined to the blockchains on which they were originally issued, severely limiting their utility as a means of payment or settlement.

The scale of wrapping activity makes regulatory clarity especially important. The wrapped-token market has grown into a significant component of the digital asset ecosystem.[22] Wrapping is essential to achieve the cross-chain scale and utility that Congress envisioned when enacting the GENIUS Act. And cross-chain settlement infrastructure is sufficiently important that uncertainty over the treatment of wrapping could have serious market consequences.

Subpart B of the Proposed Rule establishes custodial and safekeeping requirements for FDIC-supervised entities that are "engaged in the business of providing custodial or safekeeping services for payment stablecoin reserves, payment stablecoins used as collateral, or private keys used to issue payment stablecoins." 91 Fed. Reg. at 18,556. In some wrapping arrangements, a payment stablecoin may be locked in a smart contract while a corresponding representation is made available on another blockchain. The FDIC should clarify that the mere use of a smart contract to facilitate wrapping does not, standing alone, mean that an FDIC-supervised person is engaged in custodial or safekeeping services subject to subpart B. The analysis should instead turn on the legal claim created by the arrangement, who can exercise control over the locked stablecoins or private keys, whether the arrangement involves a customer-custodian relationship, and whether the arrangement introduces the risks that subpart B is designed to address.

Applying subpart B to wrapping activity solely because a smart contract locks a payment stablecoin would be inappropriate for three reasons. First, many wrapping mechanisms operate as protocol-level transaction infrastructure rather than as customer-custodian relationships, and the Proposed Rule separately states that subpart B does not apply solely on the basis of providing hardware or software that facilitates self-custody or safekeeping. 91 Fed. Reg. at 18,556. Second, whether locked payment stablecoins are "used as collateral" should depend on the legal rights and obligations created by the wrapping arrangement, not simply on the fact that an asset

[22] The wrapped and cross-chain token market is substantial and growing. Payment stablecoins are a dominant component of this activity: total on-chain stablecoin transaction volume reached $33 trillion in 2025, with stablecoins circulating across more than 30 major blockchain networks. *See* Suvashree Ghosh, *Stablecoin Transactions Rose to Record $33 Trillion in 2025*, Bloomberg (Jan. 8, 2026), https://tinyurl.com/4wxdyea2. Circle's Cross-Chain Transfer Protocol ("CCTP")—a burn-and-mint protocol for moving USDC natively across blockchains—processed more than $126 billion in cumulative cross-chain volume and more than 6 million total transfers as of December 18, 2025. *See* Circle, *Circle's 2025 Year in Review* (accessed June 9, 2026), https://tinyurl.com/yc7e4nje. According to certain industry sources, monthly cross-chain bridging volume across all asset types reached tens of billions of dollars in 2025, with one analytical review reporting a record monthly high of $56.1 billion in July 2025. *See* PANews, *Analysis of the Cross-Chain Bridge Market in 2025* (Aug. 13, 2025), https://tinyurl.com/myupwrd (reporting DeFiLlama data).

is held in a smart contract. Third, a categorical application of subpart B could impose operational burdens on cross-chain interoperability without materially advancing the customer-property protections that Section 10 of the GENIUS Act and subpart B are designed to address.

To address these issues, the FDIC should adopt a clarification or safe harbor ensuring that wrapping activity does not become automatically subject to subpart B. The FDIC should distinguish among native tokenized deposits, wrapped representations, bridge receipts, and synthetic claims, and should ensure that regulatory treatment follows the legal claim, issuer obligation, custody and control structure, and redemption mechanics—not the mere use of a smart contract or Layer 2 protocol. The inquiry should focus on substance: if the underlying payment stablecoin remains fully backed, the issuer's redemption obligation is unchanged, and no FDIC-supervised entity has assumed a custodial or safekeeping role covered by subpart B, then the wrapping activity should not trigger subpart B solely because a smart contract is used. A regulatory framework that discourages appropriately structured wrapping by imposing disproportionate custodial burdens would undermine the interoperability and operational flexibility that the FDIC has recognized as important to the responsible growth and use of digital assets and related technologies in the banking sector.

The GENIUS Act and the Proposed Rule both recognize that stablecoin activity may involve multiple distributed ledger networks. The Proposed Rule defines "distributed ledger protocol" to include publicly available and accessible executable software deployed to a distributed ledger, including smart contracts or networks of smart contracts, 91 Fed. Reg. at 18,536, and the FDIC has asked specifically whether clarification is needed for payment stablecoins locked in smart contracts for wrapping, *id.* at 18,558. The FDIC should adopt a final rule that addresses cross-chain arrangements by reference to their legal and functional characteristics rather than by imposing subpart B automatically whenever a smart contract is used.

G. The FDIC should allow issuers to submit machine-readable data and use privacy-enhancing tools for their weekly confidential reports to the FDIC.

Proposed part 350.7(g) requires issuers to "submit a confidential weekly report to the FDIC" that "could include information regarding required reserves, issuance and redemption, and other relevant information." 91 Fed. Reg. at 18,550. The FDIC should ensure that these weekly reports of confidential data would not unreasonably burden issuers' business operations or compromise user privacy.

The FDIC should collect weekly data required under part 350.7(g) through machine-readable media, such as standardized application programming interfaces or cryptographic attestations. Machine-readable submissions would allow issuers to automate data extraction and transmission directly from their existing systems. This process would avoid the costs associated

with manual reporting, reduce risks of transcription errors, and be more consistent with current industry practice for data management.

The FDIC should also allow issuers to disclose the required data through privacy-preserving proofs to protect sensitive user information. Today, most stablecoins run on transparent blockchains where every transaction—including amounts, counterparties, and frequency—is permanently and publicly visible. Although many blockchain transactions are pseudonymous, meaning they do not have personally identifying information associated with them on the blockchain, once a person's name is connected to even a single blockchain transaction, it is often possible to reconstruct that person's entire transaction history, particularly when using advanced blockchain analytics.[23]

To offer stronger consumer data protections, some issuers may adopt privacy-enhancing tools where issuers could cryptographically reveal transaction data to specific parties such as regulators and auditors without full public exposure on the ledger. A Zero Knowledge Proof is an example of such a privacy tool and has been successfully implemented by BA member the ZCash Foundation, as well as on the private and programmable Aleo blockchain, which is supported by Aleo Network Foundation, also a BA member. A Zero Knowledge Proof can also be used by bank-affiliated stablecoin issuers to provide regulatory attestations on reserve composition and transaction compliance without exposing underlying transaction data. These privacy-preserving technologies provide supervisory visibility without unnecessary exposure of sensitive wallet-level or counterparty data. The final rule should ensure that their use on an issuer's blockchain is explicitly permissible.

H. The final rule should allow issuers to decide whether financial reporting obligations apply at the issuer or brand level.

The Proposed Rule imposes various financial reporting and disclosure obligations on stablecoin issuers. Among others, proposed part 350.4(g) requires issuers to publish monthly reports of "the total number of outstanding payment stablecoins issued by the [issuer], including the average tenor and geographic location of custody of each category of reserve asset" "for *each brand* of payment stablecoin issued" by the issuer. 91 Fed. Reg. at 18,542 (emphasis added).

The final rule should not require issuers to report the information required under proposed part 350.4(g) at the brand level. Instead, the final rule should explicitly state that issuers may choose whether to publish the relevant information by each brand of stablecoin issued or by a single

[23] Virginie Liebermann & Michel Molitor, *Blockchain vs Data protection*, International Network of Privacy Law Professionals (July 30, 2024), https://tinyurl.com/bdh4kwzx.

stablecoin issuer. The FDIC should preserve an issuer's ability to compile reporting information at a level best suited for its operations and to ensure clarity for stablecoin holders. If an issuer was forced to comply with these obligations at a level contrary to its current structure, not only would it incur significant compliance costs, the subsequent dual reporting—one set of reports in line with the issuer's business practice, and one to comply with FDIC regulations—may confuse stablecoin holders.

I. The redemption period should begin after completion of necessary onboarding steps.

Proposed part 350.5(b)(1) requires issuers to "redeem a payment stablecoin no later than two business days following the date of the requested redemption." 91 Fed. Reg. at 18,545. The FDIC should clarify that any required redemption timeline begins only after a valid request and completion of necessary onboarding steps, including know-your-customer, anti-money-laundering, and sanctions screening. Moreover, the final rule should explicitly state that the FDIC would determine an issuer's compliance with any redemption window based only on the issuer's execution of the payment order rather than downstream bank or payment-rail settlement that is outside the issuer's control.

The final rule should also distinguish among three moments that matter differently to users and market participants: acceptance of a redemption request, initiation of payment, and completion of redemption. A workable framework should require issuers to state publicly and clearly when a redemption request is deemed accepted, when payment is deemed initiated, and when redemption is deemed complete. That approach would promote the FDIC's goal of redemption certainty while better reflecting how stablecoins are used across on-chain and traditional payment rails in real life.

J. The final rule should clarify that an issuer may repurchase its stablecoins on the secondary market.

The FDIC requests comments on "other limits or conditions the FDIC should consider with respect to PPSIs acting as principal or agent with respect to payment stablecoins[.]" 91 Fed. Reg. at 18,539. The FDIC should explicitly confirm an issuer's ability to buy back its own stablecoins on the secondary market. Issuers may need to purchase their own stablecoins on the secondary market to manage supply, for several reasons including: (1) issuer buy-backs prevent panic selling when the demand for a stablecoin falls and the market price drops below parity; (2) in the event of a run, buy-backs provide liquidity and restore trust in the stablecoin's stability; (3) issuers may use buy-backs to ensure that secondary-market prices align with the official redemption value of a stablecoin; and (4) buy-backs help issuers manage the balance between circulating supply and holding additional reserve assets. In the securities context, companies routinely buy back their

stocks on the secondary market. The FDIC should ensure that stablecoin issuers would have similar flexibility.

K. The FDIC should explicitly provide that managing foreign-exchange risk is a permissible activity for stablecoin issuers whose stablecoins are not denominated in U.S. dollars.

The Proposed Rule as currently drafted does not address whether issuers of stablecoins that are not denominated in the United States dollar can manage foreign exchange risk. The FDIC's final rule should explicitly permit stablecoin issuers to manage foreign exchange risk. A stablecoin issuer that issues a coin pegged to the value of a foreign currency faces the same sort of foreign-exchange risk as a bank that holds foreign currency or derivatives based on foreign currency and should prudently manage such risk. Banks are permitted (and required) to manage their foreign-exchange risk. Stablecoin issuers should likewise be permitted to do so.

V. The FDIC's regulatory impact analysis should account more fully for competition from adjacent digital-dollar products, including tokenized deposits.

