DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

12 CFR Parts 3, 6, 8, 15, and 19

[Docket ID OCC–2025–0372]

RIN 1557–AF41

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

AGENCY: Office of the Comptroller of the Currency, Treasury.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Office of the Comptroller of the Currency (OCC) proposes to issue regulations to implement the Guiding and Establishing National Innovation for U.S. Stablecoins Act regarding the issuance of payment stablecoins and certain related activities by entities subject to the OCC's jurisdiction.

DATES: Comments must be received by May 1, 2026.

ADDRESSES: Commenters are encouraged to submit comments through the Federal eRulemaking Portal. Please use the title ''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'' to facilitate the organization and distribution of the comments. You may submit comments by any of the following methods:

- *Federal eRulemaking Portal—Regulations.gov:*

Go to *https://regulations.gov/*. Enter Docket ID ''OCC–2025–0372'' in the Search Box and click ''Search.'' Public comments can be submitted via the ''Comment'' box below the displayed document information or by clicking on the document title and then clicking the ''Comment'' box on the top-left side of the screen. For help with submitting effective comments please click on ''Commenter's Checklist.'' For assistance with the *Regulations.gov* site, please call 1–866–498–2945 (toll free) Monday–Friday, 9 a.m.–5 p.m. ET, or email *regulationshelpdesk@gsa.gov.*

- *Mail:* Chief Counsel's Office, Attention: Comment Processing, Office of the Comptroller of the Currency, 400 7th Street SW, Suite 1E–216, Washington, DC 20219.

- *Hand Delivery/Courier:* 400 7th Street SW, Suite 1E–216, Washington, DC 20219.

Instructions: You must include ''OCC'' as the agency name and Docket ID ''OCC–2025–0372'' in your comment. In general, the OCC will enter all comments received into the docket and publish the comments on the *Regulations.gov* website without change, including any business or personal information provided such as name and address information, email addresses, or phone numbers. Comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not include any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

You may review comments and other related materials that pertain to this action by the following method:

- *Viewing Comments Electronically—Regulations.gov:* Go to *https://regulations.gov/*. Enter Docket ID ''OCC–2025–0372'' in the Search Box and click ''Search.'' Click on the ''Documents'' tab and then the document's title. After clicking the document's title, click the ''Document Comments'' tab. Comments can be viewed and filtered by clicking on the ''Sort By'' drop-down on the right side of the screen or the ''Refine Results'' options on the left side of the screen. Supporting materials can be viewed by clicking on the ''Documents'' tab. Click on the ''Sort By'' drop-down on the right side of the screen or the ''Refine Documents Results'' options on the left side of the screen checking the ''Supporting & Related Material'' checkbox. For assistance with the *Regulations.gov* site, please call 1–866–498–2945 (toll free) Monday–Friday, 9 a.m.–5 p.m. ET, or email *regulationshelpdesk@gsa.gov.*

The docket may be viewed after the close of the comment period in the same manner as during the comment period.

FOR FURTHER INFORMATION CONTACT: Sarah Turney, Assistant Director, Henry Barkhausen, Counsel, Daniel Borman, Counsel, Marjorie Dieter, Counsel, or Mark O'Horo, Special Counsel, Chief Counsel's Office, 202–649–5490, or David Stankiewicz, Director, Office of Financial Technology, Office of the Chief National Bank Examiner, 202–649–5473, Office of the Comptroller of the Currency, 400 7th Street SW, Washington, DC 20219. If you are deaf, hard of hearing, or have a speech disability, please dial 7–1–1 to access telecommunications relay services.

SUPPLEMENTARY INFORMATION:

I. Background

The Guiding and Establishing National Innovation for U.S. Stablecoins Act (12 U.S.C. 5901 *et seq.*) (GENIUS Act or the Act) was enacted on July 18, 2025. The Act establishes a regulatory framework for payment stablecoin activities. Stablecoins are digital assets, *i.e.,* digital representations of value recorded on a cryptographically secured distributed ledger,[1] such as a blockchain.[2] In contrast to many other types of digital assets, stablecoins are intended to maintain a stable value relative to a reference asset, most often fiat currency.[3] Most stablecoin issuers use a pool of high quality and highly liquid reserve assets to back the stablecoin and maintain a stable value.[4] Stablecoins often rely on smart contracts (*i.e.,* self-executing programs that automatically enforce agreements between users) for different aspects of their functionality.[5] When an issuer redeems a tendered stablecoin, it typically accepts a stablecoin from a user or third party in exchange for a fixed amount of monetary value, *e.g.,* one dollar.[6] Stablecoins are frequently used to facilitate trading in digital assets and may be used for retail and institutional payments.[7] Certain 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.[8]

The Act focuses on a subset of stablecoins: payment stablecoins. Under section 2(22) of the Act (12 U.S.C. 5901(22)), ''payment stablecoin'' means ''a digital asset—(i) that is, or is designed to be, used as a means of payment or settlement; and (ii) the

[1] 12 U.S.C. 5901(6).

[2] White House, ''Strengthening American Leadership in Digital Financial Technology,'' at 15 (July 17, 2025), [hereinafter, Digital Financial Technology Report], *https://www.whitehouse.gov/wp-content/uploads/2025/07/Digital-Assets-Report-EO14178.pdf*. A cryptographically secured ledger uses cryptography to maintain the integrity of the ledger. *See also* E.O. No. 14178, Strengthening American Leadership in Digital Financial Technology, 90 FR 8647 (January 31, 2025) (defining blockchain to mean ''any technology where data is: (i) shared across a network to create a public ledger of verified transactions or information among network participants; (ii) linked using cryptography to maintain the integrity of the public ledger and to execute other functions; (iii) distributed among network participants in an automated fashion to concurrently update network participants on the state of the public ledger and any other functions; and (iv) composed of source code that is publicly available'').

[3] Digital Financial Technology Report at 88, 130.

[4] *See id.* at 90.

[5] *See id.* at 11.

[6] Currently, rather than mint or redeem stablecoins through the issuer, most market participants rely on digital asset trading platforms to exchange stablecoins for national currencies (or even other stablecoins).

[7] *Id.* at 93.

[8] *See id.* at 105.

issuer of which—(I) is obligated to convert, redeem, or repurchase for a fixed amount of monetary value, not including a digital asset denominated in a fixed amount of monetary value; and (II) represents that such issuer will maintain, or create the reasonable expectation that it will maintain, a stable value relative to the value of a fixed amount of monetary value[.]'' The term does not include a digital asset that is (i) a national currency; (ii) a deposit (as defined in 12 U.S.C. 1813), including a deposit recorded using distributed ledger technology; or (iii) a security, as defined in 15 U.S.C. 77b, 78c, or 80a–2.[9]

The Act generally prohibits any person other than a permitted payment stablecoin issuer from issuing a payment stablecoin in the United States.[10] It further prohibits digital asset service providers [11] from offering or selling a payment stablecoin to a person in the United States unless the issuer is a permitted payment stablecoin issuer or the issuer is a foreign payment stablecoin issuer that meets certain requirements.[12] The Act sets forth various regulatory and licensing requirements for permitted payment stablecoin issuers and foreign payment stablecoin issuers. In many instances, the Act states that the specific requirements applicable to these entities (*e.g.,* those related to capital, liquidity, operational risk management), shall be set forth by regulations issued by the relevant primary Federal payment stablecoin regulator, in coordination with other relevant agencies, as appropriate.[13] This notice of proposed rulemaking represents one piece of the GENIUS Act's implementing regulations.[14]

The OCC will have regulatory or enforcement authority over certain permitted payment stablecoin issuers, including subsidiaries of national banks or Federal savings associations, Federal qualified payment stablecoin issuers, and State qualified payment stablecoin issuers subject to the OCC's regulatory or enforcement authority under section 4 or 7 of the GENIUS Act (12 U.S.C. 5903 and 5906). In addition, the OCC will have regulatory authority over foreign payment stablecoin issuers. This notice of proposed rulemaking generally sets forth, and seeks comment on, the regulations that would apply to permitted payment stablecoin issuers and foreign payment stablecoin issuers under the OCC's jurisdiction as well as certain custody activities conducted by OCC-supervised entities. These proposed regulations do not address stablecoins that do not qualify as payment stablecoins or issuers for which the OCC does not have regulatory or enforcement authority.

The GENIUS Act's effective date is the earlier of 18 months after the enactment date (July 18, 2025) or 120 days after the primary Federal payment stablecoin regulators issue final regulations implementing the Act. The OCC anticipates that these implementing regulations will be updated, as necessary, in the years following the effective date of the GENIUS Act as the business practices of permitted payment stablecoin issuers and foreign payment stablecoin issuers continue to evolve and develop. In addition, other regulations beyond those addressed in this rulemaking may need to be updated in light of the passage of the GENIUS Act. For example, the OCC is considering whether certain regulations that impose different requirements at different asset thresholds should be amended to exclude stablecoin reserves from the asset calculation.

A. Self-Executing Provisions

The GENIUS Act includes a number of self-executing provisions that are not addressed in this rulemaking. For example, the Act includes several provisions addressing the applicability of State law to permitted payment stablecoin issuers. These provisions: clarify the exclusive role of the OCC in overseeing Federal qualified payment stablecoin issuers; ensure that Federal qualified payment stablecoin issuers and subsidiaries of OCC-regulated insured depository institutions approved to be permitted payment stablecoin issuers are subject to only one licensing requirement—the OCC's; and address the effect of the GENIUS Act on State consumer protection laws.

Section 4(b)(1) of the GENIUS Act (12 U.S.C. 5903(b)(1)) states that, notwithstanding certain Federal law addressing preemption standards for OCC-regulated institutions,[15] and certain State laws, a Federal qualified payment stablecoin issuer ''shall be licensed, regulated, examined, and supervised exclusively by the Comptroller.'' This provision provides the OCC with the exclusive authority to exercise visitorial powers with respect to Federal qualified payment stablecoin issuers, consistent with the agency's authority in 12 U.S.C. 484.[16] This exclusivity generally prevents other regulators from subjecting these entities to additional oversight, which can be unduly burdensome, duplicative, or inconsistent.[17] In addition, based on the exclusivity granted to the OCC, section 4(b) preempts certain State laws with

[9] The Act provides that, for the avoidance of doubt, no bond, note, evidence of indebtedness, or investment contract that was issued by a permitted payment stablecoin issuer shall qualify as a security solely by virtue of its satisfying the conditions described in section 2(22)(A) of the Act, consistent with section 17 of the Act. 12 U.S.C. 5901(22)(B)(iii).

[10] *See* 12 U.S.C. 5902(a). *See also* 12 U.S.C. 5916 (excepting foreign payment stablecoin issuers that meet certain requirements from the prohibition in section 3 of the Act).

[11] ''Digital asset service provider'' means a person that, for compensation or profit, engages in the business in the United States (including on behalf of customers or users in the United States) of: (1) exchanging digital assets for monetary value; (2) exchanging digital assets for other digital assets; (3) transferring digital assets to a third party; (4) acting as a digital asset custodian; or (5) participating in financial services relating to digital asset issuance. *See* 12 U.S.C. 5901(7). The term ''digital asset service provider'' does not include (1) a distributed ledger protocol; (2) an immutable and self-custodial software interface; or (3) a person solely by virtue of their (A) developing, operating, or engaging in the business of developing distributed ledger protocols or self-custodial software interfaces; (B) developing, operating, or engaging in the business of validating transactions or operating a distributed ledger; or (C) participating in a liquidity pool or other similar mechanism for the provisioning of liquidity for peer-to-peer transactions. *See id.* A liquidity pool is a portfolio of digital assets that is algorithmically bound and traded based on smart contracts. Liquidity providers and takers interact with liquidity pools by adding assets that the liquidity pools trade and receive a liquidity pool token in return that is proportionate to the percentage of assets they have contributed to the liquidity pool. Digital Financial Technology Report at 23.

[12] The prohibition against digital asset service providers offering or selling payment stablecoins that are not issued by permitted payment stablecoin issuers begins on July 18, 2028. *See* 12 U.S.C. 5902(b)(1). The prohibition against digital asset service providers offering or selling payment stablecoins that are not issued by foreign payment stablecoin issuers that meet certain requirements goes into effect as of the effective date of the GENIUS Act. *See* 12 U.S.C. 5902(b)(2). The prohibitions that apply to a digital asset service provider would apply to an issuer to the extent that the issuer is a digital asset service provider.

[13] *See, e.g.,* 12 U.S.C. 5903(a)(4), (b), (h).

[14] For example, on September 19, 2025, the Department of the Treasury issued an advance notice of proposed rulemaking concerning the GENIUS Act. *See* 90 FR 45159 (September 19, 2025). On December 19, 2025, the FDIC released a notice of proposed rulemaking related to certain application provisions under the GENIUS Act. 90 FR 59409 (December 19, 2025).

[15] Specifically, 12 U.S.C. 25b and 1465 respectively address the preemption standards applicable to national banks and Federal savings associations and their subsidiaries.

[16] Although the GENIUS Act does not specifically use the term ''visitorial powers,'' its plain language is consistent with the Supreme Court's description of visitorial authority. *See Cuomo* v. *Clearing House Ass'n, L.L.C.,* 557 U.S. 519, 526 (2009) (describing visitation as the exercise of ''general *supervision*'') (emphasis added); *see also* 12 CFR 7.4000(a)(2) (describing the OCC's visitorial powers with respect to national banks).

[17] Twelve U.S.C. 484 would also continue to apply to uninsured national banks and Federal branches that become permitted payment stablecoin issuers.

respect to Federal qualified payment stablecoin issuers.

Section 5(h) of the GENIUS Act (12 U.S.C. 5904(h)) expressly preempts ''any State requirement for a charter, license, or other authorization to do business with respect to a'' Federal qualified payment stablecoin issuer or a subsidiary of an OCC-regulated insured depository institution approved to be a permitted payment stablecoin issuer. As a result, these entities are only required to obtain authorization to do business from the OCC, which reduces the unnecessary complexity that would result from requiring these entities to also obtain a charter, license, or other authorization from one or more States. Section 7(f)(4) of the GENIUS Act (12 U.S.C. 5906(f)(4)) provides that nothing in the GENIUS Act preempts State consumer protection laws.[18]

Together, these GENIUS Act provisions establish a framework for assessing the applicability of State law to a Federal qualified payment stablecoin issuer or a subsidiary of an OCC-regulated insured depository institution approved to be permitted payment stablecoin issuer.[19] Because these GENIUS Act provisions are self-executing, the OCC is not proposing regulatory text to implement them. However, the agency invites public comment on all aspects of this framework, including whether the self-executing provisions of the Act should be codified in the OCC's regulations for convenience.

Among other self-executing provisions, section 4(g) of the GENIUS Act (12 U.S.C. 5903(g)) provides that a Federal savings association established under the Home Owners' Loan Act (12 U.S.C. 1461 *et seq.*) that holds a reserve that satisfies the requirements of section 4(a)(1) of the GENIUS Act shall not be required to satisfy the qualified thrift lender test under section 10(m) of the Home Owners' Loan Act (12 U.S.C. 1467a(m)) [20] with respect to such reserve assets. Because this provision is self-executing, the OCC is not proposing regulatory text to implement section 4(g).

II. Description of the Proposed Rule

A. Subpart A—Purpose, Scope, Definitions, and Severability

Subpart A of the proposed rules provides the purpose and scope and defines terms used throughout the proposed rule.

1. Purpose and Scope (Proposed § 15.1)

Proposed § 15.1 sets forth the purpose and scope of the stablecoin-related regulations. Paragraph (a) describes the purpose, which is to implement the GENIUS Act, 12 U.S.C. 5901 *et seq.,* with respect to entities for which the OCC is authorized to issue regulations or exercise its enforcement authority under the Act. These entities are listed in the proposed scope provision in paragraph (b), which provides that proposed part 15 would apply to activities related to payment stablecoins and certain custody activities of (1) national banks and their subsidiaries; (2) Federal savings associations and their subsidiaries; (3) Federal branches and their subsidiaries; (4) Foreign payment stablecoin issuers; (5) nonbank entities that seek to be or are approved as Federal qualified payment stablecoin issuers; and (6) State qualified payment stablecoin issuers for whom the OCC has regulatory or enforcement authority pursuant to proposed § 15.15 or § 15.16. Thus, except where otherwise noted, references in part 15 to permitted payment stablecoin issuers would only apply to these types of listed entities despite the broader scope of the term in the GENIUS Act.

As described in the section-by-section analysis below, proposed subparts B and E would apply to permitted payment stablecoin issuers that are subsidiaries of insured national banks, subsidiaries of Federal savings associations, uninsured national banks, Federal branches or subsidiaries thereof, nonbank entities that are not State qualified payment stablecoin issuers, and State qualified payment stablecoin issuers for whom the OCC has regulatory or enforcement authority. Proposed subpart C would apply to national banks, Federal savings associations, Federal branches, Federal qualified payment stablecoin issuers, and State qualified payment stablecoin issuers with an outstanding issuance of more than $10 billion subject to supervision and regulation by the OCC who provide custodial or safekeeping services for payment stablecoins, reserve assets, and other ''covered assets'' (described in detail in subpart C). The application and registration sections in proposed subpart D would apply to insured national banks, Federal savings associations, or Federal branches that seek to issue payment stablecoins through a subsidiary; nonbank entities that seek to be Federal qualified payment stablecoin issuers, uninsured national banks, and uninsured Federal branches that seek to be Federal qualified payment stablecoin issuers; and entities that seek to register as foreign payment stablecoin issuers. The capital requirements detailed in proposed subpart E would apply to subsidiaries of insured national banks, subsidiaries of Federal savings associations, uninsured national banks, Federal branches or subsidiaries thereof, nonbank entities that are not State qualified payment stablecoin issuers, and State qualified payment stablecoin issuers for whom the OCC has regulatory authority.

2. Definitions (Proposed § 15.2)

Proposed section 15.2 contains the following definitions of terms used throughout proposed part 15, many of which are included in or based on the definitions in the GENIUS Act, 12 U.S.C. 5901.[21]

Affiliate. The OCC is proposing to define the term ''affiliate'' consistent with the definition in the Bank Holding Company Act, 12 U.S.C. 1841(k), but modified to use the defined term ''person'' in place of the term ''company.'' [22] Under the proposed rule, the term ''affiliate'' would mean a person that controls, is controlled by, or is under common control with another person. The OCC believes the proposed definition of affiliate would include the appropriate individuals and entities that could be involved in payment stablecoin issuance.

Bank Secrecy Act. The OCC is proposing to define the term ''Bank Secrecy Act'' consistent with the definition provided in the GENIUS Act, 12 U.S.C. 5901(2). Under the proposal,

[18] Depending on the circumstances, other Federal law, such as the National Bank Act and the Home Owners' Loan Act, may also be relevant in assessing the applicability of State law, including a State consumer protection law, to certain permitted payment stablecoin issuers, such as uninsured national banks.

[19] The GENIUS Act also addresses the applicability of State law to State qualified payment stablecoin issuers. *See, e.g.,* section 7(f) of the Act (12 U.S.C. 5906(f)).

[20] A Federal savings association is generally required to be qualified thrift lender. A Federal savings association is a qualified thrift lender if it meets one of the following qualified thrift lender tests: (1) it qualifies as a domestic building and loan association as defined in 26 U.S.C. 7701(a)(19); or (2) its qualified thrift investments equal or exceed 65 percent of its portfolio assets, and its qualified thrift investments continue to equal or exceed 65 percent of its portfolio assets on a monthly average basis in nine out of every 12 months.

[21] The definitions in proposed § 15.2 describe only terms used in proposed part 15. These definitions do not interpret terms for purposes of any other statute or regulation and are not issued pursuant to section 3(d) of the GENIUS Act (12 U.S.C. 5902(d)).

[22] While the proposed definition of ''affiliate'' is consistent with the definition in the Bank Holding Company Act, the OCC would retain interpretive authority with respect to this definition for purposes of proposed 12 CFR part 15. The OCC generally expects that it would interpret questions regarding the definition of ''affiliate'' consistent with the provisions of 12 CFR part 225 as of the date of this issuance.

the term ''Bank Secrecy Act'' would mean: (1) section 21 of the Federal Deposit Insurance Act (12 U.S.C. 1829b); (2) chapter 2 of title I of Public Law 91–508 (12 U.S.C. 1951 *et seq.*); and (3) subchapter II of chapter 53 of title 31, United States Code and notes thereto (31 U.S.C. 5311 *et seq.*). The proposal would add the phrase ''and notes thereto'' as a clarification.

Board of directors. Under the proposed rule, ''board of directors'' would mean a payment stablecoin issuer's or applicant's board of directors or the group of individuals that serve the nearest equivalent function of acting as the governing body of the issuer or applicant. The proposed definition captures the persons responsible for certain requirements under proposed part 15, including for permitted payment stablecoin issuers that do not have a board of directors as that term is commonly understood.

Control. The OCC is defining ''control'' such that a person would control another person if: (1) the person directly or indirectly or acting through one or more other persons owns, controls, or has power to vote 25 percent or more of any class of voting securities of the other person; (2) the person controls in any manner the election of a majority of the directors or trustees of the other person; or (3) the OCC determines, after notice and opportunity for hearing, that the person directly or indirectly exercises a controlling influence over the management or policies of the other person. Like the definition of ''affiliate,'' the proposed definition of ''control'' is generally consistent with the Bank Holding Company Act.[23] The OCC notes that proposed § 15.14 would include certain provisions regarding changes in control that would refer to the use of that term under 12 CFR 5.50, rather than under the Bank Holding Company Act. Thus, for purposes of those provisions, permitted payment stablecoin issuers should refer to 12 CFR 5.50.

Customer. The OCC is proposing to define the term ''customer'' to mean a person that purchases (through any consideration) the products or services of another person. This term appears in a variety of different contexts in the proposed rule, so the OCC has proposed a broad definition for the term. The definition for purposes of the proposed rule is not intended to affect any customer identification program or customer due diligence rules.

Deposit. The OCC is proposing to define the term ''deposit'' to have the same meaning as deposit in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(l)).

Depository institution. The OCC is proposing to define the term ''depository institution'' to mean a depository institution as that term is defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(c)(1)) or a credit union. The OCC is proposing this definition to improve clarity because, although the GENIUS Act uses the term ''depository institution,'' it is not defined in section 2 of the Act (12 U.S.C. 5901). Section 11(g) of the Act (12 U.S.C. 5911) does, however, refer to the Federal Deposit Insurance Act's definition.[24] The OCC believes that incorporating this definition will promote clarity and consistency. Under the Federal Deposit Insurance Act, the term ''depository institution'' means any bank or savings association, which are both defined terms under that statute, and would be incorporated herein to determine whether an institution is a depository institution for purposes of proposed part 15. The OCC is proposing to include a reference to credit unions consistent with the approach that the GENIUS Act took with respect to the definition of ''insured depository institution,'' defined below, and which explicitly includes insured credit unions. This term is particularly relevant with respect to the OCC's jurisdiction over certain nonbank entities under sections 2(25), 4(d), and 7(e) of the Act (12 U.S.C. 5901(25), 5903(d), and 5906(e)).

Digital asset. The OCC is proposing to define the term ''digital asset'' as provided in section 2(6) of the GENIUS Act (12 U.S.C. 5901(6)). Under the proposed rule, the term ''digital asset'' would mean any digital representation of value that is recorded on a cryptographically secured distributed ledger.

Director. The OCC is proposing to define the term ''director'' for purposes of this proposed part to mean an individual who serves on the board of directors of a permitted payment stablecoin issuer or applicant, except an advisory director who does not have the authority to vote on matters before the board of directors or any committee of the board of directors and provides solely general policy advice to the board of directors or any committee. The OCC based the proposed definition on the definition included in 12 CFR 5.51. The proposed definition has been modified from that in 12 CFR 5.51 to remove the exclusion for a director of a foreign bank that operates a Federal branch. The OCC determined that this language is unnecessary in light of the proposed definition of the term ''board of directors.'' As described above, to address the various organizational forms used by permitted payment stablecoin issuers and applicants, including those that do not have a traditional board of directors, the OCC is proposing to define the term ''board of directors'' in this proposed part to include a group of individuals that serve the nearest equivalent function of acting as the governing body of the issuer or applicant. For a Federal branch, individuals who would meet the proposed definition of ''director'' would include individuals that are part of that group. Further, the directors of Federal branches would not include individuals who serve on the board of directors of the foreign bank but who do not serve in the equivalent capacity with respect to the Federal branch.

Distributed ledger. The OCC is proposing to define the term ''distributed ledger'' as provided in the GENIUS Act, 12 U.S.C. 5901(8), with certain technical edits. The proposed rule would define the term ''distributed ledger'' to mean technology in which (1) data is shared across a network that creates a public digital ledger of verified transactions or information among network participants and (2) cryptography is used to link the data to maintain the integrity of the public ledger and execute other functions. The proposed definition reformats the definition in the GENIUS Act by using numbering to distinguish between the two components of the definition. The formatting changes are technical and do not have a substantive effect on the definition.

Distributed ledger protocol. The OCC is proposing to define the term ''distributed ledger protocol'' as provided in the GENIUS Act, 12 U.S.C. 5901(9). The term ''distributed ledger protocol'' would mean publicly available and accessible executable software deployed to a distributed ledger, including smart contracts or networks of smart contracts.

Eligible financial institution. The OCC is proposing to define ''eligible financial institution'' to mean (1) a person that (a) is eligible to hold reserve assets in custody under section 10(a) of the

[23] While the proposed definition of control is consistent with the definition in the Bank Holding Company Act, the OCC would retain interpretive authority with respect to this definition for purposes of proposed 12 CFR part 15. The OCC generally expects that it would interpret questions regarding the definition of ''control'' consistent with the provisions of 12 CFR part 225, including those relating to the presumption of control, as of the date of this issuance.

[24] The proposed definition of ''depository institution'' for purposes of part 15 would not affect the meaning of the term under section 11(g) of the GENIUS Act (12 U.S.C. 5911).

GENIUS Act (12 U.S.C. 5909(a)); (b) complies with the applicable requirements in section 10(b), (c), and (d) of the GENIUS Act (12 U.S.C. 5909(b), (c) and (d)), including with applicable implementing regulations issued by a relevant Federal payment stablecoin regulator as defined in 12 U.S.C. 5901(25), primary financial regulatory agency described in 12 U.S.C. 5301(12)(B) or (C), State bank supervisor, or State credit union supervisor; and (c), if applicable, enters into a custody agreement with a permitted payment stablecoin issuer documenting the person's compliance with section 10(b), (c) and (d) of the Act as well as policies and procedures to ensure compliance; or (2) a Federal Reserve Bank.

The term ''eligible financial institution'' is relevant to the reserve asset diversification and concentration requirements in proposed § 15.11(c) of the proposed rule. Under section 10(a) of the GENIUS Act, a person may only engage in the business of providing custodial or safekeeping services for the payment stablecoin reserve, the payment stablecoins used as collateral, or the private keys used to issue payment stablecoins if the person (1) is subject to (A) supervision or regulation by a primary Federal payment stablecoin regulator or a primary financial regulatory agency described under subparagraph (B) or (C) of section 2(12) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5301(12)); or (B) supervision by a State bank supervisor, as defined under section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813), or a State credit union supervisor, as defined under section 6003 of the Anti-Money Laundering Act of 2020 (31 U.S.C. 5311 note), and such State bank supervisor or State credit union supervisor makes available to the Federal Reserve such information as the Federal Reserve determines necessary and relevant to the categories of information under section 10(d) of the Act; and (2) complies with the requirements under section 10(b), unless such person holds such property in accordance with similar requirements as required by a primary Federal payment stablecoin regulator, the Securities and Exchange Commission, or the Commodity Futures Trading Commission.

Eligible financial institutions would include insured depository institutions and national banks regardless of whether the entities engaged in stablecoin activities or provided custody services to permitted payment stablecoin issuers because these entities are subject to supervision or regulation by a primary Federal payment stablecoin regulator. Thus, for example, under proposed § 15.11(c) a permitted payment stablecoin issuer could hold reserves as deposits at a national bank regardless of whether the national bank acted as custodian for the permitted payment stablecoin issuer's other reserve assets.

To meet the proposed definition, a financial institution must also comply with the applicable requirements of section 10 of the Act (12 U.S.C. 5909), and the relevant custody agreement must reflect compliance with section 10 as well as policies and procedures to ensure such compliance.[25] These criteria are intended to ensure compliance with section 10 of the Act and to encourage appropriate due diligence of entities that hold reserve assets for permitted payment stablecoin issuers.

The OCC recognizes that multiple agencies will regulate stablecoin issuers and that multiple agencies regulate the entities that may permissibly custody reserve assets. The proposed rule would impose requirements on where and how OCC-regulated permitted payment stablecoin issuers may hold reserve assets and would also impose requirements on OCC-regulated institutions that hold reserve assets on behalf of stablecoin issuers, including stablecoin issuers not regulated by the OCC. Accordingly, there may be overlap between the requirements imposed by different regulators with separate requirements implementing section 10 of the GENIUS Act that govern how their regulated entities must handle reserve assets placed by other stablecoin issuers. The OCC invites comment on the best ways to manage potentially overlapping requirements. The proposed rule would require that an ''eligible financial institution'' comply with the requirements in section 10(b), (c), and (d) of the GENIUS Act, including applicable implementing regulations. Accordingly, even if different types of eligible financial institutions are subject to different regulations on the safe handling of stablecoin reserve assets, an OCC-regulated permitted payment stablecoin issuer could still custody reserve assets at any entity that meets the requirements in the definition of ''eligible financial institution.'' Given the diverse set of entities that may permissibly hold stablecoin reserves, the proposed definition of ''eligible financial institution'' would not necessarily require that eligible financial institutions be subject to uniform regulations implementing the requirements in section 10(b), (c), and (d) of the GENIUS Act. The proposed rule would require a permitted payment stablecoin issuer to enter into a custody agreement with an eligible financial institution, which would establish a baseline that the eligible financial institution is adhering to the requirements in section 10(b), (c), and (d), along with any implementing regulations. In the absence of this requirement, reserve assets might be placed at a financial institution without the financial institution even purporting to comply with the requirements in section 10(b), (c), or (d), or possibly even knowing that its customer's assets represent stablecoin reserves.

Executive officer. The OCC is proposing a definition for the term ''executive officer,'' which is used in connection with the proposed application process in § 15.30. Under the proposal, the term ''executive officer'' would mean the president, chairman, chief executive officer, chief operating officer, chief financial officer, chief investment officer, chief risk officer, chief technology officer, and Bank Secrecy Act officer. The term would include any individual serving in the functional capacity of the listed titles or their equivalent, without regard to title, salary, or compensation. The OCC based the proposed ''executive officer'' definition on the definition of ''Senior executive officer'' in 12 CFR 5.51(c)(4) with certain modifications to conform the language and format to apply to the relevant individuals and entities under this proposed part and to streamline the definition to the positions most likely to be relevant for permitted payment stablecoin issuers.

Fair value. The OCC is proposing to include a definition of the term ''fair value'' in the rule. As proposed, the term ''fair value'' would mean the fair value as determined under GAAP.[26] Fair value is used in proposed § 15.11 in describing proposed reserve requirements.

FDIC. The OCC is proposing to define FDIC to mean the Federal Deposit Insurance Corporation. This accords with the definition of ''Corporation'' in section 2(5) of the GENIUS Act (12 U.S.C. 5901(5)). The OCC has opted not to use the term ''Corporation'' to describe the FDIC because that term is used more broadly in the definition of person, discussed below.

[25] As discussed above, to the extent that an eligible financial institution does not engage in custody of covered assets, section 10 of the GENIUS Act (12 U.S.C. 5909) would not apply.

[26] *See* discussion of the definition of ''GAAP,'' *infra.*

Federal branch. The OCC is proposing to define the term ''Federal branch'' as provided in the GENIUS Act, 12 U.S.C. 5901(10). Specifically, the proposed rule provides that the term ''Federal branch'' would have the meaning set forth in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(s)(2)).

Federal qualified payment stablecoin issuer. The OCC is proposing to define the term ''Federal qualified payment stablecoin issuer'' consistent with the definition of that term in the GENIUS Act, 12 U.S.C. 5901(11), with certain technical and conforming changes. Specifically, the proposed rule would define the term ''Federal qualified payment stablecoin issuer'' to mean the following entities that are approved by the OCC, pursuant to proposed § 15.30, to issue payment stablecoins: (1) a nonbank entity, other than a State qualified payment stablecoin issuer; (2) an uninsured national bank that is chartered by the OCC, pursuant to title LXII of the Revised Statutes; or (3) a Federal branch.[27] The proposed definition modifies the definition provided in the GENIUS Act by reformatting it to reduce repetition and replacing the statutory term ''Comptroller'' with the proposed defined term ''OCC.'' In addition, the proposed definition replaces cross references to section 5 of the GENIUS Act (12 U.S.C. 5904) with a cross reference to the proposed implementing provisions in proposed § 15.30.

Federal Reserve. The proposed rule would define the term ''Federal Reserve'' to mean the Board of Governors of the Federal Reserve System. This accords with the definition of ''Board'' in section 2(3) of the GENIUS Act (12 U.S.C. 5901(3)). The OCC proposes to use the term ''Federal Reserve'' in place of ''Board'' for greater clarity because the proposed rule refers separately to boards of directors in various sections.

Foreign payment stablecoin issuer. The OCC is proposing to define the term ''foreign payment stablecoin issuer'' consistent with the definition of that term in the GENIUS Act, 12 U.S.C. 5901(12), with certain clarifying changes. Under the proposed rule, the term ''foreign payment stablecoin issuer'' would mean an issuer of a payment stablecoin that is (1) organized under the laws of or domiciled in a foreign country or a territory of the United States; and (2) not a permitted payment stablecoin issuer as defined in 12 U.S.C. 5901(23). The proposed definition of foreign payment stablecoin issuer would refer to the statutory definition of ''permitted payment stablecoin issuer'' because the proposed rule generally limits the definition of that term to entities subject to the OCC's jurisdiction.

Although included in the statutory definition, the proposed definition does not include the phrase ''Puerto Rico, Guam, American Samoa, or the Virgin Islands.'' The OCC determined that the omitted phrase was redundant and may lead to confusion. Under the proposed definition, a foreign payment stablecoin issuer may be organized under the laws of or domiciled in any territory of the United States. The United States currently has five permanently inhabited territories: the four listed above and the Northern Mariana Islands.

GAAP. The OCC is proposing to include a definition of the term GAAP in the rule. The proposed rule would define the term ''GAAP'' to mean the generally accepted accounting principles as used in the United States. GAAP is used in the definition of fair value and proposed subparts B and E.

Immediate family. The OCC is proposing to define the term ''immediate family'' to mean the spouse of an individual, the individual's minor children, and any of the individual's children (including adults) residing in the individual's home. This term is relevant to the risk management standards concerning insider and affiliate transactions and is consistent with the definition in Regulation O (12 CFR part 215).

Insider. The OCC is proposing to define the term ''insider'' to mean a principal shareholder, an executive officer, a director, or a related interest of or the immediate family member of any of these persons. This term is relevant to the risk management standards concerning insider and affiliate transactions and is adapted from the definition in Regulation O (12 CFR part 215). It has been adapted to make direct reference to the immediate family of a principal shareholder, executive officer, or director to mitigate the risk of an insider engaging in inappropriate transactions to benefit immediate family members.

Insured credit union. The OCC proposes to define the term ''insured credit union'' consistent with the definition of the term in the GENIUS Act, 12 U.S.C. 5901(14). As proposed, the term ''insured credit union'' would have the meaning given to that term in section 101 of the Federal Credit Union Act (12 U.S.C. 1752).

Insured depository institution. The OCC is proposing to define the term ''insured depository institution'' consistent with the definition of the term in the GENIUS Act, 12 U.S.C. 5901(15). As proposed, the term ''insured depository institution'' would mean an insured depository institution, as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813) and an insured credit union.

Monetary value. The OCC is proposing to define the term ''monetary value'' as provided in the GENIUS Act, 12 U.S.C. 5901(17). The proposal would define ''monetary value'' to mean a national currency or deposit (which, as discussed above, would have the same meaning as in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(l)) denominated in a national currency.

Money. Section 2(18) of the GENIUS Act, 12 U.S.C. 5901(18), defines ''money'' to mean a medium of exchange currently authorized or adopted by a domestic or foreign government, including a monetary unit of account established by an intergovernmental organization or by agreement between two or more countries. This definition is relevant to the definition of national currency (discussed below) and certain reserve assets described in section 4(a)(1)(A)(i) and (iv) of the Act (12 U.S.C. 5903(a)(1)(A)(i) and (iv)). Section 4(a)(1)(A)(i) refers to money standing to the credit of an account with a Federal Reserve Bank. Section 4(a)(1)(A)(iv) refers to money received under a repurchase agreement that meets certain requirements. Although the statutory definition of money clearly includes monetary value, it may be unclear at any point in time whether other mediums of exchange have been authorized or adopted by a domestic or foreign government. Moreover, whether a medium of exchange meets this definition may change based on actions of foreign governments or intergovernmental organizations. While it may be relatively clear whether an asset is money standing to the credit of an account with a Federal Reserve Bank, there could be ambiguity as to whether a particular asset is money received under a repurchase agreement. Therefore, to promote clarity and uniformity for purposes of determining whether certain assets would qualify as money under proposed part 15, the OCC proposes that it would provide prior confirmation publicly that a medium of

[27] Certain Federal qualified payment stablecoin issuers may be subsidiaries of national banks. For example, an uninsured national trust bank may be a subsidiary of a national bank. An insured national bank or Federal savings association seeking to issue a payment stablecoin would, however, need to do so through a subsidiary, as required under the GENIUS Act. *See* 12 U.S.C. 5901(23) (defining ''permitted payment stablecoin issuer'').

exchange (other than those defined as monetary value) meets the definition of ''money'' under the GENIUS Act. Specifically, the OCC proposes to define ''money'' for the purposes of part 15 to mean monetary value and any other medium of exchange that the OCC has determined is currently authorized or adopted by a domestic or foreign government, including a monetary unit of account established by an intergovernmental organization or by agreement between two or more countries. The OCC expects that it would issue such public determinations, to the extent appropriate, on its own volition or at the request of an interested party.

National currency. The OCC is proposing to define the term ''national currency'' as provided in the GENIUS Act, 12 U.S.C. 5901(19). Under the proposed rule, the term ''national currency'' would mean (1) a Federal Reserve note (as the term is used in the first undesignated paragraph of section 16 of the Federal Reserve Act (12 U.S.C. 411)); (2) money standing to the credit of an account with a Federal Reserve Bank; (3) money issued by a foreign central bank; or (4) money issued by an intergovernmental organization pursuant to an agreement by two or more governments.

Nonbank entity. The OCC is proposing to define the term ''nonbank entity'' as provided in the GENIUS Act, 12 U.S.C. 5901(20). Specifically, the term ''nonbank entity'' would mean a person that is not a depository institution or subsidiary of a depository institution. Consistent with the statutory definition, a nonbank entity could include a non-subsidiary affiliate of a depository institution.

Nonpublic personal information. The OCC is proposing to define the term ''nonpublic personal information'' to mean information (1) provided by a customer to a permitted payment stablecoin issuer to obtain a financial product or service, (2) about a customer resulting from any transaction involving a financial product or service between the permitted payment stablecoin issuer and a customer, or (3) otherwise obtained by the permitted stablecoin issuer in connection with providing a financial product or service to a customer. The proposed definition does not include publicly available information, unless such publicly available information, when combined with other information, would reveal the identity of a customer or would enable access to the customer's account.

OCC. The OCC is proposing to substitute the term ''OCC'' for the term ''Comptroller'' as defined in the GENIUS Act, 12 U.S.C. 5901(4). Under the proposed rule, the term ''OCC'' would be defined to mean the Office of the Comptroller of the Currency. The proposed definition would refer to the organization as opposed to the individual who occupies the office. Using the term OCC is consistent with the agency's terminology in other regulations for which it has rulemaking authority.

Outstanding issuance value. The OCC is proposing to define the term ''outstanding issuance value'' to mean the total consolidated par value of all of a payment stablecoin issuer's payment stablecoins. This would include the combined total par value of different brands of payment stablecoin issued by the payment stablecoin issuer (*e.g.,* under a white label arrangement) to the extent that such an arrangement complies with proposed 12 CFR part 15. The proposed definition includes the defined term ''payment stablecoin'' and should be read consistent with that definition, discussed below. For purposes of calculating the outstanding issuance value, the OCC believes that a digital asset that is, or is designed to be, used as a means of payment or settlement but for which there is not yet an obligation to convert, redeem, or repurchase for a fixed amount of monetary value should not be included in the calculation. A digital asset minted (*i.e.,* created on a blockchain) by an issuer to be a payment stablecoin would not be included in the calculation of outstanding issuance value until the obligation to convert, redeem, or repurchase the digital asset for a fixed amount of monetary value is incurred. Similarly, once an issuer permanently removes a payment stablecoin from circulation (*e.g.,* burns the payment stablecoin) the digital asset would cease to be included in the calculation of outstanding issuance value. Payment stablecoins for which holder access has been restricted pursuant to applicable law, regulation, or court order would remain payment stablecoins, as the issuer's obligation to convert, redeem, or repurchase for a fixed amount of monetary value continues and the associated reserves are maintained in segregated accounts pending resolution of the restriction. Likewise, if an issuer repurchased a payment stablecoin but did not burn the payment stablecoin, the stablecoin in the permitted payment stablecoin issuer's inventory would not be part of the issuer's outstanding issuance value (but would become part of the outstanding issuance value if the permitted payment stablecoin issuer subsequently put the payment stablecoin back into circulation). Therefore, the proposed definition of ''outstanding issuance value'' only includes payment stablecoins for which the permitted payment stablecoin issuer is obligated to convert, redeem, or repurchase for a fixed amount of monetary value (generally the issued payment stablecoins in circulation).

The OCC also considered whether the proposed ''outstanding issuance value'' definition should include only those payment stablecoins issued by a permitted payment stablecoin issuer, or also the payment stablecoins issued by the issuer's non-consolidated affiliates.[28] The OCC determined that it was appropriate to limit the proposed definition to include only the payment stablecoins issued by a permitted payment stablecoin issuer (and consolidated subsidiaries). The OCC believes that the proposed definition would scope in the appropriate permitted payment stablecoin issuers to the relevant provisions regarding reserve assets,[29] the frequency of examinations,[30] required audits,[31] transition to the Federal regulatory framework,[32] and minimum capital calculation [33] without being overly expansive and that it best aligns with the language in the statute. Notwithstanding the proposed definition of ''outstanding issuance value,'' non-consolidated affiliates of an issuer that issue payment stablecoins would separately need to comply with the requirements of the Act.

Payment stablecoin. The OCC is proposing to define the term ''payment stablecoin'' consistent with the definition of the term in the GENIUS Act, 12 U.S.C. 5901(22), with certain technical changes. Under the proposal, the term ''payment stablecoin'' would mean a digital asset (i) that is, or is designed to be, used as a means of payment or settlement; and (ii) the issuer of which (A) is obligated to convert, redeem, or repurchase for a fixed amount of monetary value, not including a digital asset denominated in a fixed amount of monetary value; and (B) represents that such issuer will maintain, or creates the reasonable expectation that it will maintain, a stable value relative to the value of a fixed amount of monetary value.[34] For

[28] As noted above, the definition of ''outstanding issuance value'' includes the consolidated value of issued payment stablecoins.

[29] *See* proposed § 15.11.

[30] *See* proposed § 15.14.

[31] *See id.*

[32] *See* proposed § 15.15(b).

[33] *See* proposed subpart E.

[34] The OCC interprets the statutory language in 12 U.S.C. 5901(22) to mean that the permitted payment

a digital asset to be a payment stablecoin under proposed part 15, the issuer must be obligated to convert, redeem, or repurchase the digital asset for a fixed amount of monetary value.

The proposed definition also provides that a ''payment stablecoin'' does not include a digital asset that is a (i) national currency; (ii) deposit (as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)), including a deposit recorded using distributed ledger technology; or (iii) security, as defined in section 2 of the Securities Act of 1933 (15 U.S.C. 77b), section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c), or section 2 of the Investment Company Act of 1940 (15 U.S.C. 80a–2). The GENIUS Act's definition of ''payment stablecoin'' also contains language clarifying that ''no bond, note, evidence of indebtedness, or investment contract that was issued by a permitted payment stablecoin issuer shall qualify as a security solely [because the issuer satisfies] the conditions in [paragraph (1) of the proposed ''payment stablecoin'' definition], consistent with section 17 of the Act.'' The GENIUS Act provides that this language was included ''for the avoidance of doubt.'' The OCC determined that it was not necessary to include this language in the proposed ''payment stablecoin'' definition because section 17 of the GENIUS Act includes amendments to the cited Federal statutes that clarify that payment stablecoins are not securities.

Permitted payment stablecoin issuer. The OCC is proposing to define the term ''permitted payment stablecoin issuer'' consistent with the definition of the term in the GENIUS Act, 12 U.S.C. 5901(23), with certain modifications. Specifically, the proposed definition would limit the definition to the entities that are subject to the OCC's jurisdiction, including State qualified payment stablecoin issuers subject to the OCC's regulatory authority under section 4 of the GENIUS Act (12 U.S.C. 5903).[35] In addition, the proposed definition cross-references the relevant proposed implementing provision in place of the statutory provision included in the GENIUS Act's definition. Under the proposed rule, the term ''permitted payment stablecoin issuer'' would mean a person formed in the United States that is a (1) subsidiary of an insured national bank or Federal savings association that has been approved to issue payment stablecoins under § 15.30; (2) Federal qualified payment stablecoin issuer; or (3) State qualified payment stablecoin issuer subject to the OCC's regulatory or enforcement authority under section 4 of the GENIUS Act (12 U.S.C. 5903).[36]

Person. The OCC is proposing to define the term ''person'' as the term is defined in the GENIUS Act, 12 U.S.C. 5901(24). As proposed, the term ''person'' would mean an individual, partnership, company, corporation, association, trust, estate, cooperative organization, or other business entity, incorporated or unincorporated.

Principal shareholder. The OCC is proposing to define the term ''principal shareholder'' to mean a person who directly or indirectly or acting in concert with one or more persons, or together with members of their immediate family, will own, control, or hold 10 percent or more of the voting stock of the permitted payment stablecoin issuer or applicant. This definition is substantially similar to the definition used in the OCC's general licensing regulations in 12 CFR 5.20(d)(10).

Private key. The OCC is proposing to define the term ''private key'' to mean the unique alphanumeric string that allows an individual to transfer a particular unit of a digital asset using a distributed ledger. This definition is intended to include shards of a private key.[37]

Publicly available information. The OCC is proposing to define the term ''publicly available information'' to mean any information that a person has a reasonable basis to believe is lawfully made available to the general public from: (1) Federal, State, or local government records, (2) widely distributed media; (3) disclosures to the general public that are required to be made by Federal, State, or local law; or (4) a distributed ledger.[38]

Registered public accounting firm. The OCC is proposing to define the term ''registered public accounting firm'' as provided in the GENIUS Act, 12 U.S.C. 5901(26). Under the proposal, the term ''registered public accounting firm'' would mean a registered public accounting firm set forth in section 2 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7201).

Related interest. The OCC is proposing to define the term ''related interest'' of a person to mean (1) a company that is controlled by that person; or (2) a political or campaign committee that is controlled by that person or the funds or services of which will benefit that person. This term is relevant to the risk management standards for insider and affiliate transactions and is derived from the definition in Regulation O (12 CFR part 215).

Reserve asset. The OCC is proposing to define the term ''reserve asset'' to mean an asset maintained by a permitted payment stablecoin issuer of a type enumerated in § 15.11(b). A permitted payment stablecoin issuer may maintain reserve assets as a custodian.

Stablecoin Certification Review Committee. The OCC is proposing to define the term ''Stablecoin Certification Review Committee'' consistent with the definition in the GENIUS Act, 12 U.S.C. 5901(27) by adopting the statutory definition. The proposed rule would define the term ''Stablecoin Certification Review Committee'' as having the meaning set forth in section 2 of the GENIUS Act (12 U.S.C. 5901(27)). Defining this term by cross reference to the GENIUS Act would ensure ongoing alignment between the regulatory and statutory definitions. Further, the proposed definition would ensure that the definition in this proposed part would not conflict with the actions of the U.S. Department of the Treasury, Federal Reserve, and FDIC taken pursuant to their responsibilities related to the Stablecoin Certification Review Committee under the GENIUS Act. The OCC believes adopting the definition provided in the GENIUS Act is appropriate in this instance because the changes that the OCC would otherwise make to the definition if it did not adopt the definition provided in the GENIUS Act would not alter the substantive requirements of the proposed rule for entities within its scope.

State. The OCC is proposing to define the term ''State'' as provided in the GENIUS Act, 12 U.S.C. 5901(28). Under the proposed rule, the term ''State'' would mean each of the several States of the United States, the District of

stablecoin issuer would be obligated to meet redemption requests at par.

[35] *See* Scope section-by-section analysis, *supra.*

[36] In addition, the OCC has enforcement authority pursuant to section 7(e)(2) of the GENIUS Act (12 U.S.C. 5906(e)(2)) with respect to certain nonbank State qualified payment stablecoin issuers in unusual and exigent circumstances. Proposed § 15.16 would address the requirements applicable to certain State qualified payment stablecoin issuers under unusual and exigent circumstances, but the OCC is not proposing to include State qualified payment stablecoin issuers that come within the OCC's jurisdiction solely as a result of section 7(e)(2) of the GENIUS Act within the definition of permitted payment stablecoin issuer.

[37] Sharding refers to dividing a private key into distinct pieces for enhanced security.

[38] As noted above, the term ''distributed ledger'' is limited to publicly available and accessible ledgers.

Columbia and each territory of the United States.[39]

State chartered depository institution. The OCC is proposing to define the term ''State chartered depository institution'' as provided in the GENIUS Act, 12 U.S.C. 5901(29). Specifically, the proposed rule would define the term ''State chartered depository institution'' as having the meaning as set forth for ''State depository institution'' in section 3(c) of the Federal Deposit Insurance Act (12 U.S.C. 1813(c)(5)).

State payment stablecoin regulator. The OCC is proposing to define the term ''State payment stablecoin regulator'' as provided in the GENIUS Act, 12 U.S.C. 5901(30). As such, the OCC is proposing to define ''State payment stablecoin regulator'' to mean a State agency that has primary regulatory and supervisory authority in such State over entities that issue payment stablecoins.

State qualified payment stablecoin issuer. The OCC is proposing to define the term ''State qualified payment stablecoin issuer'' consistent with the definition of that term in the GENIUS Act, 12 U.S.C. 5901(31), with a non-substantive, clarifying change. Under the proposed rule, the term ''State qualified payment stablecoin issuer'' would mean an entity that is (1) legally established under the laws of a State and approved to issue payment stablecoins by a State payment stablecoin regulator; and (2) not an uninsured national bank chartered by the OCC pursuant to title LXII of the Revised Statutes, a Federal branch, an insured depository institution, or a subsidiary of such an uninsured national bank, Federal branch, or insured depository institution. The proposed definition clarifies the definition of ''State qualified payment stablecoin issuer'' provided in the GENIUS Act by adding the phrase ''an uninsured'' before the term ''national bank'' in the list of excluded subsidiaries to parallel the description of excluded entities in the preceding list.

Subsidiary. The OCC is proposing to define the term ''subsidiary'' as provided in the GENIUS Act, 12 U.S.C. 5901(32). Specifically, the proposed rule would define the term ''subsidiary'' as having the meaning set forth in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(w)(4)). Because the term in section 3 of that Federal Deposit Insurance Act relies on the definitions of ''company'' and ''control'' in section 2 of the Bank Holding Company Act, the OCC proposes to incorporate those definitions in proposed part 15, tailored to the extent necessary, as described above.

Trading volume. The OCC is proposing to define the term ''trading volume'' to mean the aggregate number of payment stablecoins issued by a permitted payment stablecoin issuer that were purchased or sold on exchanges during a specified period of time.

United States customer. The OCC is proposing to define the term ''United States customer'' to mean a customer that resides in the United States.

3. Severability (Proposed § 15.3)

Proposed § 15.3 would provide that the provisions of this proposed part 15 are separate and severable from one another. If any provision is stayed or determined to be invalid, it is the OCC's intention that the remaining provisions shall continue in effect. If a provision of the rule were found to be invalid, the OCC anticipates that it would evaluate whether any re-proposal of the rule is appropriate. The OCC is proposing to include the severability clause to ensure that, in the event any particular provision of the proposed rule is held to be invalid, the remainder of the rule would continue in effect, providing clarity for market participants on how to comply with the OCC's regulations implementing the GENIUS Act pending any re-proposal.

The OCC generally intends all of its rulemakings to be severable to the extent portions of the rule are determined to be invalid regardless of the presence of a severability clause. The OCC is proposing to include an explicit severability clause to this rulemaking given the novelty and scope of the GENIUS Act and the importance of ensuring as much certainty as possible for the regulatory framework for payment stablecoins.

B. Subpart B—Permitted Payment Stablecoin Issuers and State Qualified Payment Stablecoin Issuers

1. Activities (Proposed § 15.10)

Section 4(a)(7)(A) of the GENIUS Act (12 U.S.C. 5903(a)(7)(A)) sets forth the list of activities in which a permitted payment stablecoin issuer may engage. Additionally, section 16(b) of the GENIUS Act (12 U.S.C. 5915(b)) outlines certain additional activities and investments in which permitted payment stablecoin issuers may engage.