In addition to these substantive revisions, the FDIC's regulatory impact analysis should reflect the reality that the consequences of its rule will not be confined to payment stablecoins viewed in isolation. Stablecoins increasingly compete in a broader market for digital-dollar instruments, and one of the most important adjacent products is the emerging category of tokenized deposits and other bank-connected digital-dollar arrangements. To further complicate the competitive landscape, stablecoins and tokenized deposits may also serve complementary roles for different types of institutions and use cases. The relevant policy and economic questions are therefore not only whether the final rule will facilitate stablecoin issuance on a standalone basis, but also how the final rule's design choices will affect competition among different kinds of digital-dollar products that may serve overlapping payment, settlement, and treasury functions.

That omission matters because the public debate around stablecoins has already turned in significant part on effects on the banking system. Commentators and trade groups have argued that stablecoins may draw transactional balances away from banks, while other public analyses have argued that those effects are smaller, more concentrated, or partly offset by other dynamics. Either way, the existence of that debate confirms that digital-dollar design choices can have meaningful competitive and market-structure consequences. An FDIC rule that makes payment stablecoins more or less usable, more or less redeemable, or more or less operationally practical will necessarily influence how they compete against bank-based alternatives, including tokenized deposits. The FDIC must avoid creating regulatory asymmetries that favor one product form over another.

The FDIC must consider these issues in connection with each of the substantive choices it makes in the final rule. For example, the FDIC must explain how the choices it makes in imposing requirements on stablecoin issuers account for the market reality that digital-dollar instruments are developing across multiple product forms at once, and that the real-world consequences of the FDIC's stablecoin regulations will depend on how stablecoins compare to alternative products on utility, speed, operational flexibility, customer experience, and the extent to which the FDIC's policy choices make stablecoins more or less competitive compared to those alternative products on these and other metrics. At minimum, the FDIC needs to broaden its regulatory impact analysis to account for that competition more directly. A more fulsome analysis of the expected effects of the FDIC's rule would be more realistic and better aligned with market conditions, and ensure that the FDIC's final rule is consistent with Congress's and the agency's goal of promoting fair competition and responsible innovation in this emerging new industry.

VI. The FDIC should address regulatory treatment of tokenized deposits in a separate notice-and-comment rulemaking.

Although the Proposed Rule does not directly address the regulatory requirements applicable to tokenized deposits, Questions 137 and 139 request comments on "[w]hat challenges, if any, do tokenized deposits present as to blockchain and distributed ledger recordkeeping," and "[w]hat additional clarifications of existing pass-through rules are needed, if any, to address tokenized deposit arrangements[.]" 91 Fed. Reg. 18,561.

Tokenized deposits present different risks than traditional deposits and stablecoins due to the potential for a liquidity mismatch that does not exist for payments products and differences in reserve requirements. Traditionally, banks maintain fractional reserves on deposits and use deposited funds to make loans that are often illiquid. By contrast, stablecoins are backed by a mandatory 1:1 reserve held in highly liquid, low-risk cash and cash equivalents. Depositors with tokenized deposits could withdraw funds from a bank at blockchain speed, 24 hours a day and 7 days a week, but banks, unlike stablecoin issuers, may be unable to liquidate assets quickly enough to meet large redemption demands.

Accordingly, the FDIC should not attempt to issue rules concerning the regulatory treatment of tokenized deposits in a rulemaking about stablecoins, especially given the lack of detail in the Proposed Rule on what the FDIC might be considering for tokenized deposits. Adding discrete requirements for tokenized deposits to this rulemaking would cause confusion over whether certain requirements apply to stablecoins or tokenized deposits—two assets that Congress intentionally kept separate in the GENIUS Act—and would leave unanswered important questions regarding other aspects of the regulatory treatment of tokenized deposits. Instead, the FDIC should initiate a separate notice-and-comment rulemaking to establish a thoughtful,

comprehensive regulatory regime for tokenized deposits. That would promote the safety of tokenized deposits as a financial product and ensure a level regulatory playing field for banks offering tokenized deposits and stablecoin issuers.

A separate rulemaking for tokenized deposits should apply the same technology-neutral approach as articulated by the FDIC in this Proposed Rule: if an underlying bank liability satisfies the definition of a deposit, tokenization does not change that result. *See supra* at 29. The FDIC should clearly distinguish between an underlying deposit and any tokenized representation layer. In a controlled tokenized-deposit arrangement, the legal status of the underlying deposit should remain anchored in the bank-controlled liability and authoritative record, even if a synchronized tokenized representation is used to evidence, transfer, or operationalize that position on different rails. The FDIC should also explicitly affirm that tokenized deposits issued by banks on permissioned blockchain infrastructure and settled on public blockchains should be treated as deposit liabilities under existing banking law, without any additional GENIUS Act overlay. A separate rulemaking should start from the premise that existing deposit regulations govern these products, and any new requirements should address only the incremental risks introduced by the tokenization layer.

In a separate rulemaking for tokenized deposits, the FDIC should also clarify how the following regulatory rules apply in tokenized deposit contexts, especially with respect to third-party arrangements such as omnibus, wallet enabled, and program-manager structures: (i) pass-through insurance requirements; (ii) account-titling expectations; (iii) owner identification; (iv) aggregation of deposits for calculation of deposit-insurance coverage; and (v) recordkeeping standards. These clarifications should include specific references to how traditional deposit-insurance principles apply if a product is in fact a deposit using tokenized representations. The FDIC should also ensure that on-chain records can form part of the evidentiary record for deposit accounts where they are linked to legally operative account records, customer-identity records, and ownership records maintained by an insured depository institution.

Finally, a separate rulemaking for tokenized deposits should reflect the market reality that both tokenized deposits and stablecoins are part of the same evolving digital-dollar landscape; the FDIC should analyze their interaction using a comparable method as the BA's recommendation above in Section V. Specifically, the FDIC should ensure that its proposed rule for tokenized deposits considers how the rule's structure and requirements will affect competition among different kinds of digital-dollar products, rather than simply analyze the rule's impact on tokenized deposits on a standalone basis.

Conclusion

We appreciate the opportunity to comment on the Proposed Rule. The FDIC should adopt the Proposed Rule with the above-described revisions. In doing so, the FDIC should ensure that the final framework aligns with that of other stablecoin regulators and protects the economic integrity of payment stablecoins while preserving the operational utility, settlement speed, and flexibility that users and market participants increasingly expect from digital-dollar instruments. The BA welcomes the opportunity to meet with the FDIC to address any questions regarding this comment letter.

Respectfully submitted,

/s/ Ashok Pinto
Ashok Pinto
Executive Vice President
Legal and Government Relations

Exhibit A

May 1, 2026

Via electronic submission: http://www.regulations.gov

Jonathan V. Gould
Comptroller of the Currency
Office of the Comptroller of the Currency
400 7th Street S.W.
Suite 1E–216
Washington, DC 20219

Re: Implementing the Guiding and Establishing National Innovation for U.S. Stablecoins Act for the Issuance of Stablecoins by Entities Subject to the Jurisdiction of the Office of the Comptroller of the Currency

Dear Comptroller Gould:

The Blockchain Association submits this letter in response to the request for comments by the Department of the Treasury's Office of the Comptroller of the Currency ("OCC") on its Proposed Rule Implementing the Guiding and Establishing National Innovation for U.S. Stablecoins Act for the Issuance of Stablecoins by Entities Subject to the Jurisdiction of the Office of the Comptroller of the Currency, 91 Fed. Reg. 10,202 (Mar. 2, 2026).

The Association is the leading nonprofit membership organization dedicated to promoting a pro-innovation policy environment for the digital asset industry. The Association endeavors to achieve regulatory clarity and to educate policymakers, regulators, courts, and the public about how blockchain technology can pave the way for a more secure, competitive, and consumer-friendly digital marketplace. The Association represents more than 100 member companies reflecting the wide range of the dynamic blockchain industry, including software developers, infrastructure providers, exchanges, custodians, investors, and others supporting the public blockchain ecosystem.

Introduction and Executive Summary

The Association supports the OCC's efforts to establish a comprehensive regulatory framework for stablecoins under the GENIUS Act. The Association has long called for greater regulatory clarity in the digital asset industry, especially through notice-and-comment rulemaking. The Association and its members are committed to helping build a stablecoin ecosystem that fosters "financial stability" and "customer confidence." 91 Fed. Reg. at 10,224, 10,267. The Association agrees that "regulatory clarity and simplification from the proposed rule will stimulate payment stablecoin issuance in the short-run, beyond issuance that would have taken place in the absence of the proposed rule." *Id.* at 10,268. The Association also applauds the OCC's efforts to ensure the Proposed Rule "promote[s] fair competition between banks and non-banks[.]" *Id.* at 10,267. These positive outcomes would be consistent with the Trump Administration's goal of "promot[ing] the development and growth of lawful and legitimate dollar-backed stablecoins worldwide." Exec. Order 14178, 90 Fed. Reg. 8647, 8647 (Jan. 23, 2025). They would also be in line with the

Administration's priority to "support growth and innovation in the digital assets industry, protect consumers, and keep the United States at the forefront of digital asset development."[1]

To further these goals, the OCC should calibrate its final rule with that practical market evolution in mind. Users increasingly expect dollar instruments to move on shorter and more predictable settlement cycles; a rule that expects delayed settlement cycles or imposes a blunt automatic delay of access due to a liquidity-outflow event risks undermining the very utility that makes these instruments useful in the first place. Payment stablecoins increasingly compete on speed, predictability, and interoperability, and the regulatory framework should therefore remain workable not only for today's market structure, but also for a market moving toward shorter settlement cycles and more seamless interaction between on-chain and traditional payment rails.

The Association supports the policy goals of the GENIUS Act and many aspects of the Proposed Rule. But several provisions, as currently drafted, exceed the OCC's statutory authority, impose unreasonable operational burdens on issuers, and would create unreasonable risks for stablecoin holders and issuers alike. In the sections below, the Association highlights targeted revisions that would better align the OCC's final rule with the GENIUS Act's text and pro-innovation objectives, as well as current industry practice.