Consistent with the statute, the OCC is proposing to mirror the permitted activities from section 4(a)(7)(A) of the GENIUS Act (12 U.S.C. 5903(a)(7)(A)) in proposed § 15.10(a)(1) through (4), which include: (1) issuing payment stablecoins; (2) redeeming payment stablecoins; (3) managing reserves related to the issuance or redemption of payment stablecoins, including purchasing, selling, and holding reserve assets or providing custodial services for reserve assets, consistent with applicable State and Federal law; and (4) providing custodial or safekeeping services for payment stablecoins, required reserves, or private keys of stablecoins consistent with the GENIUS Act, as implemented in proposed subpart C. Additionally, proposed § 15.10(a)(8) provides that a permitted payment stablecoin issuer may undertake any other activities that directly support any of the activities in proposed § 15.10(a)(1) through (4), which is explicitly provided for in section 4(a)(7)(A)(v) of the GENIUS Act (12 U.S.C. 5903(a)(7)(A)(v)). One such example of an activity that would qualify under proposed § 15.10(a)(8) because it directly supports both issuance and redemption of payment stablecoins would be the permitted payment stablecoin issuer's holding of non-payment stablecoin crypto-assets as principal necessary for testing a distributed ledger, whether internally developed or acquired from a third-party.[40] Such an activity may be necessary to ensure that the permitted payment stablecoin issuer may operate safely and effectively on a distributed ledger. To the extent that permitted payment stablecoin issuers are unclear about whether an activity qualifies as activity that directly supports the activities in proposed § 15.10(a)(1) through (a)(4), the OCC encourages issuers to ask the OCC directly whether an activity is permissible.

In addition to the activities outlined in section 4(a)(7) of the GENIUS Act (12 U.S.C. 5903(a)(7)), for the sake of clarification, proposed § 15.10(a)(5) provides that permitted payment stablecoin issuers may assess fees that are associated with the purchasing or redeeming of payment stablecoins. This power is inherent in the activities described above and is explicitly

[39] United States territories are also referenced in the proposed definition of ''foreign payment stablecoin issuers.'' The GENIUS Act and this proposed part address the potential overlap created by inclusion of territories in both definitions by defining ''foreign payment stablecoin issuers'' to exclude ''permitted payment stablecoin issuers.'' Therefore, if a payment stablecoin issuer is a ''permitted payment stablecoin issuer'' because it is a ''State qualified payment stablecoin issuer'' that is legally established under the laws of a territory of the United States then by definition it cannot be a ''foreign payment stablecoin issuer.''

[40] The holding of crypto-assets as principal necessary for testing otherwise permissible crypto-asset-related platforms is a permissible activity for national banks. *See* OCC Interpretive Letter 1186 (November 18, 2025).

recognized in section 4(a)(1)(B)(ii) of the Act (12 U.S.C. 5903(a)(1)(B)(ii)).

The OCC also proposes to include the permitted activities outlined in section 16(b) of the GENIUS Act (12 U.S.C. 5915(b)), namely acting as principal or agent with respect to any payment stablecoin and paying fees to facilitate customer transactions.[41] The OCC notes that the language in section 16(b) of the Act (12 U.S.C. 5915(b)) is limited by the clause that provides that entities regulated by the primary Federal payment stablecoin regulators are ''authorized to engage in the payment stablecoin activities and investments contemplated by this Act . . .'' Accordingly, ''acting as principal or agent with respect to any payment stablecoin'' is permissible within the limited set of authorities otherwise prescribed by the GENIUS Act rather than, for example, any activity that may be conducted as principal or agent (*i.e.,* any activity involving a payment stablecoin). Therefore, proposed § 15.10(a)(6) would allow permitted payment stablecoin issuers to hold and transact in payment stablecoins as principal or agent. Payment stablecoins are not, however, a permitted reserve asset in proposed § 15.11.[42] To the extent a permitted payment stablecoin issuer is a ''digital asset service provider,'' as defined in proposed § 15.2, the issuer must also comply with the prohibition outlined in section 3(b)(2) of the GENIUS Act (12 U.S.C. 5902(b)(2)), providing that it is unlawful for any digital asset service provider to offer, sell, or otherwise make available in the United States a payment stablecoin issued by a foreign payment stablecoin issuer, unless certain conditions are met.

Consistent with section 16(b) of the GENIUS Act, proposed § 15.10(a)(7) would allow permitted payment stablecoin issuers to pay fees to facilitate customer transactions (*e.g.,* network or ''gas'' fees). If an issuer's payment stablecoin operates on a blockchain that assesses transaction fees, then the issuer may choose to pay transaction fees on behalf of the customer. The OCC recognizes that, if an issuer is paying transaction fees on certain distributed ledgers, the issuer may have to hold non-payment stablecoin crypto-assets to facilitate the payment of these transaction fees.[43] Consistent with the Act, such crypto-assets are not permitted reserve assets in proposed § 15.11.

Proposed § 15.10(b) incorporates language from section 16(a) of the GENIUS Act (12 U.S.C. 5915(a)) and emphasizes that nothing in proposed § 15.10(a) may be construed to limit the authority of a depository institution, national bank, or trust company to engage in activities permissible pursuant to applicable State and Federal law. Consistent with this provision, for example, an uninsured national bank that is a permitted payment stablecoin issuer, may engage in fiduciary, trust, and other related activities consistent with applicable law. Similarly, a national bank or Federal savings association may provide crypto-asset custody services, either in a fiduciary or non-fiduciary capacity,[44] or use distributed ledger technology and related stablecoins to carry out payment activities.[45]

The rule of construction in section 4(a)(7)(B) of the GENIUS Act (12 U.S.C. 5903(a)(7)(B)) provides:

Nothing in subparagraph (A) shall limit a permitted payment stablecoin issuer from engaging in payment stablecoin activities or digital asset service provider activities specified by this Act, and activities incidental thereto, that are authorized by the primary Federal payment stablecoin regulator or the State payment stablecoin regulator, as applicable, consistent with all other Federal and State laws[.]

By its terms, this rule of construction clarifies the scope of subparagraph (A) rather than, for example, providing an independent grant of authority. Moreover, the phrase ''consistent with all other Federal and State laws'' indicates that the ''digital asset service provider activities'' and ''activities incidental thereto'' must be consistent with a grant of authority provided for in another Federal or State law. Therefore, to the extent that a permitted payment stablecoin issuer seeks to engage in ''digital asset service provider activities'' or ''activities incidental thereto,'' the activity must be independently authorized under another source of applicable law. If a permitted payment stablecoin issuer seeks clarity on whether ''digital asset service provider activities'' or ''activities incidental thereto'' are permissible under a different authorizing statute, the OCC encourages issuers to ask the OCC directly whether such activities are permissible.

a. Prohibited Activities

The GENIUS Act also provides for certain prohibitions for permitted payment stablecoin issuers, including the prohibition on rehypothecation in section 4(a)(2) (12 U.S.C. 5903(a)(2)), the prohibition on the use of deceptive names in section 4(a)(9) (12 U.S.C. 5903(a)(9)), the prohibition against misrepresenting insured status in section 4(e) (12 U.S.C. 5903(e)), and the prohibition on paying interest or yield in section 4(a)(11) (12 U.S.C. 5903(a)(11)).

In proposed § 15.10(c)(1), the OCC imports the prohibition on the use of a deceptive name from section 4(a)(9) of the GENIUS Act (12 U.S.C. 5903(a)(9)). This provision prohibits a permitted payment stablecoin issuer from using any combination of terms relating to the United States Government, including ''United States,'' ''United States Government,'' and ''USG,'' in the name of the payment stablecoin. This prohibition does not apply to abbreviations relating directly to the currency to which the payment stablecoin is pegged, such as ''USD.'' Consistent with section 4(a)(9) of the GENIUS Act (12 U.S.C. 5903(a)(9)), proposed § 15.10(c)(2) would prohibit permitted payment stablecoin issuers from marketing a payment stablecoin in such a way that a reasonable person would perceive the payment stablecoin to be legal tender as described in 31 U.S.C. 5103, issued by the United States, or guaranteed or approved by the Government of the United States. The OCC recognizes that permitted payment stablecoin issuers may want to market themselves as permitted payment stablecoin issuers under the GENIUS Act. There is no prohibition against issuers marketing themselves in this

[41] Section 16(b) of the Act provides in part that ''Entities regulated by the primary Federal payment stablecoin regulators are authorized to engage in the payment stablecoin activities and investments contemplated by this Act, including acting as a principal or agent with respect to any payment stablecoin and payment of fees to facilitate customer transactions.'' 12 U.S.C. 5915(b). The activities authorized under section 16(b) include, for example, acting as an agent for a customer with respect to the redemption of a payment stablecoin issued by a third party.

[42] *See* 12 U.S.C. 5903(a)(1) (setting forth permissible reserve assets).

[43] *See* OCC Interpretive Letter 1186 (November 18, 2025).

[44] *See* OCC Interpretive Letter 1170 (July 22, 2020). If a national bank or Federal savings association will be offering custody services in a fiduciary capacity, it will have to comply with the provisions of 12 U.S.C. 92a and 12 CFR part 9 and 12 U.S.C. 1464(n) and 12 CFR part 150, as applicable.

[45] *See* OCC Interpretive Letter 1174 (January 4, 2021). The activities described in Interpretive Letter 1174 remain permissible to the extent that they have not been superseded by the GENIUS Act. Indeed, the Act confirms that national banks and Federal savings associations may act as principal with respect to payment stablecoins and use distributed ledgers to facilitate payments. *See* 12 U.S.C. 5915. An insured national bank or Federal savings association seeking to issue a payment stablecoin would, however, need to do so through a subsidiary, as required under the GENIUS Act. *See* 12 U.S.C. 5901(23) (defining permitted payment stablecoin issuer).

manner, so long as they do not run afoul of the prohibitions outlined in proposed § 15.10(c)(1) and (2), including the prohibition against marketing a payment stablecoin in such a way that a reasonable person would perceive the payment stablecoin to be guaranteed, issued, or approved by the United States. The OCC notes that misrepresentations by a permitted payment stablecoin issuer cannot be cured by a general disclaimer and that representations and disclosures should be clear to permitted payment stablecoin holders and customers. Consistent with section 4(e) of the GENIUS Act (12 U.S.C. 5903(e)), proposed § 15.10(c)(3) would provide that a permitted payment stablecoin issuer may not directly or through implication represent that payment stablecoins are backed by the full faith and credit of the United States, guaranteed by the United States Government, or subject to Federal deposit insurance or Federal share insurance.

Consistent with section 4(a)(11) of the GENIUS Act (12 U.S.C. 5903(a)(11)), proposed § 15.10(c)(4) provides that permitted payment stablecoin issuers must not pay 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. The OCC understands that issuers could attempt to make prohibited payments of interest or yield to payment stablecoins holders through arrangements with third parties. Moreover, there likely will be a large and changing variety of arrangements with third parties in which issuers could achieve the payment of yield to payment stablecoin holders. It would not be possible to identify in detail all, or even most, of the potential arrangements between permitted payment stablecoin issuers and third parties that the OCC may prohibit under section 4(a)(11) of the GENIUS Act and the OCC's rulemaking authority under section 4(h) of the GENIUS Act,[46] particularly as such arrangements may evolve over time. On the other hand, a rule with only a general prohibition on the payment of yield could create uncertainty within the payment stablecoin market.

To balance these interests, the OCC is proposing to include a presumption in paragraph (c)(4)(i) that certain types of arrangements with certain types of persons would be prohibited payments of yield or interest by the issuer. Specifically, the OCC would presume that a permitted payment stablecoin issuer is paying 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 if: (A) the permitted payment stablecoin issuer has a contract, agreement, or other arrangement with an affiliate or a related third party to pay interest or yield to the affiliate or related third party; and (B) the affiliate[47] or related third party (or affiliate of such related third party) has a contract, agreement, or other arrangement to pay interest or yield (whether in cash, tokens, or other consideration) to a holder of any payment stablecoin issued by the permitted stablecoin issuer solely in connection with the holding, use, or retention of such payment stablecoin. To the extent that the person, or an affiliate of the person with whom the permitted payment stablecoin issuer has a contract, agreement, or other arrangement to pay interest or yield is a related third party of the permitted payment stablecoin issuer because the permitted payment stablecoin issuer issues payment stablecoins on the related third party's behalf or under the related third party's branding, the arrangement between the related third party and the holder of the payment stablecoin would consider the holder of the payment stablecoin to be the holder of the payment stablecoin issued by the permitted payment stablecoin issuer on the related third party's behalf or under the related third party's branding. That is to say, with respect to a white-label relationship, the presumption would be triggered only to the extent the payment stablecoin holder is a holder of the related third party's white-labeled stablecoin (as opposed to other payment stablecoins issued by the permitted payment stablecoin issuer).

Related third parties would be defined 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 white-label relationship with the issuer). The OCC believes that the close nexus to the issuer's payments and payments to the payment stablecoin holder as well as the close contractual or control relationship between the issuer and the other party would make it highly likely that the issuer's payments of yield or interest would be made to the holder through an intermediary or an attempt the evade the GENIUS Act's prohibition on interest and yield payments. Nonetheless, the OCC would permit the issuer to rebut the presumption given the issuer provides sufficient evidence to the contrary. Specifically, a permitted payment stablecoin issuer may rebut the presumption by submitting written materials that, in the OCC's judgment, demonstrate that the contract, agreement, or other arrangement is not prohibited under paragraph (c)(4) and is not an attempt to evade the prohibition.

Other arrangements that are not captured by the presumption may also violate the statutory prohibition or constitute an evasion thereof. The OCC would assess those arrangements on a case-by-case basis but does not believe that it is necessary to include other arrangements within the rebuttable presumption at this time. The prohibition is not intended to prevent a merchant from independently offering a discount to a payment stablecoin holder for using payment stablecoins. The prohibition is also not intended to prevent a permitted payment stablecoin issuer from sharing in the profits derived from the payment stablecoin with a non-affiliate partner in a white-label arrangement.

In proposed § 15.10(c)(5), the OCC proposes to include the language from 12 U.S.C. 5903(a)(2) that prohibits permitted payment stablecoin issuers from pledging, rehypothecating, or reusing any reserve assets required under 12 U.S.C. 5903(a)(1), except for the purposes listed in section 4(a)(2) of the GENIUS Act (12 U.S.C. 5903(a)(2)). Thus, consistent with the statute, a permitted payment stablecoin issuer may not pledge, rehypothecate, or re-use any reserve assets, either directly or indirectly (*e.g.,* through a third-party custodian of the reserve assets), except for the purpose of: (i) satisfying margin obligations in connection with investments in permitted reserves under proposed § 15.11(b)(4) or (5); (ii) satisfying obligations associated with the use, receipt, or provision of standard custodial services;[48] or (iii) creating liquidity to meet reasonable expectations of requests to redeem payment stablecoins, such that reserves in the form of Treasury bills with a

[46] Section 4(h) of the GENIUS Act provides that the OCC and other stablecoin regulators may issue regulations to ''carry out the requirements of this section, including to establish conditions, and to *prevent evasion thereof.*'' 12 U.S.C. 5903(h) (emphasis added).

[47] A person would not be included within this second prong solely because the person is an affiliate of an affiliate of the issuer.

[48] The OCC interprets this exception, codified in 12 U.S.C. 5903(a)(2)(B), as being related solely to the purposes specified in 12 U.S.C. 5909(c)(2)(B).

maturity of 93 days or less may be sold as purchased securities in repurchase agreements,[49] provided that either: (A) the repurchase agreements are cleared by a clearing agency registered with the Securities and Exchange Commission; or (B) the permitted payment stablecoin issuer receives prior approval from the OCC. By including the phrase ''directly or indirectly'' in the prohibition, it is clear that Congress intended that a custodian that holds the reserves on behalf of a permitted payment stablecoin issuer also may not pledge, rehypothecate or reuse any of the reserve assets, other than with respect to the limited exceptions discussed in proposed § 15.10(c)(5). To the extent that a custodian holding the payment stablecoin reserves were allowed to bypass this prohibition, it would undermine the relatively safe nature of the reserve assets and the confidence that payment stablecoin holders have that the payment stablecoin will hold its peg.

The OCC will deem any repurchase agreement approved under this section and section 4(a)(2)(C) of the Act, provided that the Treasury bills sold as purchased securities have a maturity of 93 days or less, consistent with the requirement that Treasury bills held as reserve assets must have a maturity of 93 days or less, and the liquidity obtained through repurchase borrowings is not being obtained solely for purposes other than meeting redemption requests or compliance with the requirements of this proposed rule. The OCC believes that providing this prior approval by rule will enhance the ability of permitted payment stablecoin issuers to obtain liquidity quickly (through outright sales or repurchase agreements) and thereby facilitate the timely redemption of payment stablecoins. It is clear from section 4(a)(1)(A) of the Act (12 U.S.C. 5903(a)(1)(A)) that permitted payment stablecoin issuers may maintain identifiable reserves comprising of money received under certain repurchase agreements. It would frustrate section 4(a)(1)(A)(iv)'s clear permission to maintain such reserve assets if permitted payment stablecoin issuers could only engage in repurchase borrowing transactions upon the completion of cumbersome procedures and one-off supervisory approvals. The ability to obtain immediate liquidity through repurchase borrowings is useful and supplements a permitted payment stablecoin issuer's ability to access immediate liquidity via other means (for example, the maintenance of bank deposits or actual sales of securities). The prohibition on rehypothecation in proposed § 15.10(c)(5) would, consistent with section 4(a)(2)(C) of the Act, prohibit rehypothecation except for the purpose of creating liquidity to meet reasonable expectations of requests for redemption. However, given the fungibility of money, the OCC will not scrutinize the exact uses to which repurchase borrowing proceeds are put. The limited circumstances in which the OCC would not consider rehypothecation permissible would be if repurchase borrowings are obtained solely for some purpose other than obtaining liquidity to meet redemption requests or compliance with the rule—for example, if repurchase proceeds are to be used solely for paying dividends to a permitted payment stablecoin issuer (*i.e.,* removing excess reserve assets above the required minimum).

Section 4(h)(1) of the GENIUS Act (12 U.S.C. 5903(h)(1)) provides that the OCC may issue regulations to ''carry out the requirements of this section . . . and to prevent evasion thereof.'' In proposed § 15.10(c)(6), consistent with this statutory authority, the OCC proposes language that provides that a permitted payment stablecoin issuer must not engage in any activity that the OCC determines is an evasion of the requirements of section 4 of the GENIUS Act (12 U.S.C. 5903) or Part 15.

The OCC has considered and is requesting comment on whether to prohibit a permitted payment stablecoin issuer from issuing more than one brand of payment stablecoin (*i.e.,* more than one set of payment stablecoins marketed under the same name). The OCC recognizes that there are advantages and disadvantages associated with permitting a payment stablecoin issuer to issue multiple brands of stablecoin that may be co-branded with a named partner in a white label arrangement. These arrangements can allow parties to leverage the experience and expertise of a permitted payment stablecoin issuer and facilitate a broader range of stablecoins in the market. However, they may also foster uncertainty about reserve assets and encourage contagion and run risk among brands of payment stablecoins, including but not limited to brands issued by one issuer. One possibility that the OCC has considered and is requesting comment on is to restrict each permitted payment stablecoin issuer to issuing only one brand of payment stablecoin but to streamline the process for approving applications to become a permitted payment stablecoin issuer if an affiliate has already been approved. Under this approach, multiple permitted payment stablecoin issuers could share certain services and back-office functions with each other and might operate under a common risk management framework, but each issuer would be legally separate. This approach would allow an entity to leverage its experience and expertise but may provide more certainty with respect to the rights of payment stablecoin holders in the event that a permitted payment stablecoin issuer becomes insolvent.

The OCC has also considered and is requesting comment on whether to prohibit a permitted payment stablecoin issuer from engaging in unsafe or unsound practices. Pursuant to section 6(a)(3) of the GENIUS Act (12 U.S.C. 5905(a)(3)), the OCC has the ability to examine permitted payment stablecoin issuers for risks that may pose a threat to safety and soundness. Section 4(b)(1) of the Act (12 U.S.C. 5903(b)(1)) also provides the OCC the ability to issue regulations to ensure financial stability. It follows from these provisions that permitted payment stablecoin issuers should not be allowed to engage in practices that are unsafe or unsound. Explicitly prohibiting such activities may help the OCC to address practices that could undermine public confidence in permitted payment stablecoin issuers and the financial system more generally.

2. Reserve Assets (Proposed § 15.11)

Proposed § 15.11 contains requirements applicable to reserve assets. Section 4(a)(1)(A) of the Act (12 U.S.C. 5903(a)(1)(A)) provides that a permitted payment stablecoin issuer must maintain identifiable reserves backing the outstanding payment stablecoins of the permitted payment stablecoin issuer on an at least one-to-one basis and specifies the eight permissible reserve asset types. The one-to-one backing requirement applies at the permitted payment stablecoin issuer-level. An issuer would not comply with this requirement if it did not maintain reserve assets sufficient to meet the one-to-one backing requirement. A permitted payment stablecoin issuer may maintain reserve assets through a custodian, including an affiliate acting as a custodian, as long as the custodian qualifies as an eligible financial institution.

[49] Section 4(a)(2)(C) of the Act (12 U.S.C. 5903(a)(2)(C)) states that reserves in the form of Treasury bills may be sold as purchased securities for repurchase agreements with a maturity of 93 days or less if certain conditions are met. The OCC proposes to clarify, consistent with section 4(a)(1)(iv) of the Act (12 U.S.C. 5903(a)(1)(iv)), that the Treasury bills sold under the repurchase agreement must have a maturity of 93 days or less. Consistent with this clarification and the OCC's proposed approval of repurchase agreements under section 4(a)(2)(C) of the Act, discussed below, the maturity of the repurchase agreement would be overnight.

Proposed § 15.11(a)(1) would require that permitted payment stablecoin issuers maintain reserve assets that: (i) are identifiable; (ii) are segregated from and not commingled with other assets owned or held by the permitted payment stablecoin issuer; (iii) at all times have a total fair value that equals or exceeds the outstanding issuance value of the permitted payment stablecoin issuer; and (iv) are either held directly by the permitted payment stablecoin issuer or within the custody of an eligible financial institution. In order to maintain reserve assets that are ''identifiable'' and comply with proposed § 15.11(a)(1)(i), permitted payment stablecoin issuers must maintain appropriate records to ensure documented ownership and legal entitlement to individual reserve assets. Similarly, any ownership arrangements, including ownership via custodians, must comply with applicable laws and regulations, for example, requirements applicable to customer securities owned through the Fedwire Securities Service. The OCC generally anticipates that reserve assets will be recorded on the permitted payment stablecoin issuer's balance sheet under GAAP and be included in the quarterly reports required under proposed § 15.14(i) and on Call Report Schedule RC, Balance Sheet, for a parent insured national bank or Federal savings association. An issuer must maintain the appropriate operational capabilities, internal controls, policies, and safeguards to ensure that stablecoins are always backed by reserves on an at least 1 to 1 basis. Among other things, safeguards may include mechanisms to prevent the issuance of abnormally large amounts of new stablecoins without additional approvals.[50]

To comply with the requirement in proposed § 15.11(a)(1)(iii), a permitted payment stablecoin issuer must ensure that the fair value of reserve assets equal or exceed the outstanding issuance value of the outstanding payment stablecoins issued by the permitted payment stablecoin issuer at all times. Valuing reserve assets at fair value (*i.e.,* market value), rather than another measure, such as amortized cost, will help ensure that the reserve assets maintained by the permitted payment stablecoin issuer reflect current prices and will be monetizable at a value sufficient to meet any redemption requests at par value. Notably, the outstanding issuance value is based on the total consolidated par value of all of a permitted payment stablecoin issuer's payment stablecoins rather than on the fair value of the outstanding issued payment stablecoin. Thus, if the fair value of the payment stablecoin decreased (*i.e.,* if the payment stablecoin de-pegged in the secondary market), the permitted payment stablecoin issuer would nevertheless be obligated to retain a stock of reserve assets, the fair value of which equals or exceeds the par value of outstanding payment stablecoins. This approach is intended to ensure that the permitted payment stablecoin issuer is able to credibly meet redemption requests, including in adverse circumstances. To take a contrary approach (*e.g.,* basing the outstanding issuance value on the fair value of payment stablecoins) could allow permitted payment stablecoin issuers to inappropriately remove assets from the required stock of reserve assets when stablecoins de-peg (as reserve asset requirements decline, along the with the secondary market price of the stablecoin), rather than maintaining the reserve assets on behalf of stablecoin holders, which may in turn exacerbate run risk for a permitted payment stablecoin issuer.

Proposed § 15.11(a)(1)(iv) provides that the reserve assets must either be held directly by the permitted payment stablecoin issuer or within the custody of an eligible financial institution, which is defined in proposed § 15.2.

Proposed § 15.11(a)(2) would require that a permitted payment stablecoin issuer demonstrate the operational capability to access and monetize the identifiable reserve assets, commensurate with the permitted payment stablecoin issuer's risk profile and business model. The issuer must be able to monetize the reserve assets, potentially quickly and at short notice, in order to meet redemption requests. The inability to quickly monetize reserve assets would undermine the ability of a permitted payment stablecoin issuer to maintain the stable value of its payment stablecoin.

To comply with proposed § 15.11(a)(2), a permitted payment stablecoin issuer must be able to demonstrate the ability to monetize all types of reserve assets it maintains. Depending on a permitted payment stablecoin issuer's size, risk profile, business model, activities, and operations, a permitted payment stablecoin issuer may be able to demonstrate monetization in different ways. For example, it may be sufficient for some permitted payment stablecoin issuers to demonstrate the ability to monetize Treasury bills they hold as reserve assets by establishing that they maintain appropriate repurchase arrangements through which they can quickly sell Treasury bills and receive liquid funds with which they can satisfy redemption requests. For other permitted payment stablecoin issuers, for example, larger permitted payment stablecoin issuers or permitted payment stablecoin issuers with more complicated operations, additional measures may be appropriate to demonstrate the operational capability to monetize. It may be appropriate for such permitted payment stablecoin issuers to maintain multiple alternative methods of monetization (for example, multiple repurchase agreement lines or repurchase agreement lines plus arrangements allowing outright sales of Treasury securities) in order to satisfactorily demonstrate the ability to monetize their reserve assets. Such redundant arrangements may be necessary if a permitted payment stablecoin issuer maintains a sufficiently large Treasury position that it could be difficult to monetize the entire position through transactions with a single repo counterparty or if a permitted payment stablecoin issuer maintains concentrated positions in particular types of reserve assets. The availability of multiple monetization channels helps ensure that a permitted payment stablecoin issuer is not required to monetize assets at reduced or ''fire sale'' prices. Having alternative monetization channels reduces the risk that a permitted payment stablecoin issuer would be obliged to accept unfavorable pricing when monetizing reserve assets under stress. For certain permitted payment stablecoin issuers, it may be necessary to periodically conduct actual monetization transactions (that is, actual outright sales or repurchase transactions) in order to demonstrate the ability to monetize. Actual transactions can more fully confirm that monetization capabilities exist. In the absence of actual test transactions, potential barriers to monetization may still exist. Permitted payment stablecoin issuers may lack the procedures and systems to monetize assets at any time in accordance with standard settlement periods and processes. For example, borrowing agreements may name authorizing officials that are unavailable or inappropriate. Actual monetization transactions may be necessary, for example, for permitted payment stablecoin issuers with unusually complicated operations or

[50] *C.f.,* Dylan Butts, ''PayPal's crypto partner mints a whopping $300 trillion worth of stablecoins in 'technical error,' '' CNBC (October 16, 2025), *https://www.cnbc.com/2025/10/16/paypals-crypto-partner-mints-300-trillion-stablecoins-in-technical-error.html* (describing a technical error leading to the minting of a large amount of new stablecoins).

organizational structures, or for permitted payment stablecoin issuers that are particularly dependent on certain monetization channels or the ability to monetize particular assets. Periodic actual monetization transactions can minimize the risk of negative signaling during financial stress. If a permitted payment stablecoin issuer begins using a monetization channel that it has not regularly used in the past, that may spark concerns about the financial health of the issuer. For example, if a permitted payment stablecoin issuer has pre-established a repurchase agreement with a bilateral counterparty but never utilized it, sudden utilization of the repurchase agreement may generate concerns that the issuer is experiencing a run on its stablecoins. Periodic test transactions using multiple monetization channels can mitigate such concerns and may be particularly important for large, systemically important issuers where concerns about financial distress are more likely to contribute to contagion. Permitted payment stablecoin issuers may be able to demonstrate the ability to execute actual monetization transactions in the ordinary course of their business (for example, redeeming stablecoins) and would not necessarily be required to engage in additional test transactions.

Proposed § 15.11(a)(3) would include requirements for when permitted payment stablecoin issuers could withdraw reserve assets in excess of outstanding issuance value. In order to ensure that at all sufficient reserve assets are maintained to back outstanding stablecoin issuance, permitted payment stablecoin issuers would be able to withdraw excess reserve assets only after the monthly examination and certification required by section 4(a)(3) of the GENIUS Act (12 U.S.C. 5903(a)(3)) and provided for in proposed § 15.11(e) and (f). Specifically, permitted payment stablecoin issuers would be able to withdraw any surplus reserve assets in excess of outstanding issuance value, calculated and reported as of the last day of the previous month, only upon the publication of that month's public disclosure, due at the end of the subsequent month. Only permitting an issuer to withdraw surplus reserve assets after examination and certification will promote public confidence about the integrity of the handling of reserve assets. Permitting withdrawal of excess reserve assets at other intervals would significantly undermine the purpose of examination and certification. If permitted payment stablecoin issuers were able to withdraw excess reserve assets at any time, based only upon their own internal calculations, that could undermine confidence and even create concerns about misconduct, for example if a permitted payment stablecoin issuer might make its own bad faith and un-validated determination that an excess existed in order to justify a withdrawal. Proposed § 15.11(a)(3) would also require that, while withdrawals would be based on calculations as of the end of the previous month, a permitted payment stablecoin issuer could only make withdrawals if the remaining reserve assets remained at least equal to the current outstanding issuance value, calculated as of the day of withdrawal.

Under proposed § 15.11(b), reserve assets must only comprise: (1) United States coins and currency (including Federal Reserve notes) or money standing to the credit of an account with a Federal Reserve Bank; (2) funds held as deposits or insured shares payable upon demand at an insured depository institution (including any foreign branches or agents, including correspondent banks, of an insured depository institution), subject to any limitation established by the FDIC and the National Credit Union Administration, as applicable, pursuant to section 4(a)(1)(A)(ii) of the GENIUS Act (12 U.S.C. 5903(a)(1)(A)(ii)) to address safety and soundness risks of such insured depository institution; (3) Treasury bills, Treasury notes, or Treasury bonds with a remaining maturity of 93 days or less;[51] (4) money received under repurchase agreements, with the permitted payment stablecoin issuer acting as a seller of securities and with a no longer than overnight maturity, that are backed by Treasury bills with a maturity of 93 days or less;[52] (5) reverse repurchase agreements, with the permitted payment stablecoin issuer acting as a purchaser of securities and with a no longer than overnight maturity, that are collateralized by Treasury bills, Treasury notes, or Treasury bonds on a no longer than overnight basis, subject to overcollateralization in line with standard market terms, that are: (i) tri-party; (ii) centrally cleared through a clearing agency registered with the Securities and Exchange Commission; or (iii) bilateral with a counterparty that the issuer has determined to be adequately creditworthy even in the event of severe market stress; (6) securities issued by an investment company registered under section 8(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–8(a)), or other registered Government money market fund, and that are invested solely in underlying assets described in proposed § 15.11(b)(1) through (5);[53] (7) any other similarly liquid Federal Government-issued asset approved by the OCC, in consultation with the State payment stablecoin regulator, if applicable, of the permitted payment stablecoin issuer; or (8) any reserve described in proposed § 15.11(b)(1) through (3), (6), or (7), in tokenized form, provided that such reserves comply with all applicable laws and regulations. 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 as to whether the asset qualifies. To the extent feasible, the OCC is considering publishing a list of, or otherwise making public, the acceptable tokenized reserve assets for the sake of transparency. In determining whether a potential reserve asset qualifies as ''any other similarly liquid Federal Government-issued asset,'' under proposed § 15.11(b)(7) the OCC will consider, among other relevant factors, whether: (i) the asset has liquidity characteristics, including during times of stress, comparable to the other reserve assets allowed under proposed § 15.11(b); (ii) permitted payment stablecoin issuers will be operationally capable of monetizing the asset to meet redemption requests, including sudden and high-volume requests; (iii) the asset poses levels of risk comparable to the assets allowed under proposed § 15.11(b), including interest rate risk and counterparty credit risk; and (iv) whether the asset introduces additional risks that may be

[51] The GENIUS Act permits the inclusion of Treasury bills, notes, or bonds ''(I) with a remaining maturity of 93 days or less; or (II) issued with a maturity of 93 days or less.'' The proposed rule would combine these categories since the former category includes the latter, at least for purposes of complying with the requirements of proposed § 15.11. Permitted payment stablecoin issuers may choose to categorize these assets separately for other reasons, for example accounting or risk management purposes.

[52] The proposed rule would clarify that a repurchase agreement or reverse repurchase agreement with an intraday maturity could qualify as a permitted reserve asset. Section 4(a)(1)(A)(iv) and (v) of the Act (12 U.S.C. 5903(a)(1)(A(iv) and (v))) specifically refers to repurchase agreements and reverse repurchase agreements with an overnight maturity. The OCC believes that this provision is intended to permit repurchase agreements and reverse repurchase agreements with a maturity no longer than overnight. Thus, the proposed rule would explicitly permit the use of intraday repurchase agreements and reverse repurchase agreements.

[53] A money market fund that invests in any other assets, including in Treasury securities with a remaining maturity longer than 93 days, would not be eligible to be held as a reserve asset.

difficult for permitted payment stablecoin issuers to manage.

Section 4(a)(4)(A)(iii) of the Act (12 U.S.C. 5903(a)(4)(A)(iii)) requires the OCC to issue regulations implementing reserve asset diversification, including deposit concentration at banking institutions and interest rate risk management standards that (1) are tailored to the business model and risk profile of permitted payment stablecoin issuers and (2) do not exceed standards that are sufficient to ensure the ongoing operations of permitted payment stablecoin issuers. Accordingly, the proposed rule includes two alternative options in proposed § 15.11(c), only one of which would be selected in the final rule. ''Option A'' would include a principles-based general requirement with an optional safe harbor containing quantitative requirements. ''Option B'' would make the quantitative requirements mandatory for all issuers. Option A's principle-based general requirement would require a permitted payment stablecoin issuer to maintain reserve assets that are sufficiently diverse to manage potential credit, liquidity, interest rate, and price risks. In addition, the principles-based requirement in Option A in proposed § 15.11(c) would require a permitted payment stablecoin issuer to measure and manage the risk that concentrating reserve assets at one eligible financial institution or a small number of eligible financial institutions may impair the ability of a permitted payment stablecoin issuer to satisfy redemption demands if individual eligible financial institutions are unable to return, or if there is a delay in returning, reserve assets placed by a permitted payment stablecoin issuer.[54] The proposed rule's diversification and concentration requirements would apply to custodial relationships, including sub-custodial arrangements. Permitted payment stablecoin issuers would be expected to ''look through'' any sub-custodial relationships to ensure that reserve assets are custodied at the sufficiently diverse number of eligible financial institutions needed to comply with the proposed rule's requirements. Without this requirement, a permitted payment stablecoin issuer might supposedly have its stock of Treasury securities custodied at multiple eligible financial institutions, but sub-custodial relationships could result in the entire stock being custodied at only a single eligible financial institution.

Permitted 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. However, the OCC interprets section 4(a)(4)(A)(iii) of the GENIUS Act (12 U.S.C. 5903(a)(4)(A)(iii)) as mandating some reserve asset diversification for all permitted payment stablecoin issuers, both in types of reserve assets maintained and in the number of eligible financial institutions holding a permitted payment stablecoin issuer's reserve assets.[55] The OCC expects that it would be unlikely, for example, that a permitted payment stablecoin issuer, even one with a simple business model and low risk profile, could satisfy the requirements in proposed § 15.11(c) by placing all its reserve assets at a single eligible financial institution. Such a reliance on a single third-party location of reserve assets could expose the permitted payment stablecoin issuer to the unnecessary risk that its reserve assets, or some portion of them, could be unavailable to meet redemption requests. Similarly, the OCC expects that all permitted payment stablecoin issuers will need to maintain multiple reserve asset types, if only to serve as a back-up to what is otherwise a permitted payment stablecoin issuer's primary reserve asset. Some permitted payment stablecoin issuers may need to maintain more robustly diverse stocks of reserve assets to satisfy proposed § 15.11(c), depending on their business model, risk profile, and other relevant factors. For example, a large permitted payment stablecoin issuer with complex operations may need to maintain deposits with multiple eligible financial institutions, as well as a stock of Treasury bills, potentially custodied with more than one eligible financial institution in order to ensure they are capable of being monetized during periods of financial stress. Factors such as the number of parties that redeem directly with the permitted payment stablecoin issuer, the volume of redemptions (and volatility with respect to such volume), and the number and nature of the blockchains on which a payment stablecoin is traded could all increase the complexity of the permitted payment stablecoin issuer's operations and weigh in favor of maintaining multiple different pools of reserve assets. Permitted payment stablecoin issuers may be able to comply with this requirement by maintaining multiple deposit accounts directly, or through deposit placement services, as they can comply with the requirement in proposed § 15.11(a)(2) to demonstrate the operational capability to access and monetize the reserve assets.

Option A contains a safe harbor under which a permitted payment stablecoin issuer would be deemed to satisfy proposed § 15.11(c) if the permitted payment stablecoin issuer maintains on each business day: (i) at least 10 percent of its required reserve assets as deposits or insured shares payable upon demand or money standing to the credit of an account with a Federal Reserve Bank; (ii) at least 30 percent of its reserve assets as 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 (*e.g.,* reverse repurchase agreements); (iii) no more than 40 percent of its reserve assets at any one eligible financial institution, whether as deposits or insured shares at any one insured depository institution, securities custodied at any one eligible financial institution, bilateral reverse repurchase agreements with any counterparty, or through other exposures; (iv) no more than 50 percent of the amount provided in proposed § 15.11(c)(2)(i) at any one eligible financial institution; and (v) reserve assets with a weighted average maturity

[54] Eligible financial institutions that hold reserve assets in custody or safekeeping must be subject to supervision and comply with the requirements set forth in section 10 of the GENIUS Act (12 U.S.C. 5909). Institutions subject to OCC supervision would need to comply with the requirements set forth in proposed subpart C of part 15.

[55] A permitted payment stablecoin issuer that maintains ownership and control of all of its own reserve assets, rather than relying on separate eligible financial institutions, may be able to satisfy the principles-based general diversification and concentration requirement in Option A, depending on the permitted payment stablecoin issuer's particular circumstances. While explicitly requiring all permitted payment stablecoin issuers to maintain some reserve assets at a third-party eligible financial institution may help promote confidence that a permitted payment stablecoin issuer's reserve assets are diversified across multiple eligible financial institutions, such a requirement may be unnecessary if the permitted stablecoin issuer is able to establish its own secure control over the reserve assets. Any permitted payment stablecoin issuer maintaining direct ownership and control of reserve assets would still be subject to all requirements in proposed § 15.11, notably the requirement in proposed § 15.11(a)(2) under which the permitted payment stablecoin issuer must demonstrate the operational capability to access and monetize reserve assets. A permitted payment stablecoin issuer that maintains ownership and control of its own assets may fail to satisfy this requirement, or the diversification and concentration requirements in proposed § 15.11(c), if the permitted payment stablecoin issuer, for example, relies exclusively on arrangements with a single eligible financial institution to monetize its reserve assets.

of no more than 20 days.[56] This safe harbor would give permitted payment stablecoin issuers a transparent and standardized target for achieving compliance with reserve asset diversification requirements.[57] However, under Option A, meeting the safe harbor is not the only means to comply with proposed § 15.11(c). Some issuers, particularly smaller and less complex issuers, may be able to comply with § 15.11(c) without meeting the minimum levels in the safe harbor. For example, if a smaller permitted payment stablecoin issuer with a comparatively simple business model and lower risk profile finds it commercially useful to maintain more of its reserve assets as demand deposits, the permitted payment stablecoin issuer may be able to satisfy proposed § 15.11(c) even if the permitted payment stablecoin issuer maintains more than 10 percent of its reserve assets as deposits at one eligible financial institution, depending on particular facts and circumstances. This flexibility 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.'' [58]

The safe harbor's requirement that a permitted payment stablecoin issuer maintain at least 10 percent of its reserve assets as ''daily liquidity'': demand deposits or money standing to the credit of an account with a Federal Reserve Bank would help ensure that a permitted payment stablecoin issuer has readily available funds necessary to meet redemption requests. While all of the proposed reserve assets should be liquid and easily monetizable, the requirement to have some minimum level of immediately liquid funds is additional protection against the risk that a permitted payment stablecoin issuer would be unable to meet redemption requests in a timely manner, which is critical to avoid in order to maintain confidence in the permitted payment stablecoin issuer and the stablecoin industry as a whole. A minimum requirement of 10 percent would be in line with the largest 1-day redemption events experienced by stablecoin issuers.[59] The OCC invites comment on whether an alternate minimum is appropriate.

Including a baseline requirement to maintain a minimum percentage of liquidity that is immediately available (without the need to sell any assets, even highly liquid assets like Treasury securities) will help ensure a permitted payment stablecoin issuer's ability to meet redemption requests. The OCC invites comments on these and other considerations, particularly on whether conservative liquidity requirements are necessary. The proposed rule includes robust liquidity requirements but does not include capital-based overcollateralization or reserve asset buffer requirements. An alternative possibility would be to remove some of the proposed liquidity requirements, though this may warrant increased capital or buffer requirements.

The safe harbor would also require that a permitted payment stablecoin issuer maintains at least 30 percent of its reserve assets as 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. This ''weekly'' liquidity would help ensure that a permitted payment stablecoin issuer is able to meet a series of redemption requests that takes place over multiple days. It will also help prevent issuers from meeting the ''daily'' liquidity requirement but otherwise maintaining a stock of assets that are less readily monetizable. A minimum requirement of 30 percent ''weekly'' liquidity would protect issuers against redemption runs that take place over multiple days, a phenomenon experienced by stablecoin issuers in the past, and a 30 percent minimum requirement would exceed the redemption volumes seen during these redemption runs. In the absence of a minimum ''weekly'' (or other multi-day) requirement, an issuer might only have its stock of 10 percent immediately available liquidity plus owned securities that it would have to actually sell in order to monetize and meet redemption requests. While permitted payment stablecoin issuers must be prepared to monetize any such securities, it would be safer to have a stock of liquid funds that will automatically become available over the next several days as a first line of defense against multi-day redemption runs.

The safe harbor would also require that a permitted payment stablecoin issuer maintains no more than 40 percent of its reserve assets at any one eligible financial institution, whether as deposits or insured shares at any one insured depository institution, securities custodied at any one eligible financial institution, bilateral reverse repurchase agreements with any counterparty, or through other exposures. This requirement would prevent an issuer from being overly exposed to any one eligible financial institution. The spring 2023 bank stress highlighted the risk that a stablecoin issuer's reserve assets could be concentrated at one financial institution.[60] While this requirement would not eliminate the chance of losing reserve assets because of distress at an eligible financial institution holding reserve assets—or temporarily losing access to reserve assets—this requirement would ensure that

[56] Weighted average maturity is computed as the sum of the product of each reserve asset's (1) remaining maturity and (2) percentage of the total pool of reserve assets (based on principal value). A deposit or insured share payable upon demand would have a weighted average maturity of zero. The OCC invites comments on whether the proposed rule should include an express definition of weighted average maturity, particularly whether the OCC should adopt the same definition used in SEC Rule 2a–7 (17 CFR 270.2a–7). Paragraph (i) of SEC Rule 2a–7 provides that, for certain securities and transactions, maturity should not necessarily be the time remaining until ultimate repayment of principal but instead should be based on other characteristics (for example, the time until an interest rate reset or until demand repayment options can be exercised). The OCC invites comment on whether this proposed rule should include these same maturity assumptions for certain reserve assets. The proposed rule does not include these maturity assumptions since they should not be relevant for most or all permissible reserve assets. Even if the maturity assumptions are relevant for certain reserve assets that might be permissible (for example, Floating Rate Treasury Notes), the OCC expects that the limited maturity of reserve assets (93 days or less) will diminish the value of applying maturity assumptions. Accordingly, under the proposed rule, the OCC expects that the maturity of all reserve assets, for purposes of calculating weighted average maturity, will be the time remaining until the repayment of principal.

[57] The OCC recognizes that, as a permitted payment stablecoin issuer sells more liquid assets to meet redemption requests in times of stress, it may temporarily fail to satisfy the terms of the proposed safe harbor. A permitted payment stablecoin issuer should appropriately diversify its reserve assets as soon as practicable following such an event. However, at no point, can a permitted payment stablecoin issuer's reserve assets be less than the fair value of the outstanding issuance value of the permitted payment stablecoin issuer as required in proposed § 15.11(a)(1)(iii).

[58] 12 U.S.C. 5903(a)(4)(A)(iii)(I).

[59] Although the OCC referenced SEC Rule 2a–7 when drafting these requirements due to certain similarities between money market funds and permitted payment stablecoin issuers, the proposed requirements diverge in certain respects based on inherent differences between the two (*e.g.,* reserve asset composition).

[60] *See, e.g.,* Vicky Ge Huang et al., ''Circle's USDC Stablecoin Breaks Peg With $3.3 Billion Stuck at Silicon Valley Bank,'' Wall St. J. (March 11, 2023), *https://www.wsj.com/articles/crypto-investors-cash-out-2-billion-in-usd-coin-after-bank-collapse-1338a80f?gaa_at=eafs&gaa_n=AWEtsqf6BGnzdLQv1oreAgKgnxQABkxhGMynOVp91Xs-RK02mjbolX7BJSkJ&gaa_ts=695a9bd0&gaa_sig=w4Oq80vSPZ596PZfArhzEcuuNsxMb2j69bfMwUqUB_reNYXHtEGgTB4fFwAj_zInsT7lUc5cSlYJbYUb4dEV_g%3D%3D.*

permitted payment stablecoin issuers have other stocks of reserve assets available to satisfy redemption requests. This requirement is meant to capture all potential exposures to a counterparty. A permitted payment stablecoin issuer could maintain deposits at a depository institution while at the same have an affiliate of that depository institution maintain custody of the issuer's securities or serve as a counterparty in repurchase or reverse repurchase transactions. All of these transactions could expose a permitted payment stablecoin issuer's reserve assets to the health of a single eligible financial institution. Accordingly, this requirement would aggregate exposures to prevent excessive exposure to any one eligible financial institution. The phrase ''or other exposures'' is meant to capture any other exposure that creates a similar risk. The OCC invites comments on alternate minimums besides 40 percent; the 40 percent measure would ensure that no one eligible financial institution would have a majority of a permitted payment stablecoin issuer's reserve assets and that permitted payment stablecoin issuers spread relationships and operational capabilities across multiple eligible financial institutions in a way that prevents a permitted payment stablecoin issuer coming to rely excessively on one eligible financial institution.

The safe harbor would also require that a permitted payment stablecoin issuer maintain no more than 50 percent of the required daily liquidity specified under proposed paragraph (c)(2)(i) at any one eligible financial institution. This requirement would guard against the risk that problems at one eligible financial institution prevent a permitted payment stablecoin issuer from accessing its reserve assets. If a permitted payment stablecoin issuer is dependent on one eligible financial institution to maintain all or a large portion of its reserve assets, the permitted payment stablecoin issuer may be excessively exposed to, for example, operational concerns at that eligible financial institution or even the risk of the institution's failure.

Proposed § 15.11(c)(2)(i) is designed to ensure that permitted payment stablecoin issuers have a sufficient minimum amount of readily available funds to meet redemption requests. However, if that entire amount consists of deposits at one insured depository institution, the permitted payment stablecoin issuer is exposed to the risk that problems at that insured depository institution could wholly prevent the permitted payment stablecoin issuer from accessing its readily available funds. Having at least one other stock of readily available funds as part of a permitted payment stablecoin issuer's reserve assets would help ensure that some readily available funds are accessible in order to meet redemption requests. Placing deposits payable on demand at multiple insured depository institutions, whether directly or through deposit placement services, would mitigate the risk of over-exposure to one particular insured depository institution.

Proposed § 15.11(c)(2)(v) would also require, to qualify for the safe harbor, that a permitted payment stablecoin issuer's reserve assets have a weighted average maturity of no more than 20 days. This would serve as a backstop against potential losses due to interest rate increases. While permitted payment stablecoin issuers may permissibly hold reserve assets with a maturity of up to 93 days, holding a portfolio of reserve assets concentrated at the outer end of that maturity limit exposes the issuer's reserve assets to losses due to interest rate increases.[61] Even small losses could undermine confidence in a stablecoin given the importance of maintaining par and ensuring a stable value. A limit on weighted average maturity imposed across the entire portfolio of a permitted payment stablecoin issuer's reserve assets would allow the issuer to hold the entire range of permissible assets while ensuring that the portfolio in aggregate does not have excess exposure to interest rate risk. A limit of 20 days would still allow permitted stablecoin issuers in the full range of permissible reserve assets (for example, newly issued 3-month Treasury bills) while ensuring that reserve assets are not overly concentrated in longer-dated issuances. The OCC invites comment on whether a weighted average maturity limit of 20 days is appropriate, including whether it would represent a binding constraint for current stablecoin issuers and the desirability of higher or lower limits. The OCC additionally invites comment on whether the weighted average maturity requirement for a large issuer should differ from that for a smaller issuer (*e.g.,* by allowing smaller issuers to have a longer weighted average maturity such as 30 or 40 days).

As an example, a permitted payment stablecoin issuer with $20 billion of outstanding issuance value could meet the safe harbor by placing at least $1 billion each at two insured depository institutions. This would meet the requirement in proposed § 15.11(c)(2)(i) that the permitted payment stablecoin issuer maintain at least 10 percent ($2 billion in this example) of its required reserve assets as readily available funds as well as the requirement in proposed § 15.11(c)(2)(iv) that the permitted payment stablecoin issuer maintains no more than 50 percent of its readily available funds at any one eligible financial institution ($1 billion in this example). In order to qualify for the safe harbor, the permitted payment stablecoin issuer would still need to satisfy proposed § 15.11(c)(2)(iii), under which a permitted payment stablecoin issuer could not maintain more than 40 percent of its reserve assets at any one financial institution and proposed § 15.11(c)(2)(ii), under which a permitted payment stablecoin issuer must maintain at least 30 percent of its reserve assets as 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 conditionally within five business days on pending sales of reserve assts, maturing reserve assets, or other maturing transactions. In this example, the permitted payment stablecoin issuer could not keep more than $8 billion in reserve assets at any one institution (for instance, invested in a single investment fund) and would also need to maintain at least $6 billion as deposits or 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 or other maturing transactions. The issuer would also need to ensure that its entire stock of reserve assets ($20 billion) complied with the requirement to have a weighted average maturity of no more than 20 days. While compliance with the diversification safe harbor would establish compliance with proposed § 15.11(c), it would not relieve a permitted payment stablecoin issuer of its obligations under proposed § 15.11(a). Notably, a permitted payment stablecoin issuer would still be required to maintain and demonstrate the operational capability to monetize its reserve assets.

Option B would impose the same quantitative standards as mandatory requirements, rather than an optional

[61] During the rapid increases in interest rates in the early 1980s, 3-month Treasury Bill secondary market rates increased from 12.05 percent to 15.37 percent over the period of a month. *See* Fed. Reserve Econ. Data, ''Table Data—3-Month Treasury Bill Secondary Market Rate, Discount Basis,'' *https://fred.stlouisfed.org/data/WTB3MS* (including Treasury Bill secondary market rates for February 8, 1980, and March 7, 1980). A change of this magnitude would result in a 90-day security losing approximately 0.79 percent of its value.

safe harbor. Option B would not include the baseline principles-based requirement. While Option B would remove flexibility, it would create a more transparent and readily comprehensible set of requirements. Permitted payment stablecoin issuers, payment stablecoin holders, and other parties would be able to discern what requirements permitted payment stablecoin issuers must adhere to with respect to the reserve assets.

Proposed § 15.11(d) would require a permitted payment stablecoin 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. While it may not be practicable to maintain all deposits or shares as insured deposits or insured shares, having some minimum amount of insured deposits or shares will provide an additional measure of security for reserve assets and can promote market and holder confidence about the integrity of reserve assets. Though the required minimum amount is not a large percentage, it would ensure that large permitted payment stablecoin issuers have some stock of extremely safe and liquid assets: insured deposits and insured shares that can be withdrawn freely and that are not exposed to risks like interest rate risk. Having reserve assets diffused through the banking system may promote confidence by virtue of having at least some reserve assets held in traditional depository institutions with which holders are already familiar (for example, nearby community banks). Stablecoin holders may be reassured by knowing that a minimum portion of reserve assets is maintained as insured deposits, and the diffusion of reserve assets may mitigate fears or contagion risks associated with rumors about the health of particular depository institutions.

In theory, it would be ideal from the perspective of the safety and soundness of the permitted payment stablecoin issuer if permitted payment stablecoin issuers would be able to place all deposits, so they are covered by applicable deposit insurance limits. However, current deposit insurance requirements may make this impossible for larger permitted stablecoin issuers. While permitted payment stablecoin issuers may use services, such as deposit brokers, to distribute deposits across eligible financial institutions—as long as permitted payment stablecoin issuers are able to maintain the operational capability to access and monetize these deposits—the finite number of eligible financial institutions plus deposit insurance limits may render it impossible for larger permitted payment stablecoin issuers to insure more than a portion of their deposits. The OCC may revisit this issue if deposit insurance requirements change, and the OCC invites comments about alternative ways to address deposit insurance of reserve assets held as deposits. The OCC recognizes the additional security that deposit insurance would provide for stablecoin holders and also recognizes the value of spreading deposits around a broad range of depository institutions, rather than potentially having permitted payment stablecoin issuer deposits concentrated at a small number of depository institutions. Holding reserves at a very large number of institutions, could, however, introduce additional operational risk that a permitted payment stablecoin issuer would need to manage. The thresholds in proposed § 15.11(d) balance the value and security of spreading reserve assets across multiple eligible financial institutions, the capacity of the banking system to hold insured deposits from any one single depositor, and the operational complexity numerous depository relationships would entail.