- **Reserve assets:** The OCC should adopt a principles-based diversification standard (Option A) without any quantitative safe harbor. The rigid thresholds (including the safe harbor's metrics) in the Proposed Rule are inconsistent with the GENIUS Act, operationally impracticable for many stablecoin issuers, and unsupported by an evidentiary record sufficient to justify the immense burden they would impose. Should the OCC choose to adopt a safe harbor in its final rule, the OCC should reframe the safe harbor as a procedural requirement (e.g., issuer-approved diversification policies), and it should not become a de facto supervisory floor. The OCC should also clarify that tokenized forms of otherwise eligible reserve assets are presumptively permissible assets to satisfy the reserve requirement, consistent with the GENIUS Act's express inclusion of tokenized reserves in the statutory list of authorized assets. And the OCC should not impose any minimum requirement to hold reserves in insured deposits, which is operationally infeasible for large issuers, would add complexity without any prudential benefit, and would likely reduce rather than enhance redemption readiness.
- **Yield or interest prohibition:** The OCC should not extend the GENIUS Act's prohibition on payment of yield or interest by issuers to third parties through a regulatory presumption. Broadly restricting third-party rewards programs would exceed the OCC's authority under the GENIUS Act and would inhibit the development of stablecoin-based financial products.
- **Multi-brand issuance:** The OCC should maintain the Proposed Rule's current approach and not add a prohibition against multiple brands of stablecoins. Multi-brand issuance supports competition and innovation, mirrors long-standing practice in similar industries, and promotes uniformity with the Federal Deposit Insurance Corporation's ("FDIC") implementation of the GENIUS Act.
- **Automatic redemption delays:** The OCC should also remove the proposed automatic, non-discretionary extension of the redemption period in proposed Section 15.12(c)(1). An automatic redemption delay would encourage runs and undermine consumer confidence

[1] *Fact Sheet: The President's Working Group on Digital Asset Markets Releases Recommendations to Strengthen American Leadership in Digital Financial Technology*, The White House (July 30, 2025), https://tinyurl.com/35es4wjr.

in stablecoins; indeed, the SEC has repealed a similar rule for money-market funds for this exact reason.

- **Minimum redemption threshold:** The OCC should not require issuers to redeem any number greater than or equal to one stablecoin. The GENIUS Act does not compel a one-unit redemption minimum. And this extremely low redemption threshold would impose disproportionate know-your-customer and anti-money-laundering compliance burdens that provide little incremental consumer benefit.
- **Assessments:** The OCC should base assessments on outstanding issuance value rather than an asset-based formula. Issuance value better reflects stablecoin activity and the OCC's expected supervisory intensity and avoids unnecessary operational complexity.
- **Technical adjustments:** The OCC should make a number of technical revisions to clarify certain provisions and reduce unnecessary compliance and operational friction, including:
    - Permitting issuers to determine whether certain reporting obligations are satisfied at the issuer or issuance level;
    - Narrowing the definition of "customer" to include only purchasers who buy stablecoins directly from an issuer;
    - Calculating the redemption period to begin after completion of necessary onboarding steps;
    - Accommodating privacy-enhancing technologies on public blockchains;
    - Confirming that issuers may repurchase their stablecoins on secondary markets;
    - Clarifying that deployers and distributors are not issuers or digital asset service providers absent other qualifying activity;
    - Permitting stablecoin issuers whose stablecoins are not denominated in U.S. dollars to manage foreign exchange risk;
    - Clarifying that reporting and attestations can reflect the brand-level issuance value, including similarly branded stablecoins issued by affiliates as part of the same issuance structure;
    - Continuing to allow stablecoin issuers to hold non-payment stablecoin crypto assets as necessary to engage in permissible business activities;
    - Ensuring that extended examination cycles are based on issuance value; and
    - Framing any blocking, freezing, or seizing capability by an issuer as a functional requirement.

In considering these and other design choices for a final rule, the OCC should conduct a more fulsome regulatory impact analysis that accounts for competition from adjacent digital-dollar products, including tokenized deposits. Each of the substantive policy choices in the OCC's final rule will have effects on this competitive marketplace, including how stablecoins compare to alternative products in terms of their utility, speed, operational flexibility, and customer experience.

These improvements would be consistent with the OCC's stated goals in this rulemaking, preserve the Proposed Rule's benefits, help ensure regulatory clarity, consumer protection, and fair competition between banks and nonbanks, make the final rule more consistent with the GENIUS Act, reduce unnecessary operational burdens, and avoid introducing new risks to stablecoin issuers and holders.

The OCC's Mandate Under The GENIUS Act

GENIUS Act. This rulemaking implements the Guiding and Establishing National Innovation for U.S. Stablecoins Act, 12 U.S.C. § 5901 *et seq.* ("GENIUS Act" or the "Act"). The GENIUS Act "protects consumers from nefarious actors in financial markets," "attract[s] more digital asset activity to the country by providing clear rules and promoting responsible innovation in the stablecoin market," and "combat[s] illicit activity in digital assets."[2] The Act establishes a comprehensive statutory scheme governing payment stablecoins—meaning "digital asset[s]" that are used or designed to be "used as a means of payment or settlement," "the issuer of which is obligated to . . . redeem . . . for a fixed amount of monetary value" and "represent that" the issuer will maintain a "stable value relative to the value of a fixed amount of monetary value." 12 U.S.C. § 5901(22). Among other provisions, the Act defines which entities are authorized to issue payment stablecoins; imposes marketing, reserve assets, and liquidity standards on permitted payment stablecoin issuers; preempts state licensing requirements with respect to "Federal qualified payment stablecoin issuer[s]" (i.e., nonbanks or uninsured banks); and prioritizes claims of stablecoin holders in insolvency proceedings. *See* 12 U.S.C. § 5901 *et seq.*

Under the Act, the OCC serves as the "primary Federal payment stablecoin regulator" for "Federal qualified payment stablecoin issuer[s]" and has exclusive licensing, examination, and supervisory authority over such issuers. 12 U.S.C. § 5903(b)(1). The OCC is also the primary federal regulator for subsidiaries of insured national banks or federal savings associations and exercises regulatory or enforcement authority over certain "State qualified payment stablecoin issuer[s]." *Id.* §§ 5901(25), 5906(e), 5903(d). In addition, the OCC oversees registration and monitoring of foreign payment stablecoin issuers. *Id.* § 5916. The Act requires the OCC and other "[f]ederal payment stablecoin regulator[s]" to "promulgate regulations to carry out this chapter through appropriate notice and comment rulemaking." *Id.* § 5913(a).

Comments On The Proposed Rule

In several respects, the OCC's Proposed Rule is a step forward for the industry and increases regulatory clarity for stablecoin issuers, consistent with the intent of the GENIUS Act. For example, the Association supports the Proposed Rule's clarity on the types of permitted issuers, application process, and capital expectations, as well as the absence of a prohibition on multi-brand issuance. The OCC should adopt those provisions as drafted.

Although some provisions of the Proposed Rule should be adopted as proposed, the OCC should remove or substantially revise other provisions to: (i) ensure consistency with the GENIUS Act; (ii) avoid imposing substantial and unjustified operational burdens on issuers; and (iii) avoid introducing unintended risks to both stablecoin issuers and holders. If the OCC does not remove or substantially revise those provisions along the lines described below, it should study them further and repropose them for further comment to ensure that the public has an adequate opportunity to comment based on a complete evidentiary record.

[2] *Fact Sheet: President Donald J. Trump Signs GENIUS Act into Law*, The White House (July 18, 2025), https://tinyurl.com/chutjkkm; *see also FACT SHEET: The GENIUS Act Protects Consumers*, S. Comm. on Banking, Hous. & Urb. Affs. (Apr. 16, 2025), https://tinyurl.com/2md9njxr.

I. The final rule should revise the proposed reserve-diversification requirements.

A. Option B and the safe harbor in Option A impose arbitrary quantitative requirements without justification and should not be adopted without an evidentiary basis and an opportunity for commenters to weigh in on the OCC's evidence.

Proposed Section 15.11 addresses stablecoin issuers' reserve requirements; subsection (c) addresses diversification and concentration requirements specifically. The OCC has proposed two options for Section 15.11(c). Under Option A, a stablecoin issuer "must maintain reserve assets that are sufficiently diverse to manage potential credit, liquidity, interest rate, and price risks" and sufficiently spread across "eligible financial institutions." 91 Fed. Reg. at 10,289. A stablecoin issuer would be "deemed to satisfy" those requirements if it meets certain quantitative thresholds, but would not be required to satisfy the thresholds. *Id.* Under Option B, by contrast, a stablecoin issuer would be required to meet those same thresholds. *See id.*

The Association objects to the proposed safe harbor in Option A and the quantitative requirements of Option B, which impose the same arbitrary requirements of the safe harbor in Option A, but without the veil of flexibility. These kinds of numerical diversification requirements are operationally impractical and would limit innovation by ruling out business models that, although perfectly safe, would not be workable under the OCC's rigid quantitative thresholds.

Rigid rules and safe harbors like those in the Proposed Rule could force issuers to make non-economic decisions. For example, during periods of market volatility, an issuer's liquid reserve assets may decline in value such that the issuer may be forced to convert its longer-term assets into liquid assets at a loss to meet the 30% near-term liquidity requirement.[3]

Similarly, during periods of high interest rates, the Proposed Rule's requirement of a weighted average maturity of no more than 20 days prevents issuers from taking advantage of higher yields offered by longer-term, high-quality assets. Moreover, a short weighted average maturity time means that issuers must constantly reinvest matured assets. This process requires issuers to incur significant transaction costs, and also poses reinvestment risks as issuers may be unable to find high-grade, short-term products to reinvest their cash flows in, especially during periods of falling interest rates or market volatility.[4] Forcing those losses onto stablecoin issuers does nothing to protect stablecoin holders or serve the purposes of the GENIUS Act.

Indeed, the proposed 20-day weighted average maturity limit exceeds the OCC's authority under the GENIUS Act because it effectively changes the statutory basket of eligible reserve assets. The GENIUS Act already limits reserve assets to highly liquid, low-risk cash and cash equivalents. As a practical matter, a weighted average maturity of no more than 20 days could exclude safe assets with longer maturities that Congress expressly permitted issuers to hold as reserve assets. The proposed weighted average maturity limit may also be inapplicable to various types of issuers.

In addition, as currently structured, the proposed numerical requirements in Option B and the Option A safe harbor skew disproportionately towards reserve diversification as a standalone policy objective at the expense of prudent liquidity management. This approach would add

[3] *See Banks' Unrealized Losses, Part 1: New Treatment in the "Basel III Endgame" Proposal*, Cong. Rsch. Serv. (Apr. 22, 2024), https://tinyurl.com/musk9wcd.

[4] *See Reinvestment Risk of Short-Term Bonds*, Charles Schwab (Nov. 15, 2024), https://tinyurl.com/6p65ux25.

significant operational burdens for both startup and established issuers, which could impede timely redemption and settlement. The purpose of the GENIUS Act's conservative reserve-asset requirements is to ensure that funds are available when stablecoin holders need them. The rigid diversification requirements in the Proposed Rule are inconsistent with that statutory mandate because they would impede redemption and add operational and credit risk to the system.

Numerical thresholds would also be impracticable for some issuers' operational models. For example, if an issuer maintains separate trusts for each branded stablecoin's reserve assets, the issuer would have to allocate each trust's reserves among many custodians and in different types of assets to comply with the safe harbor in the Proposed Rule. This process would both be operationally intensive and incur more financial risks, as the issuer may be forced to interact with less established custodians or pay substantial upcharges to work with financial institutions with uncompetitive pricing.

Nor is there any need to impose quantitative diversification requirements on issuers given the fact that stablecoins have a 1:1 reserve requirement and stablecoin issuers can satisfy that requirement only by holding certain very safe types of assets specified by Congress. Other federal regulators recognize that diversification requirements can be more flexible when reserves are held in such safe assets. The FDIC recently issued its own proposed rule under the GENIUS Act, and the FDIC rightly recognized that "[g]iven the narrow scope of eligible reserve assets" under the GENIUS Act, "extensive asset diversification requirements are [not] necessary." 91 Fed. Reg. 18,534, 18,542 (Apr. 10, 2026). For similar reasons, the SEC exempts "government securities" from its diversification requirements for money-market funds. *See* 17 C.F.R. § 270.2a-7(d)(3). And banks, which are required to maintain only fractional reserves, are not subject to stringent reserve-diversification requirements at all; instead, they have the flexibility to create a reserve-asset portfolio that works for their business, so long as they meet the liquidity-coverage ratio.

In addition to these problems, Option B and the proposed safe harbor in Option A, if adopted by the OCC, would be arbitrary and capricious because the OCC "must examine the relevant data and articulate a satisfactory explanation for its action including a rational connection between the facts found and the choice made." *See Motor Vehicle Mfrs. Ass'n of U.S., Inc. v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 43 (1983) (cleaned up). Option B and the proposed safe harbor in Option A fail to satisfy that standard because they would impose unexplained and unsupported numerical thresholds on issuers. The OCC does not describe with specificity any underlying data to justify the selection of the particular quantitative metrics the OCC has proposed. *See, e.g.*, 91 Fed. Reg. at 10,217 (the proposed 10% daily liquidity requirement "would be in line with the largest 1-day redemption events experienced by stablecoin issuers"). And should the OCC choose to supplement the administrative record with factual information from which it derived the numerical thresholds, it would be required to repropose those thresholds and reopen the comment period. *See United States v. Nova Scotia Food Prods. Corp.*, 568 F.2d 240, 252 (2d Cir. 1977) ("To suppress meaningful comment by failure to disclose the basic data relied upon is akin to rejecting comment altogether."); *Chamber of Com. of U.S. v. SEC*, 443 F.3d 890, 899 (D.C. Cir. 2006) ("Among the information that must be revealed for public evaluation are the 'technical studies and data' upon which the agency relies.").

Nor does any such data or evidence exist—stablecoins have not existed in large scale long enough for the OCC to develop any preemptive metrics on reserve-asset diversification or liquidity. Under proposed Section 15.14(h), the OCC will receive regular reports of various information from issuers, including trading volume, secondary market activity, redemption volume and times, and "detailed information regarding reserve assets." 91 Fed. Reg. at 10,225. Under proposed Section 15.14(i), the OCC will also receive regular reports of financial condition from issuers, including "income

statement, expenses, balance sheet, reserves, changes in equity, investments, capital, outstanding issuance value, and assets under custody[.]" *Id.* Over time, with access to a large pool of information from various issuers, the OCC will be in a much better position to make informed decisions about whether quantitative requirements are appropriate and what they should be. In the meantime, the OCC should not stifle innovation in the stablecoin industry by prematurely promulgating arbitrary and unreasonable quantitative metrics that are unsupported by empirical data.

B. Option A, without the quantitative safe harbor provisions, would establish a "principles-based" reserve diversification requirement, while still fostering innovation and flexibility.

The Association supports a modified version of Option A—the adoption of "a principles-based general requirement" for "reserve asset diversification." 91 Fed. Reg. at 10,216. But the additional proposed safe harbor in Option A raises concerns that, in practice, this safe harbor will be viewed as a supervisory "floor" and that the OCC will consider any deviation to be problematic.

In traditional banking regulations, safe-harbor provisions are designed to shield institutions from liability when they act in good faith to comply with the law. Those provisions provide legal certainty without dictating operational outcomes. By contrast, the proposed safe harbor in Option A, rather than offering a clear liability shield, could be perceived as a framework more akin to a rebuttable presumption, where deviation from the OCC's proposed criteria invites heightened scrutiny. In practice, the proposed safe harbor risks creating a form of implicit supervisory pressure, where issuers will feel compelled to conform to the safe harbor regardless of whether it aligns with their specific risk profile. That approach undermines the flexibility inherent in a principles-based, risk-adjusted supervisory model. Moreover, unlike other regulatory agencies, the OCC has historically relied more heavily on principles-based supervision, rather than prescriptive rules with embedded safe harbors. There is no reason for the OCC to deviate from that approach in the final rule.

If a safe harbor is viewed as necessary for the OCC to provide a level of predictability for issuers, the safe harbor should be based on individual stablecoin issuers' internal procedures and policies—i.e., the safe harbor would be satisfied if a stablecoin issuer maintains reserve-diversification requirements, as approved by its Board of Directors (or equivalent body) and, to the extent there is a deviation from such diversification requirements for a period of 10 consecutive business days, the issuer would be required to notify the OCC. This structure preserves flexibility for stablecoin issuers, while enabling the OCC to continue to receive information about their reserves, without imposing arbitrary diversification thresholds.

Stablecoin issuers are diverse. As the Association's membership demonstrates, stablecoin issuers have widely variable sizes, risk profiles, and business models. These different business models (and other business models) require different reserve-diversification strategies. For example, some issuers opt to hold all reserves in cash and cash-equivalent assets, while others have a higher concentration of U.S. Treasury funds and stablecoins.[5] Simple reserve structures may be sufficient for smaller or simpler issuers with lower redemption volumes, while large, globally active issuers may prefer to custody their reserves in global settlement accounts, "including [at] any foreign branches or agents, including correspondent banks, of an insured depository institution." 12 U.S.C. § 5903(a)(1)(A)(ii). Some issuers may also rely more heavily on custodial or trust structures—for

[5] *USDC: The world's largest regulated stablecoin powering global finance*, Circle (accessed May 1, 2026), https://tinyurl.com/9e2mwdyh; *Transparency*, Frax.com (accessed May 1, 2026), https://tinyurl.com/yc478vvd.

example, large trust structures that are bankruptcy-remote and carry no credit risk—for Treasuries and collateral.

The different reserve-asset allocations by stablecoin issuers should be managed by the issuers themselves to reflect their different business models, sizes, and positions within the stablecoin market. And the OCC should accommodate the diversity of stablecoin issuers by allowing them to choose an allocation of reserve assets that best suits their needs without compromising safety. The OCC correctly recognizes that "[p]ermitted payment stablecoin issuers with less complex business models and lower risk profiles may be able to maintain a less diverse stock of reserve assets than permitted payment stablecoin issuers with more complex business models or higher risk profiles." 91 Fed. Reg. at 10,216. For example, a stablecoin with $2 million in circulation that holds 41% of its reserve assets at one institution is significantly less vulnerable to a liquidity crunch at the institution than a similarly situated stablecoin with $150 billion in circulation, even though both are equally non-compliant with Option B's numerical thresholds. This is because withdrawal of reserve assets by the smaller issuer would not significantly impact the institution's liquidity, whereas the institution may have trouble meeting large withdrawal requests by the larger issuer, even if the larger issuer were to withdraw a smaller portion of its total reserve assets.

In short, the OCC's final rule should require only that stablecoin issuers manage their reserves to be sufficiently diversified to enable redemptions. Option A, without the rigid safe harbor in the Proposed Rule, enables stablecoin issuers to manage their reserve assets in a manner most aligned to their risk profile and to account for market conditions and operational risks while adequately diversifying their reserve assets. That would lower operational burdens on small issuers and operational models at some large issuers compared to Option B (or Option A with the proposed safe harbor), given the level of active management and onboarding that may be necessary to meet the quantitative thresholds and concentration risks. This is "consistent with the GENIUS Act's requirements that the proposed asset diversification requirements be 'tailored to the business model and risk profile of permitted payment stablecoin issuers.'" 91 Fed. Reg. at 10,217 (citing 12 U.S.C. § 5903(a)(4)(A)(iii)(I)). And Option A, without the safe harbor, encourages innovation by allowing future stablecoin issuers to choose allocations that are conducive to innovative business models. This would be consistent with President Trump's directive to encourage innovation in this new industry and "make the United States the 'crypto capital of the world.'"[6]

The Association supports Option A without the proposed safe harbor and the OCC should take that approach in the final rule. In the event the OCC decides to adopt Option A with a safe harbor, the OCC should revise the safe harbor in at least two ways to increase flexibility for issuers.

First, the final rule should make clear that the safe harbor is just that. In practice, regulators sometimes come to treat provisions nominally designed as safe harbors as minimum requirements. To eliminate that possibility, the final rule should include language, codified in regulatory text, explicitly stating that meeting the safe harbor is just one way to comply with the rule's diversification requirements, that the OCC cannot apply any formal or informal presumption of non-compliance against any issuers who choose to meet reserve-diversification requirements through other means, and that the OCC will allow any reasonable alternative methods of satisfying the final rule's diversification requirements.

Second, certain concentration thresholds in the optional safe harbor should be removed or reframed as procedural requirements. Diversification requirements should not force issuers to

[6] *Fact Sheet: President Donald J. Trump Signs GENIUS Act into Law*, The White House (July 18, 2025), https://tinyurl.com/chutjkkm.

sacrifice their liquidity and ability to monetize large balances of reserves to meet redemption requests. For large-scale issuers, the market reality is that there are a finite number of entities globally with sufficient capacity and scale to support large movements of reserve assets. Moreover, assets held in trust or custodial structures do not present the same type of counterparty exposure as uninsured deposits; therefore, each limit should be excluded from the safe harbor. Specifically,

- Proposed Section 15.11(c)(2)(iv): The final rule should remove this subsection. It is neither necessary nor practicable to require issuers to hold no more than 5% of their reserves at a single institution.
- Proposed Section 15.11(c)(2)(ii): The OCC should either remove this subsection or substitute the current text with "The permitted payment stablecoin issuer maintains a policy, subject to an annual Board approval, to review the required percentage of reserve assets that are deposits or insured shares payable upon demand, money standing to the credit of an account with a Federal Reserve Bank, or amounts receivable and due unconditionally within five business days on pending sales of reserve assets, maturing reserve assets, or other maturing transactions."
- Proposed Section 15.11(c)(2)(iii): The OCC should either remove this subsection or replace it with "The permitted payment stablecoin issuer maintains a policy, subject to an annual Board approval, that considers concentration limits with regard to eligible financial institutions that serve as custodians of reserve assets, hold reserve funds on deposit, or act as a counterparty on repurchase and/or reverse repurchase agreements with regard to reserve assets."
- Proposed Section 15.11(c)(2)(v): The OCC should remove this subsection. The proposed 20-day weighted average maturity limit exceeds the OCC's authority under the GENIUS Act, imposes arbitrary burdens on issuers, and may not be applicable to various types of issuers. *See supra* at 5.