Proposed § 15.11(e) would require the permitted payment stablecoin issuer to publish on its website by noon on the last day of each month the composition of the issuer's reserves held pursuant to the GENIUS Act as of noon of the last day of the prior month, using a format substantially similar to the template provided in table 1 to proposed § 15.11(e). The report must contain the 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. The information in the report, including the value of reserve assets, should be as of the end of the previous month. This implements the requirement in section 4(a)(1)(C) of the GENIUS Act (12 U.S.C. 5903(a)(1)(C)). To satisfy the geographic location requirement, the OCC expects that it will generally be sufficient for permitted payment stablecoin issuers to disclose the jurisdiction where reserve assets are custodied or located.

Proposed § 15.11(f) implements the applicable requirements of section 4(a)(3) of the GENIUS Act (12 U.S.C. 5903(a)(3)). This provision requires permitted payment stablecoin issuers to, each month, have the information disclosed in the previous month-end report examined by a registered public accounting firm. Proposed § 15.11(f)(1) would require the examination of the previous month-end report to occur by noon on the last day of each month and would require the report to be published on the permitted payment stablecoin issuer's website at the same time as the monthly report required under proposed § 15.11(e). Consistent with the Act, proposed § 15.11(f)(2) would require the Chief Executive Officer and Chief Financial Officer (or the persons performing the equivalent functions) of the permitted payment stablecoin issuer to submit a certification as to the accuracy of the monthly report to the OCC. Under section 4(a)(3)(C) of the Act (12 U.S.C. 5903(a)(3)(C)), any person who submits this required certification knowing that such certification is false shall be subject to the same criminal penalties as those set forth under 18 U.S.C. 1350(c).

Proposed § 15.11(g) provides for the consequences and remedial measures if a permitted payment stablecoin issuer does not comply with the requirements of § 15.11. Proposed § 15.11(g)(1) would provide that a permitted payment stablecoin 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). Proposed § 15.11(g)(2) would provide that a permitted payment stablecoin issuer falling below the required minimum would be barred from issuing new payment stablecoins until it had remediated the shortfall except as necessary to facilitate a transfer of payment stablecoins from one distributed ledger to another and provided that the net outstanding issuance value does not increase. Proposed § 15.11(g)(3) would provide that, if a permitted payment stablecoin issuer fails to meet its reserve asset requirement for 15 consecutive business days, it must begin liquidation of reserve assets and redemption of outstanding payment stablecoins consistent with § 15.12 and may not charge customers a fee to redeem their payment stablecoins at any time during the liquidation. The OCC may extend the time period under proposed § 15.11(g)(3) in its sole discretion. Because of the importance of maintaining minimum reserve asset levels, the proposed rule would include automatic consequences for any non-compliance intended to prevent any concerns from developing further. This provision is intended to prevent chronic non-compliance with minimum reserve asset requirements. The OCC expects to ensure compliance with other

requirements in the proposed rule using traditional supervisory methods, namely having examiners identify concerns that can be escalated into enforcement actions, if necessary. Accordingly, proposed § 15.11(g)(4) provides that if at any point the OCC determines that a permitted payment stablecoin issuer has not demonstrated that it meets the reserve asset requirements in proposed § 15.11(a), (b), (c), or (d), the OCC may require the issuer to submit a plan describing how the permitted payment stablecoin issuer will attain compliance and the timeline for the plan. If the OCC determines, either before or after the submission of a plan, that a permitted payment stablecoin issuer faces a significant risk of being unable to attain compliance with the reserve requirements in proposed § 15.11 (a), (b), (c), or (d) within a reasonable period, the OCC may order the issuer to initiate redemption of all outstanding payment stablecoins. Proposed § 15.11(g)(4) also states that the OCC's authority to require a compliance plan or order redemption does not limit the OCC's authority to pursue other measures, including enforcement actions, if appropriate.

3. Redemption (Proposed § 15.12)

Section 15.12 of the proposed rule addresses redemption requirements imposed by section 4(a)(1)(B) of the GENIUS Act (12 U.S.C. 5903(a)(1)(B)). Consistent with the statute, under proposed § 15.12(a), a permitted payment stablecoin issuer must publicly disclose its redemption policy.[62] The OCC proposes that in disclosing its redemption policy, the issuer must include, at a minimum, certain information. Specifically, proposed § 15.12(a)(1) provides that the issuer must include a timeframe in which the issuer will redeem payment stablecoins and the timeframe under which the issuer is required to redeem payment stablecoins (which, under proposed paragraph § 15.12(b)(1)(i) may not exceed two business days following the date of the requested redemption). In proposed § 15.12(a)(2), the OCC proposes to require the issuer to include a statement consistent with proposed § 15.12(b)(1)(ii) that any discretionary limitations on timely redemptions can only be imposed by the OCC, or in the case of a State qualified payment stablecoin issuer, by the OCC, Federal Reserve, or the State payment stablecoin regulator, as applicable. Proposed § 15.12(a)(3) requires that issuers include in their redemption disclosures a statement explaining the scenarios when the redemption period may be extended as provided for in proposed § 15.12(c). Proposed § 15.12(a)(4) provides that the issuer must provide a statement with clear instructions on how a payment stablecoin holder can redeem a payment stablecoin, including a link to the website(s) where a customer can redeem the payment stablecoin. Proposed § 15.12(a)(5) would require the issuer to specify the minimum number of payment stablecoins, if any, that the permitted payment stablecoin issuer will redeem, provided that the issuer must redeem any number greater than or equal to one payment stablecoin, subject to appropriate customer screening and onboarding. In setting the requirement that a permitted payment stablecoin issuer must redeem any number greater than or equal to one payment stablecoin, the OCC is relying on a natural reading of the definition of ''payment stablecoin.'' Specifically, section 2(22) of the GENIUS Act (12 U.S.C. 5901(22)), defines ''payment stablecoin'' as a digital asset that an issuer ''is obligated to convert, redeem, or repurchase for a fixed amount of monetary value.'' Since ''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 to comply with the GENIUS Act. Otherwise, the payment stablecoin would not be redeemable for a fixed amount of monetary value.

Proposed § 15.12(b)(1) provides that an issuer's redemption policy must provide clear and conspicuous procedures for timely redemption of outstanding payment stablecoins. In proposed § 15.12(b)(1)(i), the OCC is proposing to define ''timely'' to mean that the permitted payment stablecoin issuer would have to redeem a payment stablecoin no later than two business days following the date of the requested redemption. The OCC is proposing this two-business day timeframe as an outer limit on when a permitted payment stablecoin issuer must redeem a payment stablecoin and understands that many issuers may choose a timeframe that is less than two business days. The OCC believes this timeframe provides sufficient responsiveness to stablecoin holders who seek to redeem their stablecoins, while also ensuring that issuers can appropriately manage liquidity demands. Proposed § 15.12(b)(1)(ii), consistent with the statute, provides that discretionary limitations on timely redemptions can only be imposed by the OCC or, in the case of a State qualified payment stablecoin issuer, by the OCC, the Federal Reserve, or the State payment stablecoin regulator, as applicable.

Proposed § 15.12(c)(1) would provide that the period for timely redemption is extended 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. The OCC proposes to use a 24-hour period for this requirement in recognition of the likelihood that there may be significant demands to redeem payment stablecoins outside of normal business hours and outside of the hours when many reserve assets could be liquidated. As provided for in proposed § 15.12(c)(2), the extended redemption period applies to all redemption requests that are outstanding at the time the 10 percent threshold is met as well as any subsequent redemption requests following the time the threshold is met. Proposed § 15.12(c)(3) clarifies that the extension is non-discretionary and that a permitted payment stablecoin issuer may only redeem any of the outstanding or subsequent redemption requests prior to the seven calendar day period if the OCC determines that the issuer has the ability to redeem sooner in an orderly fashion and through a fair and transparent process or the OCC otherwise provides notice to the permitted payment stablecoin issuer that the extended redemption period no longer applies. The OCC expects that the permitted payment stablecoin issuer seeking to redeem sooner than the seven calendar day period will engage with the OCC through the issuer's supervisory office to provide evidence that it can redeem in an orderly fashion and through a fair and transparent process that does not unfairly advantage some payment stablecoin holders relative to other payment stablecoin holders. Under proposed § 15.12(c)(4), a permitted payment stablecoin issuer that exceeds that 10 percent threshold would be required to provide notice to the OCC through its supervisory office within 24 hours. Using this 24-hour time period will provide appropriate notice to the OCC and allow an appropriate amount of time to facilitate the orderly liquidation of reserve assets. These provisions are intended to facilitate the orderly liquidation of sufficient reserve assets in the event of a spike in redemption requests and

[62] Under section 2(22) of the GENIUS Act (12 U.S.C. 5901(22)), the issuer of a payment stablecoin must be obligated to convert, redeem, or repurchase a payment stablecoin for a fixed amount of monetary value, not including a digital asset denominated in a fixed amount of monetary value.

would help ensure financial stability by lowering the potential price impact of a sudden liquidation of reserve assets. Proposed § 15.12(c)(5) provides that the OCC, may in its discretion, extend timely redemption described in proposed § 15.12(b)(1) or (c)(1), as applicable, if the OCC determines that the permitted payment stablecoin issuer poses a threat to safety and soundness, financial stability, or such an extension is otherwise in the public interest.

The requirements of this section apply only to the redemption of a payment stablecoin by the permitted payment stablecoin issuer (and any entity acting on behalf of the permitted payment stablecoin issuer) and would not apply to secondary market trading. This section is not intended to prevent permitted payment stablecoin issuers from establishing criteria related to the participants with which permitted payment stablecoin issuers will interact.

Proposed § 15.12(d)(1) provides that a permitted payment stablecoin issuer must also publicly, clearly, and conspicuously disclose in plain language and in format that is readily noticeable to customers, readily understandable by customers, and segregated from other information: (i) the name of the permitted payment stablecoin issuer that issues the payment stablecoin; (ii) that the permitted payment stablecoin issuer is the entity that is obligated to convert, redeem, or repurchase the payment stablecoin for a fixed amount of monetary value; (iii) the link to the monthly composition report of the relevant permitted payment stablecoin issuer's reserves as required under proposed § 15.11(e); and (iv) all fees associated with purchasing or redeeming payment stablecoins. The OCC is including a requirement that the disclosures under proposed § 15.12(d)(1) are readily noticeable by customers, readily understandable by customers, and segregated from other information to provide more certainty on what it means to ''publicly, clearly, and conspicuously disclose [the information] in plain language.'' [63] The OCC is proposing to include the requirement that the disclosures be segregated from other information to ensure that the information in the disclosures is not combined with other non-relevant information that could obscure the importance of these disclosures. Although the permitted payment stablecoin issuer may include additional information beyond what is required in proposed § 15.12(d)(1) in the same disclosure, the information required under proposed § 15.12(d)(1) should be sufficiently separate and must meet the other requirements outlined, including that the information is readily noticeable and readily understandable by customers. The OCC believes that the disclosures required under proposed § 15.11(d)(1) are consistent with section 4(a)(1)(B) of the GENIUS Act (12 U.S.C. 5903(a)(1)(B)) and are particularly important in the situation where a permitted payment stablecoin issuer issues more than one brand of payment stablecoin either directly or through an affiliate (if the OCC limits permitted payment stablecoin issuers to issuing a single brand of payment stablecoin). The OCC believes that these disclosures are necessary to prevent confusion and ensure that payment stablecoin holders understand who has the ultimate obligation to redeem their payment stablecoin.

Proposed § 15.12(d)(2) provides that an issuer must update the disclosures in proposed § 15.12(d)(1)(iv) if there are any changes in the fees associated with purchasing or redeeming stablecoins and provide customers at least seven calendar days' prior notice of the change, including by securely delivering the notice to current customers. Proposed § 15.12(d)(3) provides that a permitted payment stablecoin issuer must publish the disclosures in proposed § 15.12(d)(1) and any updates made in accordance with proposed § 15.12(d)(2) on the permitted payment stablecoin issuer's website. Proposed § 15.12(d)(4) provides that a permitted payment stablecoin issuer must include the disclosures in proposed § 15.12(d)(1) and any updates made in accordance with proposed § 15.12(d)(2) in any customer agreements that it provides.

4. Risk Management (Proposed § 15.13)

Section 4(a)(4)(A)(iv) of the GENIUS Act (12 U.S.C. 5903(a)(4)(A)(iv)) provides that the OCC must issue regulations implementing appropriate operational, compliance, and information technology risk management principles-based requirements and standards that are tailored to the business model and risk profile of permitted payment stablecoin issuers and are consistent with applicable law. This provision also requires that Bank Secrecy Act and sanctions compliance standards be implemented. The Bank Secrecy Act and sanctions compliance requirements will be addressed in a different proposed rule. Proposed § 15.13 addresses the remaining requirements and standards required under section 4(a)(4)(A)(iv) of the GENIUS Act. Proposed § 15.13 also addresses interest rate risk management standards under section 4(a)(4)(A)(iii) of the GENIUS Act (12 U.S.C. 5903(a)(4)(A)(iii)).

The GENIUS Act requires that the regulation's requirements and standards be ''principles-based.'' Accordingly, the OCC is proposing flexible standards in § 15.13 that scale based on the nature, scope, and risk of a permitted payment stablecoin issuer's activities. Most of the standards in proposed § 15.13 are adapted from relevant provisions of 12 CFR part 30, appendices A and B, which in turn implement 12 U.S.C. 1831p–1.[64] The OCC identified standards from appendices A and B of part 30 that fit the requirements of section 4(a)(4)(A)(iii) or 4(a)(4)(A)(iv) of the GENIUS Act and then, consistent with the statute, adapted and tailored those standards to the business models of permitted payment stablecoin issuers, as appropriate. In addition, on July 14, 2025, the OCC issued a joint statement, together with the Federal Reserve and FDIC, on Risk Management Considerations for Crypto-Asset Safekeeping,[65] and the standards in proposed § 15.13 are consistent with the considerations described in the joint statement.[66]

Proposed § 15.13(a)(1) requires that a permitted payment stablecoin issuer have internal controls and information systems that are appropriate for the size and complexity of the permitted payment stablecoin issuer and the nature, scope, and risk of its activities and that provide for: (i) an organizational structure with appropriate segregation of duties and an internal control structure that establishes clear lines of authority and responsibility for monitoring adherence to established policies; (ii) effective risk assessment; (iii) timely and accurate financial, operational, and regulatory reporting, including with respect to reports required under proposed part 15; (iv) adequate procedures to safeguard, manage, control, and monetize assets, including reserve

[63] 12 U.S.C. 5903(a)(1)(B)(ii).

[64] While the standards listed in 12 U.S.C. 1831p–1 provide a useful reference point for standards that may be applicable to permitted payment stablecoin issuers, the OCC is not invoking 12 U.S.C. 1831p–1 as a source of authority for issuing these risk management requirements. Accordingly, the specific requirements for violating 12 U.S.C. 1831p–1 would not necessarily apply to permitted payment stablecoin issuers (*e.g.,* a mandatory plan).

[65] *See* OCC, ''Agencies Issue Joint Statement on Risk-Management Considerations For Crypto-Asset Safekeeping'' (July 14, 2025), *https://www.occ.gov/news-issuances/news-releases/2025/nr-ia-2025-68.html.*

[66] Consistent with the recommendations in the Digital Financial Technology Report, the OCC intends to provide additional clarity with respect to digital asset activities undertaken by OCC-supervised entities.

assets; and (v) compliance with applicable laws and regulations. Internal controls refer to the systems, policies, procedures, and processes effected by the board of directors and other personnel to safeguard permitted payment stablecoin issuer assets, limit or control risks, achieve permitted payment stablecoin issuer objectives, and ensure compliance with applicable laws and regulations. Effective internal controls help the board of directors and management safeguard the permitted payment stablecoin issuer's resources and comply with laws and regulations, as well as reduce the possibility of significant errors and irregularities, and assist in their timely detection when errors and irregularities do occur. Internal controls must also include an effective risk assessment since a permitted payment stablecoin issuer cannot effectively manage its risks without an understanding of its risk profile. The internal controls standards in proposed § 15.13(a)(1) are modeled on the internal controls standards in 12 CFR part 30, with some adjustments to accommodate the particular activities and risks of permitted payment stablecoin issuers. For example, the procedures to safeguard, manage, control, and monetize assets will be expected to include measures to monitor and ensure the deposit concentration and diversification requirements are met on a daily basis.[67] Likewise, procedures will be expected to address potential vulnerabilities related to fraud and the theft of payment stablecoins or other assets.

The OCC proposes that § 15.13(a)(2) require permitted payment stablecoin issuers have an internal audit system that is appropriate to the size and complexity of the permitted payment stablecoin issuer and the nature, scope, and risk of its activities and that provides for (i) adequate monitoring of the system of internal controls through an internal audit function, or for a permitted payment stablecoin issuer whose size, complexity or scope of operations does not warrant a full scale internal audit function, a system of independent reviews of key internal controls; (ii) independence and objectivity; (iii) qualified persons responsible for the audit function; (iv) adequate independent testing and review of internal controls and information systems, verification of published information available to customers, calculations for required reserves, and regulatory filings; (v) adequate documentation of tests and findings and any corrective actions; (vi) verification and review of management actions to address deficiencies; and (vii) review by the institution's audit committee or board of directors of the effectiveness of the internal audit system. Internal audit systems provide objective, independent reviews of permitted payment stablecoin issuer activities, internal controls, and information systems to help the board of directors and management monitor and evaluate internal control adequacy and effectiveness. An internal audit system, among other items, is expected to independently test and review systems, as appropriate, related to (1) a permitted payment stablecoin issuer's compliance with the GENIUS Act and requirements in any final rules implementing the GENIUS Act; (2) payment systems; and (3) third-party risk management. Well-planned, properly structured audit programs are essential to effective risk management and internal control systems. Effective internal audit programs are a critical defense against fraud and provide vital information to the board of directors about the effectiveness of internal controls systems. An internal audit program's responsibilities include evaluating compliance systems, safeguards around use of payment systems, and risks posed by relationships with and dependence on third parties. While it is important that internal audit functions be conducted by qualified persons with an appropriate level of independence from other business lines, the proposed rule would not mandate a particular organizational structure (for example, three lines of defense). Proposed § 15.13(a)(2) would not prescribe a one-size-fits-all approach to risk management. Smaller permitted payment stablecoin issuers with a lower risk profile may be able to comply using a simpler, less delineated, organizational structure, or may be able to outsource certain functions such as the internal audit function, while larger permitted payment stablecoin issuers, with higher risk-profiles, may require organizational structures with more clearly delineated risk management functions, including internal audit personnel.

Proposed § 15.13(a)(3) addresses interest rate risk and would require a permitted payment stablecoin issuer to (i) manage interest rate risk in a manner that is appropriate to the size and complexity of the permitted payment stablecoin issuer and the complexity of its assets and liabilities and (ii) provide for periodic reporting to management and the board of directors regarding interest rate risk with adequate information for management and the board of directors to assess the level of risk. While permitted payment stablecoin issuers hold reserve assets that may, depending on their type, have limited or no duration (*e.g.,* in the case of deposits or insured shares payable upon demand), it is still important for permitted payment stablecoin issuers to be mindful of this risk, particularly in light of the role of interest rate risk in the failures of previous money market funds, whose investments, like those of permitted payment stablecoin issuers, were supposed to be limited to short-duration safe assets.[68] Increases in interest rates, particularly in short-time periods, can reduce the value of interest-sensitive reserve assets, potentially impacting their marketability and liquidity as well as their fair value. Similarly, changes in interest rates can affect the earnings of permitted payment stablecoin issuers since their earnings may rely in substantial part on interest earned on reserve assets. Likewise, increases in interest rates may reduce the demand for payment stablecoins, particularly since permitted payment stablecoin issuers are prohibited from paying interest to stablecoin holders solely in connection with the holding, use, or retention of payment stablecoins under proposed § 15.10(c)(4). The GENIUS Act explicitly authorizes interest rate risk management standards under section 4(a)(4)(A)(iii) (12 U.S.C. 5903(a)(4)(A)(iii)) whereas section 4(a)(4)(A)(iv) (12 U.S.C. 5903(a)(4)(A)(iv)) authorizes the other requirements and standards proposed in § 15.13. The OCC proposes that interest rate risk management standards be included under proposed § 15.13 since it is a risk management standard like the

[67] In spring 2023, interest rate increases contributed to the failure of Silicon Valley Bank, which in turn caused the value of one stablecoin, USDC, to fall below $1 in the secondary market when it became evident that much of USDC's reserves were held at Silicon Valley Bank. This event illustrates the potential knock-on effects of changes in interest rates and the importance of continuous monitoring for stablecoins, particularly if acute stress creates situations where issuers are unable to access reserve assets.

[68] Mismanagement of interest rate risk was a leading cause of failure in two of the three money market funds in the United States in which the net asset value of the fund fell below $1 (also referred to as ''breaking the buck''), ultimately leading to liquidation. *See* In the Matter of John E. Backlund, et al., Investment Company Act Release No. 23639 (January 11, 1999) (SEC administrative order involving the Community Bankers U.S. Government Money Market Fund liquidated in 1994); In the Matter of First Multifund Advisory Corp. and Milton Mound, Initial Decision, File No. 3–5881 (December 29, 1982) (SEC initial decision involving the First Multifund for Daily Income liquidated in 1978).

other standards already included in proposed § 15.13.

The OCC proposes that § 15.13(a)(4) require a permitted payment stablecoin issuer's asset growth to be prudent and commensurate with a permitted payment stablecoin issuer's risk management capabilities, operational capacity, and staffing. While there are no hard limits to how quickly permitted payment stablecoin issuers may grow, permitted payment stablecoin issuers must ensure that growth does not undercut the permitted payment stablecoin issuer's capabilities to comply with the requirements of this rule and other applicable law. For example, rapid issuance of new stablecoins would require rapid increase in reserves, and permitted payment stablecoin issuers must ensure that they maintain the capabilities to maintain these reserves in compliance with proposed § 15.11 and maintain the ability to access and monetize the reserves in order to meet redemption requests.

The OCC proposes that § 15.13(a)(5) require that a permitted payment stablecoin issuer establish and maintain a risk management system that is commensurate with the permitted payment stablecoin issuer's size and complexity and the nature and scope of its operations to evaluate and monitor earnings and ensure that earnings are sufficient to support operations and maintain the capital levels that would be required under subpart E of proposed part 15. To reflect the distinct characteristics of permitted payment stablecoin issuers, the proposed standards on earnings in proposed § 15.13(a)(5) do not include all the listed elements in paragraph II.H in appendix A to 12 CFR part 30, from which the earnings standard in proposed § 15.13(a)(5) was adapted. Nevertheless, under the proposed rule, permitted payment stablecoin issuers would be expected to comply with the overarching requirement to evaluate and monitor earnings. It may be particularly important for permitted payment stablecoin issuers to evaluate the volatility and sustainability of earnings, since changes in short-term interest rates could have sudden impacts on permitted payment stablecoin issuer earnings.

Proposed § 15.13(a)(6) addresses insider and affiliate transactions and is intended to protect a permitted payment stablecoin issuer from entering into detrimental transactions with insiders or affiliates. Under proposed paragraph (a)(6)(i), a permitted payment stablecoin issuer would be required to ensure that transactions between the permitted payment stablecoin issuer and insiders or affiliates: (1) are not excessive and do not pose significant risks of material financial loss; (2) are conducted on terms that are the same or at least as favorable to the permitted payment stablecoin issuer as those prevailing at the time for comparable transactions with or involving non-insiders or non-affiliates (or in the absence of comparable transactions, are offered on terms and under circumstances that, in good faith would be offered to, or would apply to non-affiliates or non-insiders); and (3) are appropriately documented and reviewed by the board of directors. Proposed paragraph (a)(6)(ii) would require a permitted payment stablecoin issuer to appropriately monitor and validate compliance with these requirements.

Proposed § 15.13(a)(7) would provide requirements for overseeing third-party service provider arrangements. Specifically, a permitted payment stablecoin issuer must (i) exercise appropriate due diligence in selecting its service providers; (ii) require its service providers by contract to implement appropriate measures designed to meet the requirements of part 15; and (iii) as appropriate, monitor its service providers to confirm they have satisfied their obligations under proposed part 15. As part of this monitoring, permitted payment stablecoin issuers should review audits, summaries of test results, or other equivalent evaluations of its service providers.[69]

Proposed § 15.13(a)(8) would require a permitted payment stablecoin issuer to (i) appropriately monitor and validate compliance with the requirements of § 15.11 and (ii) manage liquidity and concentration risk in a manner that is appropriate to the business model and risk profile of the permitted payment stablecoin issuer.

Proposed § 15.13(b)(1) provides that a permitted payment stablecoin issuer must implement a comprehensive written information security risk and control framework, including a program that assesses and manages information technology and information security risks.

Under proposed § 15.13(b)(2), the board of directors of the permitted payment stablecoin issuer, or an appropriate board committee, must approve the information technology and security program. The board must oversee the development, implementation, and maintenance of the program, including the appointment of a qualified Information Technology and Security Officer. The oversight required of the board or committee includes assigning specific responsibility for program implementation and review of program-related reports.

Under proposed § 15.13(b)(3), a permitted payment stablecoin issuer's information technology and security program must include (i) an inventory and classification of assets, processes, and sensitivity of data; (ii) controls supporting and safeguarding sensitive information and processes; (iii) evaluation, validation, and reporting processes to ensure that key information technology systems and controls, including smart contracts, are operating as intended; (iv) periodic independent testing; and (v) a comprehensive and effective incident identification and assessment process and incident response program.

Under proposed § 15.13(b)(4), a permitted payment stablecoin issuer's information technology and security program must include administrative, technical, and physical safeguards designed to (i) ensure the security and confidentiality of records containing nonpublic personal information about a customer; (ii) protect against any anticipated threats or hazards to the security or integrity of such records; (iii) protect against unauthorized access to or use of such records that could result in substantial harm or inconvenience to any customer; and (iv) ensure the proper disposal of such records.

Proposed § 15.13(b)(5) provides that a permitted payment stablecoin issuer must develop, implement, and maintain appropriate measures to ensure secure handling of digital assets, including private key management, backup, and recovery incorporating: (i) relevant technical, operational, strategic, market, legal, and compliance considerations relating to each digital asset and its underlying ledger; and (ii) material developments specifically related to supported digital assets and their underlying ledgers.[70]

[69] The OCC anticipates that any updates to the OCC's Third-Party Risk Management guidance will explicitly address permitted payment stablecoin issuers.

[70] If a permitted payment stablecoin issuer holds digital assets on a customer's behalf, the permitted payment stablecoin issuer's risk management practices must reflect this activity. Consistent with the July 14, 2025 Joint Statement on Risk-Management Considerations for Crypto-Asset Safekeeping, a permitted payment stablecoin issuer holding digital assets on a customer's behalf would be required to maintain risk management practices, and information security practices in particular, that reflect the permitted payment stablecoin issuer's capacity to understand a complex and evolving asset class, ability to ensure a strong control environment, and appropriate contingency

Continued

Proposed § 15.13(b)(6) would require that a permitted payment stablecoin issuer monitor, evaluate, and adjust, as appropriate the information technology and security program in light of any relevant changes in technology, the sensitivity of its customer information, internal or external threats, and the permitted payment stablecoin issuer's own changing business arrangements, such as mergers and acquisitions, alliances and joint ventures, third-party arrangements, and changes to applicable information systems.

Proposed § 15.13(b)(7) would provide that a permitted payment stablecoin issuer must conduct a reasonable investigation when it becomes aware of an incident of unauthorized access to sensitive customer information, including a customer's private key, to determine the likelihood that the information has been or will be misused. The requirements in proposed § 15.13(b)(7) are similar to the requirements codified in supplement A to appendix B to part 30. If the permitted payment stablecoin issuer determines that misuse of customer information has occurred or is reasonably possible, the permitted payment stablecoin issuer must notify the customer or customers affected or possibly affected as well as the OCC as soon as possible. Customer notice must be delayed if an appropriate law enforcement agency determines that notification will interfere with a criminal investigation and provides the permitted payment stablecoin issuer with a written request for the delay. If delayed by investigation, the permitted payment stablecoin issuer must notify its customers of the misuse or possible misuse of customer information as soon as law enforcement notifies the permitted payment stablecoin issuer that notification will no longer interfere with the investigation. Proposed § 15.13(b)(7)(ii) recognizes that there may be situations where the permitted payment stablecoin issuer determines that a group of files has been accessed improperly but is unable to identify which specific customers' information has been accessed. If the circumstances of the unauthorized access lead the permitted payment stablecoin issuer to determine that misuse of the information is reasonably possible, it must notify all customers in the group.

Proposed § 15.13(b)(8) would provide that a permitted payment stablecoin issuer's information technology and security program must include measures to ensure continuity of operations and recover critical functions in the face of disruptions, including by business impact analyses, testing of vulnerabilities, and testing with critical service providers. Recent corporate information technology system failures have demonstrated the importance of measures to maintain operational resilience. Permitted payment stablecoin issuers should ensure that they have sufficient controls to reliably address operational issues that may arise with burning and minting new stablecoins and should conduct appropriate due diligence before supporting any new distributed ledger. Operational resilience will be particularly important for stablecoin issuers, who will depend on customer confidence in the stable value and availability of their stablecoins.

plans to address unanticipated challenges in effectively providing services to customers.

5. Audits, Reports, and Supervision (Proposed § 15.14)

a. Examinations

Section 6(a)(1) of the GENIUS Act (12 U.S.C. 5905(a)(1)) authorizes primary Federal payment stablecoin regulators, including the OCC, to supervise permitted payment stablecoin issuers, as defined in the statute, that are not State qualified payment stablecoin issuers with an outstanding issuance of less than $10 billion in payment stablecoins. Section 6(a)(3) of the GENIUS Act (12 U.S.C. 5905(a)(3)) authorizes the OCC to examine permitted payment stablecoin issuers to assess the nature of their operations and the financial condition of the permitted payment stablecoin issuer; the financial, operational, technological, compliance, and other risks associated within the permitted payment stablecoin issuer that may pose a threat to the safety and soundness of the permitted payment stablecoin issuer or the stability of the financial system of the United States; and the systems of the permitted payment stablecoin issuer for monitoring and controlling the risks. Pursuant to section 6(a)(4)(C) of the GENIUS Act (12 U.S.C. 5905(a)(4)(C)), the OCC may only request examinations at a cadence and in a format that is similar to that required for similarly situated entities regulated by the OCC.

Proposed § 15.14(a) provides that the OCC will conduct a full-scope examination of every permitted payment stablecoin issuer subject to its supervision at least once during each 12-month period, unless otherwise specified in proposed § 15.14(d). A full scope examination refers to the comprehensive review of a permitted payment stablecoin issuer's financial condition, risk management practices, compliance with laws and regulations, and overall safety and soundness. The OCC's proposed exercise of its examination authority over permitted payment stablecoin issuers mirrors the OCC's current examination authority over national banks and Federal savings associations.[71] This mirroring ensures the OCC is requesting examinations and reports at a cadence and in a format that is similar to that required for similarly situated entities the OCC regulates, as required by section 6(a)(4)(C) of the GENIUS Act (12 U.S.C. 5905(a)(4)(C)).

Consistent with the OCC's statutory authority to supervise permitted payment stablecoin issuers, the OCC proposes that § 15.14(d) would provide the OCC with the option to examine some permitted payment stablecoin issuers on an 18- to 36-month cycle, as determined by the OCC in its sole discretion, if the issuers satisfy the following conditions: (1) the permitted payment stablecoin issuer currently is not subject to a formal enforcement proceeding or order; (2) no person acquired control, as specified in § 15.14(m), of the permitted payment stablecoin issuer during the preceding 12-month period in which a full-scope examination would have been required but for proposed § 15.14(d); (3) the permitted payment stablecoin issuer has an outstanding issuance value of less than $1 billion or less than $25 billion in total monthly trading volume; and (4) the permitted payment stablecoin issuer is in compliance with all of the reserve requirements set forth in proposed § 15.11 and the reporting requirements in proposed § 15.14. The proposed criteria for certain permitted payment stablecoin issuers to qualify for an 18- to 36-month examination cycle are similar to the factors the OCC considers for national banks and Federal savings associations under 12 CFR 4.6(b).

Consistent with the OCC's statutory authority under the GENIUS Act and the OCC's supervisory authority over national banks and Federal savings associations, proposed § 15.14(e) allows the OCC to conduct examinations of permitted payment stablecoin issuers as frequently as the agency deems necessary, including examinations of a limited scope.[72] The OCC has proposed this provision to ensure the agency has clear authority to conduct ad hoc examinations when emergencies or risks to the safety and soundness of a permitted payment stablecoin issuer or the financial stability of the United States require the agency to deviate from

[71] *See* 12 CFR 4.6 and 4.7.

[72] *See id.;* 12 U.S.C. 5905(a)(3).

its routine 12- or 18- to 36-month examination cycle.

Proposed § 15.14(b) requires that, upon request, permitted payment stablecoin issuers must grant OCC examiners prompt and complete access to all officers, directors, employees, agents, and relevant books, records, or documents of any type. The OCC, through its examination authority over national banks and Federal savings associations, has authority to access the officers, agents, and books and records of these institutions.[73] The books and records of a permitted payment stablecoin issuer include but are not limited to, information retained on distributed ledgers. Sections 6(a)(1), (3), and (4) of the GENIUS Act (12 U.S.C. 5905(a)(1), (3), and (4)) give the OCC similar authority to supervise and examine permitted payment stablecoin issuers. Proposed § 15.14(b) applies the OCC's examination authority to permitted payment stablecoin issuers in the same manner that it is applied to national banks and Federal savings associations. Additionally, proposed § 15.14(c) clarifies that the OCC may conduct examinations either on site or remotely. Proposed § 15.14(f) provides that all permitted payment stablecoin issuers must maintain a complete set of books and records in English. Proposed § 15.14(g) requires all permitted payment stablecoin issuers to develop and implement a records retention policy that ensures the permitted payment stablecoin issuer can demonstrate compliance with the GENIUS Act, this part, and all applicable laws and regulations.

b. Reports

Section 6(a)(2) of the GENIUS Act (12 U.S.C. 5905(a)(2)) requires that each permitted payment stablecoin issuer shall, upon request, submit to the appropriate Federal payment stablecoin regulator a report on: the financial condition of the permitted payment stablecoin issuer; the systems of the permitted payment stablecoin issuer for monitoring and controlling financial and operating risks; compliance by the permitted payment stablecoin issuer (and any subsidiary thereof) with the GENIUS Act; and the compliance of the Federal qualified nonbank payment stablecoin issuer with the Bank Secrecy Act and with laws authorizing the imposition of sanctions and implemented by the Secretary of the Treasury. Section 6(a)(4) of the GENIUS Act (12 U.S.C. 5905(a)(4)) requires the OCC to take certain actions to promote efficiency in the supervision and examination of permitted payment stablecoin issuers. The OCC, in supervising and examining permitted payment stablecoin issuers, to the fullest extent possible, must use existing supervisory reports and other supervisory information and avoid duplication of examination activities, reporting requirements, and requests for information.

Proposed § 15.14(j) implements section 6(a)(2) of the GENIUS Act by requiring each permitted payment stablecoin issuer subject to the requirements of section 6(a)(1) of the Act to, upon request, submit to the OCC a report on: (1) the financial condition of the permitted payment stablecoin issuer; (2) the systems of the permitted payment stablecoin issuer for monitoring and controlling financial and operating risks; (3) compliance by the permitted payment stablecoin issuer (and any subsidiary thereof) with the GENIUS Act and proposed part 15; and (4) compliance of the permitted payment stablecoin issuer with the Bank Secrecy Act and with laws authorizing the imposition of sanctions and implemented by the Secretary of the Treasury. In an effort to clarify the GENIUS Act's requirements, the OCC has proposed in § 15.14(j)(4) expanding the requirement that Federal qualified nonbank payment stablecoin issuers produce reports of compliance with the requirements of the Bank Secrecy Act and with laws authorizing the imposition of sanctions and implemented by the Secretary of the Treasury to all permitted payment stablecoin issuers.[74]

In addition to the regulations codifying the reporting requirements in section 6(a)(2) of the GENIUS Act (12 U.S.C. 5905(a)(2)),[75] pursuant to its supervisory authority in section 6(a)(1) of the Act (12 U.S.C. 5905(a)(1)), the OCC is proposing in § 15.14(h) to require permitted payment stablecoin issuers to submit on a weekly basis, in the manner and form specified by the OCC, a confidential report containing the information requested in the form that will be available at *www.occ.gov.* At a high level, the OCC is requesting a permitted payment stablecoin issuer provide information regarding the issuance and redemption, trading volume, and reserve assets for each payment stablecoins it issues. The report would include information relating to the blockchains the payment stablecoin is listed on, outstanding issuance value, secondary market activity and price movement, redemption volume and times, detailed information regarding reserve assets, and other relevant information. For more information about the specific information requested, consult the form that will be available at *www.occ.gov.* The OCC believes that requiring a permitted payment stablecoin issuer to provide a confidential set of data on a weekly basis for each payment stablecoins it issues will allow the OCC to understand the permitted payment stablecoin issuer's operations and the risks unique to its business model. This regular data reporting will allow the OCC to tailor its examinations to be risk-based, which will reduce the burden of examinations by focusing the scope of examinations. Further, the OCC believes that this regular reporting framework will allow the OCC to identify and respond more quickly to emerging novel and financial stability risks. The OCC also believes the information requests is currently tracked on a regular basis by stablecoin issuers.

The OCC is proposing in § 15.14(i) a separate provision that requires permitted payment stablecoin issuers to submit quarterly reports of financial condition to the OCC, including, but not limited to income statement, expenses, balance sheet, reserves, changes in equity, investments, capital, outstanding issuance value, and assets under custody, in a standardized format as prescribed by the OCC within 30 days of the end of the prior quarter. The OCC proposes this provision to ensure that permitted payment stablecoin issuers produce regular, standardized statements of financial condition to the OCC and will include additional information beyond the composition report required under § 15.11(e) and the confidential weekly reporting required under proposed § 15.14(h), including information regarding the permitted payment stablecoin issuer's income, expenses, balance sheet, reserves,

[73] 12 U.S.C. 481 and 1464.

[74] The OCC notes that section 6(a)(2) of the GENIUS Act (12 U.S.C. 5905(a)(2)) requires all permitted payment stablecoin issuers to provide the subsequent list of reports in section 6(a)(2)(A) through (D) to the OCC upon request, whereas section 6(a)(2)(D) refers to the compliance of ''the Federal qualified nonbank payment stablecoin issuer with the requirements of the Bank Secrecy Act.'' Based on the structure of section 6(a)(2), the OCC believes all permitted payment stablecoin issuers must, upon request, produce each of the listed reports and that the OCC could request the report required in section 6(a)(2)(D) from a permitted payment stablecoin issuer. Additionally, section 6(a)(1) of the GENIUS Act (12 U.S.C. 5905(a)(1)) gives the OCC supervisory authority over all permitted payment stablecoin issuers, which provides the OCC with further authority to request the report in section 6(a)(2)(D).

[75] With regards to reporting by a permitted payment stablecoin issuer as to its assets under custody, section 10(d) of the GENIUS Act (12 U.S.C. 5909(d)) provides an additional statutory grant of authority.

changes in equity, investments, capital, outstanding issuance value, and assets under custody. This provision mirrors the quarterly statements of financial condition that national banks and Federal savings associations provide to the Federal banking agencies through their quarterly Consolidated Reports of Condition and Income filings, commonly referred to as Call Reports.[76] The information required to be reported under this section will be streamlined substantially relative to the Call Reports, in light of the comparatively simple business model of a permitted payment stablecoin issuer. Standardizing these reporting requirements will enhance the OCC's ability to supervise permitted payment stablecoin issuers and provide clarity as to the information a permitted payment stablecoin issuer must report. The OCC intends to publish the information provided in the quarterly report to ensure transparency and that the public has an understanding of a permitted payment stablecoin issuer's financial condition on an ongoing basis. The OCC also proposes to require that each quarterly report of financial condition includes a declaration from the permitted payment stablecoin issuer's Chief Financial Officer, or the individual performing an equivalent function, that the report is true and correct to the best of their knowledge and belief. The correctness of the quarterly report of condition shall also be attested to by the signatures of the directors and senior management of the permitted payment stablecoin issuer other than the officer making such declaration, with the attestation stating that the report has been examined by them and to the best of their knowledge and belief is true and correct. The OCC proposes requiring these declarations and attestations to ensure that permitted payment stablecoin issuer's officers and directors are accountable for the accuracy of the permitted payment stablecoin issuer's reports of financial condition.

Proposed § 15.14(k) implements section 5(i) of the GENIUS Act (12 U.S.C. 5904(i)). Consistent with the statute, under the proposed rule, not later than 180 days after the approval of an application, as defined in proposed § 15.30, and on an annual basis thereafter, a permitted payment stablecoin issuer must submit to the OCC a certification by its board of directors that the permitted payment stablecoin issuer has implemented anti-money laundering and economic sanctions compliance programs that are reasonably designed to prevent the permitted payment stablecoin issuer from facilitating money laundering, in particular, facilitating money laundering for cartels and organizations designated as foreign terrorist organizations under section 219 of the Immigration and Nationality Act (8 U.S.C. 1189) and the financing of terrorist activities, consistent with the requirements of the GENIUS Act.

Audits

Section 4(a)(10) of the GENIUS Act (12 U.S.C. 5903(a)(10)) requires that a permitted payment stablecoin issuer with more than $50 billion in consolidated total outstanding issuance value that is not subject to certain reporting requirements under Federal securities laws prepare an annual financial statement. Section 4(a)(10) further provides that a registered public accounting firm must perform an audit of the annual financial statement. The audited annual financial statement must be made publicly available on the permitted payment stablecoin issuer's website and be submitted annually to the primary Federal payment stablecoin regulator.

Proposed § 15.14(l) implements the requirements of section 4(a)(10) of the GENIUS Act. Under the proposed rule, each permitted payment stablecoin issuer with more than $50 billion in outstanding issuance value that is not subject to the reporting requirements under section 13(a) or 15(d) of the Securities and Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d))[77] must prepare, in accordance with GAAP, an annual financial statement that must include the disclosure of any related party transactions, as defined by GAAP. Proposed § 15.14(l)(1) requires that a registered public accounting firm must conduct an audit of the financial statements in accordance with all applicable auditing standards established by the Public Company Accounting Oversight Board. The OCC interprets ''applicable auditing standards'' under section 4(a)(10)(A)(iii) of the GENIUS Act (12 U.S.C. 5903(a)(10)(A)(iii)) to mean those that would apply if the permitted payment stablecoin issuer were subject to the reporting requirements under section 13(a) or 15(d) of the Securities and Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)). The standards would be enforced by the OCC for permitted payment stablecoin issuers subject to the audit requirement under section 4(a)(10)(A)(iii) of the GENIUS Act (12 U.S.C. 5903(a)(10)(A)(iii)). Consistent with this framework, the OCC may at any time request that a registered public accounting firm provide to the OCC certain additional information or documents relating to information provided by the permitted payment stablecoin issuer. The registered public accounting firm must agree to provide copies of any working papers, policies, and procedures relating to services in connection with the audit required under section 4(a)(10)(A)(iii) of the GENIUS Act (12 U.S.C. 5903(a)(10)(A)(iii)). Proposed § 15.14(l)(2) requires the permitted payment stablecoin issuer to: (1) make the audited financial statement publicly available on its website, and (2) submit the audited financial statement annually to the OCC. Under proposed § 15.14(l)(2)(ii), a permitted payment stablecoin issuer would be required to submit to the OCC annually, within 120 days of the end of its fiscal year, an audited financial statement. If a permitted payment stablecoin issuer is unable to timely file all or any portion of its financial statements, proposed § 15.14(l)(2)(iii) would require the permitted payment stablecoin issuer to submit a written notice of late filing to the OCC that would: (A) disclose the permitted payment stablecoin issuer's inability to file all, or specified portions, of its annual financial statement and the reasons therefore in reasonable detail; (B) include the date by which the financial statement will be filed; and (C) be filed on or before the deadline for filing the financial statement.

Proposed § 15.14(m) would address changes in control of a permitted payment stablecoin issuer. Proposed § 15.14(m)(1) would require a person seeking to acquire control, as those terms are used at 12 CFR 5.50, of a permitted payment stablecoin issuer to follow the requirements of 12 CFR 5.50 as if the permitted payment stablecoin issuer were a national bank. Thus, consistent with 12 CFR 5.50, a person seeking to acquire control (as those terms are used in 12 CFR 5.50) would need to provide 60 days prior notice to the OCC, except in certain circumstances identified in 12 CFR 5.50.[78] The OCC could inform the filer that the acquisition has been disapproved, has not been disapproved,

[76] *See* 12 U.S.C. 161(a) (requiring national banks to make reports of condition to the OCC); and 12 U.S.C. 1464(v) (requiring Federal savings associations to make reports of condition to the OCC).

[77] This requirement would not apply to an entity whose parent company is a reporting entity to the extent that the information of the entity would be reflected in applicable reports.

[78] *See* 12 CFR 5.50(b).

or that the review period has been extended.[79]

To avoid duplication, proposed § 15.14(m)(2) would provide that the requirements of paragraph (m)(1) do not apply to a transaction subject to the notice or application provisions under 12 CFR part 5 or § 15.30.

The OCC is considering including additional provisions detailing the consequences of failing to follow the procedures under 12 CFR 5.50. For example, the OCC is considering including language stating that, if a person acquires control, as the term is used at 12 CFR 5.50, of a permitted payment stablecoin issuer without following the requirements of 12 CFR 5.50 as if the permitted payment stablecoin issuer were a national bank before the time for the OCC's review as provided in 12 CFR 5.50 has expired or after the OCC has disapproved the acquisition of control, the permitted payment stablecoin issuer: (i) must, within 15 calendar days of the acquisition of control, provide all information required under 12 CFR 5.50; and (ii) may be subject to supervisory or enforcement actions relating to any concerns arising from the change in control, consistent with applicable law. The OCC welcomes any comments related to proposed § 15.14(m) as well as the additional language the OCC is considering including in proposed § 5.14(m).

The OCC proposes requiring this notice to facilitate the OCC's ongoing examination and supervision of permitted payment stablecoin issuers. Requiring notice of changes in control will assist the OCC in carrying out its mandate to examine permitted payment stablecoin issuers and is consistent with the OCC's authority to supervise, request reports, and conduct examinations pursuant to section 6(a) of the GENIUS Act (12 U.S.C. 5905(a)). In addition, requiring notice regarding changes in control will help the OCC monitor for and address evasion of the requirements of the GENIUS Act. For example, there may be instances where changes in control implicate the risk management requirements of the GENIUS Act, Bank Secrecy Act/Anti-Money Laundering (BSA/AML) or sanctions evasion. Similarly, section 5(c) of the GENIUS Act (12 U.S.C. 5904(c)) includes requirements designed to prevent an individual that has been convicted of a felony offense involving insider trading, embezzlement, cybercrime, money laundering, financing of terrorism, or financial fraud from serving as an officer or director for an applicant. The same section of the GENIUS Act includes provisions addressing the competence, experience, integrity of the officers, directors, and principal shareholders of the applicant. Absent a requirement to submit a notice regarding a change in control, an applicant could become licensed with a set of officers, directors, and principal shareholders that do not raise concerns under section 5(c) of the GENIUS Act (12 U.S.C. 5904(c)) and then transfer control to persons that do implicate concerns under section 5(c) of the Act or that otherwise raise concerns regarding the ability of the permitted payment stablecoin issuer to comply with the Act and its implementing regulations.

Proposed § 15.14(n) and (o) implement the requirements of section 6(a)(4)(A) and (B) of the GENIUS Act (12 U.S.C. 5905(a)(4)(A) and (B)) by mirroring the statutory requirements that, as a part of its supervision and examination of permitted payment stablecoin issuers, the OCC, to the fullest extent possible, will use existing supervisory reports and other supervisory information and avoid duplication of examination activities, reporting requirements, and requests for information. The OCC will follow this approach, including in developing and issuing related examination handbooks and policies. The OCC believes this is the optimal approach because it will allow the OCC to quickly adapt and fine-tune its supervisory and examination policies to maximize both efficiency and burden reduction. This approach is also consistent with the approach that the OCC takes for other entities under its jurisdiction.

6. State Qualified Payment Stablecoin Issuers (Proposed § 15.15)

The OCC proposes to issue § 15.15 to implement the GENIUS Act's transition standards for State qualified payment stablecoin issuers with an outstanding issuance value of more than $10 billion. Specifically, proposed § 15.15 would require an issuer to notify the OCC within five calendar days after the issuer triggers the transition threshold, request a waiver if the issuer seeks to remain supervised solely by the applicable State regulator, and, if applicable, provide the OCC with information necessary to evaluate an associated waiver request. Proposed § 15.15 would also establish a timeframe for the OCC's review of an issuer's waiver request. Proposed § 15.15(a) describes the scope of § 15.15 and provide that the section addresses requirements related to a State qualified payment stablecoin issuer that is a nonbank entity transitioning to the OCC's regulatory framework pursuant to section 4 of the GENIUS Act (12 U.S.C. 5903).

a. Transition to Federal Oversight

Section 4(d) of the GENIUS Act (12 U.S.C. 5903(d)) addresses the transition of State qualified payment stablecoin issuers that are not State chartered depository institutions to Federal oversight and provides the OCC with authority to supervise such issuers jointly with the relevant State payment stablecoin regulator.[80] Proposed § 15.15(b)(1) would implement section 4(d)(2) of the GENIUS Act (12 U.S.C. 5903(d)(2)) and would require a State qualified payment stablecoin issuer that is a nonbank entity that crosses the $10 billion outstanding issuance threshold to transition to the Federal regulatory framework under proposed part 15 and to comply with the provisions of part 15 applicable to Federal qualified payment stablecoin issuers within 360 days or cease issuing, on a net basis, new payment stablecoins until the State qualified payment stablecoin issuer's outstanding issuance value is under the $10 billion threshold. The OCC proposes to clarify that the State qualified payment stablecoin issuer would cease issuing new payment stablecoins on a net basis. This is to permit a State qualified payment stablecoin issuer to freeze, burn, mint and issue new payment stablecoins to the extent necessary to transfer stablecoins from one blockchain to another without increasing the total outstanding issuance of the State qualified payment stablecoin issuer.

Section 4(h) of the GENIUS Act (12 U.S.C. 5903(h)) authorizes the OCC to issue regulations necessary to administer and carry out the GENIUS Act's requirements and prevent evasion thereof. To facilitate an orderly transition to Federal oversight, ensure compliance with the GENIUS Act's transition requirements, and manage agency resources, proposed § 15.15(b)(2)(i) would require a nonbank State qualified payment stablecoin issuer of a payment stablecoin with an outstanding issuance value of more than $10 billion to provide written notification to the OCC within five calendar days after reaching such

[79] *See* 12 CFR 5.50(f).

[80] Section 4(d)(2) of the GENIUS Act (12 U.S.C. 5903(d)(2)) refers to State qualified payment stablecoin issuers other than State chartered depository institutions (addressed in section 4(d)(1) of the Act). For simplicity, proposed § 15.15 refers to State qualified payment stablecoin issuers that are nonbank entities. Nonbank entity is defined by the Act to mean a person that is not a depository institution or a subsidiary of a depository institution. 12 U.S.C. 5901(20).

threshold.[81] Proposed § 15.15(b)(2)(ii) provides that the written notification must include the following information: the State or States that currently regulate the State qualified payment stablecoin issuer; the State qualified payment stablecoin issuer's outstanding issuance value as of the date of the notice; the date that the issuer reached the $10 billion outstanding issuance value threshold; and indication of whether and when the issuer has ceased issuing, on a net basis, new payment stablecoins and whether the issuer intends to seek a waiver from transitioning to the Federal regulatory framework. Proposed § 15.15(b)(4) provides clarity as to when a State qualified payment stablecoin issuer transitions to the Federal regulatory framework. Proposed § 15.15(b)(4)(i) would require a State qualified payment stablecoin issuer to provide notification to the OCC that it is in compliance with the Federal regulatory framework implemented under proposed part 15. If the State qualified payment stablecoin issuer is not in compliance with the Federal regulatory framework in proposed part 15, the written notice would need to identify the provisions that the issuer does not comply with, provide the issuer's plan for remediating its noncompliance, and explain why the issuer did not comply with the Federal regulatory framework within the 360-day transition period. Regardless of whether the OCC receives such notice, the OCC reserves the right to pursue appropriate action to ensure compliance with the GENIUS Act with respect to a State qualified payment stablecoin issuer that transitions to the Federal regulatory framework administered by the OCC. Under proposed § 15.15(b)(4)(ii), a State qualified payment stablecoin issuer that does not cease issuing new payment stablecoins must transition to the Federal regulatory framework on the earlier of 360 days after reaching the $10 billion outstanding issuance value threshold or the date on which the State qualified payment stablecoin issuer provides written notification under paragraph (b)(4)(i).

To facilitate an orderly transition process, proposed § 15.15(b)(3)(i) would require a State qualified payment stablecoin issuer that is a nonbank entity to submit an analysis of the issuer's current capital position and anticipated capital needs, sufficient to ensure ongoing operations, based on its business model and risk profile to the OCC within 270 days of reaching the $10 billion outstanding issuance value threshold. State qualified payment stablecoin issuers are encouraged to submit a plan promptly to provide ample time to raise additional capital before transitioning to the OCC's regulatory framework, if needed. Under the proposed capital regulations in § 15.41, de novo banks, including transitioning State qualified payment stablecoin issuers, must maintain initial capital based on conditions set by the OCC during the licensing, chartering, or transition stage. Accordingly, proposed § 15.15(b)(3)(ii) would provide that the OCC will review the submitted analysis and establish a minimum capital requirement pursuant to proposed § 15.41(a)(1). Proposed § 15.15(b)(3)(iii) would provide that for purposes of complying with the transition requirements under proposed § 15.15(b)(1)(i) of this section, the issuer must hold minimum capital as specified under § 15.41(a)(1)(ii) prior to the issuer's transition date. State qualified payment stablecoin issuers that seek to transition early are therefore encouraged to submit their capital analysis to the OCC early, to ensure adequate time to address any deficiencies. Proposed § 15.15(b)(1)(iv) would provide that a State qualified payment stablecoin issuer would not need to submit an analysis of its capital if it receives a waiver under proposed § 15.15(d) or is not required to transition to the OCC's Federal regulatory framework under § 15.15(b)(1)(ii). As discussed above, a State qualified payment stablecoin issuer that seeks to transition to the Federal regulatory framework before the end of the 360-day period must certify its compliance with the part 15, which include capital requirements.

Under § 15.15(c), the OCC is proposing to require that a State qualified payment stablecoin issuer that transitions to the regulatory framework under proposed part 15 must undergo an initial examination at the OCC's request or no later than six months after the date on which the State qualified payment stablecoin issuer provides written notification under proposed § 15.15(b)(4)(i). Because a State qualified payment stablecoin issuer that transitions to the Federal framework will already be in operation, the OCC intends to conduct this examination well before the six-month outer limit proposed to ensure that the issuer can effectively operate under the Federal framework.

b. Waiver From Federal Supervision

Notwithstanding the transition requirements discussed above, under section 4(d)(3) of the GENIUS Act (12 U.S.C. 5903(d)(3)), the OCC may permit a nonbank State qualified payment stablecoin issuer that reaches the $10 billion threshold to remain solely supervised by a State payment stablecoin regulator. In determining whether to issue a waiver from Federal supervision, proposed § 15.15(d)(2) implements the requirement in the statute that provides that the OCC must consider four exclusive criteria: the capital maintained by the State qualified payment stablecoin issuer; the past operations and examination history of the State qualified payment stablecoin issuer; the experience of the State qualified payment stablecoin regulator in supervising payment stablecoin and digital asset activities; and the supervisory framework, including regulations and guidance, of the State qualified payment stablecoin issuer with respect to payment stablecoins and digital assets.

To facilitate an orderly waiver process, proposed § 15.15(d)(1) would require a State qualified payment stablecoin issuer seeking a waiver to submit a written waiver request to the OCC within 240 days of reaching the $10 billion outstanding issuance value threshold.[82] Nothing would prohibit a State qualified payment stablecoin issuer that exceeds the $10 billion threshold from seeking a waiver earlier, and the OCC would recommend that issuers that intend to seek a waiver do so promptly. The request must include information necessary for the OCC to evaluate the waiver criteria enumerated in proposed § 15.15(d)(2) and (3), discussed below. For example, such information may include the State qualified payment stablecoin issuer's reports of condition and examination, financial statements, investor statements, reports that detail significant examination findings, business activities, existence of past or current enforcement orders, and disclosure of any violations of law, as well as other information as requested by the OCC. Additionally, the waiver request may describe whether the State payment stablecoin regulator has experience regulating entities that have a similar risk profile. The waiver request may also include information regarding the frequency and depth of the State payment stablecoin regulator's examinations. The OCC will review the

[81] The proposal would require a nonbank State qualified payment stablecoin issuer to provide written notification to the OCC, regardless of whether it intends to issue new payment stablecoins.

[82] The OCC may also issue a waiver of its own accord, provided that it has information sufficient to evaluate the statutory criteria for issuing waivers.

issuer's waiver request and any associated information in relation to the waiver criteria.

Additionally, proposed § 15.15(d)(3) would incorporate waiver presumption standards for a State qualified payment stablecoin issuer that submits a waiver request. Consistent with section 4(d)(3)(C) of the Act (12 U.S.C. 5903(d)(3)(C)), the OCC will presumptively approve a waiver request if the relevant State payment stablecoin regulator has (1) established a prudential regulatory regime for the supervision of digital assets or payment stablecoins as of April 19, 2025 that has been certified pursuant to section 4(c) of the Act (12 U.S.C. 5903(c)) and (2) approved one or more issuers to issue payment stablecoins under the supervision of such State payment stablecoin regulator. The waiver presumption is lost if the OCC finds, by clear and convincing evidence, that the State qualified payment stablecoin issuer does not substantially meet the waiver criteria in proposed § 15.15(d)(2) or that the issuer poses significant safety and soundness risks to the financial system of the United States. If an issuer believes it qualifies for the waiver presumption, it must indicate so in the waiver request and provide information sufficient for the OCC to evaluate the waiver presumption standards.

7. Unusual and Exigent Circumstances (Proposed § 15.16)

The OCC proposes to issue § 15.16 to clarify the scope of the agency's enforcement authority over nonbank State qualified payment stablecoin issuers during unusual and exigent circumstances, including the review of OCC enforcement actions imposed pursuant to this authority.[83] Proposed § 15.16(a) would address the scope of § 15.16 and provide that the section addresses the OCC's authority to impose restrictions on a State qualified payment stablecoin issuer that is a nonbank entity during unusual and exigent circumstances, pursuant to section 7 of the GENIUS Act (12 U.S.C. 5906).

Section 7(e)(2)(B) of the GENIUS Act (12 U.S.C. 5906(e)(2)(B)) requires the OCC to issue rules to set forth the unusual and exigent circumstances in which the OCC would exercise its enforcement authority against nonbank State qualified payment stablecoin issuers. Section 7(e)(2) of the GENIUS Act provides that, during ''unusual and exigent circumstances,'' the OCC must take an enforcement action against a State qualified payment stablecoin issuer that is a nonbank entity for violations of the GENIUS Act, provided that the agency makes two determinations.[84] First, under the Act, the OCC must determine that ''unusual and exigent circumstances'' exist. Second, under the Act, the OCC must determine that there is reasonable cause to believe that the continuation of any activity by an issuer constitutes a serious risk to the financial safety, soundness, or stability of the issuer. Under the Act, if the OCC determines that both conditions are met, the OCC must impose such restrictions as the OCC determines to be necessary to address the serious risks to the issuer during the unusual and exigent circumstances. For example, under the Act, the OCC can limit a nonbank State qualified payment stablecoin issuer's affiliate transactions. The OCC may also limit nonbank State qualified payment stablecoin issuer activities that might create a serious risk that the liabilities of the issuer's holding company and its affiliates will be imposed on the issuer. The restrictions must be issued in the form of a directive, with the effect of a cease-and-desist order that has become final, to the nonbank State qualified payment stablecoin issuer and any of its affiliates.

Proposed § 15.16(b) would incorporate the GENIUS Act's unusual and exigent circumstances requirement. Under proposed § 15.16(b), if the OCC determines that unusual and exigent circumstances exist, based on the information available to the OCC, and that there is reasonable cause to believe that the continuation of any activity, including failure to act,[85] by a State qualified payment stablecoin issuer that is a nonbank entity constitutes a serious risk to the financial safety, soundness, or stability of the nonbank entity, the OCC will impose such restrictions as the OCC determines to be necessary to address such risk in the form of a directive. The Act provides three examples of the limitations that the OCC may impose, which are incorporated into proposed § 15.16(b). Such restrictions may include limitations on: (1) redemptions of payment stablecoins; (2) transactions between the State qualified payment stablecoin issuer, a holding company, and the subsidiaries or affiliates of either the State qualified payment stablecoin issuer or the holding company; and (3) any activities of the State qualified payment stablecoin issuer that might create a serious risk that the liabilities of a holding company and the affiliates of the holding company may be imposed on the State qualified payment stablecoin issuer.

Proposed § 15.16(c) would set forth the criteria the OCC would consider when determining whether unusual and exigent circumstances exist. Specifically, under the proposed rule, the OCC would consider: (1) whether the State qualified payment stablecoin issuer is, or is expected to imminently be, engaging in an activity (including any act, practice, or omission) that poses an immediate risk to the financial safety, soundness, or stability of the issuer or the financial system of the United States; (2) the actions of the relevant State payment stablecoin regulator to promptly address the risk to the issuer or the financial system of the United States; (3) risks presented to payment stablecoin holders; and (4) any other factors the OCC deems appropriate in light of the particular circumstances, consistent with the purposes of the GENIUS Act.

The OCC's proposed criteria are intended to capture circumstances that involve an immediate financial risk that cannot be sufficiently addressed through normal supervisory channels. Accordingly, the OCC's proposed criteria focus on the immediacy of the financial risks, whether to the issuer, the stablecoin holders, or the financial system, and the actions of relevant State payment stablecoin regulator to respond to those risks. The OCC has preliminarily determined that adopting flexible criteria focused on these considerations, as opposed to a limited set of specific circumstances, would establish an appropriate balance between providing stakeholders with clarity on when the OCC would act pursuant to this authority while implementing the GENIUS Act's clear intention to permit the OCC to respond to evolving and unforeseeable circumstances.

Finally, proposed § 15.16(d) clarifies that the administrative review procedures described in section 7(e)(2)(D) of the Act (12 U.S.C. 5906(e)(2)(D)) are applicable to a State qualified payment stablecoin issuer or any institution-affiliated party subject to an unusual and exigent circumstances directive.

[83] Proposed § 15.16 would address ''unusual and exigent circumstances'' only for purposes of section 7(e)(2) of the GENIUS Act (12 U.S.C. 5906(e)(2)); it would not interpret the meaning of that term under any other statute.

[84] The GENIUS Act does not impose these limitations on the enforcement authority of State payment stablecoin regulators. *See* 12 U.S.C. 5906(a).

[85] Proposed § 15.16(b) would clarify that failure to act also constitutes the continuation of an activity, as contemplated by section 7(e)(2)(C) of the GENIUS Act (12 U.S.C. 5906(e)(2)(C)).

C. Subpart C—Custody

Section 10 of the GENIUS Act (12 U.S.C. 5909) imposes requirements on any person seeking to provide custodial or safekeeping services for payment stablecoin reserves, payment stablecoins used as collateral, or the private keys used to issue payment stablecoins. Among other things, section 10 of the Act requires such persons to be subject to supervision or regulation by a Federal or State supervisor, to treat covered assets as customer property, to separately account for and not commingle covered assets unless permitted under a listed exception, and to provide their supervisor with certain regulatory information as determined by that supervisor. Section 10 also provides claims of payment stablecoin holders priority over other claims on persons providing custody and exempts certain persons providing hardware or software services from the requirements of section 10.

The proposal would (1) establish relevant defined terms for purposes of subpart C to clarify the scope of custodial services to which subpart C would apply; (2) set minimum principles-based requirements for OCC-supervised institutions related to their provision of custodial or safekeeping services to the assets described in Section 10 of the GENIUS Act that are appropriate to protect such custodied assets from the claims of creditors of the institution; and (3) implement other requirements and exclusions of the Act.

1. Definitions (Proposed § 15.20)

The OCC is proposing to define the assets for which the provision of custodial or safekeeping services trigger the requirements of the Act as ''covered assets.'' This term would include the assets described in section 10(a) of the GENIUS Act (12 U.S.C. 5909(a)) that comprise the payment stablecoin reserves (discussed above), any payment stablecoin used as collateral, and the private keys used to issue payment stablecoins.

The OCC is also proposing to include in the definition of covered assets any cash or other property of a permitted payment stablecoin issuer, as defined in the GENIUS Act, received by the custodian in the course of provision of custodial or safekeeping services contemplated under the GENIUS Act. Sections 10(b) and (c) of the GENIUS Act (12 U.S.C. 5909(b) and (c)) each apply the Act's custodial requirements not only to the custody of payment stablecoin reserves, payment stablecoins used as collateral, and the private keys used to issue payment stablecoins but also to ''cash[ ] and other property'' of a custody customer of one of those assets.

''Cash and other property,'' as used in section 10 of the GENIUS Act, appears to refer to cash and other property that a covered custodian (defined and discussed below) may receive as custodial property of its customers, but only to the extent such cash or other property is received in connection with the provision of custodial services for payment stablecoin reserves, payment stablecoins used as collateral, and the private keys used to issue payment stablecoins. For example, any interest on payment stablecoin reserve assets held in custody in a deposit account and credited to a customer's (*i.e.,* a permitted payment stablecoin issuer) account would be the type of cash and other property subject to the custody requirements of the Act.

Thus, under the proposed rule, ''covered assets'' would mean payment stablecoin reserves, payment stablecoins used as collateral, and private keys used to issue payment stablecoins, as well as cash and other property received in the course of the provision of custodial or safekeeping services for such assets.

Separately, the OCC is proposing to define the entities to which the proposed custody requirements would apply as ''covered custodians.'' This term would mean a national bank, Federal savings association, Federal branch, or permitted payment stablecoin issuer to the extent of such person's provision of custodial or safekeeping services to covered customers (as such term is described below) for covered assets.

The OCC is proposing to define the custodial customers to which the GENIUS Act's protections apply as ''covered customers.'' This term would mean a person for or on whose behalf a covered custodian receives, acquires, or holds covered assets.

The OCC is also proposing to define certain other concepts relative to covered asset custodial activities. The proposal would define ''applicable law'' for purposes of subpart C as the law of a State or other jurisdiction governing a covered custodian's custody relationships, any applicable Federal law governing those relationships, the terms of the custody agreement, and any applicable court order. The proposal would define ''custody agreement'' as a legally binding contractual agreement between a covered customer, as the principal, and the custodian, as the agent, that establishes the custodian's duties and responsibilities in providing safekeeping and ancillary services to the covered customer. The proposal would define ''digital wallet'' as a software program or hardware device that stores and manages the private keys associated with a particular unit of a digital asset. The proposal would define ''sub-custodian'' as a person that provides custody and safekeeping services to a covered custodian, including through a digital wallet for which such person controls the associated private keys, with respect to the covered assets of a covered customer for which the covered custodian otherwise serves as a custodian under this subpart.[86]

2. Covered Asset Custodial Property Requirements (Proposed § 15.21)

Proposed § 15.21 would implement certain minimum principles-based requirements applicable to a covered custodian's provision of custodial and safekeeping services for covered assets to ensure that such covered assets are treated and dealt with as belonging to the covered customers and protected from claims of the covered custodian's creditors, as well as the creditors of any sub-custodian, as applicable, or the claims of any customer's creditors. Under proposed § 15.21(a), a covered custodian must separately account for the covered assets of each covered customer and must treat and deal with those covered assets as belonging to such covered customer and not as the property of the covered custodian. Under proposed § 15.21(b), a covered custodian must take appropriate steps to protect the covered assets of covered customers from the claims of creditors of the covered custodian and any sub-custodian, as applicable, including through adopting, implementing, and maintaining written policies, procedures, and internal controls that are adequate to comply with applicable law and that are commensurate with the covered custodian's size, complexity, and risk profile and with the nature of the applicable covered assets for which it provides custodial or safekeeping services.

The OCC believes that setting certain minimum principles-based requirements for the provision of these custody services, regardless of the use of omnibus accounts, is consistent with section 10(b)(2) of the GENIUS Act (12 U.S.C. 5909(b)(2)), which requires that applicable custodians ''take such steps as are appropriate to protect the [covered assets] of a customer from the claims of creditors of the [custodian]'' and section 13 of the GENIUS Act (12 U.S.C. 5913), which grants the OCC

[86] A sub-custodian would be subject to the requirements applicable to a custodian under the GENIUS Act, including the requirements under section 10 of the Act (12 U.S.C. 5909).

broad rulemaking authority to implement the GENIUS Act. In considering minimum, principles-based requirements, the OCC is proposing to require covered custodians to take such steps that the OCC would typically expect a supervised institution to take as part of sound custodial practices necessary to protect custodied assets from claims of the custodian's creditors.[87]

The OCC is also proposing in § 15.21(b) to require that a covered custodian maintain possession or control of covered assets of a covered customer that are held directly, including in a digital wallet for which the covered custodian controls the associated private keys. Under the proposal, a covered custodian may maintain the covered assets of a covered customer through the use of a sub-custodian if consistent with applicable law, provided the covered custodian maintains adequate safeguards and internal controls reasonably designed to provide the covered custodian with oversight of such sub-custodian's compliance with the requirements of this proposed subpart C. Under the proposal, with regards to any payment stablecoin or stablecoin reserve in the form of a tokenized asset held in safekeeping under proposed subpart C, a covered custodian, or sub-custodian, as applicable, maintains control for purposes of the proposed requirement 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. This requirement is consistent with past OCC guidance on the control of crypto-assets for purposes of safekeeping.[88]

The OCC intends these principles-based, minimum requirements to be in line with sound custodial management practices that the agency understands are industry standard. A national bank or Federal savings association that is a covered custodian and that acts in a fiduciary capacity must comply with 12 CFR part 9 or 150, as applicable. In addition, certain State laws concerning fiduciary activities may apply.[89]

The OCC proposes codifying in proposed § 15.21(c) the exception in section 10(c) of the GENIUS Act (12 U.S.C. 5909(c)) to the customer property requirements described in section 10(b). This exception permits a covered custodian to withdraw and apply such share of the covered assets of a covered customer necessary to transfer, adjust, or settle a transaction or transfer of assets applicable to that covered customer, including the payment of commissions, taxes, storage, and other charges lawfully accruing in connection with the provision of services to that covered customer by the covered custodian. The OCC proposes to specify that any such withdrawal must be consistent with any applicable law. For example, the OCC would expect any such withdrawal to be undertaken only in compliance with the terms of a covered customer's written custodial agreement and that any withdrawal of funds from an omnibus account would be properly recorded as to not implicate the custodial assets of any other covered customer.

Finally, proposed § 15.21(d) would clarify, consistent with section 10(c)(2)(D) of the GENIUS Act (12 U.S.C. 5909(c)(2)(D)), that an insured national bank or Federal savings association that provides custodial or safekeeping services for covered assets may hold covered assets that are in the form of cash on deposit, provided such treatment is consistent with Federal law.

3. Use of Omnibus Accounts (Proposed § 15.22)

Proposed § 15.22(a) would implement the GENIUS Act's requirement in section 10(c) of the Act (12 U.S.C. 5909(c)) that a covered custodian segregate all covered assets of covered customers and not commingle them with the assets of the covered custodian. As discussed above, the proposal clarifies that this requirement does not apply in the case of a depository institution that provides custodial or safekeeping services for covered assets that are in the form of cash to the extent the depository institution holds such cash in the form of cash on deposit, provided such treatment is consistent with Federal law.

Proposed § 15.22(b) sets the terms by which covered custodians may use omnibus accounts consistent with the GENIUS Act's requirements to separately account for, treat as, and deal with custodied covered assets as belonging to covered customers. The OCC is proposing to allow any covered custodian to commingle the covered assets of multiple covered customers in one or more omnibus accounts, to the extent that the steps it has taken pursuant to proposed § 15.21(b) are adequate to maintain safe and sound practices for the use of omnibus accounts, and to the extent that the use of omnibus accounts is consistent with applicable law.

4. Reporting

The OCC is considering whether to implement any additional reporting requirements in subpart C pursuant to section 10(d) of the GENIUS Act (12 U.S.C. 5909(d)), which requires that a covered custodian submit to the OCC certain information ''in such form and manner as [the OCC] shall determine.'' For covered custodians that are national banks, Federal savings associations, or Federal branches, the OCC proposes to seek to rely on the reporting such institutions already provide on their custodial businesses pursuant to Schedule RC–T of the Consolidated Report of Condition and Income (Call Report).[90] For covered custodians that are non-bank Federal qualified payment stablecoin issuers and State qualified payment stablecoin issuers with an outstanding issuance value of more than $10 billion and have transitioned to the Federal regulatory framework administered in coordination with the OCC, the OCC proposes to rely on such entities' reporting pursuant to section 6(a)(2) of the GENIUS Act's (12 U.S.C. 5905(a)(2)) reporting requirements as part of the payment stablecoin issuers' quarterly report on financial condition discussed in proposed § 15.14.[91] The OCC seeks comment on whether this is the most efficient and effective way to collect such information concerning a covered custodian's business operations

[87] To the extent that a covered custodian, as an accommodation to a covered customer, documents in an account statement or other similar document any additional assets of that customer for which the covered custodian does not provide custodial or safekeeping services, including through use of a sub-custodian of the covered custodian (commonly referred to as ''accommodation assets'' or ''below the line assets''), the OCC would not expect such assets to be subject to the requirements of subpart C.

[88] *See* OCC, ''Agencies Issue Joint Statement on Risk-Management Considerations For Crypto-Asset Safekeeping.''

[89] *See* 12 CFR 9.2(b) (defining ''applicable law'' to include the law of a state or other jurisdiction governing a national bank's fiduciary relationships); 12 CFR 150.60 (same).

[90] The OCC believes that reporting the private key used to issue a payment stablecoin held in custody at a $1.00 book value would be consistent with the Call Report Schedule RC–T instructions, unless the methodology for determining market value is otherwise set by applicable law. *See, e.g.,* OCC, Letter from Kerri Corn, Director for Credit and Market Risk (June 20, 2007), *https://www.occ.treas.gov/topics/supervision-and-examination/capital-markets/asset-management/corporate-trust/memo-misc-schedule-rc-t.pdf* (letter to the American Bankers Association regarding owner trustee fiduciary accounts reported on Schedule RC–T).

[91] As noted above, section 10(d) of the GENIUS Act (12 U.S.C. 5909(d)) provides an additional statutory grant of authority for this reporting requirement.

as well as their processes to protect customer assets.

Nonetheless, requiring covered custodian-specific reporting outside of the context of a Call Report may be appropriate. Schedule RC–T of the Call Report does not provide a breakdown of the specific assets under custody, and as such may not provide a sufficient insight necessary to effectively supervise the unique risks related to the custody of covered assets. Additionally, Schedule RC–T may not be applicable to all covered custodians, to the extent that they do not provide fiduciary services. As such, the OCC is considering requiring covered custodians to report on a separate form maintained by the OCC the following information: (1) total covered assets under custody, and (2) total payment stablecoin reserves under custody. For payment stablecoin reserves under custody, the OCC is further considering requiring covered custodians to report the following: (a) total payment stablecoin reserves under custody for (i) an affiliate and (ii) third parties; (b) total payment stablecoin reserves held in a deposit account at (i) the covered custodian and (ii) a third-party depository institution; (c) total payment stablecoin reserves held in a deposit account that are not covered by FDIC insurance at (i) the covered custodian and (ii) a third party depository institution; and (d) total payment stablecoin reserves held in each of the categories listed in section 4(a)(1)(A)(i)–(viii) of the GENIUS Act (12 U.S.C. 5903(a)(1)(A)(i)–(viii)).

5. Self-Custody Hardware and Software Exclusion (Proposed § 15.23)

The proposal implements section 10(e) of the GENIUS Act (12 U.S.C. 5909(e)), which provides that the requirements of section 10 of the Act do not apply to any person solely on the basis that such person engages in the business of providing hardware or software to facilitate a customer's own custody or safekeeping of the customer's payment stablecoins or private keys. In proposed § 15.23, the OCC proposes to clarify that the requirements of this proposed subpart C do not apply to any national bank, Federal savings association, Federal branch, or permitted payment stablecoin issuer solely on the basis that such entity engages in the business of providing hardware or software to facilitate a person's or entity's self-custody of their payment stablecoins or private keys. The requirements could nonetheless apply if, for example, an entity controls or holds itself out as controlling such payment stablecoins or private keys, or provides, or holds itself out as providing safekeeping or custodial services, including services that are ancillary or incidental to its custodial powers, for such payment stablecoins or private keys.

D. Subpart D—Applications and Registrations

Section 5 of the GENIUS Act (12 U.S.C. 5904) establishes a licensing regime for insured depository institutions that seek to issue payment stablecoins through a subsidiary and for nonbank entities, uninsured national banks, and uninsured Federal branches that seek to issue payment stablecoins as Federal qualified payment stablecoin issuers. Section 18(a) of the GENIUS Act (12 U.S.C. 5916(a)) provides an exception from the prohibition in section 3 of the GENIUS Act (12 U.S.C. 5902) for foreign payment stablecoin issuers registered with the OCC and sets forth the registration regime and other requirements for foreign issuers. The OCC is proposing subpart D of part 15 to implement these provisions of the GENIUS Act.

1. Approval of Permitted Payment Stablecoin Issuers (Proposed § 15.30)

The OCC is proposing § 15.30 to provide for the licensing of insured national banks, Federal savings associations,[92] and insured Federal branches that seek to establish subsidiaries to issue payment stablecoins and for nonbank entities, uninsured national banks, and uninsured Federal branches that seek to issue payment stablecoins as a Federal qualified stablecoin issuer. In accordance with section 5 of the GENIUS Act (12 U.S.C. 5904), proposed paragraph (a) would require insured national banks, Federal savings associations, and insured Federal branches as well as nonbank entities, uninsured Federal branches, and uninsured national banks to file an application and obtain OCC prior approval before issuing payment stablecoins under the GENIUS Act. Under proposed paragraph (a)(1), any insured national bank, Federal savings association, or insured Federal branch that seeks to issue payment stablecoins through a subsidiary would be required to file an application under § 15.30 and receive prior approval from the OCC before issuing payment stablecoins.[93] Under proposed paragraph (a)(2), any nonbank entity, uninsured national bank, or uninsured Federal branch that seeks to issue payment stablecoins as a Federal qualified payment stablecoin issuer would be required to file an application and receive prior approval from the OCC before issuing payment stablecoins. The OCC intends the process provided under proposed § 15.30 to be comprehensive for stablecoin issuance and other activities described in proposed § 15.10(a) and that other filings with the OCC would not be required. This is consistent with the OCC's general approach of not requiring multiple filings for the same activity. For example, to the extent that stablecoin issuance would involve membership in a payment system and notice to join a payment system was provided during the filing process, no additional filing under 12 CFR 7.1026 would be required at that time.

Proposed paragraph (b) would set forth the application process. Proposed paragraph (b)(1)(i) would require that the applicant submit all the information required by a form for an application under this section that would be available at *www.occ.gov*. Under proposed paragraph (b)(1)(ii) each director, executive officer, and principal shareholder of the applicant (or in the case of an applicant that is an insured national bank, Federal savings association or Federal branch, of the subsidiary of the applicant) must submit the information prescribed in the Interagency Biographical and Financial Report.[94] Proposed paragraph (b)(1)(iii) would require that the applicant certify that neither the filing nor any supporting material submitted to the OCC contain material misrepresentations or omissions. Proposed paragraph (b)(2) would direct that an application be submitted to the appropriate OCC licensing office, unless the OCC advises a filer otherwise. The certification and location of filing provisions are substantially the same as those in the OCC's general application filing provisions in 12 CFR 5.4.

Proposed paragraph (b)(3) would include provisions regarding substantially complete applications and the review thereof. Section 5(d)(1)(B)(i)

[92] Unlike national banks and Federal branches, all Federal savings associations are required to be insured by the FDIC. *See* 12 U.S.C. 1813(b)(2) and 1462(2)–(3).

[93] Consistent with the definition of permitted payment stablecoin issuer in section 2(23) of the GENIUS Act (12 U.S.C. 5901(23)), the OCC would not approve an insured national bank or a Federal savings association to issue a payment stablecoin directly (as opposed to through a subsidiary).

[94] Proposed § 15.2 would define principal shareholder to mean ''a person who directly or indirectly or acting in concert with one or more persons, or together with members of their immediate family, will own, control, or hold 10 percent or more of the voting stock of the permitted payment stablecoin issuer or applicant.'' Thus, persons that are principal shareholders as a result of indirect control must submit the information in the Interagency Biographical and Financial Report.

of the GENIUS Act (12 U.S.C. 5904(d)(1)(B)(i)) defines a substantially complete application as one that contains sufficient information for the primary Federal stablecoin regulator to render a decision based on the factors in section 5(c) of the GENIUS Act (12 U.S.C. 5904(c)). Proposed § 15.30(b)(3)(i) would restate this requirement, referencing the factors in proposed paragraph (c) of § 15.30. Section 5(d)(1)(B)(ii) of the GENIUS Act (12 U.S.C. 5904(d)(1)(B)(ii)) requires that the primary Federal payment stablecoin regulator notify the applicant as to whether the application is considered substantially complete. If the application is not substantially complete, the primary Federal payment stablecoin regulator must inform the applicant of the information needed for the application to be considered substantially complete. Proposed § 15.30(b)(3)(ii) would set forth these requirements and provide that the OCC will notify applicants not later than 30 days after receipt of an application whether the application is substantially complete. If the application is not substantially complete, the OCC will notify the applicant of the information required in order for the application to be substantially complete. Proposed paragraph (b)(3)(iii) would state that the OCC will notify applicants not later than 30 days after receipt of the additional information whether the application is substantially complete. Proposed paragraph (b)(3)(iv) would state that an application is considered substantially complete as of the date the OCC receives the information required for the application to be substantially complete. The 120-day requirement for the OCC to render a decision, as required by section 5(d)(1)(A) of the GENIUS Act (12 U.S.C. 5904(d)(1)(A)), is measured from the date on which the application becomes substantially complete. The OCC believes that measuring from the date that the application becomes substantially complete is most consistent with section 5 of the GENIUS Act and would facilitate appropriate review of applications. First, the statute refers to responding within 120 days of receiving a substantially complete application, which clearly contemplates that the 120-day period does not begin to run upon the submission of an application that is not substantially complete. Second, section 5(e)(2) of the GENIUS Act (12 U.S.C. 5904(e)(2)) requires the primary Federal payment stablecoin regulator to annually report to Congress on applications that have been pending for 180 days or more since being initially filed, including documenting the status of the applications and why the applications have not been approved, and directs the regulator to inform applicants that their applications remain incomplete. This provision indicates that Congress contemplated the process potentially taking more than 120 days when the initial application was incomplete. Further, permitting an applicant to render an application substantially complete at any time during the running of the 120-day period could substantially hamper OCC review. For example, an applicant could submit information making the application substantially complete on the 119th day after the initial submission. If the review period were measured from the initial, incomplete application, the OCC would have a single day to review potentially voluminous new information. Accordingly, the OCC is proposing that the 120 days runs from the submission of the information required to make the application substantially complete. Proposed paragraph (b)(3)(iv) therefore states that an application is considered substantially complete as of the date the OCC receives the information required for the application to be substantially complete. Section 5(d)(1)(B)(iii) of the GENIUS Act (12 U.S.C. 5904(d)(1)(B)(iii)) states that a substantially complete application remains so unless there is a material change in circumstances that requires the primary Federal payment stablecoin regulator to treat the application as a new application. Proposed § 15.30(b)(3)(v) would codify this provision in the OCC's regulations by stating that if the OCC determines that an application is substantially complete, the application remains substantially complete unless there is a material change in circumstances that requires the OCC to treat the application as a new application. Consistent with the OCC's general licensing regulations in 12 CFR 5.7, proposed § 15.30(b)(4) would provide that the OCC may examine or investigate and evaluate facts relating to an application under this section to the extent necessary to reach an informed decision. Proposed paragraph (b)(4) would also state that the OCC may collect fingerprints of the individuals listed in proposed paragraph (b)(1)(ii) for submission to the Federal Bureau of Investigation for a national criminal history background check.

Section 5(d)(3) of the GENIUS Act (12 U.S.C. 5904(d)(3)) provides that an application is deemed approved if the primary Federal payment stablecoin regulator fails to render a decision within 120 days of receipt of a substantially complete application. Proposed § 15.30(b)(5) would provide that a substantially complete application under that section would be deemed approved as of the 120th day of receipt by the OCC of the substantially complete application, unless the OCC denies the application under proposed paragraph (d) of that section.

Section 5(c) of the GENIUS Act (12 U.S.C. 5904(c)) prescribes factors for evaluating a substantially complete application: the ability of the applicant (or subsidiary in the case of an insured depository institution), based on financial condition and resources, to meet the requirements of section 4 of the GENIUS Act (12 U.S.C. 5903); whether any of the applicant's officers or directors have been convicted of a felony offense involving insider trading, embezzlement, cybercrime, money laundering, financing of terrorism, or financial fraud; the competence, experience, and integrity of the officers, directors, and principal shareholders of the applicant, its subsidiaries, and parent company, including their record of compliance with laws and regulations and their ability to fulfill certain commitments or conditions imposed by the OCC in connection with the application at issue or any prior application; whether the applicant's redemption policy meets the standards under section 4(a)(1)(B) of the GENIUS Act (12 U.S.C. 5903(a)(1)(B)); and any other factors established by the primary Federal payment stablecoin regulator that are necessary to ensure the safety and soundness of the permitted payment stablecoin issuer. Proposed § 15.30(c) would contain the four specific factors established by section 5(c) of the GENIUS Act (12 U.S.C. 5904(c)), cross-referencing proposed § 15.12 for the redemption policy. The OCC seeks comment on whether to include additional factors necessary to ensure the safety and soundness of the permitted payment stablecoin issuer.

Section 5(d)(2)(A)(i) of the GENIUS Act (12 U.S.C. 5904(d)(2)(A)(i)) provides that a primary Federal stablecoin regulator may only deny a substantially complete application if the applicant's activities would be unsafe or unsound based on the factors described in section 5(c) of the GENIUS Act (12 U.S.C. 5904(c)). Section 5(d)(2)(B) of the GENIUS Act (12 U.S.C. 5904(d)(2)(B)) requires that if a primary Federal payment stablecoin regulator denies a substantially complete application, it must provide written notice to the applicant not later than 30 days from date of denial, explaining the denial

with specificity, including, all findings with respect to identified material shortcomings and actionable recommendations on how the applicant could address the shortcomings. Proposed § 15.30(d) would set forth these provisions in regulation.

Section 5(d)(2)(C) of the GENIUS Act (12 U.S.C. 5904(d)(2)(C)) requires that an applicant whose application has been denied be given an opportunity for a written or oral hearing before the primary Federal payment stablecoin regulator to appeal the denial. The primary Federal payment stablecoin regulator shall notify the applicant of a time, not later than 30 days after receipt of a timely request for a written or oral hearing, and place for the applicant to appear, personally or through counsel, to submit written materials or provide oral testimony and oral argument. The primary Federal payment stablecoin regulator must notify the applicant of a final determination, the basis for that determination, and specific findings, within 60 days after the hearing. If an applicant does not timely request a hearing, the primary Federal stablecoin regulator must notify the applicant in writing within 10 days of the expiration of the hearing request period that the denial is a final determination.

Proposed § 15.30(e) would set forth this appeals process, in accordance with the requirements of the GENIUS Act. Proposed paragraph (e)(1) would provide that an applicant may request a written or oral hearing to appeal the OCC's denial of a substantially complete application within 30 days of receipt of the OCC's notice of denial. The request for a written or oral hearing would need to be in writing. Proposed paragraph (e)(2) would provide that, if the applicant does not make a timely appeal for a hearing, the OCC will notify the applicant, in writing and within 10 days of the date the applicant would have been able to request a hearing, that the denial of the substantially complete application is the final determination of the OCC. Proposed paragraph (e)(3) would provide that, within 30 days of receiving a timely appeal request, the OCC will notify the applicant of a time and place at which the applicant may appear, personally or through counsel, to submit written materials or provide oral testimony and oral argument. The applicant would need to submit all documents and written arguments that the applicant wishes to be considered in support of a written appeal. Proposed paragraph (e)(4) would provide that the Comptroller or authorized delegate would conduct the appeals process, which would be a *de novo* review of the original substantially complete application, the material before the OCC official who made the initial denial decision, and any information submitted by the applicant at the time of the appeal. Proposed paragraph (e)(5) would provide that the Comptroller or authorized delegate would notify the applicant in writing of a final determination within 60 days of the hearing. The final determination would explain the findings on which the determination is based. If the initial decision is upheld, the decision to deny the substantially complete application would be effective as of the date of the original denial. Finally, proposed paragraph (e)(6) would expressly provide that denial of a substantially complete application does not prohibit the applicant from filing a subsequent application, in accordance with section 5(d)(4) of the GENIUS Act (12 U.S.C. 5904(d)(4)).

Section 5(f) of the GENIUS Act (12 U.S.C. 5904(f)) permits the primary Federal stablecoin regulators to waive the requirements of the GENIUS Act for up to 12-months for (1) subsidiaries of insured depository institutions and (2) Federal qualified payment stablecoin issuers with pending applications as of the Act's effective date. Proposed § 15.30(f) would implement this safe harbor. Proposed paragraph (f)(1) would provide for requests by insured national banks, Federal savings association, and insured Federal branches for a waiver on behalf of their proposed payment stablecoin issuer subsidiary. Proposed paragraph (f)(1) would state that an insured national bank, Federal savings association, or insured Federal branch that has a pending substantially complete application under § 15.30 for a subsidiary to become a permitted payment stablecoin issuer on or before the effective date of the GENIUS Act may request, in writing, that the OCC waive the requirements of Section 4 of the GENIUS Act (12 U.S.C. 5903) with respect to that subsidiary. Proposed paragraph (f)(2) would provide the same for nonbank entities, uninsured national banks, and uninsured Federal branches applying to be a Federal qualified payment stablecoin issuer and would state that the nonbank entity, uninsured national bank, or uninsured Federal branch that has a pending substantially complete application under this section to become a Federal qualified payment stablecoin issuer on or before the effective date of the GENIUS Act may request, in writing, that the OCC waive the requirements of Section 4 of the GENIUS Act with respect to that entity. Proposed paragraph (f)(3) would provide that the OCC may grant a waiver for up to 12 months beginning on the effective date of the GENIUS Act if it finds the waiver to be in the public interest or extraordinary circumstances justify the waiver. The OCC anticipates that it may begin evaluating any submitted requests for waiver after issuance of the final rule but before the final rule becomes effective. This is to ensure that there is ample time to evaluate waiver requests and provide feedback before the final rule becomes effective. In light of the discretion that Congress granted to the primary Federal stablecoin regulators for waivers under section 5(f) of the GENIUS Act (12 U.S.C. 5904(f)), the OCC believes that applicants should make an appropriate showing for the OCC to grant a waiver. Finally, proposed paragraph (f)(4) would clarify that the OCC may deny a substantially complete application under proposed paragraph (d) even if it grants a waiver. This provision would ensure that the OCC retains its authority under the remainder of proposed § 15.30 and section 5 of the GENIUS Act (12 U.S.C. 5904) and provide for appropriate review of applications. The OCC may deny an application notwithstanding a waiver if, for example, it discovers significant issues during its review of the application, even if the application was found to be substantially complete.

Proposed paragraph (g)(1) would provide the OCC the ability to nullify the approval of a substantially complete application under proposed § 15.30 if there is a material misrepresentation or omission in the application or supporting materials, if the decision was contrary to law or regulation, or was granted due to a clerical or administrative error or a material mistake of law or fact. Proposed paragraph (g)(2) would state that when the OCC intends to nullify the approval of a substantially complete application, the OCC in its sole discretion, will provide the applicant notice of the intended nullification and grant the applicant an opportunity to oppose the intended nullification in writing, or take any other action designed to provide the applicant with notice and opportunity to present its views concerning the intended nullification. As with the similar provision in the OCC's general licensing regulations in § 5.13(h), the OCC believes that the provisions in proposed paragraph (g)(2) would help preserve the integrity of the application process.[95] The OCC notes that it rarely nullifies decisions under § 5.13 and only under extraordinary circumstances.

[95] *See* 61 FR 60342, 60346 (November 27, 1996).

2. Foreign Payment Stablecoin Issuers (Proposed § 15.31)

Section 18(a) of the GENIUS Act (12 U.S.C. 5916(a)) exempts a foreign payment stablecoin issuer from the prohibitions of section 3 of the GENIUS Act (12 U.S.C. 5902) if it meets all of the following requirements: (1) the foreign payment stablecoin issuer is subject to regulation and supervision by a foreign payment stablecoin regulator that has a regulatory and supervisory regime comparable to the GENIUS Act with respect to payment stablecoins, as determined by the Secretary of the Treasury under section 18(b) of the GENIUS Act; (2) the foreign payment stablecoin issuer is registered with the OCC; (3) the foreign payment stablecoin issuer holds reserves in a United States financial institution sufficient to meet demands of United States customers, unless otherwise permitted under a reciprocal arrangement created and implemented by the Secretary of the Treasury under section 18(d) of the GENIUS Act (12 U.S.C. 5916(d)); and (4) the foreign country in which the foreign payment stablecoin issuer is domiciled and regulated is not subject to comprehensive economic sanctions by the United States or in a jurisdiction that the Secretary of the Treasury has determined to be a jurisdiction of primary money laundering concern. The OCC is proposing § 15.31 to establish this exemption in proposed paragraph (a) and include the additional requirements applicable to foreign payment stablecoin issuers wishing to operate in the United States under the GENIUS Act.

In accordance with section 18(c)(2) of the GENIUS Act (12 U.S.C. 5916(c)(2)), proposed paragraph (b) would subject foreign payment stablecoin issuers to ongoing monitoring by the OCC, including reporting, supervision, and examinations. Proposed paragraph (b)(1) would provide that a foreign payment stablecoin issuer registered with the OCC pursuant to § 15.32 must fully accede to any request by the OCC regarding reporting, supervision, or examination of the foreign payment stablecoin issuer. Proposed paragraph (b)(2) would provide that, a foreign payment stablecoin issuer registered with the OCC under proposed § 15.32 must produce the reports required for permitted payment stablecoin issuers under proposed § 15.14 as well as any other reports the OCC may require. A foreign payment stablecoin issuer may request, in writing, an exemption from any reporting requirement that would otherwise apply under § 15.14. The OCC may grant an exemption in its sole discretion. The OCC anticipates that it will require foreign payment stablecoin issuers to submit all reports required under § 15.14, including the report relating to changes in control described in § 15.14(m), but the OCC may tailor its requests for reports based, among other things, on the volume of the foreign payment stablecoin issuer's payment stablecoins circulating in the United States. Proposed paragraph (b)(3)(i) would subject a foreign payment stablecoin issuer registered with the OCC under proposed § 15.32 to a full-scope examination at the same frequency as the OCC would examine a permitted payment stablecoin issuer under § 15.14 unless the OCC determines, in its sole discretion, to examine at a different frequency. For example, less frequent examinations may be appropriate in circumstances where the volume of U.S. holdings and transactions is a small fraction of a foreign payment stablecoin issuer's business. Proposed paragraph (b)(3)(ii) would state that the OCC may conduct these examinations on-site or remotely.

Section 4(a)(11) of the GENIUS Act (12 U.S.C. 5903(a)(11)) prohibits foreign payment stablecoin issuers from paying the holder of a 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 the payment stablecoin. Proposed § 15.31(c) would implement the prohibition in accordance with the prohibition applicable to permitted payment stablecoin issuers under proposed § 15.10(c)(4). As in proposed § 15.10(c)(4), the prohibition is not intended to prevent a merchant from independently offering a discount to a payment stablecoin holder for using payment stablecoins and is also not intended to prevent a permitted payment stablecoin issuer from sharing in the profits derived from the payment stablecoin with a partner in a situation where the issuer issues the payment stablecoin on behalf of the partner, which is sometimes referred to as a ''white-label'' arrangement.

Proposed § 15.31(d) would provide that the OCC would make available on *www.occ.gov* a list of foreign payment stablecoin issuers whose registrations the OCC has approved.

3. Registration of Foreign Payment Stablecoin Issuers (Proposed § 15.32)

Section 18(c) of the GENIUS Act (12 U.S.C. 5916(c)) provides procedures for foreign payment stablecoin issuers who seek to become registered to submit an application with the OCC. The OCC is proposing § 15.32 to include specific procedures for registration applications. Proposed paragraph (a) would provide that a foreign payment stablecoin issuer that seeks to be registered with the OCC under section 18(c) of the GENIUS Act (12 U.S.C. 5916(c)) must submit an application under this section.

Proposed paragraph (b) would set forth the application process. Proposed paragraph (b)(1)(i) would require that the applicant submit all the information required by a form for an application under this section that would be available at *www.occ.gov.* Paragraph (b)(1)(ii) would require the applicant to provide evidence that the Secretary of the Treasury has determined that the applicant is subject to a regulatory and supervisory regime comparable to the GENIUS Act with respect to payment stablecoins, under section 18 of the GENIUS Act (12 U.S.C. 5916). Proposed paragraphs (b)(1)(iii) and (iv) would require the applicant to certify that it will provide to the OCC all the information the OCC deems necessary to determine and enforce compliance with the GENIUS Act and to consent to United States jurisdiction relating to enforcement of the GENIUS Act and its implementing regulations, respectively. In addition, proposed paragraph (b)(1)(v) would require the applicant to certify that neither the filing nor any supporting material submitted to the OCC contains material misrepresentations or omissions. Proposed paragraph (b)(2) would direct that an application be submitted to the appropriate licensing office, unless the OCC advises a filer otherwise. The information certification and location of filing provisions in proposed paragraphs (b)(1)(iii) and (b)(2) are substantially the same as those in the OCC's general application filing provisions in 12 CFR 5.4. Consistent with the OCC's general licensing regulations in 12 CFR 5.7(a), proposed § 15.32(b)(3) would provide that the OCC may examine or investigate and evaluate facts relating to an application under this section to the extent necessary to reach an informed decision.

Section 18(c)(1)(B) of the GENIUS Act (12 U.S.C. 5916(c)(1)(B)) provides that registration is deemed approved within 30 days of receipt of an application for registration, unless the OCC notifies the applicant in writing that the registration has been rejected. Proposed § 15.32(b)(4) would implement this approval provision and state that an application for registration made by a foreign payment stablecoin issuer that satisfies the requirements in § 15.32(b)(1) is deemed approved by the OCC as of the 30th day after the OCC received the filing, unless the OCC notifies the filer

in writing that the application for registration has been rejected.

Section 18(c)(1)(C) of the GENIUS Act (12 U.S.C. 5916(c)(1)(C)) prescribes the factors for evaluating an application for registration: the Secretary of the Treasury's determination that the foreign payment stablecoin issuer is subject to a regulatory and supervisory regime comparable to the GENIUS Act with respect to payment stablecoins under section 18 of the GENIUS Act (12 U.S.C. 5916); the financial and managerial resources of the United States operations of the foreign payment stablecoin issuer; whether the foreign payment stablecoin issuer will provide adequate information to the OCC to determine compliance with the GENIUS Act; whether the foreign payment stablecoin issuer presents a risk to the financial stability of the United States; and whether the foreign payment stablecoin issuer presents illicit finance risks to the United States. Proposed § 15.32(c) would contain these five factors and would add a reference to determining compliance with proposed part 15 in addition to the GENIUS Act in proposed paragraph (c)(3). Proposed paragraph (c)(4) states that risks to the financial stability of the United States include risks relating to ensuring timely redemption for United States customers. The OCC proposes adding this explicit reference in light of potential difficulties that may arise in the course of moving reserve assets in cross-border transactions. The OCC believes that adding this reference will highlight an important issue that foreign payment stablecoin issuers will need to address.

Given the unique and novel character of foreign payment stablecoin issuers, the OCC is proposing additional conditions applicable to all foreign payment stablecoin issuers for whom the OCC has approved a registration. The OCC believes these conditions are necessary for the OCC to fulfill its mandate to monitor foreign payment stablecoin issuers on an ongoing basis to determine compliance with applicable GENIUS Act requirements. Section 18(c)(1)(C)(iii) of the GENIUS Act (12 U.S.C. 5916(c)(1)(C)(iii)) requires the OCC to consider whether a foreign payment stablecoin issuer will provide adequate information to the OCC as the OCC determines is necessary to determine compliance with the GENIUS Act. Proposed paragraph (d)(1) would require that, upon request by the OCC, a foreign payment stablecoin issuers must grant the OCC prompt and complete access to all officers, directors, employees, and agents and to all relevant books, records, or documents of any type, in a form and location accessible to the OCC in the United States. This would parallel the provisions regarding access to books and records in proposed § 15.14(b). Proposed paragraph (d)(2) would further require the information be provided in English. Proposed paragraph (d)(3) would require information sufficient to determine that a foreign payment stablecoin issuer meets the reserve requirements of section 18(a)(3) of the GENIUS Act (12 U.S.C. 5916(a)(3)). Specifically, foreign payment stablecoin issuers would be required to provide evidence that they hold sufficient reserves in the United States to meet liquidity demands of United States customers on an ongoing basis unless otherwise permitted under a reciprocal arrangement implemented by the Secretary of the Treasury under section 18(d) of the GENIUS Act (12 U.S.C. 5916(d)). Consistent with the statute, proposed paragraph (d)(3)(i) would require the foreign payment stablecoin issuer to hold these reserves in United States financial institutions. Proposed paragraph (d)(3)(ii) would require the foreign payment stablecoin issuer to provide to the OCC, on a monthly basis, a report describing the total number of outstanding payment stablecoins issued by the foreign payment stablecoin issuer held by United States customers and the amount and composition of the foreign payment stablecoin issuer's reserves, including their geographic location and average tenor of reserve instruments. The proposed rule would provide a template to facilitate reporting this information. Proposed paragraph (d)(3)(iii) would require a foreign payment stablecoin issuer to promptly notify the OCC through its supervisory office on any day in which the issuer fails to meet the reserve asset requirements of paragraph (d)(3). Proposed paragraph (d)(3)(iv) would require a foreign payment stablecoin issuer to promptly and fully address any deficiency in its compliance with proposed paragraph (d)(3) that is explained in writing to the foreign payment stablecoin issuer by the OCC, including by depositing additional liquidity in United States financial institutions to the extent doing so would address the deficiency identified. These requirements would help ensure that the registered foreign payment stablecoin issuer complies with the requirements of section 18(a)(3) of the GENIUS Act (12 U.S.C. 5916(a)(3)).

Section 18(c)(2)(B) of the GENIUS Act (12 U.S.C. 5916(c)(2)(B)) requires a foreign payment stablecoin issuer to consent to United States jurisdiction relating to enforcement of the GENIUS Act. Proposed paragraph (d)(4) would implement this provision by requiring foreign payment stablecoin issuers to consent to the jurisdiction of the Federal courts of the United States and of all United States government agencies, departments and divisions for purposes of any and all claims made by, proceedings initiated by, or obligations to, the United States, the OCC and any other United States Government agency, department or division, in any matter arising under the GENIUS Act and other applicable Federal laws. The additional enumerated authorities to which consent must be given in proposed paragraph (d)(4) accord with the OCC's standard conditions on approvals for establishment of Federal branches under the International Banking Act of 1978,[96] and ensure that the OCC and other agencies have the ability to bring actions against foreign issuers. Lastly, under proposed paragraph (d)(5), foreign payment stablecoin issuers would be required to comply with all understandings, commitments, or conditions contained in any determination by the Secretary of the Treasury or any arrangements entered into by the United States and the foreign jurisdiction under section 18 of the GENIUS Act (12 U.S.C. 5916).

In accordance with section 18(c)(1)(A)(i) of the GENIUS Act (12 U.S.C. 5916(c)(1)(A)(i)), proposed paragraph (e) would provide that the OCC may reject a foreign payment stablecoin issuer's application for registration by providing written notice of the rejection if the OCC makes a negative finding with respect to any of the factors described in proposed § 15.32(c). Proposed paragraph (e) would also permit the OCC to reject an application if the OCC determines that the foreign payment stablecoin issuer would be unable to comply with the conditions in proposed paragraph (d), compliance with which would be required for all foreign payment stablecoin issuers registered under proposed § 15.32.

Section 18(c)(1)(D) of the GENIUS Act (12 U.S.C. 5916(c)(1)(D)) provides the opportunity for a foreign payment stablecoin issuer whose application was rejected to seek review by appealing the OCC's decision within 30 days of receipt of the OCC's written decision. Proposed § 15.32(f) would set forth this appeals process. Proposed paragraph (f) would be substantially the same as that proposed for appeals of denials under proposed § 15.30(e). Proposed paragraph (f) would provide that a foreign payment stablecoin issuer may request a written

[96] 12 U.S.C. 3101 *et seq.*

or oral hearing to appeal the OCC's rejection of an application for registration within 30 days of receipt of the OCC's notice of rejection. The request for a written or oral hearing must be in writing. If the foreign payment stablecoin issuer does not make a timely appeal for a hearing under proposed § 15.32, the OCC will notify the applicant, in writing and within 10 days of the date the applicant would have been able to request a hearing, that the denial of the application is the final determination of the OCC. Within 30 days of receiving a timely appeal request, the OCC will notify the applicant of a time and place at which the applicant may appear, personally or through counsel, to submit written materials or provide oral testimony and oral argument. The foreign payment stablecoin issuer must submit all documents and written arguments that the foreign payment stablecoin issuer wishes to be considered in support of a written appeal. The Comptroller or authorized delegate considers all information submitted with the original application for registration, the material before the OCC official who made the initial decision, and any information submitted by the appellant at the time of appeal. The Comptroller or authorized delegate considers all submitted documentation *de novo.* The Comptroller or authorized delegate may uphold or reverse the initial decision to reject the registration. Within 60 days of the hearing, the Comptroller or authorized delegate will notify the foreign payment stablecoin issuer in writing of a final determination. The final determination will explain the findings on which the determination is based. If the initial decision is upheld, the decision to deny the application is effective as of the date of the original denial. The denial of an application under this section shall not prohibit the applicant from filing a subsequent application.

Finally, proposed paragraph (g) would provide for nullification of an approval of a registration substantially the same as the procedure in proposed § 15.30(g). Thus, under proposed § 15.32(g)(1), the OCC may nullify the approval of a registration under this section if: the OCC discovers a material misrepresentation or omission in any information provided to the OCC in the application or supporting materials; the decision is contrary to law or regulation thereunder; or the decision was granted due to clerical or administrative error, or a material mistake of law or fact. Proposed paragraph (g)(2) would set forth the relevant procedures and provide that when the OCC intends to nullify the approval of a registration, the OCC in its sole discretion, will: provide the applicant with notice of the intended nullification decision and grant the applicant an opportunity to present a written submission opposing the intended nullification; or take any other action designed to provide the applicant with notice and an opportunity to present its views concerning the intended nullification.