These modifications increase the likelihood that the safe harbor, if adopted, would allow sufficient flexibility to accommodate different types of issuers and would not impose an undue burden on the industry. More generally, the OCC should seek to protect the economic integrity of payment stablecoins without sacrificing the practical utility that makes them valuable as real settlement instruments in digital markets.

C. The OCC should clarify that tokenized forms of otherwise eligible reserve assets are presumptively permissible.

The OCC "encourages any permitted payment stablecoin issuer that seeks clarity on whether a specific tokenized asset qualifies as a permissible reserve asset under proposed § 15.11(b)(8) to seek an opinion from the OCC" and is "considering publishing a list of . . . the acceptable tokenized reserve assets." 91 Fed. Reg. at 10,215. The OCC should not require issuers to obtain case-by-case approval of specific tokenized assets or allow issuers to hold only tokenized assets on a closed list published by the OCC.

Either approach would be inconsistent with the GENIUS Act's clear statutory text providing that an issuer may hold "reserves comprising" "*any* reserve described in clause (i) through (iii) or clause (vi) through (vii) in tokenized form." 12 U.S.C. § 5903(a)(1)(A)(viii) (emphasis added). For example, the OCC lacks statutory authority to limit the use of tokenized assets to those that could hypothetically be issued by the Treasury Department. Moreover, given the rapid evolution of different forms of tokenized products, it would be premature for the OCC to publish a closed list at this point or extra-

statutory criteria for tokenized assets. The OCC should instead conform the final rule to the general statutory principle that a tokenized asset that otherwise satisfies 12 U.S.C. § 5903(a)(1)(A)(viii) can be used to satisfy the statutory reserve requirement regardless of the issuer, so long as the asset entitles its holder to the same legal rights as the untokenized version of the same asset. Issuers should retain discretion to hold tokenized assets as reserves if the issuer determines that they satisfy the statutory standard, without seeking any form of mandatory pre-approval or authorization from the OCC.

That said, the Association would welcome public guidance from the OCC consistent with the statutory principles described above, including non-exclusive examples of permissible tokenized assets, and confirming that issuers may hold these and other tokenized assets that satisfy the statutory standard in their reserves. The non-exclusive list should include, at minimum, tokenized funds holding short-duration U.S. government securities and other tokenized assets with high credit quality and short-term liquidity.

D. The final rule should not impose any insured-deposit minimums.

Proposed Section 15.11(d) requires an issuer "with an outstanding issuance value of $25 billion or more to, on each business day, maintain at least 0.5 percent of its reserve assets in the form of insured deposits or insured shares at an insured depository institution, up to a cap of $500 million." 91 Fed. Reg. at 10,219. The OCC should not adopt this requirement or any minimum insured-deposit requirement in its final rule. As a practical matter, proposed Section 15.11(d) may be operationally infeasible because the FDIC does not insure deposits above the $250,000 corporate limit.[7] Proposed Section 15.11(d) may therefore weaken redemption readiness rather than strengthen it. A mandatory deposit minimum would also add operational complexity for issuers with little prudential benefit, as banks receiving substantial portions of deposits would offer insured cash sweeps to maximize insurance, without the separate insured deposit minimum. The Association shares the OCC's desire to provide "security for reserve assets" and "promote market and holder confidence about the integrity of reserve assets." 91 Fed. Reg. at 10,219. But reserve safety should be achieved through asset quality and segregation of issuers' reserves, legal protections for stablecoin holders, and reliable access, rather than through any rigid insured-deposit minimum.

II. Issuers should not be prohibited from issuing more than one brand of payment stablecoins.

The OCC correctly decided not to prohibit a payment stablecoin issuer from issuing multiple brands of stablecoins. *See* 91 Fed. Reg. at 10,288. But the OCC requested comment on whether it should consider adding such a provision. *See id.* at 10,213. The OCC should keep the issuance of multiple brands of stablecoins off the list of prohibited activities. Multi-brand issuance benefits both stablecoin holders and the digital asset industry.

As a threshold matter, the approach in the Proposed Rule is consistent with the GENIUS Act's statutory directive that the OCC issue regulations "in coordination" with other "primary Federal payment stablecoin regulators." 12 U.S.C. § 5903(h)(2). The FDIC's proposed rule, like the OCC's proposal, would allow a stablecoin issuer to "issue multiple brands of distinct payment stablecoin." 91 Fed. Reg. at 18,541. The OCC's final rule should maintain that consistency, which would serve Congress's goal of creating a uniform federal regulatory regime through the GENIUS Act.

[7] *Corporation, Partnership and Unincorporated Association Accounts*, FDIC (May 29, 2024), https://tinyurl.com/4s2nccv8.

As the OCC correctly recognizes, "permitting a payment stablecoin issuer to issue multiple brands of stablecoin" would "allow parties to leverage the experience and expertise of a permitted payment stablecoin issuer and facilitate a broader range of stablecoins in the market." 91 Fed. Reg. at 10,213. Both crypto companies and traditional retailers interested in launching branded stablecoins could do so within weeks by partnering with an issuer, saving the substantial costs necessary to develop stablecoin technology and build the compliance framework required by the GENIUS Act. The OCC's proposed approach would enable issuers to offer white-labeled stablecoins that integrate their partner firms' customer-loyalty programs, enhancing the user experience and reducing friction during a user's first time using the stablecoin. An issuer could also use multiple brands to target different user bases (e.g., retail users vs. institutional investors) or geographies. And allowing issuers to offer multiple brands of stablecoins empowers users to purchase the stablecoin best suited for their particular needs.

Any concern that multi-brand issuance may confuse stablecoin holders as to "who has the ultimate obligation to redeem their payment stablecoin" is overstated. 91 Fed. Reg. at 10,221. Financial institutions have long offered multiple cash-equivalent products (such as checking accounts, savings accounts, and money-market accounts) with differing features, terms, and risk characteristics. Any risk of consumer confusion can be effectively managed through clear disclosures, product labeling, and other established consumer-protection frameworks. In any event, multi-brand issuance is unlikely to create confusion because consumers are already familiar with co-branded credit cards; consumers understand that, for example, a Disney credit card and a Marriott credit card are both issued by Chase Bank.[8]

Moreover, an issuer offering multiple brands of stablecoin is no different from a bank operating multiple branches under different names. In that context, banking regulators noted that customers "may inadvertently exceed FDIC insurance limits by depositing excess amounts in different branches of the same institution," but they nevertheless did not prohibit banks from offering multiple brands and only "recommend[ed]" disclosures to prevent "customer confusion with respect to deposit insurance."[9] The OCC should not subject stablecoin issuers to more stringent branding rules than banks, especially because there is no analogous concern that stablecoin holders will be confused about deposit-insurance limits (since deposit insurance is generally unavailable to stablecoin holders). And the disclosure requirements under proposed Section 15.12(d)(1) already "prevent confusion and ensure that payment stablecoin holders understand" the true identity of the issuer.[10] 91 Fed. Reg. at 10,221.

Any concern that multi-brand issuance may "foster uncertainty about reserve assets and encourage contagion and run risk among brands of payment stablecoins" is overblown for three reasons. 91 Fed. Reg. at 10,213. First, some issuers today already maintain separate trusts to hold reserve assets for stablecoins issued under different white-label arrangements. Even without separate trusts, stablecoin issuers are more than capable of calculating the reserve assets needed to maintain 1:1 backing of outstanding stablecoins under all brands, and the OCC is more than capable of ensuring that they have done that math correctly. Second, the OCC has not explained

[8] *All Credit Cards*, Chase (accessed May 1, 2026), https://tinyurl.com/a9ejwyf5.

[9] FIL-46-98 Attachment B, Interagency Statement, Branch Names (May 1, 1998), https://tinyurl.com/5xpjhmsr.

[10] The Proposed Rule cites proposed Section 15.11(d)(1) for the proposition that the required disclosures are "necessary to prevent [customer] confusion." 91 Fed. Reg. at 10,221. This appears to be a cross-reference error as there is no Section 15.11(d)(1) in the Proposed Rule. The correct provision should be proposed Section 15.12(d)(1); we have therefore cited to proposed Section 15.12(d)(1) instead here.

why an issuer offering multiple brands of a stablecoin would increase its run risks more than a bank offering multiple brands all under the same umbrella institution. Indeed, because the GENIUS Act requires stablecoin issuers to maintain a 1:1 reserve ratio for outstanding payment stablecoins, 12 U.S.C. § 5903(a), a stablecoin holder faces far lower run risks than a customer who has deposited more than $250,000 across multiple brands of a bank. Third, as banks with multiple brands operating under a single charter do not maintain separate reserves for those brands, any contagion risks due to these bank brands would be similar to those for an issuer with multiple stablecoin brands. There is no reason to impose stricter rules on stablecoin issuers than those that apply to banks.

To the extent the OCC has questions about operational complexity in a resolution scenario that might result from an issuer offering multiple brands of a stablecoin, such concerns should be carefully distinguished from the question whether issuers should be permitted to issue multiple brands. Complexity within a resolution scenario is generally driven primarily by interconnectedness of a wide range of bank and trading activities and ambiguity with regard to the legal rights and timing to exercise such rights. In this context, the questions would center around the legal structure of claims, clarity of redemption rights, and the segregation and management of reserve assets, all of which can be effectively mitigated through clear legal documentation, consistent treatment of similarly situated claimants, and robust operational planning, without requiring limitations on product branding.

III. The prohibition on payment of interest or yield should not apply to third parties.

The GENIUS Act prohibits a "permitted payment stablecoin issuer or foreign payment stablecoin issuer" from "pay[ing] the holder of any payment stablecoin any form of interest or yield (whether in cash, tokens, or other consideration) solely in connection with the holding, use, or retention of such payment stablecoin." 12 U.S.C. § 5903(a)(11). The Proposed Rule restates that prohibition and adds that the OCC "presumes that a permitted payment stablecoin issuer" has violated it if "[t]he permitted payment stablecoin issuer has a contract . . . with an affiliate of the issuer or related third party to pay interest or yield to the affiliate or related third party" and the "affiliate or related third party . . . has a contract . . . to pay interest or yield . . . to a holder of any payment stablecoin issued by the permitted payment stablecoin issuer solely in connection with the holding, use, or retention of such payment stablecoin." 91 Fed. Reg. at 10,288. The Proposed Rule defines "related third party" broadly to include "any person paying interest or yield to payment stablecoin holders as a service (i.e., on behalf of the permitted payment stablecoin issuer) and any person that the issuer issues payment stablecoins on behalf or under the branding of (i.e., persons that have entered [a] white-label relationship with the issuer)." *Id.* at 10,212. In doing so, the Proposed Rule would potentially prohibit third parties that do not issue stablecoins but offer services enabling stablecoin holders to hold and exchange them from offering rewards to customers who hold stablecoins on their platforms.

By attempting to extend the prohibition on offering yield to any "related third party"—a phrase the Proposed Rule defines broadly—through a regulatory "presumption," the Proposed Rule exceeds the OCC's authority under the GENIUS Act. In addition to the statutory violation, extending the prohibition on offering yield to third parties would stifle innovation in the stablecoin space, in direct contravention of the GENIUS Act's purpose and Trump Administration policy.

The GENIUS Act prohibits only stablecoin *issuers* from paying interest or yield. Congress was well aware that third parties (including, but not limited to, crypto exchanges) offer yield on stablecoins, often under contracts with stablecoin issuers, when it passed the GENIUS Act. But Congress did not prohibit those arrangements and attempts to do so during the legislative process failed. *See*

171 Cong. Rec. S3275, S3287 (daily ed. June 9, 2025) (Senator Warren attempting to amend the GENIUS Act to state that "[n]o *person* may pay the holder of a payment stablecoin any form of interest or yield, or any other similar inducement, in connection with the holding, use, or retention of a payment stablecoin") (emphasis added).[11] The OCC "has no power to 'tailor' [the GENIUS Act] to bureaucratic policy goals by rewriting unambiguous statutory terms." *Util. Air Regul. Group v. EPA*, 573 U.S. 302, 325 (2014); *see Loper Bright Enters. v. Raimondo*, 603 U.S. 369, 400-01 (2024) (no deference for agency interpretation of statute that is inconsistent with the statute's text). Thus, the OCC's desire to prevent circumvention of the GENIUS Act's prohibition on issuers offering yield—a laudable goal that in narrow circumstances could potentially justify applying a rebuttable presumption to certain issuer affiliates such as wholly owned subsidiaries—cannot justify a broader presumption that would extend the prohibition to third parties.

Indeed, Congress is deliberating now on whether to prohibit intermediaries from offering yield in connection with the proposed CLARITY Act. *See* Senate Banking Committee, *Digital Asset Market Structure Request for Information*, at 5 (July 22, 2025), https://tinyurl.com/43bsz5ay ("Should legislation limit or prohibit the ability of digital asset intermediaries to offer rewards on digital assets, including stablecoins?"). Congress would not be actively debating this point if it had already resolved it in the GENIUS Act, or if it had authorized the OCC to do so. "Congress . . . make[s] major policy decisions itself"—it does "not leave those decisions to agencies." *West Virginia v. EPA*, 597 U.S. 697, 723 (2022).

Nor could the OCC justify the rule by stating that the presumption can be rebutted. Among other problems, issuers—the regulated parties under the Proposed Rule—often will lack access to the information necessary to rebut the presumption, which would instead be in the hands of third parties. If an issuer does not have a direct pass-through agreement with a third party that pays yield to stablecoin holders, the third party independently decides whether to pay yield to stablecoin holders. The issuer may not know or have any ability to control whether the third party will decide to pay yield or the terms of the third party's payments to stablecoin holders, and therefore may have no way of rebutting the presumption. In practice, the presumption would effectively function as a rule that prohibits third parties from offering yield when they have an agreement with stablecoin issuers. A presumption that is practically impossible to rebut is no presumption at all, but would instead operate as a prohibitive rule.

In any event, even if the GENIUS Act did permit the OCC to extend the prohibition on issuing yield further (it does not), the Proposed Rule's potential extension of the ban to third parties would be arbitrary and capricious. The purpose of the GENIUS Act is to "promot[e] responsible innovation in the stablecoin market."[12] Prohibiting third parties from offering rewards to stablecoin holders will *inhibit* innovation of stablecoin-based financial products. Yield programs are central to the functioning of crypto platforms because they: (1) attract capital inflow and boost liquidity, thereby enabling platforms to facilitate trading and reduce market friction; (2) increase retention of user capital on a platform, which provides stability during volatile periods; (3) allow users to receive returns on idle assets while remaining ready to execute trades; and (4) provide platforms with idle assets on-platform that can be used to generate revenue. Nor will allowing these arrangements have a meaningful impact on the banking industry. The White House Council of Economic Advisers

[11] *See also* 171 Cong. Rec. S3239, S3257 (daily ed. June 5, 2025) (similar failed amendment offered by Senator Hickenlooper, stating that "[n]o permitted payment stablecoin issuer . . . shall directly or *indirectly* pay the holder of any payment stablecoin any form of interest or yield[.]") (emphasis added).

[12] *Fact Sheet: President Donald J. Trump Signs GENIUS Act into Law*, The White House (July 18, 2025), https://tinyurl.com/chutjkkm.

recently found that eliminating stablecoin rewards would increase lending by only 0.02%, and at "a net welfare cost of $800 million."[13]

For all these reasons, the OCC should abandon the rebuttable presumption in the Proposed Rule.[14]

IV. The OCC should not automatically delay redemption in times of high demand.

The OCC should also remove the "non-discretionary," automatic extension of the redemption period "to seven calendar days if a permitted payment stablecoin issuer faces redemption demands in excess of 10 percent of its outstanding issuance value in a single 24-hour period" in proposed Section 15.12(c)(1). 91 Fed. Reg. at 10,220. Under proposed Section 15.12(c)(3), an issuer subject to this automatic extension may redeem "outstanding or subsequent redemption requests prior to the seven calendar day period" only with the OCC's approval. *Id.* The Association shares the OCC's goal that the Proposed Rule should "facilitate the orderly liquidation of sufficient reserve assets in the event of a spike in redemption requests and . . . help ensure financial stability by lowering the potential price impact of a sudden liquidation of reserve assets." *Id.* at 10,220, 10,221. But an automatic and mandatory extension of the time period for redemptions would be inconsistent with that goal—it would encourage, rather than discourage, runs by inflaming panic among stablecoin holders.

In 2014, the SEC adopted a similar approach in the context of money-market funds, adopting a rule providing that a money-market fund could "impose a liquidity fee of up to 2%, or temporarily suspend redemptions . . . for up to 10 business days in a 90-day period, if the fund's weekly liquid assets fall below 30% of its total assets." Money Market Fund Reform; Amendments to Form PF, 79 Fed. Reg. 47,736, 47,747 (Aug. 14, 2014). In 2023, the SEC removed the ability of money-market funds to "temporarily halt[] redemptions" because the SEC's 2014 rule "may have encouraged runs in March 2020 and may be procyclical in times of stress."[15] Rather than providing a cool-off period, the possibility of a redemption hold when a fund approached the publicly disclosed 30% liquid asset threshold created panic, incentivized investors to prematurely redeem their assets to avoid capital lock-up, and undermined the fund's resiliency in times of stress.

Here, because stablecoin holders would be unaware of an issuer's redemption volume, a sudden automatic extension of the timeframe for redemptions would appear arbitrary and feed speculative frenzy about the issuer's financial health. Even if the issuer informs the public of the reason for the redemption delays once they are triggered, as the OCC has contemplated in Question 102, *see* 91 Fed. Reg. at 10,259, that would not solve the problem because stablecoin holders would still negatively speculate about the issuer's liquidity, even though the real reason would be the issuer's need to comply with the OCC's (unnecessary and unreasonable) regulatory requirements.

The automatic and mandatory extension of the redemption period is especially problematic for small issuers, who may trigger the 10% redemption threshold even in the course of ordinary business. If a large market maker looks to exit a stablecoin temporarily as part of its trading

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[13] *Effects of Stablecoin Yield Prohibition on Bank Lending*, White House Council of Economic Advisers (Apr. 8, 2026), https://tinyurl.com/3yywjfwc.

[14] To the extent the OCC considers expanding the rebuttable presumption in the Proposed Rule or otherwise attempting to impose additional restrictions on issuers' payments to third parties, the OCC cannot do so in a final rule—instead, the OCC would be required to repropose the rule and allow commenters an opportunity to weigh in. *See, e.g.*, *Env't Integrity Project v. EPA*, 425 F.3d 992, 998 (D.C. Cir. 2005) (vacating final rule under the logical-outgrowth doctrine).

[15] Gary Gensler, *Statement on Money Market Funds* (July 12, 2023), https://tinyurl.com/3t7t43vb.

operations, it may easily withdraw more than 10% of the total supply of a small-cap stablecoin. Similarly, a large institutional holder may redeem a large number of stablecoins in one request as part of a cross-border financing deal, which could amount to more than 10% of the stablecoin's outstanding issuance value. The Proposed Rule as currently drafted would significantly disadvantage small issuers by preventing them from fulfilling redemption requests by their business counterparties on the ordinary timeframe without any good reason to do so.

An automatic and mandatory extension of the redemption period will also hamper institutional adoption of payment stablecoins as cash or cash equivalents, which would essentially negate their value as widely usable payment instruments. The proposed 10% trigger is poorly calibrated for expected collateral, margin, and other institutional settlement use cases, where ordinary-course intraday flows by one institution may exceed that threshold for the entire US-based stablecoin industry. As noted above, users expect dollar instruments to move on shorter and more predictable settlement cycles—regardless of whether the instrument is a stablecoin or tokenized deposit. A rule that responds to stress by introducing a blunt automatic delay risks undermining the very utility that makes these instruments useful in the first place. The OCC should not promulgate a rule that inhibits the growth and development of the stablecoin industry.

V. The Proposed Rule should not require issuers to redeem any number greater than or equal to one stablecoin.

Proposed Section 15.12(a)(5) would require issuers to "redeem any number greater than or equal to one payment stablecoin." 91 Fed. Reg. at 10,291. This is an unduly low threshold, and the OCC's only reason for adopting it is a misreading of the GENIUS Act. Instead, the OCC should not set any minimum redemption threshold, thus allowing stablecoin issuers to compete on that dimension. Given the burdens imposed by the know-your-customer and anti-money-laundering verification requirements that apply to each redemption request, requiring issuers to set this low a threshold would impose unreasonable burdens.

The OCC's sole justification for requiring stablecoin issuers to allow redemption of one stablecoin is a purportedly "natural reading of the definition of 'payment stablecoin'"—"a digital asset that an issuer 'is obligated to convert, redeem, or repurchase for a fixed amount of monetary value.'" 91 Fed. Reg. at 10,220 (quoting 12 U.S.C. § 5901(22)). The preamble of the Proposed Rule states that because the phrase "'payment stablecoin' is singular, the statutory language suggests that while an issuer could set a minimum redemption threshold at a fraction of a payment stablecoin, an issuer must redeem any number greater than or equal to one payment stablecoin," or else a payment stablecoin "would not be redeemable for a fixed amount of monetary value." *Id.*

That is incorrect. Under the Dictionary Act, "words importing the singular include and apply to several persons, parties, or things[.]" 1 U.S.C. § 1. Indeed, all of the GENIUS Act's definitions are singular for this reason. And stablecoins would still be redeemable for a fixed amount of monetary value if an issuer sets a higher floor for redemptions: one stablecoin pegged to the US dollar would still be worth one dollar even if a holder needs 100 stablecoins to redeem them directly from the issuer. The statute therefore does not prescribe a minimum threshold for direct redemption but instead provides for only the general requirement that stablecoins be redeemable. And the OCC's "misconceiv[ing] the law" means that this aspect of the Proposed Rule "may not stand." *SEC v. Chenery Corp.*, 318 U.S. 80, 94 (1943); *see also Prill v. NLRB*, 755 F.2d 941, 948 (D.C. Cir. 1985) ("If a regulation is based on an incorrect view of applicable law, the regulation cannot stand as promulgated").