4. Revocation or Rescission of Approval (Proposed § 15.33)

Section 5(i)(3)(A) of the GENIUS Act (12 U.S.C. 5904(i)(3)(A)) permits the OCC to revoke the approval of a permitted payment stablecoin issuer that does not submit the certification regarding implementation of anti-money laundering and economic sanctions compliance programs required by section 5(i)(1) of the GENIUS Act (12 U.S.C. 5904(i)(1)). Proposed § 15.14(k) sets forth those requirements. Similarly, section 18(c)(3)(A) of the GENIUS Act (12 U.S.C. 5916(c)(3)(A)) permits the OCC, in consultation with the Secretary of the Treasury, to rescind approval of a registration of a foreign payment stablecoin issuer if the OCC determines that the foreign payment stablecoin issuer is not in compliance with the requirements of the GENIUS Act, including for maintaining insufficient reserves or posing an illicit finance risk or financial stability risk.

Proposed § 15.33(a) would implement revocation of approval of a permitted payment stablecoin issuers' application. Proposed paragraph (a)(1) would state that the OCC may revoke approval of a permitted payment stablecoin issuer's application under proposed § 15.30 if the permitted payment stablecoin issuer does not submit the certification required by proposed § 15.14(k). Proposed paragraph (a)(2)(i) would state that the OCC may issue an order to revoke the application approval after providing notice to the permitted payment stablecoin issuer and after providing an opportunity for a hearing. Proposed paragraph (a)(2)(ii) would provide that the OCC would conduct a hearing pursuant to the OCC's Rules of Practice and Procedures in 12 CFR part 19. Proposed paragraph (a)(2)(iii) would provide for expedited OCC action without an opportunity for a hearing if it determines that expeditious action is necessary in order to protect the public interest. In this situation, the OCC may, in its sole discretion, provide the permitted payment stablecoin issuer with notice of the intended revocation, grant the permitted payment stablecoin issuer an opportunity to oppose the revocation in writing, or take any other action designed to provide the permitted payment stablecoin issuer with notice and an opportunity to present its views concerning the revocation of application approval. Proposed paragraph (a)(3) would state that a decision to revoke an application approval would be effective upon provision of notice to the permitted payment stablecoin issuer, unless otherwise specified by the OCC.

Proposed paragraph (b) would provide procedures for rescission of approval of a registration of a foreign payment stablecoin issuer. Proposed paragraph (b) would be substantially the same as proposed § 15.33(a), except that proposed paragraph (b)(1) would refer to the OCC's consultation with the Secretary of the Treasury, consistent with section 18(c)(3)(A) of the GENIUS Act (12 U.S.C. 5916(c)(3)(A)) and paragraph (b)(3) would provide that a decision to rescind approval of a registration is effective upon publication in the **Federal Register**, as required by section 18(c)(3)(A) of the GENIUS Act (12 U.S.C. 5916(c)(3)(A)), unless otherwise specified by the OCC. The OCC may, for example, specify a later effective date than the date of publication in the **Federal Register**. Under proposed § 15.33(b), except as otherwise provided, the OCC may issue an order to rescind the foreign payment stablecoin issuer's registration approval under proposed § 15.32 after providing notice to the foreign payment stablecoin issuer and providing an opportunity for a hearing. Proposed paragraph (b)(2)(ii) would provide that OCC will conduct a hearing under this section pursuant to the OCC's Rules of Practice and Procedures in 12 CFR part 19. Proposed paragraph (b)(2)(iii) would provide that the OCC may act without providing an opportunity for a hearing if it determines that expeditious action is necessary in order to protect the public interest. When the OCC finds that it is necessary to act without providing an opportunity for a hearing, the OCC in its sole discretion, may: provide the foreign payment stablecoin issuer with notice of the intended recission of approval registration; grant the foreign payment stablecoin issuer an opportunity to present a written submission opposing recission of approval registration; or take any other action designed to provide the foreign payment stablecoin issuer with notice and an opportunity to present its views concerning the recission of approval registration. Proposed paragraph (b)(3) would provide that a decision to rescind

approval of a registration is effective upon publication in the **Federal Register**, unless otherwise specified by the OCC.

The proposed revocation and recission procedures in proposed § 15.33 are largely parallel those for termination of a Federal branch or agency in 12 CFR 28.24(b). Similar to termination of a Federal branch or agency, revocation of a permitted payment stablecoin issuer's application approval or a foreign payment stablecoin issuer's registration removes the entity's authorization to conduct certain business activities in the United States. The effect of the OCC's action does not otherwise terminate an entity's corporate existence or affect any other rights. Accordingly, the OCC believes that the procedures in proposed § 15.33 strike the appropriate balance between ensuring that the permitted payment stablecoin issuer or foreign payment stablecoin issuer receives appropriate process before the deprivation of its right to issue a payment stablecoin in the United States and the potential need for expeditious action by the OCC when necessary to protect the public interest.

E. Subpart E—Capital and Operational Backstop

Section 4(a)(4)(A)(i) of the GENIUS Act (12 U.S.C. 5903(a)(4)(A)(i)) requires the OCC to establish capital requirements for permitted payment stablecoin issuers. The capital requirements must be tailored to the business model and risk profile of permitted payment stablecoin issuers and not exceed requirements sufficient to ensure the ongoing operations of permitted payment stablecoin issuers. Consistent with the statutory requirement, the OCC is proposing a minimum capital requirement that will be tailored to the business model and risk profile of a permitted payment stablecoin issuer. The OCC's proposed approach for capital focuses primarily on the operational risk of stablecoin issuers. While bank regulatory capital addresses a range of additional risks, including credit risk, market risk, and interest rate risk, these risks are either minimal for stablecoin issuers or addressed through other means in the proposed rule, such as through reserve asset liquidity and diversification requirements. Nevertheless, this supplementary information discusses potential options that could be considered to address these risks within the capital framework for permitted payment stablecoin issuers.

Due to the novelty of payment stablecoins and various business models for stablecoin issuers being discussed among industry participants, the OCC believes that setting capital requirements based on individual evaluations of prospective permitted payment stablecoin issuers would be most appropriate at this time. Therefore, the overall approach in the proposed rule would provide for an individualized evaluation of each prospective permitted payment stablecoin issuer, consistent with the process the OCC applies when determining minimum capital requirements for chartering national trust banks under OCC Bulletin 2007–21, ''Supervision of National Trust Banks: Revised Guidance: Capital and Liquidity'' (June 26, 2007), and related licensing policies. Under that guidance, the capital amount is based on an analysis of quantitative and qualitative factors including, but not limited to, financial projections, fixed and variable expenses, the nature of fiduciary products and services being proposed, and discussions with organizers.

In addition to establishing the initial capital requirement at chartering or licensing, all permitted payment stablecoin issuers must develop a process to assess and meet their capital requirements,[97] with evaluation by the OCC through the examination process. As the OCC gains additional experience and data from reviewing applications for prospective payment stablecoin issuers and assessments performed by established issuers with varying business models and risk profiles, the OCC may revise its licensing procedures or this rule to incorporate more standardized, objective capital requirements. The OCC discusses potential options in the following sections and invites feedback on how these options could be revised or incorporated into a final rule, either as elements of a capital requirement, liquidity requirement, or otherwise, due to the intertwined nature of capital and liquidity. For example, under OCC Bulletin 2007–21, capital is generally used to support a bank's risk profile, business strategies, future growth prospects, and provide a cushion against unexpected losses, while liquidity is used to meet a bank's obligations when they come due. A bank that experiences unexpected losses that reduce the holdings of its liquid assets will have less liquidity to satisfy current liabilities, while a bank that needs to use liquidity to satisfy current liabilities may be more limited in its business strategies or future growth prospects.

[97] *See* proposed § 15.41(a)(2)(ii).

1. Capital Elements (Proposed § 15.40)

Under the proposed rule, regulatory capital for permitted payment stablecoin issuers would consist of two capital elements, common equity tier 1 capital and additional tier 1 capital. These two elements are generally consistent with the capital elements for national banks and Federal savings associations under 12 CFR part 3. These elements consist of common equity, retained earnings, and noncumulative perpetual preferred stock that meet certain terms designed to ensure significant loss-absorbing capabilities. For example, these terms include provisions that require that the paid-in amount is equity under GAAP, that limit dividends and that prohibit a permitted payment stablecoin issuer from funding its own equity instruments to ensure that there is a source of external capital to support the issuer's operations. The OCC is also proposing this approach to create parity among bank subsidiaries that plan to offer stablecoins, uninsured national bank stablecoin issuers, current OCC national trust banks, and non-bank-affiliated permitted payment stablecoin issuers with respect to their capital instruments. The financial industry is also generally familiar with the long-standing criteria for capital instruments to qualify under the existing 12 CFR part 3 framework.

Common equity tier 1 capital would consist of common stock instruments (par value, if any, and related surplus), retained earnings, and any accumulated other comprehensive income (AOCI), all as reported under GAAP. Common stock instruments would need to meet various proposed criteria, including being the most subordinated claim on the issuer's assets, being fully paid-in, having no maturity date, and not being redeemable except with prior OCC approval. Any dividends must be fully discretionary, paid out only after fulfillment of any other legal or contractual obligations. In addition, the holders of the instruments must bear losses equally, proportionally, and simultaneously with other holders of common stock instruments. As the most subordinated tier of regulatory capital, common equity tier 1 exhibits the most loss absorbency, as any dividends are discretionary and there is no expectation of redemption or repurchase of the instrument, ensuring any operating funds generated can be used for any other business need of the issuer.

The OCC also is proposing to include AOCI as a component of common equity tier 1 capital. While this treatment is consistent with the OCC's requirement in 12 CFR part 3, the OCC is not

proposing to permit any neutralization of AOCI. The OCC permits neutralization of components of AOCI under part 3 for certain banks in part to reduce regulatory capital volatility associated with changes in value of available-for-sale fixed income securities due to changes in interest rates. These changes in value due to interest rate movements are generally more pronounced the longer the remaining maturity of the securities. As permitted payment stablecoin issuers can only hold securities with remaining maturities of 93 days or less as reserve assets, the change in value of these securities due to interest rate movements likely would generate immaterial amounts of AOCI.

Additional tier 1 capital would consist of instruments that meet a different set of proposed criteria, generally consistent with noncumulative perpetual preferred stock issuances that are classified as equity under GAAP. Generally, these instruments would be subordinated to all claims except those of common shareholders. The instruments could not have a maturity date but may be callable after at least five years with prior approval of the OCC. To provide additional flexibility to the issuer when needed, the terms of the instrument must provide for the payment of dividends only if and when declared by the board of directors of the issuer. This feature provides the permitted payment stablecoin issuer the ability to retain earnings and capital if needed. These provisions all help ensure that the instrument provides significant loss absorbency by limiting the permitted payment stablecoin issuer's obligations to holders. The OCC's capital framework for banks also permits tier 2 capital elements, which primarily consist of tier 2 capital instruments (subordinated debt instruments) and certain allowances for credit losses. However, the OCC is not proposing to adopt tier 2 capital elements for permitted payment stablecoin issuers. Allowing a permitted payment stablecoin issuer to employ subordinated debt instruments as capital may incentivize an issuer to take on additional leverage with a stated repayment obligation, which increases the pressure and risk on the issuer to generate enough income to repay that obligation instead of increasing the ability of the stablecoin issuer to absorb losses. Separately, as permitted payment stablecoin issuers would not be providing loans or other credit to customers, they likely would not have any allowance for credit losses. The OCC's process for evaluating capital and liquidity requirements for new uninsured national trust banks also considers only common equity tier 1 capital and additional tier 1 capital but not tier 2 capital, so the proposed approach would promote parity among these banks and other permitted payment stablecoin issuers. The OCC notes that, based on current Call Report data, no uninsured national trust banks issue any tier 2 capital instruments and have immaterial amounts of tier 2 capital overall.

The proposed rule would not require any specific ratio between the regulatory capital elements or minimum amounts of any capital element. The OCC's current rules for national banks and Federal savings associations set minimum ratios for each tier of capital to promote more loss-absorbing capital by setting higher minimum ratios for those elements and lower incremental ratios for less loss-absorbing capital elements. However, the OCC does not believe a similar structure of tiers and minimums is necessary for permitted payment stablecoin issuers based on their variety of business models. The proposed approach would also be consistent with current chartering for uninsured national trust banks under OCC Bulletin 2007–21, which looks at total equity capital amounts to address the risks of those entities.

The proposed rule would not require any specific deductions from regulatory capital instruments for permitted payment stablecoin issuers. The OCC's current rules for national banks in 12 CFR part 3 require deductions from capital for goodwill, other intangible assets, and certain other assets such as mortgage servicing assets greater than a specified amount of capital. The OCC's rules require these deductions to implement statutory requirements applicable to insured depository institutions or because the potentially volatile valuation of those assets reduces their ability to absorb losses. While goodwill and other intangible assets may exhibit similar valuation volatility on the balance sheets of permitted payment stablecoin issuers, these risks may be addressed though the backstop requirement and proposed requirements around risk management, capital adequacy assessments, and liquidity. For example, a stablecoin issuer that holds a significant amount of goodwill from the acquisition of another entity would be expected to appropriately incorporate in its capital adequacy assessment the risk that the goodwill may become impaired and reduce retained earnings. However, the OCC is also considering a deduction framework, which could be more limited than the deductions required for national banks. A more limited framework may focus deductions on goodwill and other intangible assets, which may be difficult to value and would be unavailable to satisfy redemption claims of stablecoin holders or support the issuer during a business disruption.

Alternately, the OCC is considering a simplified capital instrument framework for permitted payment stablecoin issuers. Under this framework, any balance sheet account that qualifies as equity under GAAP would qualify as a capital element, including common stock, retained earnings, accumulated other comprehensive income, and certain preferred stock. This alternative could be easier to implement, particularly for non-bank-affiliated permitted payment stablecoin issuers, as it relies on the GAAP definitions of equity without layering on additional requirements. However, those additional requirements reduce the risk to stablecoin holders and ensure that the equity instruments are sufficiently loss absorbing. For example, the additional proposed requirements help ensure a permitted payment stablecoin issuer does not aggressively redeem equity instruments with funds that are necessary to support the liquidity or operations of the stablecoin and associated reserves, or make loans to potential shareholders to purchase stock, which provides no loss absorbency. The OCC could also consider a framework based on tangible capital, which could start with GAAP equity, but deduct any intangible assets from that amount. This approach could address the risk that a permitted payment stablecoin issuer invests material amounts of capital in generally illiquid and potentially volatile or difficult to value intangible assets. These assets would likely be difficult liquidate if needed to address business disruptions. However, the proposed backstop may be sufficient to address these risks.

2. Minimum Capital Calculation (Proposed § 15.41)

The OCC is proposing to establish a minimum capital requirement framework based on the lifecycle of the permitted payment stablecoin issuer. Under this framework, the OCC will establish the minimum capital requirement for a permitted payment stablecoin issuer as part of the chartering or licensing process that will apply for a minimum timeframe, generally three years. For example, based on the recent approvals for national trust banks engaging in

stablecoin issuance programs, the OCC will establish a monetary capital amount for each issuer that must be maintained and a portion of which must be maintained in certain liquid assets.[98] Under this approach, the OCC would consider factors such as projected revenues and expenses, cash burn rates, and expenditures necessary to implement the proposed business plan and activities of the applicant. This analysis may include various scenarios based on projected stablecoin issuance volumes, planned composition of reserves, and projected returns on those reserves in different interest rate environments. During this time, and afterward, the permitted payment stablecoin issuer also would be required to assess its capital adequacy and maintain an amount of capital that is commensurate with its business model and risk profile, subject to review by the OCC.

a. De Novo Capital Requirement

Under proposed § 15.41, the initial minimum capital requirement would apply during the ''de novo period,'' generally the three-year period following chartering or licensing by the OCC of the permitted payment stablecoin issuer to issue stablecoins under this proposed rule, or, in the case of State qualified payment stablecoin issuers, transitioning to the OCC's regulatory framework. This timeframe may be extended or shortened by the OCC. Generally, the OCC would expect to lengthen the de novo period based on changes to the business model or activities of the issuer, excessive volatility in issuance and redemptions of the payment stablecoin, unexpected operating losses, weak earnings, poor risk management, or violations of the GENIUS Act or implementing rules. The OCC would expect to shorten the de novo period for an entity that has a history of operating a stablecoin business prior to the effective date of the OCC's final rule implementing the GENIUS Act or for a permitted payment stablecoin issuer converting to an OCC charter from another regulator. During the de novo period, the requirements may be adjusted by the OCC based on the actual operations of the permitted payment stablecoin issuer compared to projections or as part of the licensing or chartering conditions.

This process is consistent with how the OCC evaluates and sets capital requirements for chartering national trust banks under OCC Bulletin 2007–21, and the OCC would expect to use many of the same considerations when evaluating the appropriate capital amount during the de novo period. For example, the OCC would consider the proposed payment stablecoin issuer's risk profile, business strategy, future growth prospects, and cushions for unexpected losses. At chartering or licensing and during the de novo period, the OCC would consider factors including: the composition, stability, and direction of revenue; the level and composition of expenses; the level of retained earnings; the quantity and direction of strategic risk; the quality of management processes, including the adequacy of internal and external audit, internal controls, and compliance management; the quantity of transaction risk from delivery and administration of asset management products and services; and the impact of external factors, including economic conditions and evolving technology.

Under proposed § 15.41(a)(1)(i)(B), the OCC is also proposing a floor of $5 million on the minimum capital requirement during the de novo period. This floor is primarily intended to ensure that every proposed payment stablecoin issuer has sufficient resources to support initial operations, particularly to cover the losses that are expected to occur early in the startup phase of a new stablecoin. The OCC's experience with chartering de novo national trust banks seeking to provide stablecoin programs determined that minimum capital amounts ranging from $6.05 million to $25 million would be necessary to establish a viable business model.[99]

b. Ongoing Capital Requirement

The proposed rule would require all permitted payment stablecoin issuers to calculate a minimum capital requirement based on an evaluation of the risks associated with its business model and risk profile. This amount would be based on estimates submitted during the de novo chartering phase, and after approval, this amount must incorporate the operating history of the permitted payment stablecoin issuer and loss experienced from all sources, including operational risk. The OCC will review and monitor this requirement and the amount of capital held by the permitted payment stablecoin issuer as part of the examination process. The amount of capital held by the permitted payment stablecoin issuer must appropriately incorporate the operating history and operational risk of the issuer, consistent with the standards described above that the OCC uses to determine the capital requirement for de novo stablecoin issuers. Although the OCC is not currently proposing any floors on the minimum capital requirement or frameworks for determining a minimum capital requirement for those risks in the rule text, this section includes discussion of possible options the OCC could consider adopting in a final rule or as part of a future rulemaking. The OCC may also consider implementing a framework for determining more objective capital requirements as the industry evolves and permitted payment stablecoin issuers establish longer operating histories.

While the capital requirement in the proposed rule text is the OCC's preferred approach, the OCC is also considering a variable capital component based on a percentage of outstanding issuance value. This component could address operational risks associated with maintaining the reserve assets and issuing payment stablecoins to customers. This component may vary directly with the outstanding issuance value. It could also address price and liquidity risks associated with stablecoin reserve assets when those assets may need to be liquidated at below-market value to meet redemption demands. This component could also address price and credit risk associated with certain stablecoin reserve assets, such as uninsured bank deposits and certain reverse repurchase agreements. As the size of the outstanding issuance value and corresponding reserve assets increase, the operational risk may increase. A larger pool of underlying reserve assets may increase the number and severity of hacking attempts, while a larger outstanding issuance may encourage attempts to create fraudulent payment stablecoins. Similarly, a larger pool of reserve assets that may need to be liquidated in a short timeframe to satisfy a run on the stablecoin would increase the risk that reserve assets would need to be liquidated at prices below fair value. However, the risk may not grow as quickly as the growth of reserve assets. Larger stablecoin issuers may have more resources to spend on cybersecurity and other risk mitigation strategies. One possible calibration for such a requirement could be 1.0 percent for stablecoin reserves or outstanding issuance value up to $10 billion, 0.40 percent for stablecoin reserves or outstanding issuance value between $10 billion and $50 billion, and 0.20 percent

[98] OCC News Release 2025–125, ''OCC Announces Conditional Approvals for Five National Trust Bank Charter Applications'' (December 12, 2025), *https://occ.gov/news-issuances/news-releases/2025/nr-occ-2025-125.html.*

[99] *See id.*

for stablecoin reserves or outstanding issuance value greater than $50 billion. However, the OCC also recognizes that a permitted payment stablecoin issuer could manage these risks through application of reserve asset diversification and liquidity measures. These measures could reduce the risk of unanticipated loss and thus the need for a significant amount of capital. Requirements to mitigate those risks are included elsewhere in this proposal. Moreover, including a variable component for operational risk based on outstanding issuance value may disincentivize growth among permitted payment stablecoin issuers and prevent their stablecoins from obtaining economies of scale. The OCC therefore is not proposing to include a variable capital component for operational risk based on a percentage of outstanding issuance value.

While the capital requirement in the proposed rule text is the OCC's preferred approach, the OCC is also considering a variable capital component tied more directly to price and interest rate risk of stablecoin reserve assets. Under this approach, a capital charge would apply to reserve assets that consist of U.S. Treasuries, repurchase agreements, and tokenized versions of those assets. As a permitted stablecoin issuer grows larger, there may be increased risk that a run on the stablecoin will require liquidation of a significant amount of underlying reserve assets over a short time. This may result in the permitted payment stablecoin issuer receiving less than fair value for certain reserve assets. While the proposed rule's reserve asset provisions require consideration of the fair value of reserve assets, for certain assets such as U.S. Treasuries, a permitted payment stablecoin issuer may need to sell those assets into the market and accept whatever price the market will offer at that time. A similar risk also arises with reverse repurchase agreements entered into by the permitted payment stablecoin issuer, as the counterparty may decline to roll over the repurchase agreement, thus leaving the permitted payment stablecoin issuer with additional Treasuries. In contrast, cash, deposits, and money market funds likely could be redeemed at par value with no interest rate risk loss to the permitted payment stablecoin issuer. The OCC could consider calibrating this variable capital component using the market price volatility haircuts used by national banks to calculate exposure amounts for repo-style transactions in 12 CFR 3.37. This approach establishes a haircut of 0.5 percent for Treasuries and Treasury collateral posted or received under repurchase agreements with maturities up to one year, but the OCC could consider more tailored and granular haircuts, such as 0.05 percent to 0.25 percent, which could vary based on the remaining time to maturity for these reserve assets. However, imposing a capital requirement on only certain payment stablecoin reserve assets may incentivize permitted payment stablecoin issuers to focus on other reserve assets, such as cash or bank deposits, that may have other risks or lower yields. This approach may also introduce unnecessary complexity into the rule. The OCC welcomes comment on the proposed approach in the regulatory text and all alternatives.

While the capital requirement in the proposed rule is the OCC's preferred approach, the OCC considered a variable capital component tied to the credit risk of certain stablecoin reserve assets, specifically uninsured bank deposits, reverse repurchase agreements, and money market funds. Proposed § 15.11(c) includes provisions (whether as a requirement or safe harbor) that would encourage a permitted payment stablecoin issuer to spread its deposits among multiple institutions. Moreover, proposed § 15.11(d) would require certain large permitted payment stablecoin issuers to hold a minimum amount of insured deposits. These provisions would help mitigate the counterparty credit risk that a permitted payment stablecoin issuer would face with respect to uninsured deposits. Thus, it may be unnecessary to impose a variable capital component tied to uninsured bank deposits. Currently, the FDIC and NCUA deposit insurance limits are $250,000 per depositor per account ownership category at each insured bank or credit union.[100] Even if a stablecoin issuer attempted to split its deposits among multiple insured institutions, the total amount of insured deposits would likely be a small proportion of total stablecoin reserves. For example, a stablecoin with $1 billion of reserve assets that kept 10 percent of reserves in bank or credit union deposits would need to spread those deposits among 400 accounts to ensure all of those deposits remained fully insured. It is more likely a stablecoin issuer would choose a much smaller group of insured depository institutions and deposit a larger amount of reserves at each, resulting in a significant amount of uninsured deposits. These deposits would be subject to loss in the event of a failure of a depository institution. To address this risk, the OCC could consider a capital charge of 0.40 percent applied to uninsured deposits, or some other amount, that could be calibrated based on the number of banks or size of the uninsured deposit amount at each insured institution.

Under section 4(a)(1)(A)(v) of the GENIUS Act (12 U.S.C. 5903(a)(1)(A)(v)), a reverse repurchase agreement may be entered into by permitted payment stablecoin issuers on a cleared basis, tri-party basis, or bilateral basis to satisfy reserve asset requirements. For cleared reverse repurchase agreements, the transaction occurs through a central clearinghouse that fully backs the transaction, resulting in negligible counterparty credit risk. Under a tri-party repurchase agreement, the collateral for the transaction is held by a third party, reducing the credit risk to the counterparty. However, in bilateral reverse repurchase agreements, the permitted payment stablecoin issuer would rely solely on the collateral provided by its counterparty. Under section 4(a)(1)(A)(v) of the GENIUS Act, acceptable collateral for reverse repurchase agreements could consist of U.S. Treasury bills, notes, or bonds, with no restrictions on original or remaining maturity. Therefore, in a counterparty default, a stablecoin issuer could receive long-dated Treasury securities with an extended time to maturity. Even if the reverse repurchase agreement was significantly overcollateralized, the price volatility of long-dated Treasuries could significantly increase the risk of loss to the permitted payment stablecoin issuer on the default of its counterparty.

To address this risk, the OCC could consider imposing a capital requirement equivalent to the market price volatility haircut applied to collateral for repo-style transactions for national banks in 12 CFR 3.37. The capital requirement could vary based on the remaining maturity of the collateral and the credit risk of the stablecoin issuer's counterparty. With respect to reserve assets in the form of money market funds, section 4(a)(1)(A)(vi) of the GENIUS Act (12 U.S.C. 5903(a)(1)(A)(vi)) requires that a

[100] All deposits placed by a depositor in a particular ownership category—whether in one account or multiple deposit accounts or at different branches or offices of the same IDI—are aggregated and insured up to the standard maximum deposit insurance amount for that ownership category. 12 CFR 330.3(a). Separate insurance applies to each depositor, including natural persons, legal entities such as corporations, partnerships, and unincorporated associations, and public units such as cities and counties. *See, e.g.,* FDIC, ''General Principles of Insurance Coverage'' (May 29, 2024), *https://www.fdic.gov/resources/deposit-insurance/diguidebankers/documents/general-principles.pdf.*

permitted payment stablecoin issuer only hold money market funds that invest in certain other eligible reserve assets; however, these include bank deposits and reverse repurchase agreements that give rise to the same risks as if held directly by the permitted payment stablecoin issuer. Therefore, the OCC could consider a capital charge that would require the permitted payment stablecoin issuer to look through to the underlying assets of the money market fund, similar to the capital requirement for a national bank's equity exposure to an investment fund in 12 CFR 3.53.

However, the OCC considered that imposing a capital charge on these types of reserve assets could incentivize permitted payment stablecoin issuers to hold reserves in other types of assets that could be subject to lower or no specific capital charge. The OCC does not want to discourage stablecoin issuers from investing reserve assets in certain permissible categories, particularly in deposits at community banks. In addition, the OCC's proposed asset diversification and liquidity requirements would help mitigate the risk of loss on reserve assets without imposing a financial capital requirement.

While the capital requirement in the proposed rule is the OCC's preferred approach, for permitted payment stablecoin issuers that also provide custody services to customers, the OCC is considering a variable capital component based on the fair value of assets held in custody. Operating a custody business generates a separate set of risks from operating a payment stablecoin business, and the risk is potentially increased compared with a standalone custody business, as any failure of the payment stablecoin would also impact operations of the custody business. This capital component could reflect costs associated with providing for ongoing operation of a stablecoin issuer's custody business, irrespective of the success or failure of the associated stablecoin issuance. This approach of assessing a capital charge based on the size and scope of a custodian's business is consistent with the GENIUS Act requirement that a permitted payment stablecoin issuer's capital requirements be tailored based on the risk profile of the issuer.[101] However, the OCC currently does not impose a capital charge based on assets under custody for national trust banks. While establishing a different capital treatment for custody activities at permitted payment stablecoin issuers versus at traditional national trust banks may create disincentives for permitted payment stablecoin issuers to provide custody services, the combined operations of stablecoin and custody services may increase risks to custody customers. For example, any losses generated from operation of the stablecoin business reduce the overall financial condition of the issuer and could impact operations of the custody business. The OCC believes that the risks, in particular the operational risks, associated with providing custody services can be adequately addressed through the de novo and ongoing capital requirements in proposed § 15.41(a)(1) and (2). Proposed § 15.41(a)(2)(i) expressly states that the capital maintained by the permitted payment stablecoin issuer must be commensurate with the level and nature of *all risks* to which the permitted payment stablecoin issuer is exposed, including risks for off-balance sheet activities. Because the risks associated with operating a custody business would be addressed through a holistic assessment of the permitted payment stablecoin issuer's risks in the proposal, the OCC does not propose to include a variable capital component relating to assets under custody. The OCC generally expects that entities engaged in custody businesses will require additional capital to address the operational risk associated with this activity. The OCC welcomes comment on the proposed approach and all alternatives.

c. Operational Backstop

The OCC is proposing that a stablecoin issuer hold a designated pool of highly liquid assets to maintain the ongoing operations of the stablecoin issuer during a business disruption, referred to as the operational backstop. This proposed backstop assets would be independent of the de novo or ongoing capital requirements and from any assets held as reserve assets. The purpose of the operational backstop is to help ensure that during a business disruption that impacts operations of the stablecoin issuer, a liquid pool of identifiable assets exists to allow the stablecoin issuer to meet short term liquidity needs, stabilize the issuer after the disruption, and continue or resume normal operations. The operational backstop would be calculated based on the actual total expenses of the stablecoin issuer over the past 12 months. These expenses, including for utilities, data processing, and salaries, are highly correlated with the permitted payment stablecoin issuer's ability to maintain the operations of its payment stablecoin and stabilize from a business disruption. At a minimum, the operational backstop provides a runway for the permitted payment stablecoin issuer to evaluate the source of the disruption and potential responses without needing to take urgent action due to lack of funds. The amount of the operational backstop would be calculated each quarter, based on the permitted payment stablecoin issuer's total expenses as reported in the four most recent quarterly reports filed under § 15.14 of the proposed rule. For de novo permitted payment stablecoin issuers, the initial requirement would be based on reasonable expense projections and adjusted each quarter based on actual amounts for that quarter.

The operational backstop amount would need to be held as readily available liquid assets to ensure that funds are available quickly during a business disruption. Specifically, this amount would need to be held in U.S. currency directly or at a Federal Reserve Bank, as demand deposits at a U.S. insured depository institution, with those deposits fully insured by the FDIC, or in U.S. Treasuries that meet the requirements to qualify as reserve assets, which could be readily liquidated. The assets associated with the operational backstop would need to be separately identified in the reports filed under proposed § 15.14, and in any other financial statements of the permitted payment stablecoin issuer, from any reserve assets required to support the payment stablecoin and any other assets of the permitted payment stablecoin issuer on any reports filed under proposed § 15.14. This approach aligns with one prong of the OCC's approach for chartering national trust banks, which typically requires a pool of liquid assets sufficient to cover six to 12 months of expenses.

While the OCC considered adjusting the operational backstop to more specifically identify and categorize expenses used in calculating the amount, this approach would create additional burden for issuers to track specific expenses, as well as increase the risk of gaming the backstop by issuers attempting to reclassify ongoing operating expenses as one-time items. The OCC also does not want to create incentives or disincentives for different business decisions, such as to purchase or lease assets, by excluding non-cash expenses like depreciation from total expenses.

The proposed minimum capital amount, the capital held by the permitted payment stablecoin issuer, and the operational backstop would be calculated as of the last day of each quarter and disclosed in the reports

[101] *See* 12 U.S.C. 5903(a)(4(A)(i).

required under § 15.14 of the proposed rule. Under the proposal, if a permitted payment stablecoin issuer does not meet the minimum capital requirement or have sufficient liquid assets to meet the operational backstop at the end of a quarter, it must make efforts to satisfy the capital requirement and backstop by the end of the following quarter. These efforts may include raising additional capital, reducing the size of the operations or risk profile of the issuer, or converting less-liquid assets into highly liquid assets to satisfy the backstop. Until the capital and backstop requirements are satisfied, the stablecoin issuer would be restricted from issuing any new stablecoins, except as necessary to facilitate a transfer of payment stablecoins from one distributed ledger to another and provided that the net outstanding issuance value does not increase so that the issuers can use their liquidity to address any issues in times of stress instead of further growing the risk by increasing the size of the stablecoin. If a permitted stablecoin issuer fails to meet its capital or backstop requirements for two consecutive quarters, it must begin liquidating reserve assets and redeeming outstanding stablecoins at the start of the following month and can no longer issue any new payment stablecoins going forward. A permitted payment stablecoin issuer that is required to redeem its stablecoins due to a shortage of capital or liquid assets for the backstop would be prohibited from charging customers a fee for redeeming those stablecoins. For example, if a permitted payment stablecoin issuer did not have sufficient capital as of June 30, it would be prevented from issuing new stablecoins, on a net basis, starting in July. If the issuer increased its capital to meet the minimum requirement on July 8, it could resume issuing stablecoins on July 8. In contrast, if the stablecoin issuer did not satisfy its capital or backstop requirements at any time during the quarter and did not meet these requirements again on September 30, it would need to begin redemption of its stablecoins starting on October 1, regardless of whether it raises additional capital or meets the operational backstop requirements going forward. While national trust banks only report compliance with their minimum capital requirements every quarter, the nature of permitted payment stablecoin issuers and the potential for rapid inflows or outflows of funds to issue or redeem stablecoins warrants a more timely response when there is a failure to meet minimum capital and backstop requirements to ensure that a growing outstanding issuance value is appropriately backed by sufficient capital to address the risks associated with the stablecoin issuer and any business disruptions. The provisions to limit issuance of new stablecoins, and potentially redeem outstanding stablecoins, are intended to ensure that a permitted payment stablecoin issuer maintains an adequate capital base and operational backstop relative to its risks and operations. The proposed quarterly calculation and assessment aligns with the proposed frequency of reporting under proposed § 15.14(i). However, more frequent capital calculations and assessments may be appropriate due to potential fluctuations in stablecoin demand or other factors.

3. Individual Additional Capital or Backstop Requirement (Proposed § 15.42)

The OCC expects that a permitted payment stablecoin issuer will appropriately calculate a capital requirement under proposed § 15.41(a) and (b) and would expect to resolve any concerns with the capital adequacy assessment through the examination process. However, in cases where the permitted payment stablecoin issuer's internal capital adequacy assessment is significantly deficient in addressing the capital needs of the stablecoin issuer to ensure ongoing operations, the OCC is proposing a process to impose an individual additional capital or backstop requirement on the permitted payment stablecoin issuer. This process is permitted by section 4(a)(4)(B)(i) of the GENIUS Act (12 U.S. 5903(a)(4)(B)(i)) and is generally consistent with the OCC's process to impose individual minimum capital ratios for national banks. Uninsured national trust banks that are also permitted payment stablecoin issuers would be subject to both the individual minimum capital ratio framework and the proposed individual additional capital or backstop requirement.

The proposed rule includes a list of illustrative examples of when the OCC may consider imposing an individual additional capital or backstop requirement, such as when a stablecoin is facing a significant increase in operational risks, excessive volatility in stablecoin issuance or redemptions and the permitted payment stablecoin issuer's management lacks a robust plan to address that volatility, or for additional risks that the stablecoin issuer is not appropriately managing or reflecting in the ongoing capital calculation.

Under the proposal, the OCC would notify the permitted payment stablecoin issuer of the proposed individual additional capital or backstop requirement, including a justification for that requirement and a target achievement date. The board and management of the permitted payment stablecoin issuer generally would have 30 days to respond to that notice. The OCC may change this time period, as appropriate, based on the condition of the permitted payment stablecoin issuer. For example, the time period may be shortened due to the severity of the underlying issues and need for additional capital or backstop. After the response period, the OCC would issue a final decision establishing an individual additional capital or backstop requirement for that permitted payment stablecoin issuer, which would remain in effect until modified or rescinded by the OCC. The decision may require the permitted payment stablecoin issuer to develop and submit to the OCC, within a specified time period, an acceptable plan to reach the additional capital or backstop requirement established for the permitted payment stablecoin issuer. If, after the OCC renders its decision, there is a significant change in the circumstances that materially affects the permitted payment stablecoin issuer's capital adequacy or its ability to reach the required capital or backstop requirement, the permitted payment stablecoin issuer may request, or the OCC may propose to the permitted payment stablecoin issuer, a change in the additional capital or backstop requirement for the permitted payment stablecoin issuer, the date when the minimum must be achieved, or the permitted payment stablecoin issuer's plan (if applicable). The OCC may decline to consider proposals that are not based on a significant change in circumstances or that are repetitive or frivolous. Pending a decision on reconsideration, the OCC's original decision and any plan required under that decision shall continue in full force and effect.

4. Proposed Adjustments to the Bank Capital Rule (12 CFR Part 3)

Section 4(a)(4)(C)(iii) of the GENIUS Act (12 U.S.C. 5903(a)(4)(C)(iii)) specifies that for stablecoin issuers owned by insured depository institutions or depository institution holding companies, the appropriate Federal banking agency (as defined in 12 U.S.C. 1813(q)) cannot require an insured depository institution or depository institution holding company that is consolidated with a permitted payment stablecoin issuer to hold any

amount of regulatory capital with respect to such permitted payment stablecoin issuer and its assets and operations in excess of the capital that such permitted payment stablecoin issuer must maintain under the capital regulations promulgated under the GENIUS Act.

Therefore, for regulatory capital purposes, the OCC is proposing to amend 12 CFR part 3 to specify that an insured national bank or Federal savings association that owns a permitted payment stablecoin issuer consolidated under GAAP must deconsolidate the permitted payment stablecoin issuer for regulatory capital purposes. The insured national bank or Federal savings association must deduct any interest in retained earnings of the permitted payment stablecoin issuer from the insured national bank's or Federal savings association's common equity tier 1 capital. This amount would also be deducted from the asset reflecting the investment in the subsidiary for risk-based and leverage capital calculations. This interest reflects the insured national bank's or Federal savings association's share of retained earnings of the permitted payment stablecoin issuer that have not been paid out as dividends, and the deduction ensures that the same amount would not count as capital at both the permitted payment stablecoin issuer and its parent insured national bank or Federal savings association. Once earnings from the subsidiary are paid as dividends to the parent national bank or Federal savings association, those funds are available for general uses of the parent bank and no longer count as capital of the stablecoin issuer. Finally, any remaining assets associated with the permitted payment stablecoin issuer (after deducting its share of retained earnings), such as investments in or intercompany receivables from a permitted payment stablecoin issuer, would be excluded when calculating the insured national bank's or Federal savings association's standardized total risk-weighted assets, advanced approaches risk-weighted assets, average total consolidated assets, and total leverage exposure, as applicable. To the extent that a subsidiary permitted payment stablecoin issuer incurs net losses, there would be no adjustment to increase its parent national bank or Federal savings association's assets or retained earnings to offset those losses, so as to not overstate the resources and financial condition of the parent.

As proposed, this deconsolidation and deduction approach would ensure that any assets and capital associated with the permitted payment stablecoin issuer are not double-counted when included in risk-based or leverage capital ratio calculations at the parent insured national bank or Federal savings association, and that any retained earnings of the permitted payment stablecoin issuer are not double-counted as capital that can be used by the parent insured national bank or Federal savings association.

As proposed, the rule would allow uninsured national trust banks to issue payment stablecoins directly. Currently, uninsured national trust banks are subject to the full requirements of 12 CFR part 3, including risk-based and leverage capital ratios. However, the capital required under those measures may be significantly in excess of capital that would be required for other types of permitted payment stablecoin issuers under the proposal. In order to establish parity among all types of permitted payment stablecoin issuers, the OCC is proposing to permit uninsured national trust banks that issue stablecoins to elect to follow the proposed capital requirements in part 15 and not calculate or comply with the minimum capital requirements in part 3. As an alternative, the OCC is also considering bifurcating the operations of the payment stablecoin from other operations of the national trust bank, then applying part 15 capital requirements to the payment stablecoin issuance business and part 3 capital requirements to the other business operations. However, the complexity in dividing or allocating assets and expenses between the business lines may make this impractical to operationalize.

Furthermore, to promote parity among uninsured national trust banks, whether or not they issue payment stablecoins, the OCC is proposing to allow any uninsured national trust bank to similarly elect to follow the proposed minimum capital requirements calculated under part 15 instead of those under part 3. As acknowledged in OCC Bulletin 2007–21, the leverage and risk-based capital ratios in 12 CFR part 3 generally are not optimal measures of capital adequacy for national trust banks. Under the proposed rule, a national trust bank seeking to follow the part 15 minimum capital requirements instead of the part 3 minimum capital requirements would submit a notice to the OCC indicating its election. The election would become effective 30 days after OCC receipt, unless the OCC objects in writing for good cause within that timeframe. After electing the part 15 capital requirements, a national trust bank subsequently could revert to following the relevant capital measures in part 3 for good cause and with approval of the OCC.

Under the proposal, an uninsured national trust bank would continue to follow the criteria and definitions for capital instruments in 12 CFR part 3, subpart C, including any adjustments or deductions. The OCC is proposing this approach to not create disruptions for shareholders or the bank based on the slightly different requirements for capital instruments between 12 CFR part 3, subpart C, and § 15.40 of the proposed rule. In addition, allowing uninsured national trust banks to opt-out of regulatory capital deductions, such as those for mortgage servicing assets or goodwill, may create an unlevel competitive landscape with national banks that have those assets subject to deduction under part 3. As an alternative, the OCC is considering grandfathering any existing regulatory capital instruments issued by uninsured national trust banks that elect to follow the minimum capital requirement in proposed § 15.41 and otherwise comply with proposed § 15.40 going forward.

5. Proposed Amendment to Part 6

When calculating total assets for prompt corrective action purposes under 12 CFR part 6, the definition of *total assets* in § 6.2 of the rule specifies that certain assets deducted from capital are also deducted from total assets. Consistent with section 4(a)(4)(C)(iii) of the GENIUS Act (12 U.S.C. 5903(a)(4)(C)(iii)) and the deductions and adjustments proposed to 12 CFR part 3, the OCC is proposing a conforming amendment to also incorporate the deductions related to an insured national bank's or Federal savings association's ownership of a permitted payment stablecoin issuer when calculating total assets under 12 CFR part 6. As part 6 only applies to insured depository institutions, no adjustments are necessary for uninsured national trust banks.

F. Proposed Amendments to Part 8

1. Background

The OCC funds the activities it undertakes to carry out its supervisory activities through assessments on institutions regulated by the OCC.[102] The OCC is authorized to collect assessments, fees, and other charges to meet the agency's expenses in carrying out authorized activities.[103] In setting

[102] The National Bank Act authorizes the OCC to impose assessments on national banks and Federal branches and agencies. *See* 12 U.S.C. 16, 481, and 482. The Home Owners' Loan Act, as amended, authorizes the OCC to impose assessments on Federal savings associations. *See* 12 U.S.C. 1467.

[103] *See* 12 U.S.C. 16, 481 and 482.

assessments, the Comptroller has broad authority to consider variations among institutions, including the nature and scope of the activities of an institution, the amount and type of assets that the institution holds, the financial and managerial condition of the institution, and any other factor the Comptroller determines appropriate.[104]

The OCC collects assessments from OCC-supervised institutions pursuant to 12 CFR part 8.[105] Under current part 8, the base assessment for each national bank and Federal savings association is calculated using a table with eleven categories, or brackets, each of which comprises a range of asset-size values. The formula used to calculate an assessment for each national bank and Federal savings association is the sum of a base amount, which is the same for every institution in its asset-size bracket, plus a marginal amount, which is computed by applying a marginal assessment rate to the amount in excess of the lower boundary of the asset-size bracket.[106] The marginal assessment rate declines as asset size increases, reflecting economies of scale in the OCC's supervision activities.[107]

The OCC's annual Notice of Office of the Comptroller of the Currency Fees and Assessments (Notice of Fees) sets forth the marginal assessment rates applicable to each asset-size bracket for each year,[108] as well as other assessment components and fees.[109]

The OCC has determined that collecting assessments in connection with the GENIUS Act activities of OCC-supervised institutions is necessary and appropriate to facilitate the OCC's functions under the Act and conforms with the agency's assessment authorities. The OCC's supervisory responsibilities under the Act include licensing and registration decisions for certain nonbank payment stablecoin issuers, and monitoring compliance with reserve requirements and other applicable laws and regulations relating to stablecoin activities. As discussed below, the OCC proposes to amend part 8 to create new subparts A and B. Subpart A will consist of existing provisions relating to the assessment of national banks and Federal savings associations, with proposed amendments to clarify how these provisions will be applied with respect to new activities that these institutions undertake pursuant to the GENIUS Act. Subpart A applies principally to national banks and Federal savings associations. This includes assessments related to payment stablecoin issuing uninsured national banks—a type of Federal qualified payment stablecoin issuer—and payment stablecoin issuing subsidiaries of insured national banks and Federal savings associations (*i.e.,* insured depository institutions). Proposed subpart B sets out the proposed structure for assessments on institutions newly subject to OCC jurisdiction under the GENIUS Act that are not subject to assessments under subpart A—*i.e.,* nonbank entities and certain State qualified payment stablecoin issuers. This reorganization of part 8 reflects the fact that the powers and structures of the institutions subject to OCC supervision solely under the GENIUS Act will often differ from that of the entities to which the current part 8 applies.

2. Proposed Subpart A—Assessment of National Banks and Federal Savings Associations

The OCC proposes to establish a new subpart A, which will incorporate the existing provisions of part 8 with targeted modifications to address assessments for GENIUS Act-related activities in which national banks and Federal savings associations may engage. The agency preliminarily concludes that, with the modifications discussed herein, the existing assessments regime for national banks and Federal savings associations will adequately and appropriately ensure that the OCC funds the activities it undertakes to carry out its statutory obligations under the GENIUS Act with respect to the supervision of these institutions. As a reflection of this, the proposed rule would amend § 8.1 to add 12 U.S.C. 5901 *et seq.,* the GENIUS Act, as an authority pursuant to which the OCC imposes assessments on permitted stablecoin issuers for GENIUS Act-related activities. The OCC broadly seeks comment on its preliminary determination that the existing, asset-based structure used to measure assessments—modified in the manner proposed below—will adequately and appropriately reflect the impact of the newly authorized activities on the OCC's supervisory resources.

a. Section 8.2—Semiannual Assessment

Under existing § 8.2, the OCC collects assessments for national banks, Federal savings associations, and Federal branches and agencies on a semiannual basis, with fees due by March 31 and September 30 (payment due dates) of each year for the six-month period beginning on January 1 and July 1 before each payment due date.[110] Currently, each semiannual assessment is based on the total consolidated assets shown in the institution's most recent ''Consolidated Reports of Condition and Income'' (Call Report) preceding the payment date.[111] Section 8.2 and the Table included therein set forth methodologies and rates used to calculate the semiannual assessment paid by each national bank and Federal savings association. The OCC proposes several adjustments to current § 8.2 to account for the GENIUS Act-related activities of national banks and Federal savings associations.

First, the OCC proposes special rules governing the treatment of assets attributable to minimum stablecoin reserve assets under 12 U.S.C. 5903. Under proposed § 8.2(e)(1), to the extent the assets reported by the national bank or Federal savings association on its Call Report reflect the minimum stablecoin reserve assets that a stablecoin issuer must hold under 12 U.S.C. 5903, the semiannual assessment for such institution would be calculated in two parts. The OCC first would use the existing formula set forth under § 8.2(a) to determine the institution's semiannual assessment attributable to assets other than those reflecting minimum stablecoin reserve assets. The OCC next would apply the same formula to those assets reflecting minimum stablecoin reserve assets, *except* that it would reduce the resulting amount by thirty-five percent, or by such other percentage (up to fifty-five percent) that the OCC may deem appropriate for minimum stablecoin reserves held by national banks and Federal savings associations, based on its experience supervising stablecoin issuers. The OCC would publish the percentage reduction deemed appropriate for minimum stablecoin reserve assets on an annual basis in the Notice of Fees. An institution's semiannual general assessment fee would be the sum of combining the two figures above.

The proposed discounted assessment for minimum stablecoin reserve assets reflects the OCC's judgment that the cost

[104] 12 U.S.C. 16. *See also* 12 U.S.C. 1467(a) (providing that the Comptroller has the authority to recover costs of examination of Federal savings associations ''as the Comptroller deems necessary or appropriate'').

[105] Current part 8 covers assessments for national banks, Federal savings associations, and Federal branches and Federal agencies. For clarity, proposed subpart A as discussed below will cover the same institutions.

[106] 12 CFR 8.2(a).

[107] *See* 12 CFR 8.8(a) and notices published by the OCC thereunder.

[108] 12 CFR 8.2(a)(5)(i).

[109] 12 CFR 8.2(a)(4).

[110] 12 CFR 8.2(a) and 8.2(b)(1).

[111] 12 CFR 8.2(a)(5)(i) and 8.2(b)(3).

of supervising non-custodial GENIUS Act-related activities is likely to be meaningfully lower than the cost of supervising more traditional activities conducted by national banks and Federal savings associations. The GENIUS Act limits the stablecoin-related activities in which issuing institutions may engage, and certain of these newly authorized GENIUS Act-related activities may present lower risks to participating institutions and the Federal banking system than certain traditional banking activities. Notably, the GENIUS Act significantly restricts the composition of, and the permissible activities in connection with, required stablecoin reserves. The OCC preliminarily concludes that these limitations warrant treating stablecoin reserve assets differently for assessment purposes than existing, on-balance sheet assets attributable to more traditional banking activities, on which the current § 8.2(a) assessment formula is based.

While the agency is not yet able to precisely determine the appropriate discount for stablecoin reserve assets relative to assets attributable to more traditional banking activities, the agency believes that a baseline 35 percent discount would appropriately reflect the expected marginal increase in the agency's overall supervisory costs attributable to GENIUS Act-related activities.[112] To determine an appropriate baseline, the OCC calculated the median discount provided on a per-asset basis to all custodial assets under existing § 8.6(c) relative to the median per-asset assessment charge on non-custodial assets under existing § 8.2(a). The agency based its discount on this calculation because it reflects differences in the complexities of OCC supervisory activities associated with traditional custodial and non-custodial banking activities. Recognizing, however, that GENIUS Act-related activities are likely more complex than traditional custodial banking activities—and, in turn, will likely impose a meaningfully greater economic impact on the OCC's overall supervisory burden—the agency determined it would be appropriate to set the proposed discount for required stablecoin reserve assets at an amount equal to approximately half of the existing median discount assessed on custodial assets under § 8.6(c).

The OCC considered whether to adopt a larger baseline discount for required stablecoin reserve assets and recognizes that it may be appropriate over time for the agency to discount assessments on required stablecoin reserve assets by more than the baseline 35 percent. However, the OCC expects that the agency will need to commit more resources to supervising GENIUS Act-related activities in the first several years following passage of the GENIUS Act as institutions and the OCC adapt to the exercise and supervision of new GENIUS Act powers. Additionally, the OCC anticipates that the new powers granted under the GENIUS Act may result in many new de novo-chartered institutions, which typically require heightened supervision in the early years of such institutions. To address potential differences in the OCC's immediate- and longer-term supervisory commitments in connection with GENIUS Act-related activities, the proposed rule would provide the OCC with sufficient flexibility to annually adjust the discounted rate to reflect changes in the overall share of the supervisory burden attributable to the GENIUS Act-related activities of national banks and Federal savings associations.

The OCC separately considered whether it should extend the proposed discount to over-collateralized reserve assets—*i.e.,* reserve assets that a stablecoin issuer *voluntarily* holds in excess of the minimum stablecoin reserve assets it must hold under 12 U.S.C. 5903. The agency similarly considered whether to exclude reserve assets attributable to voluntary over-collateralization from assessment altogether. Extending the proposed discount to over-collateralized reserve assets—or excluding them altogether from assessment—could be appropriate, especially if a different course were likely to meaningfully disincentivize voluntary over-collateralization. However, the agency lacks reliable information or evidence to suggest that assessing voluntary over-collateralized stablecoin reserve amounts at undiscounted rates will meaningfully influence an issuer's business judgment on whether and to what extent it should voluntarily over-collateralize its on-balance sheet stablecoin reserves. Additionally, while the OCC does not wish to disincentivize voluntary over-collateralization, it is concerned that extending the proposed discount to over-collateralized reserves (or excluding them altogether from assessment) may encourage some institutions to mischaracterize the status of certain on-balance sheet assets as reserves to minimize their overall assessment. The OCC therefore preliminarily concludes that voluntary over-collateralized reserve assets should be assessed without any discount.

Second, the OCC proposes to clarify in § 8.2(e)(2) that if for any reason a national bank's or Federal savings association's total assets reported on that institution's Call Report does not reflect the minimum stablecoin reserve assets that a stablecoin issuer must hold under 12 U.S.C. 5903 and the proposed implementing regulations, the OCC shall increase the assessment calculated under the subsection. The increased assessment amount would reflect the difference between the amount of stablecoin reserve assets reflected on the institution's Call Report and the minimum required stablecoin reserve assets for the amount of outstanding stablecoin issuances that the institution reports pursuant to 12 CFR 15.14(i). While the OCC anticipates that Call Reports of issuing national banks and Federal savings associations will reflect all non-custodial assets attributable to stablecoins, including assets held in reserve to satisfy the institution's obligations under 12 U.S.C. 5903, proposed § 8.2(e)(2) would permit the OCC to address any potential under-assessment resulting from an institution's failure to ensure that it holds sufficient stablecoin reserve assets to meet its obligations under 12 U.S.C. 5903 and these proposed implementing regulations.[113] To effectuate this new provision, the OCC anticipates developing reporting requirements separate from Calls Reports to ensure it has sufficient information to isolate assets reported on Call Reports attributable to stablecoin reserve assets held by an issuing national bank or Federal savings association.