The OCC's misinterpretation of the GENIUS Act on this issue will impose undue and unnecessary burdens on issuers. Know-your-customer and anti-money-laundering requirements can make it costly for issuers to redeem stablecoins.[16] Although those costs are a necessary part of doing business, for some issuers they will be unreasonable and overly burdensome to justify the redemption of a single stablecoin.[17] Those costs will either be borne by issuers or they will be passed on to customers. Instead of imposing the lowest possible threshold for redemption based on a flawed reading of the statute, the OCC should permit competition on this basis. If customers prefer stablecoins issued by issuers that allow the redemption of a single stablecoin, such stablecoins will ultimately prevail. More likely, few customers will ever need to redeem a single stablecoin from the issuer, and the market will determine a more reasonable and practicable threshold.

VI. The OCC should assess issuers based on outstanding issuance value, rather than assets.

The OCC invited comments on whether it should "consider imposing assessments based on different or additional measurements" compared to those in the Proposed Rule. 91 Fed. Reg. at 10,266. Under proposed Sections 8.2 and 8.10, the OCC applies an asset-based formula to assessments of stablecoin issuers, with a discount for reserve assets. *Id.* at 10,245-10,249. The OCC should instead base assessments on the issuance value of outstanding stablecoins to reflect the unique qualities of stablecoins and industry practice.

The Association understands that the proposed assessment structures derive from assessment formulas for "OCC-supervised institutions pursuant to 12 CFR part 8." *Id.* at 10,245. But stablecoin issuers, unlike banks, issue a currency-pegged digital asset with stable value and a 1:1 reserve ratio, meaning that the issuance value more accurately reflects an issuer's level of activities and the costs the OCC might incur from supervising issuers. Moreover, an issuance-based approach would avoid imposing unnecessary operational burdens on issuers compared to the asset-based approach in the Proposed Rule: issuers would not have to separately calculate the amounts of assessments due for reserve and non-reserve assets. For issuers that maintain separate trusts to hold reserve assets for different brands of stablecoin, an asset-based calculation would be particularly challenging as those issuers would have to calculate the assessment due on the reserve assets for each stablecoin brand separately.

Of course, if a stablecoin issuer is engaged in a broader range of activities than those related to the issuance of stablecoins, an assessment formula aligned with 12 C.F.R. part 8 may be more appropriate and the OCC should have the flexibility to utilize an assessment formula for non-stablecoin issuance activities based on the unrelated stablecoin issuance assets of the institution.

VII. Certain provisions are in need of technical adjustments.

The Association proposes additional technical revisions to several provisions of the Proposed Rule. The OCC should adopt these revisions to ensure the Proposed Rule does not unduly burden the business operation of stablecoin issuers.

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[16] *See* Barry Elad & Robert A. Lee, *KYC Compliance in Crypto Statistics 2026: Growth, Risks, and Reality Check* (Oct. 21, 2025), https://tinyurl.com/4u737kr3.

[17] Today, even large stablecoin issuers restrict direct redemption to institutional holders due to the high costs of anti-money-laundering and know-your-customer verifications.

A. The final rule should clarify that issuers may decide whether financial reporting obligations apply at the issuer or issuance level.

The Proposed Rule imposes various financial reporting and disclosure obligations on stablecoin issuers. Among others, proposed Section 15.11(e) requires issuers to publish monthly reports of "total number of outstanding payment stablecoins issued by the issuer and the amount (fair value) and composition of the reserves, including the average tenor and geographic location of custody of each category of reserve instruments." 91 Fed. Reg. at 10,219. Under proposed Section 15.11(g)(1), an issuer "must notify the OCC through its appropriate supervisory office on any day in which its reserve asset amount has fallen below the required minimum in proposed § 15.11(a)." *Id.*

The Proposed Rule does not specify whether these obligations apply at the issuer level or at the issuance level (i.e., by each brand of stablecoins issued by a single stablecoin issuer). The final rule should clarify that issuers may choose the level at which they would report or publish the relevant information. The OCC should preserve in the final rule an issuer's ability to compile reporting information at a level best suited for its operations and to ensure clarity for stablecoin holders. If an issuer was forced to comply with these obligations at a level contrary to its current structure, not only would it incur significant compliance costs, the subsequent dual reporting—one set of reports in line with the issuer's business practice, and one to comply with OCC regulations—may confuse stablecoin holders.

B. The definition of customer should include only direct purchasers.

The Proposed Rule's definition of "customer" is overbroad and should expressly exclude downstream purchasers who lack a contractual relationship with the stablecoin issuer.

The Proposed Rule defines a "customer" as "a person that purchases (through any consideration) the products or services of another person." 91 Fed. Reg. at 10,286. Under that definition, an issuer's "customer" could therefore include downstream stablecoin holders who have never interacted with the issuer—such as retail holders who purchased stablecoins from an exchange—and for whom the issuer would not have any information on file from a previous onboarding process, e.g., when the user created an account with the issuer. *See* 91 Fed. Reg. at 10,251.

The definition of "customer" in the Proposed Rule is also inconsistent with the FDIC's proposed definition of the same term as "a person that purchases (through any consideration) the products or services of a PPSI [permitted payment stablecoin issuer] *directly from the PPSI*." 91 Fed. Reg. 18,535 (emphasis added). The GENIUS Act directs the OCC to issue regulations "in coordination" with other "primary Federal payment stablecoin regulators." 12 U.S.C. § 5903(h)(2). The OCC should revise its proposed definition to be in line with the FDIC's proposed rule.

The definition of "customer" in the Proposed Rule is inconsistent with other regulatory definitions outside the stablecoin context as well. For example, customer-privacy rules under the Gramm-Leach-Bliley Act define "customer" as "a consumer who has a customer relationship" with the regulated entity, meaning there is "a continuing relationship between a consumer and" the regulated entity. 16 C.F.R. § 314.2(c), (e). The broader definition in the Proposed Rule may increase operational burden and compliance complexity and introduce ambiguity in supervisory expectations.

The FDIC's proposed definition of "customer" is a significant improvement over the OCC's definition. The OCC's definition is flawed because, in conjunction with issuers' obligations under other provisions of the Proposed Rule, it forces issuers to affirmatively maintain contact with a

constantly shifting set of stablecoin holders whom the issuers have no way of knowing about. Specifically, the Proposed Rule requires issuers to: (1) notify "customers" of unauthorized access to sensitive customer information under proposed Section 15.13(b)(7); and (2) deliver notice of fee changes to current "customers" under proposed Section 15.12(d)(2). 91 Fed. Reg. at 10,224, 10,221. These notification requirements are impracticable under the OCC's proposed definition of a "customer."

Start with proposed Section 15.13(b)(7). When a user purchases a stablecoin on a third-party exchange from another user, the third-party exchange rather than the issuer possesses the identification information for both users; the exchange would have obtained this information when the users opened their accounts at the exchange and underwent know-your-customer verifications. In this scenario, although the issuer would have visibility into activities that occur on the blockchain—for example, transfers of the stablecoin between wallet addresses—the issuer would likely be unable to discern whether sensitive user information has been accessed without authorization. Therefore, proposed Section 15.13(b)(7) is more appropriately directed at customers who maintain an account with the issuer, rather than all stablecoin holders.

Similar problems would plague issuers trying to comply with Section 15.12(d)(2)'s notice requirement. Because users frequently trade stablecoins on crypto exchanges or elsewhere, the universe of stablecoin holders changes minute to minute. The daily trading volume of USDC, for example, is more than $56 billion as of May 1, 2026.[18] Under proposed Section 15.12(d)(2), not only would an issuer be required to ascertain the identities and contact information of all current holders—many of whom never interacted with the issuer—but also to accomplish the impossible task of tracking billions of dollars in daily transactions on third-party exchanges to determine which wallets hold a token and should therefore receive a notice of fee changes.

That enormous cost to issuers would yield little marginal benefit for stablecoin holders. Other portions of proposed Section 15.12(d) already ensure that downstream stablecoin purchasers are adequately notified of fee changes. Proposed Section 15.12(d) requires an issuer to publish on its website "[a]ll fees associated with purchasing or redeeming payment stablecoins" and to "[u]pdate the disclosures . . . if there are any changes in fees associated with purchasing or redeeming payment stablecoins." 91 Fed. Reg. at 10,291. Thus, requiring issuers to deliver notice of fee changes to all current customers (as broadly defined under the Proposed Rule) would minimally benefit indirect purchasers but impose substantial costs on issuers. To avoid that irrational outcome, the OCC should revise its definition of a "customer" to explicitly exclude stablecoin holders who did not purchase directly from an issuer. *See* Exec. Order No. 12866, 58 Fed. Reg. 51,735, 51,736 (Sep. 30, 1993) (an agency shall "adopt a regulation only upon a reasoned determination that the benefits of the intended regulation justify its costs").

C. The redemption period should begin after completion of necessary onboarding steps.

Proposed Section 15.12(b)(1)(i) requires issuers to "redeem a payment stablecoin no later than two business days following the date of the requested redemption." 91 Fed. Reg. at 10,220. The OCC should clarify that any required redemption timeline begins only after a valid request and completion of necessary onboarding steps, including know-your-customer, anti-money-laundering, and sanctions screening. Moreover, the final rule should explicitly state that the OCC would determine an issuer's compliance with any redemption window based only on the issuer's

[18] *USDC Price* (USDC), Coinbase (accessed May 1, 2026), https://tinyurl.com/3zsycbd8.

execution of the payment order rather than downstream bank or payment-rail settlement that is outside the issuer's control.

D. The final rule should accommodate privacy-enhancing technologies on public, transparent blockchains.

The Proposed Rule should clarify that privacy-preserving distributed-ledger architectures fully satisfy the operational and examination requirements under proposed Sections 15.13(b)(8) and 15.14(b), respectively.

Today, most stablecoins run on transparent blockchains where every transaction—including amounts, counterparties, and frequency—is permanently and publicly visible. Although many blockchain transactions are pseudonymous, meaning they do not have personally identifying information associated with them on the blockchain, once a person's name is connected to even a single blockchain transaction, it is often possible to reconstruct that person's entire transaction history, particularly when using advanced blockchain analytics.[19]

To offer stronger consumer data protections, some issuers may adopt privacy-enhancing tools where issuers could cryptographically reveal transaction data to specific parties such as regulators and auditors without full public exposure on the ledger. A Zero Knowledge Proof is an example of such a privacy tool and has been successfully implemented by Association member the ZCash Foundation, as well as on the private and programmable Aleo blockchain, which is supported by Aleo Network Foundation, also an Association member. The final rule should ensure that the use of privacy-preserving technologies on an issuer's blockchain is explicitly permissible, and would not conflict with the issuer's ability to satisfy "operational resilience" under proposed Section 15.13(b)(8), or its obligation to provide OCC examiners with "books and records," including "information retained on distributed ledgers" under proposed Section 15.14(b). 91 Fed. Reg. at 10,224, 10,225.

E. The final rule should clarify that an issuer may repurchase its stablecoins on the secondary market.

The OCC requested comments on "other limits or conditions the OCC should consider with respect to payment stablecoin issuers acting as principal or agent with respect to any payment stablecoin[.]" 91 Fed. Reg. at 10,252. The OCC should explicitly confirm an issuer's ability to buy back its own stablecoins on the secondary market. Issuers may need to purchase their own stablecoins on the secondary market to manage supply, for several reasons including: (1) issuer buy-backs prevent panic selling when the demand for a stablecoin falls and the market price drops below parity; (2) in the event of a run, buy-backs provide liquidity and restore trust in the stablecoin's stability; (3) issuers may use buy-backs to ensure that secondary-market prices align with the official redemption value of a stablecoin; and (4) buy-backs help issuers manage the balance between circulating supply and holding additional reserve assets. In the securities context, companies routinely buy back their stocks on the secondary market. The OCC should ensure that stablecoin issuers would have similar flexibility.

[19] Virginie Liebermann & Michel Molitor, *Blockchain vs Data protection*, International Network of Privacy Law Professionals (July 30, 2024), https://tinyurl.com/bdh4kwzx.

F. The final rule should clarify that entities that solely facilitate stablecoin deployment are not stablecoin issuers or digital asset service providers.

The OCC should clarify that stablecoin deployers or distributors—entities that facilitate the adoption, circulation, and technical deployment of a stablecoin but do not hold reserves or control minting or redemption—are not permitted payment stablecoin issuers or digital asset service providers absent other qualifying activities. Today, deployers or distributors are often partners with issuers in white-label arrangements, where they leverage an issuer's infrastructure to create their own branded stablecoins. They also perform important services such as introducing customers to issuers and operating front-end applications. Because they do not mint or redeem stablecoins, manage reserve assets, or "participat[e] in financial services relating to digital asset issuance," 91 Fed. Reg. at 10,203 n.11, the OCC's final rule should explicitly exclude them from the definitions of permitted payment stablecoin issuers and digital asset service providers to confirm that the obligations that apply to issuers and digital asset service providers do not apply to them.

The OCC requested comments on potential "modifications to the reporting requirements, including the reserve asset composition report . . . appropriate for arrangements where one issuer issues multiple stablecoins under different brands (e.g., white label arrangements)." 91 Fed. Reg. at 10,258. The OCC should ensure that issuers would not be required to report information at the deployer or distributor level to avoid duplication of the issuer's reports at the issuer or issuance level. Instead, the OCC should give issuers the option to choose whether to satisfy reporting obligations at the deployer or distributor level.

G. The OCC should explicitly provide that managing foreign-exchange risk is a permissible activity for stablecoin issuers whose stablecoins are not denominated in U.S. dollars.

The OCC requested comments on whether it should "explicitly provide that managing foreign exchange risk is a permissible activity for the issuers of stablecoins that are not denominated in the United States dollar." 91 Fed. Reg. at 10,252. Although the Association does not think that clarification is necessary for certain types of stablecoin issuer licenses, the explicit clarification is beneficial to remove any ambiguity. A stablecoin issuer that issues a coin pegged to the value of a foreign currency faces the same sort of foreign-exchange risk as a bank that holds foreign currency or derivatives based on foreign currency and should prudently manage such risk. Banks are permitted (and required) to manage their foreign-exchange risk. Stablecoin issuers should likewise be permitted to do so, provided they "[do] not use foreign exchange risk management as a pretext to engage in speculation[.]" 91 Fed. Reg. at 10,252.

H. The OCC should clarify that the disclosure and attestation regime includes stablecoins issued by affiliates as part of the same issuance structure.

The Proposed Rule requests comments on whether "outstanding issuance value'' should "include the par value of non-consolidated affiliates[.]" 91 Fed. Reg. at 10,251. The OCC should ensure that there is flexibility—particularly for multi-issuer stablecoin models—to capture key information at the brand-level so that regulators, counterparties, and holders can understand the full circulating supply, aggregate reserve position, and allocation of redemption responsibility across the brand. This approach would ensure that any regulatory requirements—including reserve-asset calculations and mandatory reporting—take into account the economic model of a stablecoin brand whether it is issued by one or more affiliates. This definition is particularly important for any stablecoin issuer that seeks to offer or redeem stablecoins globally, and would have to meet local

regulations that may necessitate issuance, redemption, and reserve-asset maintenance through a separate, locally regulated entity.

VIII. Other technical comments.

A. The final rule should continue to allow stablecoin issuers to hold non-payment stablecoin crypto assets as necessary to engage in permissible business activities.

In the preamble to the Proposed Rule, the OCC recognizes that because stablecoin issuers can pay fees to facilitate customer transactions, including on other distributed ledgers, "the issuer may have to hold non-payment stablecoin crypto-assets to facilitate the payment of these transaction fees." 91 Fed. Reg. at 10,211. The OCC also requested comments on whether "permitted payment stablecoin issuers need to hold crypto-assets . . . for other purposes beyond paying transaction fees or testing a distributed ledger[.]" *Id.* at 10,252.

There are other such purposes. For example, a stablecoin issuer may need to hold digital assets on a distributed ledger to gain network-wide benefits. One blockchain requires issuers to stake one million tokens of a particular cryptocurrency for their stablecoins to be distributed on that blockchain.[20] It would be impossible to enumerate all such present and future needs for issuers to hold cryptocurrency. To avoid imposing impracticable and unnecessary burdens on issuers, the OCC should stick with the approach in the Proposed Rule and impose no limits on issuers' crypto holdings other than restricting reserve assets to the categories provided for in the GENIUS Act.

B. Extended examination cycles should be based on issuance value.

Proposed Section 15.14(d)(3) provides that the OCC may conduct examinations during every "18- to 36-month period" rather than during "each 12-month period" if the issuer, among other things, "has an outstanding issuance value of less than $1 billion or less than $25 billion in total monthly trading volume." 91 Fed. Reg. at 10,293. An issuer would qualify for an extended examination period based on its outstanding issuance value. The OCC should not base qualification for the extended examination on trading volume. It would be technically difficult for issuers to measure stablecoin transactions that are purchased or sold on exchanges versus transactions that are primarily payments or used in treasury management.

C. If the final rule requires issuers to be able to block, seize, or freeze stablecoins, the OCC should impose only a functional requirement.

The Proposed Rule mentions that "[c]ertain stablecoin issuers have the capability to freeze funds or block transactions involving their stablecoin, which they may do, for example, to effectuate a court order." 91 Fed. Reg. at 10,202. The OCC appropriately contemplates that stablecoin issuers must be capable of complying with valid legal processes, including lawful orders from courts or other government authorities. The OCC should clarify that this requirement is a functional one, and that the manner in which an issuer satisfies the requirement is left to the issuer based on its technological design and operational model.

Stablecoins are deployed across a wide range of architectures—including account-based systems, token-based smart contracts, and hybrid or multi-chain environments—and the technical means by which an issuer may prevent transfers, restrict access, or otherwise comply with lawful orders will

[20] *See Aligned Quote Assets*, Hyperliquid (accessed May 1, 2026), https://tinyurl.com/7rudnvck.

necessarily vary across these models. A rigid or implied requirement that issuers implement specific smart contract features or centralized controls could inadvertently exclude otherwise compliant and secure designs, undermine innovation, and create operational or cybersecurity risks. Consistent with the GENIUS Act's directive that regulatory requirements be tailored to the business model and risk profile of issuers, the OCC should clarify that issuers may satisfy lawful-order compliance obligations through any reasonable, auditable, and effective mechanism, including but not limited to smart contract controls, off-chain controls, custodial arrangements, or other technical or governance-based solutions appropriate to the system.

IX. The OCC's regulatory impact analysis should account more fully for competition from adjacent digital-dollar products, including tokenized deposits.

In addition to these substantive revisions, the OCC's regulatory impact analysis should reflect the reality that the consequences of its rule will not be confined to payment stablecoins viewed in isolation. Stablecoins increasingly compete in a broader market for digital-dollar instruments, and one of the most important adjacent products is the emerging category of tokenized deposits and other bank-connected digital-dollar arrangements. The relevant policy and economic questions are therefore not only whether the final rule will facilitate stablecoin issuance on a standalone basis, but also how the final rule's design choices will affect competition among different kinds of digital-dollar products that may serve overlapping payment, settlement, and treasury functions.

That omission matters because the public debate around stablecoins has already turned in significant part on effects on the banking system. Commentators and trade groups have argued that stablecoins may draw transactional balances away from banks, while other public analyses have argued that those effects are smaller, more concentrated, or partly offset by other dynamics. Either way, the existence of that debate confirms that digital-dollar design choices can have meaningful competitive and market-structure consequences. An OCC rule that makes payment stablecoins more or less usable, more or less redeemable, or more or less operationally practical will necessarily influence how they compete against bank-based alternatives, including tokenized deposits.

The OCC must consider these issues in connection with each of the substantive choices it makes in the final rule. For example, the OCC must explain how the choices it makes in imposing requirements on stablecoin issuers account for the market reality that digital-dollar instruments are developing across multiple product forms at once, and that the real-world consequences of the OCC's stablecoin regulations will depend on how stablecoins compare to alternative products on utility, speed, operational flexibility, and customer experience, and the extent to which the OCC's policy choices make stablecoins more or less competitive compared to those alternative products on these and other metrics. At minimum, the OCC needs to broaden its regulatory impact analysis to account for that competition more directly. A more fulsome analysis of the expected effects of the OCC's rule would be more realistic and better aligned with market conditions, and ensure that the OCC's final rule is consistent with the Congress's and the agency's goal of promoting fair competition and responsible innovation in this emerging new industry.

Conclusion

We appreciate the opportunity to comment on the Proposed Rule. The OCC should adopt the Proposed Rule with the above-described revisions. In doing so, the OCC should ensure that the final framework protects the economic integrity of payment stablecoins while preserving the operational utility, settlement speed, and flexibility that users and market participants increasingly

expect from digital-dollar instruments. The Association welcomes the opportunity to meet with the OCC to address any questions regarding this comment letter.

Respectfully submitted,

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