Third, the OCC proposes amending § 8.2(b), which addresses the semiannual assessment imposed on Federal branches and agencies. As amended, § 8.2(b)(2) provides that the semiannual assessment imposed on Federal branches and agencies shall be computed using the same methodology and the same rates as national banks

[112] The OCC recognizes that national banks and Federal savings associations issuing stablecoins (in the case of an insured depository institution, through a subsidiary) may hold on-balance sheet certain other assets attributable to GENIUS Act-related activities. The agency considered whether to apply a reduced rate to these additional assets but preliminarily concludes that the baseline 35 percent discount proposed on stablecoin reserve assets suffices to appropriately reflect the expected marginal increase in the agency's overall supervisory costs attributable to GENIUS Act-related activities.

[113] Additionally, if a permitted stablecoin issuer's actual reserve amount is less than its required reserve amount, the OCC anticipates that the permitted stablecoin issuer may incur additional fees and charges under proposed revisions to § 8.6 associated with (among other things) examinations conducted to understand and address the institution's reserve asset deficiencies.

and Federal savings associations, though clarifying that only the total *domestic* assets of the Federal branch or agency will be subject to the assessment under § 8.2. This clarification reflects that the OCC ordinarily supervises only the domestic operations of Federal branches and agencies. The agency proposes language making clear that semiannual assessments for all institutions subject to part A *will* reflect all assets attributable to GENIUS Act-related activities (including minimum reserve assets), irrespective of whether those assets would be categorized as ''domestic'' assets.

Fourth, the OCC proposes to amend § 8.2(c) to eliminate that subsection's additional assessment for independent credit card national banks and Federal savings associations where the on-balance sheet assets attributable to non-custodial GENIUS Act-related activities of such institutions make the additional assessment unnecessary. An ''independent credit card'' national bank or Federal savings association is an institution that is (i) ''engaged primarily in credit card operations;'' and (ii) not affiliated with a ''full-service'' national bank or Federal savings association.[114] An institution is ''engaged primarily in credit card operations'' if it is either a bank described in section 2(c)(2)(F) of the Bank Holding Company Act, or if the ratio of the institution's total gross receivables attributable to its balance sheet assets exceeds 50 percent.[115] A ''full service'' institution is one that generates more than 50 percent of its income ''from activities *other than credit card operations or trust activities* and is authorized according to its charter to engage in all types of permissible banking activities.'' [116]

The OCC originally imposed the additional assessment in § 8.2(c), and the corresponding 50 percent threshold in the relevant definitional term, upon finding that the magnitude and the complexity of the business of independent credit card national banks and Federal savings associations were not fully reflected by the volume of assets reported on those institutions' balance sheets as of a particular date.[117] An independent credit card national bank's or Federal savings association's balance sheet was not, by itself, generally a meaningful measure of the resources that the OCC needed to expend to supervise these types of institutions, nor a fair measure of the value of the national bank charter to these enterprises. The OCC therefore adopted an additional assessment under § 8.2(c) for independent credit card national banks and Federal savings association based on these institutions' ''receivables attributable'' (*i.e.,* the total amount of outstanding balances due on credit card accounts owned by the institution) as the measure of the volume of the institution's business. The additional assessment under § 8.2(c) ensures that assessments imposed on independent credit card national banks and Federal savings associations represent their fair share of the OCC's overall supervisory expenses.[118]

The OCC preliminarily concludes that the justification for imposing an additional assessment under § 8.2(c) is no longer present where the ratio of an institution's total gross receivables attributable to its balance sheet assets no longer exceeds 50 percent after accounting for on-balance sheet assets attributable to GENIUS Act-related activities. In such instances, although the independent credit card institution may not qualify as a ''full service'' institution, the agency expects that the additional on-balance sheet assets attributable to the institution's GENIUS Act-related activities should suffice to ensure that the institution's assessment under § 8.2(a) adequately reflects the magnitude and complexity of the institution's overall business and represents its fair share of the OCC's overall supervisory expenses. The OCC therefore proposes to amend § 8.2(c) to provide that an independent credit card national bank or Federal savings association is not subject to an additional assessment under that subsection if the ratio of its total gross receivables attributable to its balance sheet assets no longer exceeds 50 percent after accounting for on-balance sheet assets attributable to GENIUS Act-related activities. The agency further proposes to amend § 8.2(c) to require independent credit card national banks and Federal savings associations to report data related to their assets attributable to activities permitted under 12 U.S.C. 5901 *et seq.* to the OCC semiannually at a time specified by the OCC, as § 8.2(c)(4) currently requires for data related to off-balance sheet receivables, to ensure accurate accounting in calculating assessments.

b. Section 8.6 Fees for Special Examinations and Investigations

Section 8.6 is generally designed to allow the OCC to impose assessments on national banks, Federal branches or agencies of foreign banks, Federal savings associations, and related entities for supervisory expenses which, due to the complexity of the attributes of the underlying activity, are not adequately offset by the base assessment under § 8.2. The OCC proposes the following revisions to the existing § 8.6 to appropriately reflect the agency's increased supervisory activities relating to the GENIUS Act.

Specifically, the OCC proposes to revise existing § 8.6(c) to eliminate that subsection's additional assessment for ''independent trust'' national banks and Federal savings associations where the on-balance sheet assets attributable to the non-custodial GENIUS Act-related activities of such institutions make the additional assessment unnecessary. Section 8.6(c) currently imposes an additional assessment on ''independent trusts'' in connection with their off-balance sheet ''fiduciary and related assets.'' The OCC adopted existing § 8.6(c) upon finding that—unlike ''full service'' institutions that may exercise trust powers but that also engage in sufficient non-custodial activities—the limited balance sheet assets of ''independent trusts'' resulted in assessments under § 8.2(a) that did not constitute a fair representation of the complexity of their operations, or the extent of the OCC's supervisory activities related to their operations.[119] An ''independent trust'' is an institution that (i) has trust powers, (ii) does not primarily offer full-service banking, and (iii) is not affiliated with a full-service national bank or Federal savings association.[120] A ''full-service'' institution is one that (i) generates more than 50 percent of its interest and non-interest income from activities other than credit card operations or trust activities; and (ii) is authorized according to its charter to engage in all types of permissible banking activities or activities permissible for Federal savings associations.[121]

The OCC preliminarily concludes that the justification for imposing an additional assessment under § 8.6(c) no longer exists where an independent trust generates more than 50 percent of its interest and non-interest income from activities other than credit card operations or trust activities, after accounting for on-balance sheet assets attributable to GENIUS Act-related activities. In such instances, although the independent trust may not qualify as a ''full service'' institution, the agency expects that the additional on-balance

[114] 12 CFR 8.2(c)(3)(vi) and (vii).

[115] 12 CFR 8.2(c)(3)(iii).

[116] 12 CFR 8.2(c)(3)(iv) and (v) (emphasis added).

[117] 66 FR 29890, 29890 (June 1, 2001).

[118] *Id.*

[119] 65 FR 75859, 75860 (December 5, 2000).

[120] 12 CFR 8.6(c)(3)(v) and (vi).

[121] 12 CFR 8.2(c)(3)(iii) and (iv).

sheet assets attributable to its GENIUS Act-related activities should suffice to ensure that the institution's assessment under § 8.2(a) adequately reflects the magnitude and complexity of the institution's overall business and represents its fair share of the OCC's overall supervisory expenses. The OCC therefore proposes to amend § 8.6(c) to provide that an independent trust national bank or Federal savings association is not subject to an additional assessment under that subsection if it generates more than 50 percent of its interest and non-interest income from activities other than credit card operations or trust activities, after accounting for on-balance sheet assets attributable to GENIUS Act-related activities. The OCC further proposes to amend § 8.6(c) to require independent trust institutions to report their interest and non-interest income from activities other than credit card operations or trust activities at a time specified by the OCC, to ensure accurate accounting in calculating assessments.

3. Proposed Subpart B—Assessment of Certain Other Institutions

The OCC proposes amending part 8 to include a new subpart B, setting forth the methodology the agency proposes to impose assessments on the following institutions, to the extent they are subject to the OCC's supervisory jurisdiction under the GENIUS Act: (i) nonbank Federal qualified payment stablecoin issuers; (ii) certain Foreign payment stablecoin issuers; and (iii) certain State qualified payment stablecoin issuers. The OCC proposes to assess these institutions in connection with the agency's supervisory authority under 12 U.S.C. 482, which authorizes the Comptroller to ''impose and collect assessments, fees, or other charges as necessary or appropriate to carry out the responsibilities of the office of the Comptroller.''

Proposed § 8.9 would clarify that the OCC would impose assessments on certain Federal, Foreign, and State qualified payment stablecoin issuers for GENIUS Act-related activities pursuant to the authority contained in 12 U.S.C. 93a, 481, 482, and 5901 *et seq.* Proposed § 8.10 sets forth the OCC's methodology for the primary assessment of GENIUS Act-related activities of the institutions described therein. Proposed § 8.11 sets forth the OCC's methodology for separately assessing certain of those institutions in connection with their GENIUS-Act permitted custodial and safekeeping activities. Proposed § 8.12 describes special fees and assessments in connection with the GENIUS Act-related activities of institutions covered under subpart B. Finally, proposed § 8.13 covers the payment of interest on delinquent assessments and examination and investigation fees. The OCC broadly seeks comment on proposed subpart B. As discussed below, the agency considered several alternative methods for imposing assessments on institutions covered under subpart B. The OCC seeks comment on these and other alternatives.

a. Proposed § 8.10 Semiannual Assessment for Certain Institutions

Section 8.10 as proposed would establish the primary assessment for nonbank Federal qualified payment stablecoin issuers, certain Foreign payment stablecoin issuers, and State qualified payment stablecoin issuers subject to 12 U.S.C. 5903(d) (except to the extent such issuer remains solely supervised by a State payment stablecoin regulator).[122] Proposed § 8.10(a) in general incorporates the current structure and asset-based formula used to impose assessments on national banks and Federal savings associations under § 8.2(a), and includes the same percentage-based assessment reduction for minimum stablecoin reserve assets that the agency proposes under § 8.2(e)(1), discussed above. Consistent with the agency's treatment of national banks and Federal savings associations, § 8.10(a) would also impose a semiannual assessment schedule. In addition to ensuring consistency across all categories of supervised institutions, a semiannual assessment schedule may be especially prudent for those institutions subject to proposed 8.10, given that stablecoin reserve assets—the primary asset for many of the subject institutions—may experience significant fluctuation over the course of a year as issuance and transaction volumes change.

To ensure the annual assessment of an institution subject to proposed § 8.10(a) will be in an amount equal to the annual assessment of a similarly-sized national bank or Federal savings association under § 8.2(a), the OCC proposes to use the same asset tiers (Columns A and B) in Table 1 of § 8.10(a) as used in Table 1 of § 8.2(a),[123] and to publish in its annual Notices of Fees tier-specific base amounts (Column C) and marginal rates (Column D) that match those published annually in connection with current § 8.2(a).[124] Proposed § 8.10(a)(6) likewise would establish the same two-pronged approach to calculating assessments for the on-balance sheet assets of institutions subject to that section as proposed in § 8.2(e)(1).

Specifically, the OCC would use the existing asset-based formula to first determine the institution's semiannual assessment attributable to its on-balance sheet assets that do *not* reflect minimum stablecoin reserve assets. As noted, the agency anticipates that institutions subject to proposed § 8.10 will have a limited amount of such assets on balance sheet. The OCC next would apply the same formula to those minimum stablecoin reserve assets, *except* that it would reduce the resulting amount by 35 percent, or by such other percentage (up to 55 percent) that the OCC may deem appropriate for minimum stablecoin reserves held by institutions subject to proposed § 8.10, based on its experience supervising all stablecoin issuers subject to this part. The OCC would publish the percentage

[122] State Qualified Payment Stablecoin Issuers with consolidated total outstanding issuances of not more than $10 billion may opt for regulation under a State-level regulatory regime under 12 U.S.C. 5903(c). However, when a State chartered depository institution that is a State Qualified Payment Stablecoin Issuer exceeds a threshold of $10 billion consolidated total outstanding issuance, not later than 360 days after reaching such threshold, it transitions to the Federal regulatory framework of its primary Federal payment stablecoin regulator, which is administered by the State payment stablecoin regulator and the primary Federal payment stablecoin regulator *acting jointly*. Similarly, when a non-depository State Qualified Payment Stablecoin Issuer exceeds a threshold of $10 billion consolidated total outstanding issuance, not later than 360 days after reaching such threshold, it transitions to the Federal regulatory framework of the OCC, administered by the relevant State payment stablecoin regulator and the OCC *acting in coordination*. This means that some State Qualified Payment Stablecoin Issuers will be subject to the OCC's regulatory framework administered by the relevant State payment stablecoin regulator and the OCC *acting jointly or in coordination*.

[123] As discussed elsewhere, the OCC's current asset-based assessment scheme assigns each bank to a bracket based on total assets. For each bracket, the assessment is a base amount (representing application of successive marginal rates to the assets up to the lower threshold of that bracket) plus a marginal rate applied to amounts within that tier. There are currently eleven brackets, the thresholds for which are set by regulation. Current base amounts and marginal rates are published annually in the Notice of Fees. *See* 57 FR 22413 (May 28, 1992) (discussing overall methodology); 73 FR 9012 (February 19, 2008) (establishing current asset size thresholds). The most recent Notice of Fees can be found on the OCC's website. *See, e.g.,* OCC Bulletin 2025–21, ''Office of the Comptroller of the Currency Fees and Assessments: Interim Calendar Year 2025 Fees and Assessments Structure'' (August 29, 2025), *https://www.occ.gov/news-issuances/bulletins/2025/bulletin-2025-21.html*.

[124] Accordingly, consistent with current § 8.2(a), proposed § 8.10(a)(4) would provide that the OCC may index marginal rates to adjust for the percentage in the level of prices, as measured by changes in the Gross Domestic Product Implicit Price Deflator (GDPIPD) for each June-to-June period. It would similarly reserve for the agency a degree of discretion to adjust marginal rates by amounts other than the percentage change in the GDPIPD.

reduction deemed appropriate for minimum stablecoin reserve assets on an annual basis in the Notice of Fees. An institution's semiannual assessment would be the sum of the two figures described above.

Presently, the OCC relies primarily on Call Reports to calculate the total consolidated on-balance sheet assets of national banks and Federal savings associations for purposes of calculating semiannual assessments under § 8.2(a). Because many institutions subject to proposed § 8.10 do not presently file Call Reports, proposed § 8.10(a)(5) instead provides that the OCC will base semiannual assessments on the total consolidated assets shown on the most recent quarterly report filed by each institution pursuant to proposed § 15.14(i) preceding the payment date. As discussed elsewhere, the OCC proposes to require all institutions subject to proposed § 8.10 to file quarterly reports reflecting the total consolidated assets held on the balance sheet of the institutions. The OCC anticipates that the asset reporting on these quarterly reports will match the asset reporting that would otherwise appear on Call Reports if all institutions subject to proposed § 8.10 were required to file these reports quarterly.

Similar to proposed amendments in subpart A, proposed § 8.10(a)(6) would include language clarifying that the OCC shall increase the assessment set forth in § 8.2(a) for any institution if the assets reported on that institution's quarterly report for any reason do not reflect the minimum stablecoin reserve assets that a stablecoin issuer must hold under 12 U.S.C. 5903 and these implementing regulations. The increase would reflect the difference between the amount of stablecoin reserve assets reflected on the quarterly report and the minimum required stablecoin reserve assets for the amount of outstanding stablecoin issuances that the institution reports. As discussed earlier, among other things, this proposed subsection would permit the OCC to address any potential under-assessment resulting from an institution's failure to ensure that it holds sufficient stablecoin reserve assets to meet its obligations under 12 U.S.C. 5903 and these implementing regulations. If a stablecoin issuer's actual reserve amount is less than its required reserve amount, the OCC anticipates that the institution may incur additional fees and charges under proposed § 8.12 associated with (among other things) examinations conducted to understand and address the stablecoin issuer's reserve asset deficiencies.

Proposed § 8.10(a) overall reflects the OCC's preliminary judgment that, as modified here, the existing asset-based approach to assessing national banks and Federal savings associations—as modified by this proposal—will best achieve the OCC's objective to recoup the cost of supervising new classes of institutions under the GENIUS Act in a fair, efficient, and cost-effective manner. Except as otherwise described in subpart B, the OCC expects that assessments collected under proposed § 8.10(a) should appropriately reflect the agency's anticipated overall expenses relating to supervising the subject institutions for the activities in which they may engage under 12 U.S.C. 5903(a)(7).

Proposed § 8.10(b), modeled after existing § 8.2(d), would apply a surcharge to the semiannual assessments for stablecoin issuers that require increased OCC supervisory resources. Similar to the OCC's assessment schedule for national banks and Federal savings associations, the surcharge ensures that fees reflect the increased cost of supervising stablecoin issuers determined to require rehabilitation. As the OCC has previously explained, a condition-based surcharge ensures the OCC has sufficient resources to fund the special supervisory attention that lower-rated entities require without raising general assessments; in the absence of such a charge, healthier entities would in effect subsidize their lower-rated competitors.[125] The OCC will determine relevant surcharges by multiplying the semiannual assessment computed in accordance with paragraph (a) by 1.5, in the case of any institution that was found to require rehabilitation at its most recent examination; and 2.0 in the case of any institution that was found to have material financial or operational deficiencies that threaten the viability of the institution at its most recent examination prior to December 31 or June 30, as appropriate. This proposed methodology is intended to operate in the same manner, and on the same rationale, as the surcharges tied to UFIRS ratings in § 8.2(d). The OCC generally requests information and comment on its proposed methodology to ensure that assessments for all regulated entities requiring rehabilitation adequately reflect the increased cost of supervising those entities.

Finally, proposed § 8.10(c) would clarify that, even if certain State qualified payment stablecoin issuers are not subject to the assessment proposed in that section, these institutions still may be subject to certain other assessments and fees under subpart B. The GENIUS Act requires the OCC to engage in certain supervisory and enforcement activities outside the ordinary course of its operations that are not otherwise accounted for in semiannual assessments contemplated under subpart B, including the OCC's exercise of certain enforcement authorities under 12 U.S.C. 5906(e)(2)(A) over certain State qualified payment stablecoin issuers with consolidated total outstanding issuances less than $10 billion. Twelve U.S.C. 5903(d)(3)(A) separately requires the OCC to adjudicate waiver requests from certain State qualified payment stablecoin issuers with consolidated total outstanding issuances exceeding $10 billion to remain subject to the sole supervision of their State payment stablecoin regulators. Proposed § 8.10(c) acknowledges these and other similar circumstances by clarifying that, while these issuers may not be subject to the assessments proposed in subpart B, they may still be subject to fees under proposed § 8.12 in connection with the OCC's exercise of these and any other authorities relevant to their operations under the GENIUS Act.

b. Proposed § 8.11 Fees for Certain Institutions Engaged in the Custodial and Safekeeping Activities Permitted Under 12 U.S.C. 5901 et seq.

Certain institutions subject to assessments under proposed § 8.10 also would be subject to an additional assessment under proposed § 8.11 in connection with their participation in custodial or safekeeping activities permitted under 12 U.S.C. 5901 *et seq.* Specifically, proposed § 8.11 would apply to those institutions for which 50 percent or more of their income is derived from custodial or safekeeping activities permitted under 12 U.S.C. 5901 *et seq*. Proposed § 8.11 is modeled on the existing provisions of § 8.6(c), which addresses additional assessments imposed upon independent trust national banks and independent trust Federal savings associations. Further, as described below, the asset-based assessment formula under proposed § 8.11 would generally match the formula under existing § 8.6(c) so that like-sized institutions would be subject to the same assessment amounts for similar activities under § 8.6(c) and proposed § 8.11.

Proposed § 8.11 reflects the OCC's preliminary conclusion that an assessment based solely on an institution's activities covered under § 8.10—*i.e.,* non-custodial assets—would not adequately reflect the supervisory burden on the OCC for

[125] *See* 62 FR 64135, 64136 (December 4, 1997).

supervising institutions for which 50 percent or more of their income is derived from the custodial or safekeeping activities permitted under 12 U.S.C. 5901 *et seq.* This preliminary finding is consistent with the agency's longstanding position that chartered institutions should be subject to an assessment under § 8.6(c) in connection with their fiduciary and related assets, in addition to an assessment based on their non-fiduciary activities. As discussed, the OCC adopted existing § 8.6(c) upon finding that—unlike ''full service'' institutions that may exercise trust powers but that also engage in sufficient non-custodial activities—the limited balance sheet assets of ''independent trusts'' result in assessments under § 8.2(a) that do not constitute a fair representation of the complexity of their operations, or the extent of the OCC's supervisory activities related to these institutions.[126] The OCC preliminarily concludes that a similar risk of under-assessment would likely occur for those institutions subject to proposed § 8.10 that primarily derive their income from custodial and safekeeping activities. The additional assessment proposed under proposed § 8.11 will better ensure that such institutions contribute their fair share of the costs associated with the OCC's supervisory activities.

Consistent with the existing assessment formula under § 8.6(c), assessments for each institution subject to proposed § 8.11 would include a minimum fee associated with the first $1 billion of assets attributable to the custodial and safekeeping activities permitted under the GENIUS Act, and an additional amount associated with assets in excess of $1 billion. To reflect the similar activities of institutions subject to proposed § 8.11 and existing § 8.6(c), the initial fee and the multiplier associated with excess assets would match the amounts used to assess independent trust national banks and independent trust Federal savings associations subject to § 8.6(c).

Additionally, consistent with existing § 8.6(c)(1)(iii), and for the reasons described earlier in connection with proposed § 8.10(b), the OCC proposes to apply a surcharge to the semiannual assessments for stablecoin issuers subject to proposed § 8.11(b) determined to require rehabilitation. Specifically, under proposed § 8.11(b), the agency would adjust the semiannual assessment computed under § 8.11(a) by applying to it the following multiples: 1.5, in the case of any institution that was found to require rehabilitation at its most recent examination; and 2.0 in the case of any institution that was found to have material financial or operational deficiencies threatening the viability of the institution at its most recent examination prior to December 31 or June 30, as appropriate. As discussed above, this proposed methodology is intended to functionally mirror the distinction made in § 8.6(c)(1)(iii), whether or not assessed using the UFIRS system. The OCC generally requests information and comment on its proposed methodology to ensure that assessments for all regulated entities requiring rehabilitation are adequately reflected in the increased cost of supervising those institutions.

c. Proposed § 8.12 Fees for Special Examinations and Investigations.

Section 8.12 proposes fees for special examinations and investigations the OCC would undertake with respect to certain institutions covered under subpart B. The fees covered by this section would be in addition to any fees and charges assessed in connection with the other sections of subpart B and generally align with the fees and charges currently imposed on national banks and Federal savings associations under existing § 8.6. The OCC intends proposed § 8.12 to apply to *any* institution subject to the OCC's jurisdiction under 12 U.S.C. 5901 *et seq.* For example, as discussed earlier, the OCC anticipates charging fees in connection with the OCC's resolution of a request for a waiver from a State qualified payment stablecoin issuer with consolidated total outstanding issuances exceeding $10 billion to remain subject to the sole supervision of its State stablecoin regulator pursuant to 12 U.S.C. 5903(d)(3). The OCC also anticipates charging fees in connection with any instance in which the OCC must conduct investigations to support its enforcement authority under 12 U.S.C. 5906(e)(2)(A).

Other special examinations or investigations under proposed § 8.12 include, but are not limited to, those in connection to (i) supervision or enforcement related activities described in 12 U.S.C. 5905; (ii) activities related to examining affiliates of institutions subject to subpart B; and (iii) activities related to 12 CFR part 5.

d. Proposed § 8.13 Payment of Interest on Delinquent Assessments and Examination and Investigation Fees

Proposed § 8.13 is modeled after and does not differ materially from existing § 8.7. The proposed § 8.13 would cover the payment of interest on delinquent assessment and examination and investigation fees by each Federal, Foreign, or State payment stablecoin issuer under OCC jurisdiction for purposes of the GENIUS Act. The OCC preliminary concludes that provisions covering the payment of interest on delinquent assessment and examination and investigation fees from these institutions should match the existing provisions covering payment of interest on delinquent assessment and examination and investigation fees that currently govern national banks and Federal savings associations, although it seeks comment and information on any potential justifications to treat the respective institutions differently.

G. Proposed Amendments to Part 19

The OCC is proposing several revisions to the rules of practice and procedure for adjudicatory proceedings in 12 CFR part 19 to incorporate the Act's procedural requirements with respect to permitted payment stablecoin issuers.

Section 6(b) of the GENIUS Act (12 U.S.C. 5905(b)) requires the OCC to follow certain procedures when bringing an enforcement action or imposing civil money penalties against a permitted payment stablecoin issuer for violations of the GENIUS Act, any regulation or order issued under the Act, or any condition imposed in writing between the OCC and permitted payment stablecoin issuer.

Specifically, section 6(b)(4)(A) of the GENIUS Act (12 U.S.C. 5905(b)(4)(A)) requires the OCC to comply with the procedures set forth in paragraphs (b) and (e) of section 8 of the Federal Deposit Insurance Act (12 U.S.C. 1818) if the OCC identifies a violation or attempted violation of the Act or makes a determination with respect to the enforcement authorities enumerated at sections 6(b)(1) through (3) of the Act.[127] Similarly, section 6(b)(4)(D) of the GENIUS Act (12 U.S.C. 5905(b)(4)(D)) permits the OCC to follow the procedures in section 8(c) of the Federal Deposit Insurance Act when the OCC issues a temporary cease-and-desist order.

Section 6(b)(5)(D) of the GENIUS Act (12 U.S.C. 5905(b)(5)(D)) clarifies that any civil money penalty imposed under the Act may be assessed and collected by the OCC pursuant to the procedures set forth in section 8(i)(2) of the Federal Deposit Insurance Act.

Consistent with the GENIUS Act, the OCC proposes to revise § 19.1 to clarify

[126] 65 FR 75860.

[127] Section 6(b)(1) through (3) of the Act give the OCC authority to suspend or revoke the registration of a permitted payment stablecoin issuer, initiate cease-and-desist proceedings, and remove and prohibit institution-affiliated parties.

that the rules of practice and procedure in part 19 apply to the following proceedings: suspension or revocation of registration, cease-and-desist, temporary cease-and-desist, removal and prohibition, or civil money penalties under section 6 of the GENIUS Act (12 U.S.C. 5905). Additionally, the OCC proposes to revise § 19.180 to clarify that the part 19 procedures for formal investigations apply to formal investigations initiated by the Comptroller pursuant to section 6 of the GENIUS Act (12 U.S.C. 5905).

The OCC also proposes several technical revisions. Specifically, the OCC proposes to revise the definitions of ''institution'' and ''institution-affiliated party'' in § 19.3 to incorporate permitted payment stablecoin issuers and actions brought pursuant to the Act.

III. Request for Comments

The OCC requests feedback on all aspects of the proposed rule, including:

Definitions

Question 1: Are the definitions in the proposed rule appropriately scoped? How should they be improved?

Question 2: Should the OCC define ''acting in concert'' to clarify the term ''principal shareholder?'' For example, the OCC could define the term to mean (1) knowing participation in a joint activity or parallel action towards a common goal of acquiring control whether or not pursuant to an express agreement; or (2) a combination or pooling of voting or other interests in the securities of an issuer for a common purpose pursuant to any contract, understanding, relationship, agreement, or other arrangement, whether written or otherwise. If the OCC should define the term, should the OCC incorporate any of the presumptions for acting in concert detailed in 12 CFR 5.50(f)(2)?

Question 3: Is the definition of ''control'' sufficiently clear? If not, how should the OCC further clarify the term? Should the OCC expressly incorporate any of the presumptions of control from the Bank Holding Company Act (or its implementing regulations), adapted to apply to permitted payment stablecoin issuers? Should the definition of control incorporate the concept of ''acting in concert?'' Should the definition incorporate any provisions from the regulations implementing the Change in Bank Control Act or consolidation under GAAP?

Question 4: The term ''customer'' is broadly defined to mean a person that purchases (through any consideration) the products or services of another person. Is the scope of this definition too broad? With respect to customers of permitted payment stablecoin issuers, should the definition expressly include only persons with direct interactions with a permitted payment stablecoin issuer? Alternatively, should the definition include all downstream payment stablecoin holders (*i.e.,* not just customers with direct interactions with the permitted stablecoin issuer)? Please address any significant impact or burden the proposed definition or contemplated alternative definitions may have or add given other requirements in the proposed rule, such as the customer notification requirements in proposed § 15.13. Because the term is used in several different contexts throughout the proposed rule, should the definition of ''customer'' be refined with respect to certain requirements (*e.g.,* customer notification)?

Question 5: Section 2 of the GENIUS Act (12 U.S.C. 5901) does not define ''depository institution.'' Is the definition of ''depository institution'' in the proposed rule sufficiently clear? Are there particular types of institutions for which it would be unclear whether the type of institution is a depository institution and which agency is the primary Federal payment stablecoin regulator for the type of institution? What additional clarifications would be helpful?

Question 6: Is the scope of the term ''digital asset'' sufficiently clear? If not, how should it be clarified?

Question 7: The proposed rule does not use the term ''digital asset service provider.'' Is the scope of the term digital asset service provider under the statute sufficiently clear? If not, how should it be clarified? Are there specific activities that should be expressly excluded from digital asset service provider activities, consistent with the statutory definition? Should additional guidance on the exclusions from the definition of ''digital asset service provider'' or the meaning of ''engaging in the business'' of providing digital asset service provider activities be clarified? If so, how should the OCC further clarify these terms? Should the OCC clarify that only the provision of financial services that directly relate to digital asset issuance would result in an entity becoming a digital asset service provider?

Question 8: Is the term ''director'' sufficiently clear, including with respect to Federal branches? How should the OCC further clarify the term?

Question 9: Is the term ''distributed ledger'' sufficiently clear? Should the term ''public digital ledger'' be further clarified? What additional clarifications would be helpful? Should certain permissioned or semi-permissioned digital ledgers be considered ''public?'' If so, how should the definition of ''public'' delineate between different types of permissioned or semi-permissioned blockchains?

Question 10: Is the definition of ''eligible financial institution'' appropriately scoped? How could the term be further refined? Are there particular elements of the definition that should be excluded or should be addressed elsewhere in the proposed rule?

Question 11: Is the definition of ''money'' appropriately scoped? Should the OCC use the exact language of the statute, instead of using the proposed definition?

Question 12: Is the term ''nonpublic personal information'' appropriately scoped? How could the term be further refined or clarified?

Question 13: The term ''outstanding issuance value'' refers to the total consolidated par value of all of an issuer's payment stablecoins. Should the definition also include the par value of non-consolidated affiliates? If so, what changes should be made to the reserve asset requirements to ensure 1:1 backing across all affiliated entities?

Question 14: Is the term ''payment stablecoin'' sufficiently clear? If not, how should the definition be amended to provide additional clarity as to whether a particular stablecoin is a ''payment stablecoin'' under the Act? Please describe the types of stablecoins that the OCC should clarify do not meet the definition of a ''payment stablecoin'' under the Act and therefore would be outside the scope of the Act's coverage. Should there be additional clarity around what it means that a payment stablecoin is a digital asset ''that is, or is designed to be, used as a means of payment or settlement?'' For example, are there certain settlement scenarios that the OCC should clarify are not ''designed to be, used as a means of payment or settlement?''

Question 15: Is the exclusion of a digital asset that ''is a deposit (as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)), including a deposit recorded using distributed ledger technology'' from the definition of ''payment stablecoin'' sufficiently clear? Should the OCC clarify which tokenized products this exclusion may apply to?

Question 16: Section 2 of the GENIUS Act (12 U.S.C. 5901) does not exclude insured shares from the definition of ''payment stablecoin.'' Should insured shares be excluded in the implementing regulations?

Question 17: Is the term ''permitted payment stablecoin issuer'' sufficiently clear? How should the definition be amended to provide additional clarity as to whether a particular entity issues a payment stablecoin and is subject to the requirements of the GENIUS Act?

Question 18: Is the term ''person'' sufficiently clear? Should the OCC further clarify the definition, including with respect to the meaning of ''association'' or other components of the definition?

Question 19: Is the term ''private key'' sufficiently clear? How could the term be further clarified? Should the OCC define the term to mean the unique alphanumeric sequence that allows an individual to prove ownership of an account on a distributed ledger, including for the purpose of transferring a particular unit of a digital asset?

Question 20: Should the definition of ''principal shareholder'' or any other definitions explicitly incorporate governance instruments other than securities providing voting rights with respect to the activities of the issuer? In particular, are there governance instruments that may not qualify as securities that the OCC should incorporate or instruments common to partnerships that the OCC should consider incorporating?

Question 21: Is the term ''senior management'' as used in proposed part 15 sufficiently clear? Should the OCC define the term, for example, to include all or a select subset of executive officers?

Question 22: The GENIUS Act does not define ''stablecoin holder.'' Should the OCC define the term? If so, should the OCC define the term to mean the person that beneficially owns the payment stablecoin? Should the OCC instead define the term based on possession via digital wallets or control of cryptographic keys? What considerations relating to custody should the OCC bear in mind if it chooses to define the term? What interactions with other requirements in the proposed rule should the OCC consider if it chooses to define the term?

Question 23: Should the OCC refine the definition of trading volume? Should the term be limited to trades that occur on exchanges? Should it include transactions that occur outside of an exchange? Should the OCC define ''exchange'' for purposes of this definition? If so, should the OCC define it to mean a person engaged in the business of making a market in digital assets (including payment stablecoins)? Should any definition include decentralized exchanges? What impediments are there to permitted payment stablecoin issuers collecting data concerning trading volume?

Question 24: Should the OCC define United States customer to mean a customer that resides in the United States, as proposed, or use a different definition? For example, should the definition be limited to United States citizens or include both citizens and residents of the United States? Should the definition be limited to permanent residents of the United States?

Activities

Question 25: Are there activities not contemplated in proposed § 15.10 that permitted payment stablecoin issuers must be able to engage in for purposes of the GENIUS Act? If so, please describe them and any appropriate limits for these additional activities.

Question 26: Should the OCC clarify that a permitted payment stablecoin issuer may retain an asset manager under a separately managed account under proposed § 15.10(a)(8)?

Question 27: Are there 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? Should the OCC specify the activities contemplated under the GENIUS Act for which a permitted payment stablecoin issuer may act as principal or agent in payment stablecoins under section 16(b) of the Act (12 U.S.C. 5915(b))?

Question 28: Do permitted payment stablecoin issuers need to hold crypto-assets other than payment stablecoins for other purposes beyond paying transaction fees or testing a distributed ledger? If so, under what circumstances would a permitted payment stablecoin issuer need to hold such assets?

Question 29: Should the final rule include specific provisions addressing an issuer's holding of non-payment stablecoin crypto-assets to pay transaction fees, such as limitations on the amount of non-payment stablecoin crypto-assets that a permitted payment stablecoin issuer may hold at any time? If so, how should those limits be calibrated? Should any limit be based on anticipated fees, a percentage of assets, or be set at a certain value threshold?

Question 30: Should there be any limit on what methods of payment a permitted payment stablecoin issuer can accept when assessing fees, including fees associated with the purchasing or redeeming of stablecoins? Should the final rule include provisions addressing a permitted payment stablecoin issuer's potential assessment of fees in crypto-assets other than payment stablecoins and how long issuers can hold onto such crypto-assets? Are there specific forms of payment outside of fiat and payment stablecoin that permitted payment stablecoin issuers will need to accept that the OCC should provide additional clarity on?

Question 31: Should the OCC include an approval process for the activities listed in the Section 4(a)(7)(B) of the GENIUS Act (12 U.S.C. 5903(a)(7)(B)), including digital asset service provider activities and activities incidental to payment stablecoin activities or digital asset service provider activities?

Question 32: Should the OCC clarify proposed § 15.10(a)(8) by providing specific examples of activities that directly support the activities in proposed § 15.10(a)(1) through (4)? Are there specific examples of activities that directly support the activities in proposed § 15.10(a)(1) through (4) that should be clarified? Should the OCC distinguish between what it means for an activity to directly support the activities in proposed § 15.10(a)(1) through (4), and therefore, satisfy the test in proposed § 15.10(a)(8) as opposed to what it means for an activity to be incidental to the activities in proposed § 15.10(a)(1) through (7) provided in section 4(a)(7)(B) of the GENIUS Act? Should the OCC provide an approval process related to digital asset service provider activities and/or incidental activities?

Question 33: The proposed rule would permit a permitted payment stablecoin issuer to hold non-payment stablecoin crypto-assets to pay certain fees (*e.g.,* network fees). Should the rule include an express limitation on the amount of such crypto-assets that the permitted payment stablecoin issuer may hold? For example, the rule could provide that the amount of such crypto-assets may not exceed reasonably expected near-term demand.

Question 34: Should the OCC 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? If so, should the OCC include limitations on the activity (*e.g.,* that the permitted payment stablecoin issuer may not over-hedge its position and may not use foreign exchange risk management as a pretext to engage in speculation)? If the OCC permits this activity, what requirements should the OCC impose to mitigate risks? For example, should there be a capital add-on for foreign exchange risk?

Question 35: Could the prohibition against paying interest or yield solely in connection with the holding or use of a permitted payment stablecoin be clarified? If so, how? Would it be

helpful to include a *de minimis* exception to the prohibition to provide certainty with respect to arrangements that are not designed to violate the prohibition and that do not have a meaningful economic impact? If so, is there any specific guidance the OCC should provide on what *de minimis* means?

Question 36: Does the presumption with respect to the prohibition against paying interest or yield solely in connection with the holding, use, or retention of a permitted payment stablecoin appropriately address concerns relating to evasion? Is the presumption with respect to the prohibition against paying interest or yield solely in connection with the holding, use, or retention of a permitted payment stablecoin appropriately scoped? Is the presumption sufficiently clear? How could the presumption be clarified? Should the OCC clarify the standard of review under which it would consider written materials to rebut the presumption related to interest or yield and specify whether the OCC's determination is appealable? Should the OCC propose any safe harbor for arrangements that the OCC believes do not violate the statutory prohibition?

Question 37: Should the prohibition on interest and yield in proposed § 15.10(c)(4) be broader to prevent issuers from directly or indirectly paying interest or yield to payment stablecoin holders (rather than presuming that certain arrangements with affiliates or related third parties violate the prohibition)? Are there examples of potentially evasive behavior that the OCC should expressly include in a prohibition? If the OCC were to expand the prohibition, are there activities that should be expressly carved out of such an expansion?

Question 38: Should the prohibition on interest and yield in proposed § 15.10(c)(4) clarify the terms ''pay,'' ''interest,'' ''yield,'' ''solely,'' or any other terms? If so, what clarifications would be helpful? What types of rewards, if any, should be subject to the prohibition?

Question 39: What would the economic impact of a narrow prohibition on paying interest or yield solely in connection with the holding, use or retention of a payment stablecoin be relative to a broader prohibition (*i.e.,* one that includes relationships with affiliates or third parties)? What impact would either prohibition have on bank deposits?

Question 40: Is the scope of the prohibition against pledging, rehypothecating, or reusing reserve assets sufficiently clear? Are there specific types of transactions, relationships, or structures for which it would be helpful to clarify whether the prohibition applies? For example, should the OCC clarify whether the prohibition would prevent establishing a collateral trustee that would hold a security interest in reserve assets for the benefit of stablecoin holders? What arguments weigh for and against finding that the prohibition would prohibit these arrangements? If a permitted payment stablecoin issuer sets up a collateral trustee arrangement where the issuer grants a security interest in the reserve assets, does this arrangement sufficiently protect the reserve assets in the event of insolvency or bankruptcy? Should a permitted payment stablecoin issuer be required to make particular disclosures if it uses such an arrangement? What should those disclosures include?

Question 41: Should the OCC specify what ''creating liquidity to meet reasonable expectations of requests to redeem payment stablecoins'' means under proposed § 15.10(c)(5)(iii)? Should the OCC pre-approve repurchase agreements by rule as proposed in § 15.10(c)(5)(iii)(B)? Alternatively, should the OCC allow for broad and open-ended approvals of the sale of reserves as purchased securities in repurchase agreements or should approvals be limited to specific types of transactions? What factors should the OCC consider prior to granting approval of the sale of reserves as purchased securities in repurchase agreements under proposed § 15.10(c)(5)(iii)(B)?

Question 42: Should permitted payment stablecoin issuers be required to provide disclosures stating that stablecoins are not legal tender, issued by the United States, or guaranteed or approved by the United States? If so, should the OCC impose any requirements on the manner in which disclosures are made? For example, should the OCC require that disclosures be made on the permitted payment stablecoin issuer's website, at point of direct sale by the issuer, alongside other types of disclosures, or in some other manner?

Question 43: Is any further clarity needed regarding the prohibition on the use of deceptive names, marketing, and representations in proposed § 15.10(c)(1) through (3)? For example, should the OCC specify what kind of images or branding are likely to violate the prohibition? Should the OCC require permitted payment stablecoin issuers to affirmatively state that payment stablecoins are not legal tender, issued by the United State, or guaranteed or approved by the Government of the United States? Should the OCC explicitly require permitted payment stablecoin issuers to disclose that payment stablecoins are not subject to depositor share insurance?

Reserve Assets

Question 44: Sec. 4(a)(1)(A)(vi) includes ''securities issued by an investment company registered under section 8(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–8(a)), or other registered Government money market fund, and that are invested solely in underlying assets described in clauses (i) through (v)'' as eligible reserve assets for payment stablecoins issued by permitted payment stablecoin issuers. However, many or all Government money market funds are investment companies registered under section 8(a) of the Investment Company Act of 1940. Should the provision relating to securities issued by investment companies registered under section 8(a) of the Investment Company Act, or other registered Government money market funds, be clarified? Does section 4(a)(1)(A)(vi) permit securities issued by investment companies registered under section 8(a) of the Investment Company Act of 1940 that are not Government money market funds to be reserve assets for payment stablecoins issued by permitted payment stablecoin issuers? Are there any registered Government money market funds that are not investment companies registered under section 8(a) of the Investment Company Act? Does section 4(a)(1)(A)(vi) permit securities issued by registered Government money market funds that are not registered under section 8(a) of the Investment Company Act to be reserve assets for payment stablecoins issued by permitted payment stablecoin issuers?

Question 45: Should the provisions relating to repurchase agreements and reverse repurchase agreements be clarified? For example, should the OCC provide that deposits can serve as collateral for repurchase agreements? If so, what limitations, if any, should the OCC include with respect to the use of deposits as collateral?

Question 46: Should the proposed rule require a buffer or impose haircuts on certain reserve assets to ensure that reserve asset values do not fall below outstanding issuance values? The GENIUS Act requires permitted payment stablecoin issuers to maintain identifiable reserves ''on an at least 1 to 1 basis.'' What measures should the proposed rule include to ensure that issuers are able to maintain this minimum? Without a buffer or other measures, the fair value of a permitted

payment stablecoin issuer's reserve assets could fall below the required minimum if there are, for example, sudden increases in interest rates. While proposed § 15.13(a)(3)(i) would include a requirement to manage interest rate risk, should there be a more express requirement for a buffer (for example, 1% of reserve assets)? For example, the proposed rule could require permitted payment stablecoin issuers to maintain an amount of reserve assets sufficient to stay above the outstanding issuance value in light of risks facing the permitted payment stablecoin issuer, including interest rate risk and risks associated with the capability to access and monetize reserve assets. Are there other considerations the OCC should take into account if it chose to calibrate such a buffer? As an alternative to requiring such a buffer, should the OCC provide guidance on what level of buffer is generally appropriate as a matter of prudent risk management?

Question 47: Should the OCC expressly require that a certain percentage of reserve assets be held in custody either at an affiliate or at a third party? What are the potential costs and benefits of this approach, including with respect to operational risk?

Question 48: Is the term ''deposits or insured shares payable on demand'' sufficiently clear? If not, how should the OCC clarify the term (*i.e.,* what types of accounts should expressly be included within the term)?

Question 49: Should the proposed rule define ''reserve in tokenized form'', to enhance clarity regarding proposed § 15.11(b)(8)? If so, should the OCC define ''reserve in tokenized form'' to refer to a digital asset, as defined in proposed § 15.2, that represents another asset and provides full legal rights to that underlying asset? What modifications to this definition or the rule's related terminology would enhance clarity?

Question 50: In the provision in proposed § 15.11(b)(5) regarding reverse repurchase agreements, is the proposed rule sufficiently clear in its reference to ''overcollateralization in line with standard market terms?'' If not, what clarifications would be appropriate?

Question 51: Should the OCC provide additional detail on what securities could be in scope for ''any other similarly liquid Federal Government-issued asset'' under § 15.11(b)(7)? For example, should Treasury securities with remaining maturity of two years or less be permitted under § 15.11(b)(7)? What would be the implications for liquidity or interest rate risk of allowing these types of securities to be held as reserve assets? If the OCC were to permit two-year Treasury securities to be used as reserve assets, should the OCC impose any additional requirements, such as requiring the weighted average maturity of Treasury securities held as reserves to be no more than 93 days (or some shorter timeframe) or requiring additional reserve asset diversification requirements (*e.g.,* minimum amount of reserve assets held as deposits or minimum number of depository institutions holding the permitted payment stablecoin issuer's reserve assets) for permitted payment stablecoin issuers that hold Treasury securities with a remaining maturity between 94 days and two years?

Question 52: Should the proposed rule clarify that Treasury Floating Rate Notes (FRNs) and Treasury Inflation-Protected Securities (TIPs) be included as permissible reserve assets, assuming they otherwise meet the requirements of the proposed rule, including maturity requirements? Is there any reason these securities should be excluded? Should Treasury Separate Trading of Registered Interest and Principal of Securities (STRIPS) be included? Are there other instruments that should be considered as included within the GENIUS Act's phrase ''Treasury bills, notes, or bonds''? If these securities are included, should there be additional requirements—for example, both weighted average life and weighted average maturity limits to accommodate interest rate resets in FRNs?

Question 53: Should the proposed rule's requirements for reserve assets incorporate requirements to reflect potential interactions with the larger market for Treasury securities? For example, should the proposed rule include requirements to prevent any disruptive or negative effects that the management or liquidation of Treasury reserve assets might have on markets?

Question 54: The proposed rule would, consistent with the GENIUS Act, allow as reserve assets funds held as demand deposits at an insured depository institution (including any foreign branches or agents, including correspondent banks). Should the proposed rule add definitions for these terms to make them clearer or impose restrictions on the use of foreign branches or agents and correspondent banks? For example, should the proposed rule require that stablecoins denominated in United States dollars only be backed by demand deposits at U.S.-based depository institutions (*i.e.,* reserve assets could not include Eurodollar deposits)? Should the OCC include any additional requirements with respect to reserve assets held abroad, such as applying a haircut to the reserve assets, imposing a capital charge, or including additional policies and procedures to manage the risks associated with holding reserve assets abroad?

Question 55: Should the OCC develop a formal process to consider and approve securities under § 15.11(b)(7)? Should the OCC allow permitted stablecoin issuers or other parties to request that the OCC consider a specific type of security? Should any determinations on additional securities approved under this authority be made public?

Question 56: The proposed rule would require a permitted payment stablecoin issuer to maintain reserve assets, the fair value of which must equal or exceed the outstanding issuance value at all times. Should the OCC impose a different standard, such as requiring the fair value of reserve assets to equal or exceed the outstanding issuance value at the end of each day or at the end of each business day?

Question 57: The proposed rule's requirements for reserve asset diversification and concentration include two options: (1) a flexible, principles-based baseline requirement plus a quantitative safe harbor or (2) quantitative requirements applicable to all permitted payment stablecoin issuers. Which option is more appropriate? How should either option, including the quantitative limits included in each option, be modified? For example, should the requirement or safe harbor's provision regarding holding reserve assets as deposits or insured shares payable on demand or money standing to the credit of an account with a Federal Reserve Bank be set at five percent, 10 percent, 15 percent or 20 percent? Should this requirement be set at a different percentage (*e.g.,* 10 percent) for small issuers and a larger percentage (*e.g.,* 15 percent) for larger issuers? Should the requirement or safe harbor's provision regarding maintaining reserve assets as demand deposits, 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 or other maturing transactions be set at 20 percent, 25 percent, or 30 percent? Are the proposed maxima for various types of reserve assets that may be held at an eligible financial institution appropriately calibrated? Would a shorter or longer weighted average maturity be appropriate? Should larger issuers have a shorter weighted average

maturity requirement than smaller issuers? If the final rule includes quantitative requirements for all permitted payment stablecoin issuers, should there be additional risk management requirements to ensure that permitted payment stablecoin issuers appropriately manage diversification and concentration risk? In particular, the risk management requirements could include a requirement that permitted payment stablecoin issuers must measure and manage the risk that their gross exposure to any one institution or a small number of institutions may impair their ability to satisfy redemption demands.

Question 58: The reserve asset diversification and concentration limits in proposed § 15.11(c) would not distinguish reserve assets held at Federal Reserve Banks and would therefore include requirements (or conditions of a safe harbor) that would limit the reserve assets held at any one Federal Reserve Bank. In light of the low credit risk associated with Federal Reserve Banks, should the final rule eliminate these requirements or conditions? Specifically, should the OCC exempt reserve assets held at a Federal Reserve Bank from the conditions in § 15.11(c)(2)(iii) and § 15.11(c)(2)(iv) of Option A and the requirements in § 15.11(c)(3) and § 15.11(c)(4) of option B?

Question 59: The reserve asset diversification and concentration limits in proposed § 15.11(c) would limit the reserve assets, including deposits, at any one financial institution. Should there be an exception to some or all of these requirements for a subsidiary of an OCC-regulated depository institution approved to be a permitted payment stablecoin issuer if the OCC-regulated depository institution has less than a certain amount of total assets (*e.g.,* $10 billion, $30 billion, $50 billion)? For example, should a permitted payment stablecoin issuer that is a subsidiary of an OCC-regulated depository institution with less than a certain amount of total assets be permitted to hold a larger percentage, or all, of its reserve assets as deposits at the OCC-regulated depository institution? Should any such exception be subject to any conditions? For example, should it only be available if the OCC-regulated depository institution is well-capitalized?

Question 60: Option A for proposed § 15.11(c) would require that a permitted payment stablecoin issuer must maintain reserve assets that are sufficiently diverse to manage potential credit, liquidity, interest rate, or price risks. Are there other risks that should be added to this list, or removed from it? If the final rule adopts mandatory quantitative diversification and concentration requirements, should the requirement to monitor and manage these risks be codified as a separate risk management requirement?

Question 61: The OCC invites comment on the extent to which additional diversification requirements are necessary. Is it necessary to require that permitted payment stablecoin issuers maintain more than one type of reserve asset? Would it be sufficient for the OCC to require that permitted payment stablecoin issuers maintain only one secondary, backup reserve asset?

Question 62: To diversify the maturity profile of reserve assets, should permitted payment stablecoin issuers be required to maintain a minimum amount of their reserve assets in cash or equivalents or assets that can be converted more readily into short-term liquidity, for example within a daily or weekly timeframe, akin to the requirements for money market funds in SEC Rule 2a–7 or short-term investment funds in 12 CFR 9.18(b)(4)(iii)?

Question 63: Should the proposed rule include other measures to encourage reserve assets to be held in the form of insured deposits or insured shares? Proposed § 15.11(d) would include a requirement for larger permitted payment stablecoin issuers to maintain a minimum percentage of assets as insured deposits or insured shares. While it may be difficult for larger permitted payment stablecoin issuers to hold reserve assets as insured deposits due to deposit insurance limits and the finite number of insured depository institutions in the United States, should permitted payment stablecoin issuers be required to hold some minimum amount of reserves as insured deposits in order to provide extra protection for stablecoin holders? Should the thresholds in proposed § 15.11(d) be set at different levels: for example, apply to issuers with an outstanding issuance value of $1 billion, $10 billion, $50 billion, or $100 billion or more? Should covered larger issuers be required to maintain a smaller or larger percentage of reserve assets as insured deposits or insured shares (for example, 0.1 percent, 0.25 percent, 1 percent, or 2 percent)? Should the cap be higher or lower (for example, $100 million, $250 million, or $1 billion)?

Question 64: How should the OCC calibrate the insured deposit requirement for permitted payment stablecoin issuers? Should it be as a percentage of assets or an absolute number? If a percentage, what percentage should that be? If an absolute number, what should that be? Should there be a cutoff for permitted payment stablecoin issuers above or below a certain size threshold that should be required to place insured deposits? If so, why? What would be the implications of such a cutoff? What is the total amount of insured stablecoin deposits that the banking system in the United States can or should reasonably absorb? What is the total amount of insured stablecoin deposits that an individual community bank is likely to hold?

Question 65: There are approximately 4380 total insured banks in the United States. Should the proposed rule include other measures to spread insured stablecoin deposits throughout the banking system? If so, how broadly should insured deposits from permitted payment stablecoin issuers be distributed? For example, should the final rule be calibrated so that essentially every bank in the United States could hold some amount of insured deposits from permitted payment stablecoin issuers if consistent with their risk appetite and risk management abilities? If so, why? If not, why not?

Question 66: Deposit placement services could be used to facilitate compliance with these diversification requirements, as long as permitted payment stablecoin issuers are able to maintain the operational ability to access the deposits, consistent with proposed § 15.11(a). Please describe any risks associated with using such services or other intermediaries and how permitted payment stablecoin issuers could best mitigate these risks.

Question 67: Could reserve diversification requirements that encourage diffusion of deposits cause risks to the banking system (for example, increasing run risks at banks or replacing more stable deposits with deposits that more likely to be withdrawn quickly and in large volumes)? Could such diversification requirements raise operational risks for permitted payment stablecoin issuers or banks? How difficult would it be for permitted payment stablecoin issuers to liquidate such deposits in a stressed environment? If deposit insurance rules change, so that even larger permitted payment stablecoin issuers could be able to hold all their required deposits as insured, should all deposits held as reserve assets be required to be insured?

Question 68: Should the proposed safe harbor (or alternatively, the liquidity requirements directly) require a permitted payment stablecoin issuer to maintain at least 20 percent of required reserve assets at insured depository

institutions with less than $30 billion in total assets (either directly or indirectly through a deposit broker)? Would such an approach help ensure appropriate reserve asset diversification, particularly as these smaller insured depository institutions are unlikely to be counterparties to the permitted payment stablecoin issuer in repurchase agreements or reverse repurchase agreements?

Question 69: How would the proposed rule affect the amount of deposits maintained in the United States banking system? Would the proposed rule reduce the number of deposits maintained in the United States banking system and therefore affect the ability of United States banks to lend? What, if any, measures should the proposed rule include to mitigate such concerns? Should the proposed rule include a minimum percent of reserve assets as deposits in order to offset potential reductions in overall deposit levels?

Question 70: One option in the proposed rule would include flexible baseline diversification and concentration requirements, coupled with an optional quantitative safe harbor. Should the default requirement for permitted payment stablecoin issuers include quantitative limits for asset diversification? For example, the OCC could impose quantitative limits on the maximum amount of uninsured demand deposits that permitted payment stablecoin issuers can maintain with a single insured depository institution, in addition to any restrictions imposed by the FDIC pursuant to its authority under the Act. Permitted payment stablecoin issuers might be required to maintain no more than a specified percentage (for example, one percent, five percent, or 10 percent) as uninsured demand deposits at a single depository institution. Examples of other quantitative limits could include the following.

—Minimum cash limits, such as a minimum amount of money standing to the credit of an account of a Federal Reserve bank plus demand deposits as a percentage of operating expenses for a specific period, as a percentage of total reserve assets, or as a percentage of modeled stress cash outflows (for example, 10 percent or 15 percent);

—Minimum amount of assets maturing daily, weekly, or over some other time period (for example, assets available on demand or maturing weekly must constitute 20 percent of reserve assets);

—Counterparty diversification limits, such as maximum credit exposure to repo or reverse repo counterparties; and

—Limitations on tokenized forms of reserve assets under proposed § 15.11(b)(8), such as limiting the amount to no more than a certain percentage (*e.g.,* 20 percent) of a permitted payment stablecoin issuer's total reserve assets.

What other limits should be considered? Such requirements could be tailored according to size; for example, larger and more complex permitted payment stablecoin issuers may be required to adhere to more stringent diversification and concentration requirements.

Question 71: Should the OCC adopt the proposed safe harbor option (Option A) for proposed § 15.11(c)? Does the proposed safe harbor adequately address differences in business models, while addressing risks associated with asset concentration? Should the proposed safe harbor include different quantitative thresholds? What other features should the safe harbor incorporate, if adopted?

Question 72: Should the OCC adopt any other restrictions on reserve asset concentration? If so, should they be based on gross exposures to particular counterparties? Or should the restrictions be more prescriptive? For example, should the rule prohibit a permitted payment stablecoin issuer from entering into a reverse repurchase agreement with any counterparty that holds deposits that serve as reserve assets for the permitted payment stablecoin issuer? Are the reserve asset concentration requirements appropriately calibrated? Should the OCC require that no more than 5, 10, or 15 percent of a permitted payment stablecoin issuer's reserve assets may be deposits or insured shares held at a single depository institution?

Question 73: Should the OCC's concentration requirements include requirements to not have more than a specified portion of reserve assets at a single custodian? Would this requirement impose undue burden? For example, would requiring the use of more than one eligible financial institution as custodian of Treasury securities and collateral for reverse repurchase agreements impose undue burden or complexity on the management of reserve assets? What are the costs and benefits of such an approach, including from an operational risk perspective?

Question 74: Should the proposed rule include measures to ensure that a permitted payment stablecoin issuer is not overly reliant on short-term lending transactions to meet immediate liquidity needs? In the absence of such a restriction, a permitted payment stablecoin issuer hypothetically might maintain a reserve asset portfolio entirely of Treasury securities and rely on overnight repo transactions to generate the daily liquidity amounts required by the proposed rule. This arrangement could leave the permitted payment stablecoin issuer vulnerable to disruptions in repo markets. Should the proposed rule require excluding short-term repayment obligations from daily and weekly liquidity? For example, the proposed rule could require, for daily liquidity, deducting payments due on overnight borrowings and, for weekly liquidity, deducting any payments due within the next five business days? If such a restriction is included, should repayment deductions be offset by any expected inflows?

Question 75: Consistent with the Act, the proposed rule would allow physical currency, including coins, to serve as reserve assets. Nevertheless, given the limitations on transferring physical currency, particularly difficulties that may arise in deploying physical currency quickly to meet sudden demands for redemptions, should the proposed rule impose limits on how much physical currency can serve as reserve assets? For example, the proposed rule could require that physical currency constitute no more than 5 percent or 10 percent of a permitted payment stablecoin issuer's reserve assets. Should the proposed rule impose special requirements to make sure that physical currency is safeguarded (for example, against theft or fire)? For example, should there be periodic verification or inspection requirements for physical currency used as reserve assets?

Question 76: The proposed rule would generally require reserve assets to be valued at fair value for the purpose of determining compliance with the proposed rule's reserve asset requirements. Should United States coins and currency be required to be valued at par for purposes of the proposed rule's reserve asset requirements?

Question 77: Should the proposed rule include special limits on Treasury bonds and notes that may be more thinly traded and therefore more likely to sell at a discount? The GENIUS Act would allow permitted payment stablecoin issuers to hold as reserve assets Treasury notes and bonds so long as they have a maturity of 93 days or less. Older and off-the-run Treasury securities may be more difficult to sell and may only be marketable at a

discount.[128] Should the proposed rule limit the portion of reserve assets that Treasury bonds and notes can comprise—for example, 20 percent of total reserve assets?

Question 78: Should the final rule specify the manner in which banks must ''measure and manage'' credit, liquidity, interest rate, price risk, and concentration risk under proposed § 15.11(c)? For example, should the OCC adopt related record retention or other requirements?

Question 79: Should permitted payment stablecoin issuers that are subsidiaries of national banks or Federal savings associations be required to make arrangements to borrow via the discount window or from other contingent funding sources, such as Federal Home Loan Banks? The ability to borrow from contingent funding sources, including the discount window, may depend on, among other things, the policies and regulations of the Federal Reserve System, and the OCC welcomes comments on how permitted payment stablecoin issuers may, or may not, be able to utilize liquidity provided by contingent funding sources.

Question 80: Should the proposed rule include special measures to ensure that reverse repurchase agreements are appropriately overcollateralized? Proposed § 15.11(b)(5) would permit the inclusion, as reserve assets, of reverse repurchase agreements ''subject to overcollateralization in line with standard market terms.'' As one possibility, the proposed rule could include no special measures, and the examination and supervision process could be used to evaluate if particular payment stablecoin issuers are failing to overcollateralize their reverse repurchase agreements in line with standard market terms. As another possibility, the proposed rule could include more express requirements, for example, that overcollateralization haircuts cannot be less than 0.5 percent.

Question 81: Should permitted payment stablecoin issuers be required to conduct stress tests, including stress tests to manage liquidity and interest rate risks? The GENIUS Act permits the inclusion of bilateral reverse repurchase agreements as reserve assets ''with [counterparties] that the issuer has determined to be adequately creditworthy even in the event of severe market stress.'' How should issuers evaluate the impact of ''severe market stress''? Should diversification requirements be based on the outcome of any stress tests? For example, permitted payment stablecoin issuers could be required to maintain a minimum amount of readily available reserve assets (for example, demand deposits and reserve balances) based on the results of liquidity stress tests? In particular, permitted payment stablecoin issuers could be required to maintain—or could elect to maintain as part of the proposed safe harbor—an amount of readily available reserve assets at least sufficient to meet outflow levels predicted by an internal liquidity stress test.

Question 82: Should permitted payment stablecoin issuers be required to adopt written plans or policies and procedures related to liquidity planning? For example, should permitted payment stablecoin issuers be required to adopt their own concentration restrictions, including limits on deposit concentrations at insured depository institutions, that are tailored to their own business model, operations, and risk profile? Similarly, should permitted payment stablecoin issuers be required to adopt liquidity management plans, which would include provisions to assign responsibility for liquidity risk management and address contingency funding needs?

Question 83: Subclause 4(a)(1)(A)(i) of the GENIUS Act (12 U.S.C. 5903(a)(1)(A)(i)) provides that reserve assets can include ''money standing to the credit of an account with a Federal Reserve Bank.'' Should diversification requirements include special measures for reserve bank balances if permitted payment stablecoin issuers are able to maintain them?

Question 84: For permitted payment stablecoin issuers that are subsidiaries of national banks or Federal savings associations, should the proposed rule contain special requirements to ensure that reserve assets are appropriately maintained and controlled within the larger corporate structure? Or should the proposed rule require that a permitted payment stablecoin issuer have dedicated liquidity management personnel who have independent control over the liquidity management functions of the permitted payment stablecoin issuer (and its reserve assets)?

Question 85: Should the liquidity management standards in proposed part 15 change depending on the standards for timely redemption? For example, should the rule require less stringent liquidity standards (for example, less readily available funds required) if permitted payment stablecoin issuers have a longer time to redeem tendered stablecoin?

Question 86: Should the proposed rule include additional measures to address de-pegging in the secondary market? For example, should the proposed rule bar a permitted payment stablecoin issuer from issuing new payment stablecoins if a permitted payment stablecoin issuer's payment stablecoins trade in secondary markets at some price that is a set amount less than par (*e.g.,* trading at or below $0.99, $0.80 or some other amount) for some sustained period of time (*e.g.,* 24 hours)?

Question 87: Should other liquidity rules be amended to accommodate the changes made by the proposed rule and the GENIUS Act? For example, should the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) rules be amended so that depository institutions are unable to include high quality liquid assets (HQLA) held by permitted payment stablecoin issuer subsidiaries as eligible HQLA in their own LCR and NSFR calculations? Similarly, should any outflows associated with a permitted payment stablecoin issuer subsidiary be excluded from a parent entity's LCR calculations? Should the stablecoin activities of permitted payment stablecoin subsidiaries be fully excluded from the LCR calculations of parent entities? Or should there be a limited outflow commensurate with the possibility that a parent entity may provide support to a permitted payment stablecoin issuer subsidiary (for example, 1 percent, 5 percent, or 10 percent or outstanding issuance value)? Should the LCR rule be amended so that depository institutions holding uninsured deposits, particularly large balances, that represent reserve assets from permitted payment stablecoin issuers must assign a higher outflow to such deposits? Should the LCR rule be amended in light of any other implications of the Act, such as how it may apply to custodians under section 10 of the Act?

Question 88: For purposes of incorporating ''average tenor and geographic location of custody of each category of reserve instruments'' in the composition report required under § 15.11(e), what, if any, specific content and structure should the OCC require? For example, should the report include information about deposit concentration and CUSIPs of securities? Should the required content include the composition of the reserve assets by type of assets and maturities and by counterparty issuer? For purposes of stating the geographic location of custody, should it suffice to state the country of custody? Or should more

[128] *See* Dimitri Vayanos & Jiang Wang, ''Market Liquidity—Theory and Empirical Evidence,'' National Bureau of Economic Research Working Paper 18251 (July 2012), *https://www.nber.org/system/files/working_papers/w18251/w18251.pdf.*

granular information be required? Should the OCC require that the composition report conform to the specified template? Are there specific methods for calculating tenor that the rule should require or explicitly permit? For example, should the rule define average tenor as the weighted average maturity or life of the asset? Should the monthly composition report (for both permitted payment stablecoin issuers and foreign payment stablecoin issuers) require the issuer to distinguish between insured and uninsured deposits?

Question 89: Are there any additional steps that the OCC should take to encourage transparency while minimizing burden with respect to the reserve asset composition report?

Question 90: What modifications to the reporting requirements, including the reserve asset composition report, would be appropriate for arrangements where one issuer issues multiple stablecoins under different brands (*e.g.,* white label arrangements), if that arrangement is permitted in the final rule? Are there any additional disclosures that the issuer should provide in order to ensure that the report is not misleading?

Question 91: Should the report be required to list and name any depository institutions holding reserve assets? Should the report be required to list and name other eligible financial institutions holding reserve assets? Should the proposed rule include additional measures to ensure that reserve assets are appropriately traceable and linked to their corresponding stablecoin so as to avoid any difficulties in resolving claims to reserve assets?

Question 92: For purposes of the composition report and reserves in tokenized form, should the permitted payment stablecoin issuer be required to disclose the location of custody of both the reserve instrument in tokenized form on a ledger and any real-world asset that the reserve in tokenized form represents? What related reporting requirements would be appropriate?

Question 93: Should the values and information in the monthly report be required to be as of a particular date or time? Alternatively, should permitted payment stablecoin issuers publish on their websites a report showing the real-time values of the items required in the monthly composition report? Having the most recent information will make the more report more useful, and the OCC invites comment on how much real-time reporting is feasible and whether it may only be feasible for certain items. Should the monthly report be required to include both month-end figures (for the previous month) and some information that can be presented in real-time (for example, the value of reserves or outstanding issuance value)? Are there potential challenges in providing assurance over real-time information presented in a monthly report?

Question 94: Should the OCC require permitted payment stablecoin issuers to publish the monthly certification on their websites, in addition to publishing the monthly reserve asset composition report? Should the OCC specify the content and form of the certification?

Question 95: Should the monthly composition report be published at some point before the examination by a registered public accounting firm? For example, a permitted payment stablecoin issuer could publish the report five days after the end of the previous month and have the report examined 30 days after the end of the previous month and disclose any discrepancies uncovered by the examination. Would the benefits of more timely availability of these reports outweigh the potential costs associated with the risk of subsequent changes as a result of the examination that would be completed at a later date?

Question 96: Is the requirement in proposed § 15.11(f) to have information disclosed in the previous month-end report examined by a registered public accounting firm sufficiently clear? If not, what additional clarity should the OCC provide with respect to the examination by a registered public accounting firm? Should the examination be performed at the ''reasonable assurance'' level or at some other standard? What additional standards, if any, should the OCC apply to ensure that the examination is accurate and appropriate? Should the engagement letter between the permitted payment stablecoin issuer and the registered public accounting firm require the registered public accounting firm to attest to whether the permitted payment stablecoin issuer is in compliance with the reserve asset requirements in § 15.11 (or a subset thereof), based on the information available to the registered public accounting firm? What criteria should be used for the examination? Would assurances from the management of the permitted payment stablecoin issuer regarding the information in the issuer's weekly or monthly report be sufficient? If not, what other criteria should be included?

Question 97: Should permitted payment stablecoin issuers be required to monitor the financial condition of depository institutions holding reserve assets? Should the financial condition of a depository institution holding an issuer's reserve assets be considered in whether issuers have met their deposit concentration obligations?

Question 98: Are there additional considerations that the OCC should take into account with respect to proposed § 15.11(g)(1), including whether it is appropriate that the permitted payment stablecoin issuer must not issue new stablecoins until it remediates a shortfall in reserve assets? For example, should there be some period of time (*e.g.,* one or two days) where an issuer should be able to issue stablecoins despite a shortfall? Is the requirement in § 15.11(g)(3) set appropriately at 15 days or should the period be longer or shorter (*e.g.,* 5 days, 10 days, 20 days, 25 days, 30 days)?

Question 99: Should the proposed rule include restrictions on expenses that may be charged against reserve assets? Is it worth making clear that permitted payment stablecoin issuers may not charge general corporate expenses against reserve assets? While there may be a narrow set of expenses that can be paid from reserve assets (for example, interest on a repurchase agreement or fees paid to an investment company holding reserve assets), the OCC expects that paying most other expenses from reserve assets would be inconsistent with the requirement for permitted payment stablecoin issuers to maintain identifiable reserve assets backing outstanding issuance value on a 1 to 1 basis.

Redemption

Question 100: Has the OCC appropriately defined ''timely'' for purposes of redemption in proposed § 15.12(b)(1)(i) as not exceeding two business days? If not, what may be a more appropriate timeframe? For example, should the OCC consider other timeframes ranging from one calendar day to seven calendar days timely? Should the OCC consider some timeframe longer than seven calendar days timely? Should the OCC define ''timely'' in a manner that scales with the liquidity of the underlying reserve assets or other factors? How should any definition of ''timely'' appropriately balance considerations of price stability and run risk?

Question 101: Should the OCC include a safe harbor for failing to timely redeem a payment stablecoin in certain circumstances that may be outside of the permitted payment stablecoin issuer's control (*e.g.,* disruptions to payment or banking systems for which the permitted

payment stablecoin issuer is not responsible)?

Question 102: Should the OCC consider a longer redemption period ''timely'' in times of stress? If so, how long should the OCC extend the redemption period and what metrics and data should the OCC look to in order to determine whether an extension is warranted? For example, in the proposed rule, if a permitted payment stablecoin issuer faced redemption demands in excess of 10 percent of its outstanding issuance value over one day, the time period for timely redemption is generally extended to seven calendar days. Would other metrics be more appropriate? Should the OCC automatically extend the time period for timely redemption in the event of a spike in redemption requests? Should the issuer be required to notify the OCC if it exceeds the threshold for extending the redemption period, as proposed? Should the issuer be required to inform the public upon automatic extension of the time period? Should the extension of the time period to seven calendar days be such that notwithstanding a permitted payment stablecoin issuer being able to demonstrate that it can redeem requests in an orderly fashion and through a fair and transparent process, the permitted payment stablecoin issuer would not be able to redeem sooner than seven calendar days? Should the permitted payment stablecoin issuer be able to make the determination that it can redeem through a fair and transparent process on its own without OCC approval or should the standard otherwise be changed? Should the extended redemption time period apply to outstanding and subsequent redemption requests as proposed?

Question 103: Should the OCC define ''redemption'' for purposes of the proposed rule? If so, should it be defined broadly to mean that, for example, the permitted payment stablecoin issuer has initiated payment to the payment stablecoin holder in return for a tendered payment stablecoin? Are there reasons to define ''redemption'' more narrowly? For example, should the OCC define redemption to mean that the permitted payment stablecoin issuer's payment to a stablecoin holder in exchange for stablecoin has settled?

Question 104: Are there limitations that the OCC should impose on redemption fees, *e.g.,* to discourage run risk or to encourage price stability?

Question 105: Should the OCC require permitted payment stablecoin issuers to deliver notice to current customers whenever they change fees, as proposed? Are there any specific methods or modes of communication that the OCC should require? If so, which modes of communication would be most effective and appropriate?

Question 106: Should the OCC include specific additional provisions regarding fee disclosures in the regulation text? If so, what additional requirements should be included? Should the OCC specify how section 5 of the FTC Act (15 U.S.C. 45) relating to unfair or deceptive acts or practices could apply to how the OCC evaluates the disclosures? To whom should issuers have a responsibility to deliver disclosures regarding changes in fees? Should it be all payment stablecoin holders (*e.g.,* include retail holders who purchased from an exchange or secondary market), or should it be a narrower subset of holders (*e.g.,* only holders who purchased directly from the payment stablecoin issuer)? Are there obstacles that would make it impractical to deliver change in fee notices to all payment stablecoin holders?

Question 107: The OCC has proposed several categories of disclosure in the proposed rule and requested comment as to whether it should propose additional categories. Taken collectively, would these disclosures provide potential customers of permitted payment stablecoin issuers with the appropriate information to inform their use of stablecoins? Are there any steps the OCC should take to ensure that potential customers are not confused or overwhelmed by these disclosures, especially in light of the relative unfamiliarity many potential customers may have with stablecoins? For example, should the OCC take any steps to unify required disclosures so that they are all provided to customers at a specific point during the relationship? If so, how should the OCC ensure that the most pertinent information is sufficiently emphasized? Is there anything else the OCC should do to ensure that potential customers are appropriately informed in regard to stablecoins issued by permitted payment stablecoin issuers? Are there any technical aspects of distributed ledgers or blockchain the OCC should take advantage of in relation to disclosures? For example, should certain disclosures be automated through smart contracts, such as with wrappers or other techniques?

Question 108: Currently, many stablecoin issuers have issuance policies that may limit direct interaction with retail stablecoin holders. What are the potential impacts of these policies on retail stablecoin holders during a liquidity event? Should the OCC explicitly require permitted payment stablecoin issuers to redeem stablecoins presented by any stablecoin holder that has undergone appropriate on-boarding including customer screening, as proposed? Should the OCC require permitted payment stablecoin issuers to redeem payment stablecoins presented by a stablecoin holder that has an account relationship at a regulated financial institution? Is additional clarity needed as to for whom a permitted payment stablecoin issuer is obligated to redeem a permitted payment stablecoin? Should the OCC impose any additional rules addressing minimum amounts for redemption? For example, should the OCC prohibit redemption minimums or set the minimum at some point other than one payment stablecoin?

Risk Management

Question 109: How should the OCC ensure that the standards in proposed § 15.13 are ''principles-based'' while providing sufficient clarity to permitted payment stablecoin issuers? Should the requirements in proposed § 15.13 be more high level or more detailed?

Question 110: Should certain of the risk management requirements only apply to large permitted payment stablecoin issuers? If so, which requirements should only apply to large permitted payment stablecoin issuers, and what would be the appropriate threshold for determining that a permitted payment stablecoin issuer is a large issuer (*e.g.,* $10 billion in outstanding issuance value)?

Question 111: Which standards from 12 U.S.C. 1831p–1 and 12 CFR part 30 appendices A and B should or should not apply to permitted payment stablecoin issuers? Are there other standards not in 12 U.S.C. 1831p–1 and 12 CFR part 30 appendices A and B that should apply to permitted payment stablecoin issuers?

Question 112: Do the proposed risk management requirements appropriately provide for clear management roles, responsibilities, and accountability? If not, how should the proposed risk management requirements be revised?

Question 113: Should permitted payment stablecoin issuers be required to adopt and adhere to a risk appetite statement?

Question 114: Should permitted payment stablecoin issuers be required to regularly (*e.g.,* on at least an annual basis), review their risk management framework and make any changes to appropriately align risk management activities with their business objectives and strategies?

Question 115: Should the proposed rule's requirements with respect to interest rate risk management be modified? If so, how? For example, should permitted payment stablecoin issuers have in place the appropriate policies, procedures and internal controls for their interest rate risk management programs? Should permitted payment stablecoin issuers develop appropriate measurement of interest rate risk as part of their interest rate risk management programs? Should permitted payment stablecoin issuers establish risk appetite and limit structure as part of interest rate risk management programs? Should permitted payment stablecoin issuers incorporate stress testing as part of their interest risk management programs? Should permitted payment stablecoin issuers be allowed to use assets that do not qualify as reserve assets as part of an interest rate risk hedging program? If so, should there be restrictions on the types of instruments used for hedging purpose? Additionally, should the maturities of the hedging instruments be matched with the maturities of the qualified reserve assets?

Question 116: What types of credit risk may permitted payment stablecoin issuers face, and how should permitted payment stablecoin issuers manage these risks? Should the proposed rule include specific requirements or standards related to management of credit risk? If so, what specific requirements or standards should the OCC consider including?

Question 117: Are the risk management requirements in proposed § 15.13(a)(8) necessary in light of the requirements in proposed § 15.11?

Question 118: Are there areas that fall under the categories of technological, operational, compliance, or other risk management principles-based requirements and standards that should be included in § 15.13 but were omitted from the proposed rule? Should proposed § 15.13(b) expressly address risks relating to smart contracts, encryption, tokenized assets, or any other technology or procedure? Are there standards which were included but are not applicable to permitted payment stablecoin issuers? The proposed rule would require the appointment of a qualified Information Technology and Security Officer. Should the rule also require the appointment of a qualified Chief Risk Officer and Chief Audit Executive? The OCC is considering all possible combinations of the standards in proposed § 15.13 and invites comments on which combination of standards is appropriate as well as whether to remove any of the individual standards in proposed § 15.13.

Question 119: Should the OCC consider operational risk management principles-based requirements and standards to address the situation where an issuer needs to transfer payment stablecoins across different blockchains to satisfy a redemption demand? If so, what kind of requirements and standards should the OCC consider to address this situation? For example, should there be specific requirements relating to locking, minting, or burning payment stablecoins to facilitate a transfer?

Question 120: Should the OCC include consumer protection-related compliance risk management principles-based requirements and standards in § 15.13? If so, are there specific standards the OCC should institute?

Question 121: Are there additional requirements concerning data privacy that it would be appropriate for the OCC to include in proposed part 15? Please describe in detail any such standards.

Question 122: Are there particular measures necessary to manage compensation-related concerns at permitted payment stablecoin issuers, notably risks associated with compensating any party with stablecoins issued by a permitted payment stablecoin issuer?

Question 123: Should the OCC include additional requirements concerning permitted payment stablecoin issuers' management of their ability to satisfy redemption requests and to monetize reserve assets, including by analyzing reasonably anticipated redemption scenarios?

Question 124: Should the OCC include additional requirements relating to the maintenance of safeguards to prevent the payment of compensation, fees, and benefits that are excessive or that could lead to material financial loss to the permitted payment stablecoin issuer?

Question 125: Are the proposed requirements with respect to insider and affiliate transactions appropriately tailored? If not, how should they be modified? Should the OCC consider more prescriptive quantitative or qualitative requirements related to insider and affiliate transactions?

Question 126: Should the OCC include any requirements relating to the concentration of management at unaffiliated permitted payment stablecoin issuers? For example, should the OCC include limits on the number of unaffiliated permitted payment stablecoin issuers for which an individual may serve as an executive officer or senior management official? Should any such limits be tied to the outstanding issuance value of the permitted payment stablecoin issuer?

Question 127: Should the OCC require permitted payment stablecoin issuers to acquire insurance against certain risks? For example, should permitted payment stablecoin issuers be required to hold cyber insurance policies? If so, what should be the minimum coverage requirements? Should the OCC require some minimum level of property and casualty insurance? If so, what should the minimum level of coverage be? What disclosures, if any, would it be appropriate for a permitted payment stablecoin issuer to make with respect to its insurance coverage and to whom should those disclosures be directed (*e.g.,* investors or payment stablecoin holders)? What implications with respect to other applicable disclosure regimes should the OCC consider when deciding whether to impose any disclosure requirements with respect to insurance coverage? To what extent are the terms and conditions for property and casualty (or other types of) insurance coverage for permitted payment stablecoin issuers becoming more standardized? What steps, if any, should the OCC take to encourage standardization to increase certainty and consistency with respect to insurance coverage across jurisdictions?

Question 128: Should the OCC provide that, with respect to a permitted payment stablecoin issuer that is a subsidiary of an insured depository institution, the permitted payment stablecoin issuer is deemed to comply with the risk management requirements of proposed part 15 if it complies with the risk management requirements applicable to its parent insured depository institution?

Audits, Reports, and Supervision

Question 129: Should the OCC alter the proposed reporting or examination requirements? If so, how? Is there additional information that should be included in the required reports or information that is not included in the proposed rule? Is there information included in the required reports or information that should not be included in the proposed rule?

Question 130: Proposed § 15.14(d) sets forth criteria under which a permitted payment stablecoin issuer could qualify for an extended examination cycle. Are those criteria properly calibrated? Is the timeframe for an extended examination cycle appropriate? Should the OCC consider decreasing or increasing the range for an extended examination cycle? Should the

OCC consider both monthly trading volume and outstanding issuance value when determining whether to employ an extended examination cycle? Are there other factors that should be included, such as redemption rates, asset composition, or creditworthiness? If so, how should the OCC consider those factors?

Question 131: In proposed § 15.14(h), the OCC proposes to collect confidential weekly data from permitted payment stablecoin issuers to minimize the examination burden on permitted payment stablecoin issuers. The weekly data would include information relating to: (1) outstanding issuance value, (2) reserve assets, (3) redemptions, (4) minting and issuance, (5) exchanges on which the stablecoin trades, (6) the 100 persons that hold or trade the stablecoin the most, (7) data concerning securities held as reserve assets (including information regarding reserve assets' CUSIPs, yield, weighted average maturity and weighted average life), and (8) information regarding repurchase agreements and reverse repurchase agreements (including information regarding the counterparty, clearing agency, collateral, and interest). Has the OCC identified in the proposed form the appropriate data fields and categories of information to collect from a permitted payment stablecoin issuer on a weekly basis to understand the operations and risks unique to its business model? If not, are there data fields that the OCC should not request on a weekly basis and are there any additional data fields beyond those proposed that the OCC should collect on a weekly basis from a permitted payment stablecoin issuer to better assist in understanding the operations and risks unique to its business model? Should the OCC collect secondary market transaction data (*e.g.,* trading price and volume)? Or should the OCC only collect primary market transaction data? Would it be too burdensome for permitted payment stablecoin issuers to provide the proposed weekly data to the OCC electronically on a daily or real-time basis? Should the OCC collect additional data regarding the custody of reserve assets (or other covered assets)? Should the data collected be made public? If, so, on what timeframe should the data be made public? To what extent, if any, would a permitted payment stablecoin issuer be anticipated to track the information required under the form referred to in proposed § 15.14(h) on a regular or real-time basis for its own use in the absence of a requirement to report it? To what extent would the proposed weekly and quarterly reporting requirements tend to reduce the frequency at which the OCC would need to examine permitted payment stablecoin issuers? Are there other reporting requirements that the OCC could request that might reduce the frequency at which the OCC would need to examine permitted payment stablecoin issuers?

Question 132: In proposed § 15.14(i), the OCC requires all permitted payment stablecoin issuers to submit a quarterly report of financial condition. Should the OCC tailor this requirement for permitted payment stablecoin issuers under a certain threshold? If so, what should the threshold be? For permitted payment stablecoin issuers under the threshold, should the OCC require less frequent reporting (*e.g.,* every six months) and/or change the data issuers under the threshold are required to submit (*e.g.,* require less data)? If a permitted payment stablecoin issuer, or its insured depository institution parent, currently files a Call Report, should it also be required to submit the quarterly report required under proposed § 15.14(i)? If so, why? If not, why not? If a permitted payment stablecoin issuer, or its insured depository institution parent, currently files a Call Report, should the quarterly report under proposed § 15.14(i) be attached to the Call Report as an appendix as opposed to a separate filing? If so, why? If not, why not? Are there changes that should be made to the Call Report to ensure appropriate reporting while limiting duplicative reporting requirements? Should reports required under proposed § 15.14(i) and proposed part 15 more generally be coordinated and developed on an interagency basis across the federal payment stablecoin regulators?

Question 133: In addition to requiring a monthly report of a permitted payment stablecoin issuer's reserve asset composition, should the OCC also require a permitted payment stablecoin issuer to publish a report of the reserve asset composition as of a day randomly selected each month by the permitted payment stablecoin issuer's registered public accounting firm?

Question 134: How can the OCC best minimize duplication of reports, including for permitted payment stablecoin issuers subject to the audit requirement contained in proposed § 15.14(l)? Should the OCC include in the rule text its interpretation of ''applicable auditing standards'' under section 4(a)(10)(A)(iii) of the GENIUS Act (12 U.S.C. 5903(a)(10)(A)(iii)) to mean those that would apply if the permitted payment stablecoin issuer were subject to the reporting requirements under section 13(a) or 15(d) of the Securities and Exchange Act of 1934 (15 U.S.C. 78m, 78o(d))? Should the OCC also include in the rule text that the standards would be enforced by the OCC for permitted payment stablecoin issuers subject to the audit requirement under section 4(a)(10)(A)(iii) of the GENIUS Act (12 U.S.C. 5903(a)(10)(A)(iii))? Should the OCC also include in the rule text that it may at any time request that a registered public accounting firm provide to the OCC certain additional information or documents relating to information provided by the permitted payment stablecoin issuer and that the registered public accounting firm must agree to provide copies of any working papers, policies, and procedures relating to services in connection with the audit required under section 4(a)(10)(A)(iii) of the GENIUS Act (12 U.S.C. 5903(a)(10)(A)(iii))?

Question 135: Should the OCC apply the requirement in section 6(a)(2)(D) of the GENIUS Act (12 U.S.C. 5905(a)(2)(D)) to all permitted payment stablecoin issuers, rather than only to Federal qualified nonbank payment stablecoin issuers, as proposed?

Question 136: The OCC is proposing that Federal qualified payment stablecoin issuers report to the OCC the total aggregate value of their assets under custody (as part of the quarterly report described in § 15.14(i) of the proposal). For purposes of this calculation, the OCC is proposing that the private keys used to issue payment stablecoins, as discussed in Section 10 of the GENIUS Act, should be valued at a nominal $1.00 valuation. This reporting convention would prevent double-counting of the private key and the associated payment stablecoin reserves. What are the advantages and disadvantages of this approach? Are there specific risks or information gaps related to the custody of these private keys that would not be identified by this reporting convention, including for example, where the covered custodian of the private key used to issue payment stablecoins is not also the custodian of all of the associate payment stablecoin reserves? Are there alternative methods to avoid double-counting? For example, what are the advantages and disadvantages of valuing the private key used to issue a payment stablecoin at the par-value of issuance of the associated payment stablecoin less the fair market value of any associated payment stablecoin reserves that the covered custodian holds under custody?

Question 137: Is the change in control requirement in proposed § 15.14(m) appropriately calibrated for permitted

payment stablecoin issuers? If not, what changes should the OCC incorporate into this provision? Are there elements of 12 CFR 5.50 that should or should not be incorporated into § 15.14(m)? Should the regulation explicitly provide the consequences for failing to meet the requirements of proposed § 15.14(m)? For example, should the OCC include a paragraph that would provide that, if a person acquires control, as the term is used at 12 CFR 5.50, of a permitted payment stablecoin issuer without following the requirements of 12 CFR 5.50 as if the permitted payment stablecoin issuer were a national bank before the time for the OCC's review as provided in 12 CFR 5.50 has expired or after the OCC has disapproved the acquisition of control, the permitted payment stablecoin issuer: (i) must, within 15 calendar days of the acquisition of control, provide all information required under 12 CFR 5.50; and (ii) may be subject to supervisory or enforcement actions relating to any concerns arising from the change in control, consistent with applicable law?

State Issuers

Question 138: For purposes of determining whether a State qualified payment stablecoin issuer has crossed the $10 billion outstanding issuance value threshold, should the $10 billion threshold be based on a point of time or using a rolling average over some period of time (*e.g.,* the previous four calendar quarters)? Should the $10 billion threshold take into account the outstanding issuance value of any payment stablecoins issued by non-consolidated affiliates of the State qualified payment stablecoin issuer?

Question 139: Under section 4(d) of the GENIUS Act (12 U.S.C. 5903(d)), a State qualified payment stablecoin issuer with total outstanding issuance in excess of $10 billion must transition to the Federal regulatory framework within 360 days or else cease issuing new payment stablecoins until its total outstanding issuance is below the $10 billion threshold. Should the OCC adopt a regulation that would provide a mechanism for nonbank State qualified payment stablecoin issuers that have transitioned to the Federal regulatory framework to transition back to the applicable State regulatory framework if the issuer's outstanding issuance value has decreased below $10 billion? If so, should the mechanism explicitly include factors designed to prevent evasion of the enforcement of the GENIUS Act? For example, what factors should the OCC consider to determine whether a State qualified payment stablecoin issuer intentionally reduced its outstanding issuance value to avoid imminent and adverse OCC enforcement or supervisory actions (*e.g.,* the timing or value of the issuer's decrease in its outstanding issuance)? Should the OCC use its waiver authority under section 4(d)(3) of the GENIUS Act to permit issuers that have transitioned to the Federal regulatory framework to transition back to the applicable State regulatory framework?

Question 140: Are there any technical, operational, or other factors that would prevent a State qualified payment stablecoin issuer from providing written notification within five calendar days as proposed under § 15.15(b)? Should the OCC consider alternate timeframes, including shorter timeframes (*e.g.,* within one day) or longer timeframes (*e.g.,* within ten days) for providing written notification?

Question 141: Should the OCC require that the State qualified payment stablecoin issuer provide additional information in its notice under § 15.15(b)? Should the OCC require a State qualified payment stablecoin issuer to provide specific reports or information in connection with a waiver request, such as the examples listed in the supplementary information? If so, please provide examples.

Question 142: The OCC is considering whether to implement standards when evaluating the past operations and exam history of a nonbank State qualified payment stablecoin issuer. For example, the OCC may require that, for an issuer to be eligible for a waiver, it must not have been cited for violations or have outstanding supervisory concerns relating to fraud, cybersecurity, technology infrastructure, and operational disruptions within the past examination cycle. Should the OCC consider standards related to an issuer's supervisory ratings?

Question 143: Should waivers from OCC supervision for State qualified payment stablecoin issuers that are nonbank entities be subject to renewal over some time period (*e.g.,* one or five years) to ensure that the State qualified payment issuer continues to meet the criteria for the waiver?

Question 144: Should the OCC reserve the right to discontinue a waiver? If so, is 100 days a reasonable period to provide notice to the State qualified payment stablecoin issuer that is a nonbank entity?

Question 145: Is the requirement to submit an analysis of capital in proposed § 15.15(b)(3) appropriately calibrated? Should the State qualified payment stablecoin issuer that is a nonbank entity be required to submit the report sooner after reaching $10 billion in outstanding issuance value (*e.g.,* 180 days, 200 days, 250 days)?

Question 146: Is the timeframe for the initial OCC examination after transition to the Federal regulatory framework in proposed § 15.15(c) appropriate? Should the timeframe be shorter (*e.g.,* three months, four months) or longer (*e.g.,* nine months, 12 months)?

Unusual and Exigent Circumstances

Question 147: Are there additional criteria or information sources the OCC should consider when determining whether unusual and exigent circumstances exist? For example, the Act does not mandate information sharing agreements between the OCC and State payment stablecoin regulators, and the OCC may have limited visibility into the activities and conditions of State qualified payment stablecoin issuers. Should the OCC consider, for example, whether a State payment stablecoin regulator or a State qualified payment stablecoin issuer has made a request for the OCC to exercise its unusual and exigent circumstances authority? Should the OCC consider significant price fluctuations in the secondary market for the State qualified payment stablecoin issuer's payment stablecoin? Should the OCC consider whether the State qualified payment stablecoin issuer has been, or will imminently be, unable to timely redeem its payment stablecoin? Should the OCC consider whether the State qualified payment stablecoin issuer has incurred significant unanticipated losses? Should the OCC consider whether the State qualified payment stablecoin issuer has deployed nonstandard liquidity management tools?

Question 148: Should the OCC make public when it determines that unusual and exigent circumstances exist? If so, what information should the OCC include (or not include) in any publication regarding unusual and exigent circumstances?

Custody

Question 149: Are the proposed definitions for terms relevant to this section appropriate and sufficiently clear? Would it be helpful to define any other terms?

Question 150: The OCC has interpreted ''cash and other property'' to refer to the cash and other property that a covered custodian may receive as custodial property of its customers, but only to the extent such cash or other property is received in connection with the provision of custodial services for the Act's three core custody assets. Is this the appropriate approach? Should

the OCC take a broader view of what constitutes ''cash and other property''? What are the costs and benefits of such an approach? Does the proposal appropriately address the different requirements for noncash covered assets and ''cash on deposit'' covered assets held at an insured depository institution?

Question 151: The OCC is proposing to define covered assets in such a way that the requirements of sections 10(a), (b), and (c) of the Act (12 U.S.C. 5909(a)–(c)) would apply to all covered assets and is proposing to apply the substantive requirements of those sections as a connected set of requirements. However, sections 10(a), (b), and (c) of the Act use slightly different wording when describing the assets to which each subsection applies and some of the substantive requirements that apply.[129] The OCC believes that the provisions should be read together to cover the same set of assets and to provide a cogent and harmonized set of requirements for covered custodians.[130] Instead of the proposed approach, should the OCC use the precise statutory language regarding the scope of assets covered separately in paragraphs (a), (b), and (c)? What are the advantages or disadvantages of doing so?

Question 152: Proposed subpart C would implement section 10 of the GENIUS Act (12 U.S.C. 5909) with respect to entities that are regulated by the OCC. Are there issues that the OCC should bear in mind if an OCC-regulated entity holds reserve assets on behalf of a stablecoin issuer that is not regulated by the OCC and may not be familiar with the OCC's implementation of section 10 of the GENIUS Act?

Question 153: The OCC is proposing applying these principles-based requirements on covered custodians subject to OCC supervision, rather than requiring OCC-supervised institutions that seek to custody a covered asset to only custody such assets with a custodian that can demonstrate it complies with certain minimum requirements. What are the costs and benefits of this approach, including with regards to administrability, jurisdiction, and the promotion of fair competition?

Question 154: The OCC proposes principles-based requirements in line with sound custodial management practices that the agency understands are industry standard. Does the proposal accurately capture sound custodial management practices that are industry standard?

Question 155: Does the proposal provide enough detail regarding what steps are appropriate for a covered custodian to protect the covered assets of covered customers from the claims of creditors of the covered custodian? Would more prescriptive or specific requirements be appropriate to implement the requirements of the Act? For example, should the OCC require a covered custodian to take appropriate steps to protect the covered assets of covered customers from the claims of creditors of the covered custodian, including through adopting, implementing, and maintaining written policies, procedures, and internal controls adequate for (A) the safekeeping of covered assets of covered customers; (B) the documentation of covered customer relationships through one or more written custody agreements; (C) recording and verifying the covered assets of covered customers; and (D) the conducting of due diligence in the selection of and periodic monitoring of sub-custodians, in each case commensurate with the covered custodian's size, complexity, and risk profile and with the nature of the applicable covered assets in its covered customer relationships? What are the costs and benefits of prescriptive versus a principles-based approach? How would either approach compare or contrast with the non-covered asset custodial business of covered custodians and what efficiencies or challenges might arise from each approach?

Question 156: Is it sufficiently clear in a custodial relationship when and for what assets the minimum, principles-based requirements of subpart C would apply? For example, are there circumstances where a custodian may be unaware that stablecoin assets held in an account are being used as collateral and potentially subject to the requirements of subpart C?

Question 157: The proposed rule describes how a custodian maintains control of a stablecoin or tokenized stablecoin reserve assets. Is this description appropriately calibrated? Are there other means by which a custodian should be deemed to have demonstrated control over these types of assets?

Question 158: Are there additional considerations the OCC should take into account regarding a covered custodian's use of an omnibus account? For example, should the OCC consider a high-level principals-based approach to apply generally to a covered custodian's provision of custodial or safekeeping services to covered customers for covered assets while utilizing a more detailed regulatory framework regarding a covered custodian's use of omnibus accounts? Alternatively, to what extent should the OCC consider proposing that a covered custodian may, for convenience, commingle in a single omnibus account both covered assets and other custodial assets that are not covered assets? What efficiencies and challenges would such an approach raise? Are there additional risk considerations the OCC should consider if it takes such an approach? For example, to what extent should the OCC consider prescribing additional recordkeeping, customer account, disclosure, or other terms or conditions as a precondition to a covered custodian commingling covered assets and non-covered assets?

Question 159: Regarding the proposed rule governing the withdrawal of custodial covered assets to pay certain commissions, taxes, storage, and other charges, should the OCC require any more prescriptive customer protection requirements, such as those designed to ensure that such withdrawals do not cause any reserve to fall below any minimum coverage of a payment stablecoin? What are the costs and benefits of these or any similar approach? For example, in order to implement an effective compliance system, would such a requirement impose undue burdens on a custodian from withdrawing any permitted funds from a custodial account that contains payment stablecoin reserves?

Question 160: Section 10(c)(3) of the GENIUS Act provides a priority regime regarding the claims of covered customers against a covered custodian with regards to any payment stablecoins used as collateral. The section also allows covered customers to expressly waive this priority. What are the potential benefits and drawbacks of such a priority regime, including with regards to whether it may amplify losses to payment stablecoin issuers on payment stablecoin reserves that are custodied by a covered custodian that provides a diversified custodial business should there be a shortfall in a covered custodian's custodied assets? What market practices do commenters believe are likely to arise regarding the use of the contractual provisions that

[129] For example, Section 10(a) of the Act refers to ''the payment stablecoin reserve, the payment stablecoins used as collateral, or the private keys.'' 12 U.S.C. 5909(a). Section 10(b) refers to ''the payment stablecoins, private keys, cash, and other property.'' 12 U.S.C. 5909(b). Section 10(c) refers to ''[p]ayment stablecoin reserves, payment stablecoins, cash, and other property.'' 12 U.S.C. 5909(c).

[130] For example, sections 10(b) and (c) of the Act refer to section 10(a), suggesting that the provisions are meant to be read together to cover the same set of assets.

waive a covered customer's priority regarding payment stablecoins used as collateral that are held in custody? To what extent should the OCC consider either providing guidance on the use of such contractual provisions or requiring covered custodians to use such contractual provisions in their custody agreements? How are customer waivers in relation to covered custodians likely to impact the resolution of permitted payment stablecoin issuers? For example, would they lead to additional complications in determining the priority of claims?

Question 161: The GENIUS Act provides an exclusion from the custodial requirements to any person solely on the basis that such person engages in the business of providing hardware or software to facilitate a customer's own custody or safekeeping of the customer's payment stablecoins or private keys. The OCC proposes to clarify that it would not consider certain activities to constitute ''solely'' providing hardware or software to facilitate custody or safekeeping of payment stablecoins or private keys. Should the OCC consider implementing any other language to prevent the exception from being used to evade the custodial requirements of the Act? Alternatively, could an OCC-supervised institution provide ancillary custodial services to a user of such hardware or software (*e.g.,* facilitating the customer's crypto-asset and fiat currency exchange transactions, transaction settlement, trade execution, recordkeeping, valuation, tax services, reporting, or other appropriate services) while avoiding the minimum, principles-based requirements of the proposal?

Question 162: Are there particular circumstances for which the OCC should provide additional clarification as to the application of subpart C 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)?

Question 163: In order to ensure that a permitted payment stablecoin issuer is able to meet redemptions on a timely basis, should the OCC require that any custody agreement a covered custodian enters into with a permitted payment stablecoin issuer provide for prompt release of any custodied covered assets to the covered customer's control? For example, should a custody agreement require that a covered custodian have the ability to transfer control of covered assets comprising payment stablecoin reserves, or execute and settle at the covered customer's direction any such assets, within a specific timeframe? What are the costs and benefits of any such approach?

Question 164: To what extent are Schedule RC–T of the Call Report, in the case of national banks, Federal savings associations, or Federal branches, and the portions of the reports required under proposed § 15.14 relevant to custodial activities, in the case of non-bank Federal qualified payment stablecoin issuers and applicable State qualified payment stablecoin issuers, appropriate to ensure that the OCC possesses the information necessary to supervise covered custodians? If other forms of reporting would be helpful, what are they? If other types of information would be helpful, what are they? What are the costs and benefits of more detailed reporting requirements?

Question 165: To the extent a covered custodian with fiduciary powers provides fiduciary services to a covered customer in connection with the customer's covered assets, are the existing requirements in 12 CFR part 9 or 150, as applicable, appropriate to implement the GENIUS Act? Are there any efficiencies or challenges generated between the requirements in the GENIUS Act, the requirements proposed in subpart C, and the fiduciary activities requirements in 12 CFR part 9 or 150? Should the OCC consider leveraging the compliance regime in 12 CFR part 9 in connection with the portion of a covered custodian's provision of custodial or safekeeping services for covered assets that is conducted in a fiduciary capacity?

Question 166: Does the proposed approach regarding custody of covered assets proposed in subpart C, or any alternative approach discussed in comments or suggested by commenters, pose any concerns regarding fair competition between covered custodians and entities that are otherwise permissible custodians under section 10(a) of the GENIUS Act but which are not supervised by the OCC?

Applications and Registrations

Question 167: Should the OCC explicitly provide in regulation that the application process under proposed § 15.30 supersedes all other filing requirements in OCC regulations related to issuance of stablecoins?

Question 168: Should the OCC establish any other factors in § 15.30 to ensure the safety and soundness of the applicant permitted payment stablecoin issuer? Should the OCC include as a factor the applicant's ability to conduct its proposed activities in a safe and sound manner? Are there other, more specific, criteria relating to safety and soundness that the OCC should consider?

Question 169: The OCC specifically requests comment on the proposed standards for issuing a waiver under proposed § 15.30(f) and whether the OCC should consider any other facts in deciding to grant a waiver.

Question 170: How should the OCC evaluate whether reserves held by foreign payment stablecoin issuers in the United States are sufficient to meet the demands of United States customers? Will foreign payment stablecoin issuers be able to reliably determine which of their customers are United States customers? Should the amount of reserves held in the United States be required to exceed by some margin (*e.g.,* 50 percent) the estimated one-month redemptions by United States customers? Should the amount of reserves held in the United States be based on the estimated number of United States holders of the payment stablecoin issued by the foreign payment stablecoin issuer? Is some other method appropriate for determining the amount of reserves that must be held in United States institutions? How are foreign payment stablecoin issuers likely to determine whether their customers are located in the United States? Are they likely to have access to sufficient information to make this determination? Is the scope of United States institutions in which a foreign payment stablecoin issuer may hold reserve assets appropriately calibrated? Should it include any other eligible financial institutions?

Question 171: Should the OCC require different or additional information to be reported by foreign payment stablecoin issuers? If so, what additional information should the OCC require? How frequently should the OCC require such information? Should any additional information be made public? Should the OCC expressly require foreign payment stablecoin issuers to provide the same reports, publish the same reports, and make and publish the same certifications as permitted payment stablecoin issuers? If not, what modifications to the reporting, publication, and certification requirements would be appropriate for foreign payment stablecoin issuers?

Question 172: In proposed § 15.30 related to approval of permitted payment stablecoin issuers and in proposed § 15.32 related to the registration of foreign payment stablecoin issuers, should the OCC require that a permitted payment stablecoin issuer or a foreign issuer be allowed to only issue a single type (*i.e.,* brand) of payment stablecoin? What

other arrangements designed to ensure legal separateness with respect to the reserve assets backing a particular brand of payment stablecoin should the OCC consider? For example, should the OCC require a permitted payment stablecoin issuer (or its parent company) to hold reserves in a special purpose, bankruptcy remote vehicle that is fully capitalized by the issuer and has no liabilities. What are the merits of these arrangements relative to requiring each issuer to issue only one brand of payment stablecoin? If the OCC requires a separate issuer for each brand of payment stablecoin, should the OCC streamline the approval process for certain applicants (*e.g.,* by only requiring the applicant to provide notice if the parent or affiliate of the new issuer has previously received approval to act as a permitted payment stablecoin issuer)? In the absence of a restriction on issuing more than one brand of stablecoin, how would issuers ensure that reserve assets are properly legally and operationally allocated to the backing of each brand of stablecoin? Are there any other issues or challenges that permitted payment stablecoin issuers could encounter in complying with the Act in the absence of such a restriction? If the OCC were to impose any of the requirements on issuers as described above, how would these requirements interact with State qualified payment stablecoin issuers that transition to the Federal regulatory framework that are not subject to the approval process by the OCC? To ensure equitable treatment across OCC-regulated entities, should the OCC, for example, prohibit all permitted payment stablecoin issuers from issuing more than one brand of payment stablecoin (per legal entity) in § 15.10?

Question 173: Proposed §§ 15.31 and 15.32 refer to foreign payment stablecoin issuers holding reserve assets in United States financial institutions, consistent with section 18(a)(3) of the Act (12 U.S.C. 5916(a)(3)). Should the OCC further define ''financial institution'' for the purposes of these provisions? For example, the OCC could determine that the reserves must be held at State chartered depository institutions, insured depository institutions, national banks, or trust companies. These are the entities where permitted payment stablecoin issuers' stablecoin reserves may be commingled in an omnibus account under section 10(c)(2)(A) of the GENIUS Act (12 U.S.C. 5909(c)(2)(A)). Should the regulation state that the reserve assets must be held with United States eligible financial institutions?

Question 174: Should the OCC apply the capital requirements in proposed subpart E to the United States operations of foreign payment stablecoin issuers registered with the OCC? If so, how should the OCC modify these capital requirements to appropriately apply to the United States operations of foreign payment stablecoin issuers?

Question 175: Are there particular requirements that apply to permitted payment stablecoin issuers that should or should not apply to foreign payment stablecoin issuers? Please describe any such requirement and why the requirement should or should not apply.

Question 176: Section 5 of the GENIUS Act (12 U.S.C. 5904) refers to ''substantially complete'' applications for permitted payment stablecoin issuers, but section 18 of the Act (12 U.S.C. 5916) does not refer to ''substantially complete'' applications with respect to foreign payment stablecoin issuers registering with the OCC (section 18 does refer to a ''substantially complete'' determination request to the Department of the Treasury). For parity, should the implementing regulations refer to a ''substantially complete'' application for both types of entities?

Capital

Question 177: Are the proposed requirements for capital elements appropriate and sufficiently clear? Should the OCC consider permitting tier 2 capital in the form of subordinated debt, similar to the permitted capital element for a national bank? Should the OCC consider establishing limits on how much capital of each tier should be required or allowed? Alternately, should the OCC adopt a simpler measure of capital, such as anything that qualifies as equity under GAAP, instead of importing the bank framework for capital instruments? Should the OCC use tangible equity (retained earnings, stock, and preferred stock, net of tangible assets) as the measure of capital for a permitted payment stablecoin issuer?

Question 178: Should the OCC require deductions from regulatory capital for goodwill, certain deferred tax assets, or other illiquid or intangible assets, recognizing that these assets may not provide sufficient loss absorbency during a business disruption, and may experience volatility in value or writedowns that could deplete retained earnings? Please provide any data supporting your views.

Question 179: Are the proposed components and determination of the minimum capital and backstop requirements appropriate for permitted payment stablecoin issuers? Which alternatives, if any, should the OCC consider and why? Should the requirements include any adjustments in recognition of newly acquired or divested businesses, or any other adjustments when calculating total expenses for purposes of the proposed backstop? Please provide any data supporting your views.

Question 180: Is the $5 million minimum capital requirement for a de novo permitted payment stablecoin issuer appropriate?

Question 181: Should the OCC incorporate a capital requirement based on the outstanding issuance value or amount and type of reserve assets, including variations of any of the proposals discussed above? For example, should the OCC impose a minimum capital requirement based on a set percentage of outstanding issuance value, as discussed above in this supplementary information? If so, are the minimum capital requirements and thresholds discussed above appropriately calibrated? Please provide any data supporting your views.

Question 182: Should the OCC adopt a capital requirement based on price risk, credit risk, operational risk, or interest rate risk, including variations on any of the proposals discussed above? Please provide any data supporting your views. For example, should the OCC impose a charge for credit risk, such as a 2 percent capital charge for uninsured deposits? Should the OCC impose a capital charge to reflect the interest rate risk of certain reserve assets, such as Treasury securities? Should the OCC impose a minimum operational risk capital charge that scales with the size of the issuer, as discussed above (*i.e.,* with a charge of 1 percent for small issuers with a smaller additional marginal charge applying at certain thresholds)? Should any such operational charge be based, in part, on the issuer's recent losses?

Question 183: Should the OCC adopt a capital requirement based on assets held in custody by permitted payment stablecoin issuers? If so, how should that requirement be calibrated? Please provide any data supporting your views.

Question 184: Should the OCC adopt a capital requirement expressly designed to address costs of litigation, legal risk, or legal costs during insolvency that a permitted payment stablecoin issuer may face? If so, how should such a requirement be calibrated?

Question 185: Should the capital and backstop requirements be calculated

based as of the last day of a given quarter, as proposed? Should the amount instead be calculated across some other period of time, such as an average on a monthly, bi-monthly, biannually, or yearly basis?

Question 186: Is the timing for the stablecoin issuer to meet capital and backstop requirements appropriate? Are the resulting activity limitations for failing to meet those requirements appropriate?

Question 187: Are there any advantages or disadvantages to setting capital requirements for permitted stablecoin issuers consistent with or different from those set by non-United States regulators? The proposed approach to determining capital requirements is less prescriptive than approaches adopted or proposed in certain foreign jurisdictions. Are there any advantages or disadvantages to setting capital requirements for permitted payment stablecoin issuers consistent with the approaches adopted by those jurisdictions?

Question 188: Are the proposed criteria for imposing an individual additional capital or backstop requirements appropriate and sufficiently clear? For example, should the OCC define what constitutes ''excessive volatility?''

Question 189: Should the OCC adopt alternative capital calculations for uninsured national trust banks? Should those alternative requirements depend upon whether the trust bank issues a payment stablecoin? Is the proposal to allow trust banks to elect the part 15 framework appropriate, or should the OCC consider establishing an alternative capital requirement? Would the proposed capital requirement create a competitive imbalance between standalone national trust banks and trust departments of insured national banks? Is the proposed requirement that national trust banks that opt into the part 15 framework still largely follow the definition of capital under part 3, subpart C appropriate, or should proposed § 15.40 apply instead? Please provide any data supporting your views.

Question 190: Instead of satisfying risk-based or leverage capital requirements, a Federal branch must maintain a capital equivalency deposit. This deposit is calculated in part based on total liabilities of the Federal branch and would include any liabilities associated with a stablecoin program. Are there options the OCC should consider with respect to calculation of the capital equivalency deposit for a Federal branch's stablecoin program?

Assessments

The OCC invites comments on all aspects of the proposal with respect to the proposed revisions to 12 CFR part 8, including the proposal to discount assessments on assets attributable to required stablecoin reserves, and the following questions:

Question 191: The OCC invites comment on whether there is reason to believe that the existing assessment structure in § 8.2, as amended, or the proposed assessment structure under subpart B will *not* adequately and appropriately enable the OCC to fund its supervisory activities in connection with institutions' GENIUS Act-related activities. Should the OCC consider imposing assessments based on different or additional measurements to account for increased supervision activities it will undertake in connection with supervising the GENIUS Act-related activities of these institutions?

Question 192: The OCC currently expects to receive all information necessary to impose assessments on each national bank or Federal savings association for GENIUS-act related activities as proposed here from existing Call Report data and the supplementary reports proposed in this notice. Is there reason to believe that this is not the case? For example, the OCC currently relies upon Schedule RC–T to capture the ''fiduciary and related assets'' upon which independent trust banks pay assessments under § 8.6(c). Is there any reason to believe that the custodial or safekeeping assets attributable to the activities described in 12 U.S.C. 5901 *et seq* would not be fully represented in Schedule RC–T and therefore in the assessments of national banks and Federal savings associations that remain subject to assessment under § 8.6(c)? Is there any necessary information that might not be captured?

Question 193: To the extent the OCC should permit combinations of chartered and non-chartered institutions subject to the agency's jurisdiction to own a stablecoin issuing subsidiary, how should the OCC best ensure that the agency receives full contributions for assessed amounts? Under one option, the OCC could require each owner of a stablecoin issuing subsidiary to specifically report the amount and type of assets attributable to GENIUS Act-related activities listed on their Call Reports, Schedules RC–T, and any reporting pursuant to 12 CFR 15.14 (as applicable) so that the OCC can confirm it has received the proper assessed amount attributable to the issuing subsidiary's GENIUS Act-related activities. The agency under this option would likely retain discretion to decide whether to assign financial responsibility to each owner, or one or more owners (*e.g.,* the majority owner), to eliminate any assessment shortfall that may exist in connection with the subsidiary's activities. However, the OCC seeks comment and information on other methods to ensure that it receives full assessments in connection with an issuing subsidiary owned by two or more institutions subject to OCC jurisdiction.

Question 194: Should the OCC have a mechanism to account for voluntary over-collateralization of reserve assets? In proposing to discount assessments attributable to an issuer's on-balance sheet required reserve assets, the OCC considered but declined to propose an extension of that discount to over-collateralized reserve assets (or, more broadly, to exclude over-collateralized amounts from assessments overall). As noted, while the OCC does not wish to disincentivize over-collateralization, the agency is concerned that extending the proposed discount to over-collateralized reserves may encourage some institutions to mischaracterize the status of certain on-balance sheet assets as reserves to minimize their overall assessment. The OCC also preliminarily concludes that assessing voluntary over-collateralized stablecoin reserve amounts at undiscounted rates will not meaningfully influence an issuer's business judgment on whether and to what extent it should voluntarily over-collateralize its on-balance sheet stablecoin reserves. Nevertheless, the OCC seeks comment and any information that would support extending the proposed discount to voluntary over-collateralized reserves. If the agency ultimately concludes that an extension of the discount (or a carve out for voluntary over-collateralization) is appropriate, should the OCC cap the discount (or the carve out) for the voluntary over-collateralization at an amount equal to between one to five percent of required reserves, reflecting the agency's understanding that current stablecoin reserve voluntary over-collateralization typically occurs within this range? If one to five percent is not the correct range, what range would be appropriate?

Question 195: The OCC considered, but preliminarily declines, to set a required stablecoin reserve asset threshold above which the agency would impose either a series of graduated additional discounts or a cap for purposes of calculating assessments. The OCC has occasionally adopted a similar approach when warranted by circumstances. For example, the agency

currently places a similar asset-based cap (currently set at $250 billion) on the calculation of the problem bank surcharge paid by banks that require increased supervisory resources. A required stablecoin reserve asset threshold could be appropriate if the OCC were confident that assessment revenues obtained on stablecoin reserve assets above a certain threshold would be disproportionate to the marginal cost of supervising GENIUS Act-related activities attributable to those assets. However, the agency preliminarily concludes it lacks sufficient certainty of its future supervisory needs to determine with confidence the threshold above which this circumstance would arise. The agency nevertheless seeks comment and any information to better assess whether there is a reserve asset threshold above which it would be appropriate to impose either a series of graduated additional discounts or a cap for purposes of calculating assessments.

Question 196: As noted, the OCC will rely on weekly and quarterly reporting under proposed § 15.14 to determine the appropriate semiannual assessment amount due from each supervised institution in connection to their GENIUS Act-related activities. The OCC requests any information and comment regarding the adequacy of these reports for these purposes. For example, is the OCC using the correct reports? Is there any concern that the OCC will have too few data points to measure rolling reserve assets? Should the OCC require reporting on a rolling daily or weekly basis, directly to the OCC? Should the required reporting be focused on the latest figures, the highest figures, the median, or the mean? Should the OCC leverage the proposed weekly reporting required under proposed § 15.14(h)?

Question 197: The OCC considered whether to reduce assessment for institutions subject to subpart B whose GENIUS Act-related activities would be subject to joint or coordinated review as between the OCC and either State permitted stablecoin regulators or foreign payment stablecoin regulators.[131] The appropriateness of assessing one or more classes of institutions subject to subpart B at lower rates would depend on whether the cost of supervising those institutions' GENIUS Act-related activities is in fact shared jointly with another regulator such that the cost to the OCC is *meaningfully* lower than the cost of assessing national banks and Federal savings associations. Based on the OCC's supervisory experience in similar circumstances involving joint or coordinated circumstances, in the agency's judgement it is not likely that the costs will be any lower. The OCC nevertheless seeks comments or any information that may support adopting alternative assessment methodologies under proposed subpart B for all or a subset of institutions subject to subpart B and subject to joint or coordinated supervision in connection with their GENIUS Act-related activities, such as applying a discount in the range of 35 to 55 percent to Foreign or State qualified payment stablecoin issuers, or both, to reflect shared supervisory jurisdiction. In addition, the OCC requests comment on whether the 35 to 55 percent range is appropriate.

General Request for Comment

Question 198: Does the proposed rule fulfill the GENIUS Act's mandate to issue regulations necessary to ensure financial stability? Are there other issues that the OCC should explicitly address, or risk management requirements it should impose, to ensure financial stability? Should the OCC collect any additional data in order to monitor financial stability in accordance with the GENIUS Act? If so, what data should it collect and how should it be collected?

Question 199: A permitted payment stablecoin issuer must be obligated to convert, redeem, or repurchase its issued payment stablecoins for a fixed amount of monetary value, not including a digital asset denominated in a fixed amount of monetary value. Is additional guidance needed on the accounting treatment for issued stablecoins and the associated reserve assets? If so, what considerations should factor into any such guidance (*e.g.,* what legal structures would be relevant to the accounting treatment)?

Question 200: What impact would the proposed rule have on credit creation? How can the OCC minimize any negative impact to credit creation?

Question 201: Should any additional aspects of the proposed rule be adjusted based on the size of the permitted payment stablecoin issuer? For example, are there additional aspects of the proposed rule that should be applied exclusively to issuers with outstanding issuance above a certain amount? Should the OCC measure the ''size'' of a permitted payment stablecoin issuer by its outstanding stablecoin issuance or is there a better measurement?

Question 202: Are there any aspects of the proposed rule that the OCC should adjust to promote fair competition between banks and non-banks?

Question 203: Should the proposed rule explicitly address permitted payment stablecoin issuers that also issue/redeem the same or similar stablecoins in one or more foreign jurisdictions? Could these issuers be subject to additional risks or operational challenges that are not sufficiently addressed by the proposed rule? To what extent should stablecoin holders be able to distinguish between the same or similar stablecoins issued under the GENIUS Act versus another regulatory regime? If the holder should be able to establish that it is holding a GENIUS Act compliant stablecoin, how should the OCC assist the holder in making this determination? For example, should the OCC impose required disclosures or technical requirements, such as through smart contracts, including those that use wrappers or other techniques?

Question 204: What additional issues could arise with respect to a business model where a foreign affiliate issues or redeems payment stablecoins abroad? How should the OCC address these issues?

Question 205: Are there any other technical developments in distributed ledger protocols, digital assets, or related technologies that the proposed rule should address to ensure the purposes of the GENIUS Act are being met? For example, should the OCC consider automating aspects of reporting or oversight? Should the OCC incorporate additional provisions concerning the use of smart contracts when considering compliance with aspects of the proposed rule, such as risk management? Are there dynamics relevant to particular blockchains that could affect liquidity, redemption, operating risk, or run risk that the OCC should consider and incorporate into any final rule?

Question 206: Are there any particular considerations that the OCC should bear in mind or changes that the OCC should make with respect to permitted payment stablecoin issuers that are owned or operated by a consortium of other entities? In cases where the consortium includes both State-chartered insured depository institutions and national banks or Federal savings associations, which agency should be the primary Federal payment stablecoin regulator

[131] As noted, State chartered depository institutions that exceed the $10 billion in consolidated total outstanding issuances threshold are subject to the supervision of the OCC and the State payment stablecoin regulator *acting jointly,* and nonbank State qualified payment stablecoin issuers that exceed the $10 billion in consolidated total outstanding issuances threshold are subject to the supervision of the OCC and the State payment stablecoin regulator *acting in coordination.* Likewise, Foreign qualified payment stablecoin issuers will be subject to the supervision of foreign payment stablecoin regulators, as well as the OCC in connection with certain GENIUS Act-related activities.

(*e.g.,* the primary Federal payment stablecoin regulator of the majority owner or owners)?

Question 207: Should the OCC adopt any new rules or change any existing rules to implement the insolvency provisions of the GENIUS Act? Should the OCC require permitted payment stablecoin issuers to establish resolution plans?

Question 208: Section 12 of the GENIUS Act provides that the primary Federal payment stablecoin regulators, in consultation with the National Institute of Standards and Technology, and other relevant standard-setting organizations, and State bank and credit union regulators, shall assess and, if necessary, prescribe standards for permitted payment stablecoin issuers to promote compatibility and interoperability with other permitted payment stablecoin issuers and the broader digital finance ecosystem. What efforts are issuers currently taking to address challenges posed by interoperability? What considerations should the regulators take into account in determining whether standards are necessary? Would the promulgation of standards help to broaden adoption of stablecoins?

Question 209: What are risks posed by different types of interoperability solutions and how might issuers and regulators manage those risks? How can interoperability solutions aid in addressing risks facing issuers? What risks are introduced by cross-chain bridges and other interoperability solutions and how do these risks interact with BSA/AML and sanctions requirements? What steps can be taken to address such BSA/AML and sanctions concerns?

Question 210: Is there anything else the OCC should do to address potential fraud concerns in the context of a final rule? For example, a bad actor may create fraudulent tokens intended to mimic a payment stablecoin. Are there technical or other requirements the OCC should impose to mitigate the potential for such fraudulent tokens to harm consumers? For example, should authentic stablecoins be required to have an electronic signature that can be verified by a recipient? Are there other areas of potential fraud that the OCC should be aware of and should attempt to mitigate in the final rule?

Question 211: What changes to existing rules should be made in recognition of the GENIUS Act? For example, should the OCC revise 12 CFR part 44 or 50 to ensure that stablecoin reserves do not count against relevant thresholds in those rules? Does 12 CFR part 44 pose any substantial impediment for banking entities planning to engage in permitted payment stablecoin activities? In particular, are there aspects of 12 CFR 44.5, 44.6, or 44.20 that would present undue burden or difficulties for a permitted payment stablecoin issuer that is subject to 12 CFR part 44?

IV. Expected Effects

The OCC expects the primary effect of the GENIUS Act and the proposed rule will be an increase in the aggregate market capitalization of payment stablecoins in response to an increased demand for payment stablecoins. While the OCC expects that payment stablecoins would continue to be issued in the absence of the GENIUS Act, the OCC anticipates 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. Consistent with the proposed rule, this analysis assumes that permitted payment stablecoin issuers will not pay the holder of a payment stablecoin any form of interest or yield solely in connection with the holding, use, or retention of such payment stablecoin and that certain arrangements with affiliates or related third parties will be presumed to run afoul of this prohibition.

V. Regulatory Analysis

Paperwork Reduction Act

This notice of proposed rulemaking has been reviewed for compliance with the Paperwork Reduction Act of 1995 (PRA) (44 U.S.C. 3501 *et seq.*). In accordance with the PRA, the OCC may not conduct or sponsor, and an organization is not required to respond to, an information collection unless the information collection displays a currently valid Office of Management and Budget (OMB) control number. The OCC has reviewed the notice of proposed rulemaking and determined that it would introduce new information collection requirements pursuant to the PRA. The OCC is seeking a new control number for these information collection requirements and have submitted them to OMB for review and approval.

Proposed Information Collection

Title: Reporting, Recordkeeping, and Disclosure Requirements Associated with 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.

OMB Control No.: 1557–NEW.

Type of Review: Regular.

Affected Public: Businesses or other for-profit.

Description: Twelve CFR part 15 sets forth the OCC's Guiding and Establishing National Innovation for U.S. Stablecoins Act (12 U.S.C. 5901 *et seq.*) regarding the issuance of payment stablecoins and certain related activities by entities subject to the OCC's jurisdiction.

The information collection requirements in the proposed rule are as follows:

Reporting Requirements

Section 15.10(c) sets forth prohibitions that would apply to permitted payment stablecoin issuers, including a prohibition on paying interest or yield to payment stablecoin holder solely in connection with the holding, use, or retention of a payment stablecoin. Section 15.10(c)(4)(i) would establish a presumption that certain arrangements with affiliates or related third parties violates this prohibition. Under § 15.10(c)(4)(iii) a permitted payment stablecoin issuer would be able to rebut the presumption described in § 15.10(c)(4)(i), by submitting written materials that demonstrate that the contract, agreement, or other arrangement is not prohibited under § 15.10(c)(4) and is not an attempt to evade the prohibition.

Section 15.10(c)(5)(iii)(B) would permit creating liquidity to meet reasonable expectations of requests to redeem payment stablecoins, such that reserves in the form of Treasury bills with a maturity of 93 days or less may be sold as purchased securities in repurchase agreements, after receiving the prior approval from the OCC, notwithstanding a general prohibition against pledging, rehypothecating, or reusing reserve assets.

Section 15.11(a)(2) would require that permitted payment stablecoin issuers demonstrate the operational capability to access and monetize the identifiable reserve assets, commensurate with the permitted payment stablecoin issuer's risk profile and business model.

Section 15.11(g)(1) would require a permitted payment stablecoin issuer to notify the OCC, through its OCC supervisory office, on any day in which its reserve asset amount has fallen below the required minimum in § 15.11(a). Under § 15.11(g)(4) if the OCC determines that a permitted payment stablecoin issuer has not demonstrated that it meets the reserve asset requirements in § 15.11(a) (b), (c), or (d), the OCC may require the issuer to submit a plan describing how the permitted payment stablecoin issuer

will attain compliance in a specified number of days.

Section 15.12(c)(4) provides that a permitted payment stablecoin issuer would be required to provide notice to the OCC within 24 hours if its redemption requests exceed 10 percent of its outstanding issuance value in a single 24-hour period.

Section 15.13(a)(3) would require a permitted payment stablecoin issuer to manage interest rate risk in a manner that is appropriate to the size and complexity of the permitted payment stablecoin issuer and the complexity of its assets and liabilities and provide for periodic reporting to management and the board of directors regarding interest rate risk with adequate information for management and the board of directors to assess the level of risk.

Section 15.13(b)(7) sets forth notification of unauthorized access requirements that would apply to permitted payment stablecoin issuers. Section 15.13(b)(7)(i) would require that, when a permitted payment stablecoin issuer becomes aware of an incident of unauthorized access to sensitive customer information, including a customer's private key, the permitted payment stablecoin issuer must conduct a reasonable investigation. If the permitted payment stablecoin issuer determines that misuse of its information about a customer has occurred or is reasonably possible, it would be required to notify the affected customer and the OCC as soon as possible. Customer notice must be delayed if an appropriate law enforcement agency determines that notification will interfere with a criminal investigation and provides the permitted payment stablecoin issuer with a written request for the delay. The permitted payment stablecoin issuer would be required to notify its customers of the misuse or possible misuse of customer information as soon as law enforcement notifies the permitted payment stablecoin issuer that notification will no longer interfere with the investigation. Under § 15.13(b)(7)(ii), if a permitted payment stablecoin issuer determines that a group of files has been accessed improperly but is unable to identify which specific customers' information has been accessed and the circumstances of the unauthorized access lead the permitted payment stablecoin issuer to determine that misuse of the information is reasonably possible, it would be required to notify all customers in the group.

Section 15.14(h) would require all permitted payment stablecoin issuers to submit to the OCC, on a weekly basis, in the manner and form specified by the OCC, a confidential report containing the information requested in the form that would be available at *www.occ.gov.*

Section 15.14(i) covers the quarterly reports of financial condition and its required contents. All permitted payment stablecoin issuers subject to OCC supervision would be required to submit to the OCC a quarterly report on the financial condition of the permitted payment stablecoin issuer, including, but not limited to income statement, expenses, balance sheet, reserves, changes in equity, investments, capital, outstanding issuance value, and assets under custody, in a standardized format as prescribed by the OCC within 30 days of the end of the prior quarter. The forms and instructions would be available at *www.occ.gov.* The report of financial condition would be required to contain a declaration by the permitted payment stablecoin issuer's Chief Financial Officer, or the individual performing an equivalent function, that the report is true and correct to the best of their knowledge and belief. The correctness of the report of financial condition would be required to be attested by the signatures of the directors and senior management of the permitted payment stablecoin issuer other than the officer, or the individual performing an equivalent function, making such declaration, with the attestation stating that the report has been examined by them and to the best of their knowledge and belief is true and correct.

Section 15.14(j) covers the submission of other reports requested by the OCC. Upon request, all permitted payment stablecoin issuers, would be required to submit to the OCC a report on the financial condition of the permitted payment stablecoin issuer, the systems of the permitted payment stablecoin issuer for monitoring and controlling financial and operational risks, compliance of the permitted payment stablecoin issuer and any subsidiary thereof with the GENIUS Act, and 12 CFR part 15, and compliance of the permitted payment stablecoin issuer with the requirements of the Bank Secrecy Act and with laws authorizing the imposition of sanctions and implemented by the Secretary of the Treasury.

Section 15.14(k) sets forth ongoing compliance reporting. No later than 180 days after the approval of an application, as defined in § 15.30, and on an annual basis thereafter, a permitted payment stablecoin issuer subject to OCC supervision, would be required to submit to the OCC a certification by its board of directors that the permitted payment stablecoin issuer has implemented anti-money laundering and economic sanctions compliance programs. The programs would be required to be reasonably designed to prevent the permitted payment stablecoin issuer from facilitating money laundering, specifically, facilitating money laundering for cartels and organizations designated as foreign terrorist organizations under section 219 of the Immigration and Nationality Act (8 U.S.C. 1189) and the financing of terrorist activities, consistent with the requirements of the GENIUS Act.

Section 15.14(l)(2) sets forth the requirements for preparing and submitting an audited annual financial statement. Section 15.14(l)(2)(ii) would require a permitted payment stablecoin issuer to submit the audited financial statements annually, within 120 days after the end of its fiscal year, to the OCC.

Section 15.14(l)(2)(iii) provides that if a permitted payment stablecoin issuer is unable to timely file all or any portion of the audited annual financial statement that would be required under § 15.14(l)(2)(ii), it must submit a written notice of late filing to the OCC. The notice would be required to disclose the permitted payment stablecoin issuer's inability to timely file all, or specified portions, of its annual financial statement and the reasons therefore in reasonable detail, include the date by which the financial statement will be filed, and be filed on or before the deadline for filing the financial statement.

Section 15.14(m) sets forth notice requirements for changes in control of the permitted payment stablecoin issuer. Under this section, a person seeking to acquire control of a permitted payment stablecoin issuer would be required to follow the requirements of 12 CFR 5.50 as if the permitted payment stablecoin issuer were a national bank.

Section 15.15(b)(2) sets forth initial notice requirements for State qualified payment stablecoin issuers that are nonbank entities with an outstanding issuance value of more than $10 billion. Under the section, a State qualified payment stablecoin issuer that is a nonbank entity with an outstanding issuance value of more than $10 billion would be required to provide written notification to the OCC within five calendar days after reaching such threshold. The written notification would be required to include: the State or States that currently regulate the State qualified payment stablecoin issuer, the State qualified payment stablecoin issuer's outstanding issuance

value as of the date of the notice, the date that the State qualified payment stablecoin issuer first reached the $10 billion outstanding issuance value threshold, and an indication of whether and when the State qualified payment stablecoin issuer ceased issuing, on a net basis, new payment stablecoins and whether the State qualified payment stablecoin issuer intends to seek a waiver pursuant to § 15.15(d).

Section 15.15(b)(3) sets forth the capital analysis requirements for State qualified payment stablecoin issuers that are nonbank entities. Under the section, within 270 days of reaching the $10 billion outstanding issuance value threshold, a State qualified payment stablecoin issuer that is a nonbank entity would be required to submit a capital analysis to the OCC. The analysis would be required to include an analysis of the issuer's current capital position and anticipated capital needs, sufficient to ensure ongoing operations, based on its business model and risk profile. A State qualified payment stablecoin issuer that is a nonbank entity would not be required to submit a capital plan if the issuer has received a waiver pursuant to § 15.15(d) or is not required to transition to the federal regulatory framework pursuant to § 15.15(b)(1)(ii).

Section 15.15(b)(4) sets forth compliance notice requirements for a State qualified payment stablecoin issuer that is a nonbank entity. Under § 15.15(b)(4)(i), for purposes of complying with § 15.15(b)(1)(i), a State qualified payment stablecoin issuer that is a nonbank entity would be required to provide written notification to the OCC, that it complies, with the Federal regulatory framework under 12 CFR part 15. If the State qualified payment stablecoin issuer is not in compliance with the Federal regulatory framework under 12 CFR part 15, the written notice would need to identify the provisions with which the issuer does not comply, provide the issuer's plan for remediating its noncompliance, and explain why the issuer did not comply with the Federal regulatory framework within the 360-day transition period.

Section 15.15(d)(1) would require a State qualified payment stablecoin issuer that is a nonbank entity seeking to remain solely supervised by a State payment stablecoin regulator to submit to the OCC a written waiver request containing information necessary to evaluate such request under § 15.15(d)(2) and (3). In addition, a State qualified payment stablecoin issuer that is a nonbank entity seeking to remain solely supervised by a State payment stablecoin issuer would be required to submit a waiver request within 240 days of reaching the $10 billion outstanding issuance value.

Section 15.30(a)(1) sets forth application requirements for insured national banks, Federal savings associations, and insured Federal branches. This section provides that any insured national bank, Federal savings association, or insured Federal branch that seeks to issue payment stablecoins through a subsidiary would be required to file an application under this section and receive prior approval from the OCC before issuing payment stablecoins.

Section 15.30(a)(2) sets forth application requirements for nonbank entities, uninsured national banks, and uninsured Federal branches. This section provides that any nonbank entity, uninsured national bank, or uninsured Federal branch that seeks to issue payment stablecoins as a Federal qualified payment stablecoin issuer would be required to file an application under this section and receive prior approval from the OCC before issuing payment stablecoins.

Section 15.30(b) sets forth the application process for insured national banks, Federal savings associations, insured Federal branches and nonbank entities, uninsured national banks, and uninsured Federal branches that seek to issue payment stablecoins. The process would require an applicant to submit all the information required by the form for an application under this section. The forms and instruction would be available on the OCC's website. Each director, executive officer, and principal shareholder of the applicant (or in the case of an applicant that is an insured national bank, Federal savings association or Federal branch, of the subsidiary of the applicant) would be required to submit the information prescribed in the Interagency Biographical and Financial Report, available at the OCC's website. An applicant would be required to certify that any filing or supporting material submitted to the OCC contains no material misrepresentations or omissions. The process provides that an applicant should address an application under this section to the appropriate OCC licensing office, unless the OCC advises an applicant otherwise. The OCC will consider an application substantially complete if it contains sufficient information for the OCC to render a decision on whether the applicant satisfies the factors set forth in § 15.30(c). The OCC will notify applicants not later than 30 days after receipt of an application whether the application is substantially complete. If the application is not substantially complete, the OCC will notify the applicant of the information required in order for the application to be substantially complete.

Section 15.30(e)(1) provides that an applicant's request for a written or oral hearing to appeal the OCC's denial of a substantially complete application would be required to be in writing.

Section 15.30(f)(1) provides that an insured national bank, Federal savings association, or insured Federal branch that has a pending substantially complete application for a subsidiary to become a permitted payment stablecoin issuer on or before the effective date of the GENIUS Act may request that the OCC waive the requirements of section 4 of the GENIUS Act (12 U.S.C. 5903) with respect to that subsidiary. The requests would be required to be in writing.

Section 15.30(f)(2) provides that a nonbank entity, uninsured national bank, or uninsured Federal branch that has a pending substantially complete application to become a Federal qualified payment stablecoin issuer on or before the effective date of the GENIUS Act may request that the OCC waive the requirements of section 4 of the GENIUS Act (12 U.S.C. 5903) with respect to that entity. The requests would be required to be in writing.

Section 15.31(b)(2) sets forth reporting requirements for foreign payment stablecoin issuers registered with the OCC. Section 15.31(b)(2)(i) provides that a foreign payment stablecoin issuer registered with the OCC pursuant to § 15.32 would be required to produce the reports required of a permitted payment stablecoin issuer under § 15.14 as well as any other reports the OCC may require. Section 15.31(b)(2)(ii) further provides that a foreign payment stablecoin issuer may request, in writing, an exemption from any reporting requirement that would otherwise apply under proposed § 15.14. The OCC may grant an exemption in its sole discretion.

Section 15.31(c) sets forth prohibitions on interest that would apply to foreign payment stablecoin issuers registered with the OCC pursuant to § 15.32. Under § 15.31(c)(4) a foreign payment stablecoin issuer may rebut the presumption described in § 15.31(c)(2), by submitting written materials that demonstrate that the contract, agreement, or other arrangement is not prohibited under § 15.31(c) and is not an attempt to evade the prohibition.

Section 15.32(a) sets forth application requirements for a foreign payment stablecoin issuer. This section provides

that a foreign payment stablecoin issuer that seeks to be registered with the OCC under section 18(c) of the GENIUS Act (12 U.S.C. 5916(c)) would be required to file an application under this section.

Section 15.32(b) sets forth the application process for a foreign payment stablecoin issuer that seeks to be registered with the OCC under section 18(c) of the GENIUS Act (12 U.S.C. 5916(c)). The process would require an applicant to provide the information that includes all the information required by the form for an application under this section, evidence that the Secretary of the Treasury has determined that the applicant is subject to regulatory and supervisory regime comparable to the GENIUS Act with respect to payment stablecoins, under section 18 of the GENIUS Act (12 U.S.C. 5916), a certification that the applicant will make available to the OCC all information that the OCC deems necessary to determine and enforce compliance with the GENIUS Act, the applicant's consent to United States jurisdiction relating to enforcement of the GENIUS Act and regulations established thereunder, and certification that any filing or supporting material submitted to the OCC contains no material misrepresentations or omissions. The process provides that an applicant should address an application under this section to the appropriate OCC licensing office, unless the OCC advises an applicant otherwise. The forms and instruction would be available on the OCC's website.

Section 15.32(d)(3)(i) would require foreign payment stablecoin issuers provide evidence that it holds reserves in the United States that are sufficient to meet the liquidity demands of United States customers on an ongoing basis, unless otherwise permitted under a reciprocal arrangement implemented by the Secretary of the Treasury under section 18(d) of the GENIUS Act (12 U.S.C. 5916(d)). Additionally, § 15.32(d)(3)(ii) would require foreign payment stablecoin issuers provide to the OCC, on a monthly basis, a report describing the total number of outstanding payment stablecoins issued by the foreign payment stablecoin issuer held by United States customers and the amount and composition of the foreign payment stablecoin issuer's reserves, including their geographic location and average tenor of reserve instruments, using a format substantially similar to the template provided in Table 1 to § 15.32(d)(3).

Section 15.32(f) provides that a foreign payment stablecoin issuer's request for a written or oral hearing to appeal the OCC's rejection of an application for registration would be required to be in writing.

Section 15.40 sets forth capital elements and would require the minimum capital requirement to consist of common equity tier 1 capital and additional tier 1 capital. Among other criteria, § 15.40(b)(1)(iii) would provide that common equity tier 1 capital must be a common stock instrument issued by the payment stablecoin issuer that has no maturity date, can only be redeemed via discretionary repurchases with the prior approval of the OCC, and does not contain any term or feature that creates an incentive to redeem.

Section 15.40(c) sets forth additional tier 1 capital elements, that include instruments that meet specific criteria. Section 15.40(c)(1)(v)(A) would require a permitted stablecoin issuer receive prior approval from the OCC to exercise a call option on the instrument. Additionally, § 15.40(c)(1)(vi) would also require prior approval from the OCC for the redemption or repurchase of the instrument.

Section 15.41 sets forth minimum capital and backstop requirements for permitted payment stablecoin issuers. Section 15.41(d)(2) would require an uninsured national trust bank to submit a notice to the appropriate OCC supervisory office to make an election, or rescind a prior election described in this section.

Section 15.42 sets forth individual additional capital or backstop requirements for individual permitted payment stablecoin issuers. Section 15.42(c)(2)(i) provides that a permitted payment stablecoin issuer would be able to respond to any or all of the items in the notice sent by the OCC notifying the permitted payment stablecoin issuer in writing of the proposed additional capital or backstop requirement and the date by which it should be reached (if applicable). The response would be required to be in writing and delivered to the designated OCC official within 30 days after the date on which the permitted payment stablecoin issuer received the notice or such other time period as the OCC determines appropriate based on the condition of the permitted payment stablecoin issuer.

Section 15.42(c)(3) sets forth the OCC's decision process in determining whether the individual additional capital or backstop requirement should be established for a permitted payment stablecoin issuer and, if so, the requirement and the date the requirement will become effective. Section 15.42(c)(4) provides that the OCC's decision may require the permitted payment stablecoin issuer to develop and submit to the OCC, within a time period specified, an acceptable plan to reach the additional capital or backstop requirement established for the permitted payment stablecoin issuer by the date required.

Recordkeeping Requirements

Section 15.11(a)(1) would require a permitted payment stablecoin issuer to maintain reserve assets that are identifiable, are segregated from and not commingled with other assets owned or held by the permitted payment stablecoin issuer, at all times have a total fair value that equals or exceeds the outstanding issuance value of the permitted payment stablecoin issuer, and are either held directly by the permitted payment stablecoin issuer or within the custody of an eligible financial institution.

Section 15.11(f)(1) would require a permitted payment stablecoin issuer to, each month, have the information disclosed in the previous month-end report required under § 15.11(e) examined by a registered public accounting firm. Section 15.11(f)(2) would require each month, the Chief Executive Officer and Chief Financial Officer (or the persons performing the equivalent functions) of a permitted payment stablecoin issuer submit a certification as to the accuracy of the monthly report required under § 15.11(e) to the OCC.

Section 15.12(b) would require a permitted payment stablecoin issuer's redemption policy establish clear and conspicuous procedures for timely redemption of outstanding payment stablecoins. Timely redemption may not exceed two business days following the date of the requested redemption and any discretionary limitations on timely redemptions can only be imposed by the OCC or, in the case of a State qualified payment stablecoin issuer, by the OCC, Board, or the State payment stablecoin regulator, as applicable.

Section 15.13(a)(1) covers internal controls and information systems. A permitted payment stablecoin issuer, would be required to have internal controls and information systems to support effective risk management, that are appropriate to the size and complexity of the permitted payment stablecoin issuer and the nature, scope, and risk of its activities. The internal controls are required to provide for: an organizational structure with appropriate segregation of duties and an internal control structure that establishes clear lines of authority and responsibility for monitoring adherence to established policies; effective risk assessment; timely and accurate

financial, operational, and regulatory reports, including with respect to the reports required under 12 CFR part 15; adequate procedures to monitor, safeguard, manage, control, and monetize assets, including reserve assets; and compliance with applicable laws and regulations.

Section 15.13(a)(2) covers internal audit systems. A permitted payment stablecoin issuer would be required to have an internal audit system, that is appropriate to the size and complexity of the permitted payment stablecoin issuer and the nature, scope, and risk of its activities. The internal audit system would be required to provide for adequate monitoring of the system of internal controls through an internal audit function, or for a permitted payment stablecoin issuer whose size, complexity or scope of operations does not warrant a full-scale internal audit function, a system of independent reviews of key internal controls. Additionally, the internal audit system would also be required to provide: a system of independent reviews of key internal controls; independence and objectivity; qualified persons responsible for the audit function; and adequate independent testing and review of internal controls and information systems, verification of published information available to customers, calculations for required reserves, and regulatory filings. The internal audit system would also require adequate documentation of tests and findings and any corrective actions, verification and review of management actions to address deficiencies, and review by the permitted payment stablecoin issuer's audit committee or board of directors of the effectiveness of the internal audit systems.

Section 15.13(a)(5) would require a permitted payment stablecoin issuer to establish and maintain a system that is commensurate with the permitted payment stablecoin issuer's size and complexity and the nature and scope of its operations to evaluate and monitor earnings and ensure that earnings are sufficient to support operations and maintain the capital levels required by subpart E of 12 CFR part 15.

Section 15.13(a)(6)(i)(C) would require that a permitted payment stablecoin issuer ensure that transactions between the permitted payment stablecoin issuer and insiders or affiliates are appropriately documented and reviewed by the board of directors.

Section 15.13(b) covers information technology and security programs. Section 15.13(b)(1) would require a permitted payment stablecoin issuer to implement a comprehensive written information security risk and control framework, including a program that assesses and manages information technology and information security risks. Section 15.13(b)(2) would require the board of directors or an appropriate board committee to approve the information technology and security program and oversee the development, implementation, and maintenance of the program, including the appointment of a qualified Information Technology and Security Officer. Such oversight includes assigning specific responsibility for program implementation and review of program-related reports. Section 15.13(b)(3) would require a permitted payment stablecoin issuer's information technology and security program include: an inventory and classification of assets, processes, and sensitivity of data; controls supporting and safeguarding sensitive information and processes; evaluation, validation, and reporting processes to ensure that key information technology systems and controls, including smart contracts are operating as intended; periodic independent testing; and a comprehensive and effective incident identification and assessment process and incident response program. Section 15.13(b)(4) requires a permitted payment stablecoin issuer's information technology and security program include administrative, technical, and physical safeguards designed to ensure the security and confidentiality of records containing nonpublic personal information about a customer. The program would also be required to protect against any anticipated threats or hazards to the security or integrity of such records, protect against unauthorized access to or use of such records that could result in substantial harm or inconvenience to any customer, and ensure the proper disposal of such records. Section 15.13(b)(6) provides that a permitted payment stablecoin issuer would be required to monitor, evaluate, and adjust, as appropriate, the information technology and security program in light of any relevant changes in technology, the sensitivity of its customer information, internal or external threats, and the permitted payment stablecoin issuer's own changing business arrangements. Finally, § 15.13(b)(8) would require a permitted payment stablecoin issuer's information technology and security program include measures to ensure continuity of operations and recovery of critical functions in the face of disruptions, including by business impact analyses, testing of vulnerabilities, and testing with critical service providers.

Section 15.13(b)(5) would require a permitted payment stablecoin issuer to develop, implement, and maintain appropriate measures to ensure secure handling of digital assets, including private key management, backup, and recovery incorporating: (i) relevant technical, operational, strategic, market, legal, and compliance considerations relating to each digital asset and its underlying ledger; and (ii) material developments specifically related to supported digital assets and their underlying ledgers.[132]

Section 15.14(f) would require all permitted payment stablecoin issuers to maintain a complete set of books and records in English.

Section 15.14(g) would require all permitted payment stablecoin issuers to develop and implement a records retention policy that is sufficient to ensure the permitted payment stablecoin issuer can demonstrate compliance with the GENIUS Act, 12 CFR part 15, and all applicable laws and regulations.

Section 15.14(l) would require that a permitted payment stablecoin issuer with more than $50 billion in outstanding issuance value, that is not subject to certain reporting requirements under the Securities and Exchange Act of 1934, prepare in accordance with GAAP, an annual financial statement. Section 15.14(l)(1) would require additionally, that a registered public accounting firm perform an audit of the financial statements and sets forth the auditing requirements.

Section 15.15(b) covers the requirements related to a State qualified payment stablecoin issuer that is a nonbank entity transitioning to the OCC's regulatory framework pursuant to section 4 of the GENIUS Act (12 U.S.C. 5903). Section 15.15(b)(1)(i) and (ii), would require a State qualified payment stablecoin issuer that is a nonbank entity of a payment stablecoin with an outstanding issuance value of more than $10 billion to no later than 360 days

[132] If a permitted payment stablecoin issuer holds digital assets on a customer's behalf, the permitted payment stablecoin issuer's risk management practices must reflect this activity. Consistent with the July 14, 2025 Joint Statement on Risk-Management Considerations for Crypto-Asset Safekeeping, permitted payment stablecoin issuers holding digital assets on a customer's behalf would be required to maintain risk management practices, and information security practices in particular, that reflect a permitted payment stablecoin issuer's capacity to understand a complex and evolving asset class, ability to ensure a strong control environment, and appropriate contingency plans to address unanticipated challenges in effectively providing services to customers.

after reaching such threshold, transition to the Federal regulatory framework under 12 CFR part 15 and comply with the provisions of this part applicable to Federal qualified payment stablecoin issuers or cease issuing, on a net basis, new payment stablecoins until the issuer is under the $10 billion outstanding issuance value threshold. Additionally, § 15.15(b)(4)(ii) provides that a State qualified payment stablecoin issuer that does not cease issuing new payment stablecoins in accordance with § 15.15(b)(1)(ii) would be required to transition to the regulatory framework under this part on the earlier of 360 days after reaching the $10 billion outstanding issuance value threshold or the date on which the State qualified payment stablecoin issuer provides written notification under § 15.15(b)(4)(i).

Section 15.21 sets forth covered asset custodial property requirements. Section 15.21(b)(1) provides that a covered custodian would be required to take appropriate steps to protect the covered assets of covered customers from the claims of creditors of the covered custodian and any sub-custodian, as applicable, through adopting, implementing, and maintaining written policies, procedures, and internal controls that are adequate to comply with applicable law and that are commensurate with the covered custodian's size, complexity, and risk profile and with the nature of the applicable covered assets for which it provides custodial services.

Disclosure Requirements

Section 15.11(e) sets forth the specific disclosure requirements for composition reports. A permitted payment stablecoin issuer by noon on the fifth day of a calendar month, would be required to publish the monthly composition of the issuer's reserves held pursuant to the GENIUS Act (12 U.S.C. 5901 *et seq.*) as of noon on the last day of the previous month on the website of the issuer, using a format like the template provided in Table 1 of § 15.11(e). The template should disclose the total number of outstanding payment stablecoins issued by the issuer and the amount and composition of the reserves described in § 15.11(a), including the average tenor and geographic location of custody of each category of reserve instruments.

Section 15.12(a) provides that a permitted payment stablecoin issuer would be required to publicly disclose its redemption policy and include: the timeframe in which the issuer will redeem payment stablecoins and the timeframe under which the issuer is required to redeem payment stablecoins under § 15.12(b)(1)(i); a statement explaining the limitation in § 15.12(b)(1)(ii); a statement explaining the scenarios under which the redemption period may be extended as described in § 15.12(c); a statement with clear instructions on how a payment stablecoin holder can redeem a payment stablecoin, including a link to the website(s) where a customer can redeem the payment stablecoin; and the minimum number of payment stablecoins, if any, that the permitted payment stablecoin issuer will redeem, provided that the issuer must redeem any number greater than or equal to one payment stablecoin, subject to appropriate customer screening and onboarding.

Section 15.12(d) sets forth purchase and redemption disclosures and fee requirements. Section 15.12(d)(1) would require a permitted payment stablecoin issuer publicly, clearly, and conspicuously disclose in plain language and in a format that is readily noticeable to customers, readily understandable by customers, and segregated from other information: the name of the permitted payment stablecoin issuer that issues the payment stablecoin; that the permitted payment stablecoin issuer is the entity that is obligated to convert, redeem, or repurchase the payment stablecoin for a fixed amount of monetary value; the link to the monthly composition report of the relevant permitted payment stablecoin issuer's reserves required under § 15.11(e); and all fees associated with purchasing or redeeming payment stablecoins. Additionally, § 15.12(d)(2) would require that: the permitted payment stablecoin issuer update the disclosures in § 15.12(d)(1)(iv) if there are any changes in fees associated with purchasing or deeming payment stablecoins and provide customers at least seven calendar days' prior notice of the change, including by securely delivering the notice to current customers. Section 15.12(d)(3) also would require a permitted payment stablecoin issuer to publish the disclosures in § 15.12(d)(1) and any updates made in accordance with § 15.12(d)(2) on the permitted payment stablecoin issuer's website. Section 15.12(d)(4) also would require the permitted payment stablecoin issuer include the disclosures in § 15.12(d)(1) and any updates made in accordance with § 15.12(d)(2) in any customer agreements that it provides.

Section 15.14(1) would require the audited annual financial statement include the disclosure of any related party transactions, as defined by GAAP.

Section 15.14(l)(2)(i) would require a permitted payment stablecoin issuer to make the audited financial statements publicly available on the permitted payment stablecoin issuer's website.

Section 15.32(d) sets forth the conditions of approval for foreign payment stablecoin issuers seeking to be registered with the OCC under section 18(c) of the GENIUS ACT (12 U.S.C. 5916(c)). Section 15.32(d)(1) and (2) provides that upon request by the OCC, foreign payment stablecoin issuers would be required to grant the OCC prompt and complete access to all officers, directors, employees, and agents and to all relevant books, records, or documents of any type, in a form and location accessible to the OCC in the United States. The foreign payment stablecoin issuer would also be required to make all information available to the OCC in English.

Estimated Burden

Frequency: Weekly, monthly, quarterly, annually, event-generated, and on occasion.

Respondents: National banks, Federal savings associations, Federal qualified payment stablecoin issuers, State qualified payment stablecoin issuers, foreign issuers.

Summary of Total Estimated Annual Burden:

	Estimated number of respondents	Estimated frequency of response	Estimated average hours per response	Estimated annual burden hours
Initial Set-up Reporting Burden:				
Section 15.10(c)(4)(iii)	29	1	0.5	14.5
Section 15.10(c)(5)(iii)(B)	29	1	4	116
Section 15.11(a)(2)	29	1	4	116

[133] Covered under OMB control number 1557–0014.

[134] Covered under OMB control number 1557–0014.

	Estimated number of respondents	Estimated frequency of response	Estimated average hours per response	Estimated annual burden hours
Section 15.11(g)(1)	29	1	1	29
Section 15.11(g)(4)	29	1	4	116
Section 15.12(c)(4)	29	1	0.5	14.5
Section 15.13(a)(3)	29	1	160	4,640
Section 15.13(b)(7)(i)	29	1	4	116
Section 15.13(b)(7)(ii)	29	1	4	116
Section 15.14(h)	29	1	16	464
Section 15.14(i)	29	1	80	2,320
Section 15.14(j)	29	1	16	464
Section 15.14(k)	29	1	80	2,320
Section 15.14(l)(2)(ii)	1	1	480	480
Section 15.14(l)(2)(iii)	1	1	8	8
Section 15.14(m)	29	1	2	58
Section 15.15(b)(2)	1	1	4	4
Section 15.15(b)(3)	1	1	40	40
Section 15.15(b)(4)	1	1	8	8
Section 15.15(d)(1)	1	1	8	8
Section 15.30(a)(1)	12	1	1	12
Section 15.30(a)(2)	17	1	1	17
Section 15.30(b) [133]	.....	.....	.....	.....
Section 15.30(e)(1)	17	1	40	680
Section 15.30(f)(1)	12	1	1	12
Section 15.30(f)(2)	17	1	1	17
Section 15.31(b)(2)	1	1	80	80
Section 15.31(c)(4)	1	1	8	8
Section 15.32(a)	1	1	1	1
Section 15.32(b)	1	1	80	80
Section 15.32(d)(3) Table 1	1	1	1	1
Section 15.32(d)(3)(i)	1	1	40	40
Section 15.32(d)(3)(ii)	1	1	120	120
Section 15.32(f)	1	1	8	8
Section 15.40(b)(1)(iii)	29	1	1	29
Section 15.40(c)(1)(v)(A)	29	1	1	29
Section 15.40(c)(1)(vi)	29	1	1	29
Section 15.41(d)(2)	1	1	2	2
Section 15.42(c)(2)(i)	29	1	40	1,160
Section 15.42(c)(4)	29	1	40	1,160
Total Reporting Burden	.....	.....	.....	14,937
Recordkeeping Burden:				
Section 15.11(a)(1)	29	1	40	1,160
Section 15.11(f)(1)	29	1	8	232
Section 15.11(f)(2)	29	1	8	232
Section 15.12(b)	29	1	8	232
Section 15.13(a)(1)	29	1	80	2,320
Section 15.13(a)(2)	29	1	80	2,320
Section 15.13(a)(5)	29	1	80	2,320
Section 15.13(a)(6)(i)(C)	29	1	8	232
Section 15.13(b)(1), (2), (3), (4), (6), and (8)	29	1	160	4,640
Section 15.13(b)(5)	29	1	80	2,320
Section 15.14(f)	29	1	40	1,160
Section 15.14(g)	29	1	40	1,160
Section 15.14(l)	1	1	160	160
Section 15.14(l)(1)	1	1	1	1
Section 15.15(b)(1)(i) and (ii)	1	1	160	160
Section 15.15(b)(4)(ii)	1	1	1	1
Section 15.21(b)(1)	21	1	8	168
Total Recordkeeping Burden	.....	.....	.....	18,818
Disclosure Burden:				
Section 15.11(e)	29	1	40	1,160
Section 15.11(e) Table 1	29	1	1	29
Section 15.12(a)	29	1	8	232
Section 15.12(d)	29	1	8	232
Section 15.14(l)	29	1	4	4
Section 15.14(l)(2)(i)	1	1	16	16
Section 15.32(d)(1) and (2)	1	1	40	40
Total Disclosure Burden	.....	.....	.....	1,713
Total Initial Set-Up	.....	.....	.....	35,468

	Estimated number of respondents	Estimated frequency of response	Estimated average hours per response	Estimated annual burden hours
Ongoing Compliance Reporting Burden:				
Section 15.10(c)(4)(iii)	29	1	1	29
Section 15.10(c)(5)(iii)(B)	29	1	1	29
Section 15.11(a)(2)	29	1	16	464
Section 15.11(g)(1)	29	1	1	29
Section 15.11(g)(4)	29	1	8	232
Section 15.12(c)(4)	29	1	0.5	14.5
Section 15.13(a)(3)	29	12	40	13,920
Section 15.13(b)(7)(i)	29	1	1	29
Section 15.13(b)(7)(ii)	29	1	1	29
Section 15.14(h)	29	52	1	1,508
Section 15.14(i)	29	4	16	1,856
Section 15.14(j)	29	1	40	1,160
Section 15.14(k)	29	1	8	232
Section 15.14(l)(2)(ii)	1	1	40	40
Section 15.14(l)(2)(iii)	1	1	16	16
Section 15.14(m)	29	1	2	58
Section 15.15(b)(2)	1	1	1	1
Section 15.15(b)(3)	1	1	1	1
Section 15.15(b)(4)	1	1	1	1
Section 15.15(d)(1)	1	1	1	1
Section 15.30(a)(1)	12	1	1	12
Section 15.30(a)(2)	17	1	1	17
Section 15.30(b) [134]	.....	.....	.....	.....
Section 15.30(e)(1)	17	1	1	17
Section 15.30(f)(1)	12	1	1	12
Section 15.30(f)(2)	17	1	1	17
Section 15.31(b)(2)	1	1	80	80
Section 15.31(c)(4)	1	1	8	8
Section 15.32(a)	1	1	1	1
Section 15.32(b)	1	1	1	1
Section 15.32(d)(3) Table 1	1	1	1	1
Section 15.32(d)(3)(i)	1	1	40	40
Section 15.32(d)(3)(ii)	1	12	16	192
Section 15.32(f)	1	1	1	1
Section 15.40(b)(1)(iii)	29	1	1	29
Section 15.40(c)(1)(v)(A)	29	1	1	29
Section 15.40(c)(1)(vi)	29	1	1	29
Section 15.41(d)(2)	1	1	1	1
Section 15.42(c)(2)(i)	29	1	1	29
Section 15.42(c)(4)	29	1	1	29
Total Reporting Burden	.....	.....	.....	20,194.50
Recordkeeping Burden:				
Section 15.11(a)(1)	29	12	4	1,392
Section 15.11(f)(1)	29	12	2	696
Section 15.11(f)(2)	29	12	0.25	87
Section 15.12(b)	29	1	1	29
Section 15.13(a)(1)	29	1	1	29
Section 15.13(a)(2)	29	1	1	29
Section 15.13(a)(5)	29	1	1	29
Section 15.13(a)(6)(i)(C)	29	1	1	29
Section 15.13(b)(1), (2), (3), (4), (6), and (8)	29	1	1	29
Section 15.13(b)(5)	29	1	1	29
Section 15.14(f)	29	1	8	232
Section 15.14(g)	29	1	1	29
Section 15.14(l)	1	1	1	1
Section 15.14(l)(1)	1	1	1	1
Section 15.15(b)(1)(i) and (ii)	1	1	1	1
Section 15.15(b)(4)(ii)	21	1	1	21
Section 15.21(b)(1)	.....	.....	.....	.....
Total Recordkeeping Burden	.....	.....	.....	2,664
Disclosure Burden:				
Section 15.11(e)	29	12	8	2,784
Section 15.11(e) Table 1	29	12	1	348
Section 15.12(a)	29	1	1	29
Section 15.12(d)	29	1	1	29
Section 15.14(l)	1	1	8	8
Section 15.14(l)(2)(i)	1	1	8	8
Section 15.32(d)(1) and (2)	1	1	40	40

	Estimated number of respondents	Estimated frequency of response	Estimated average hours per response	Estimated annual burden hours
Total Disclosure Burden				3,246
Total Ongoing Compliance				26,104.50
Grand Total				61,572.50

Total estimated annual burden hours: 61,573 (rounded) (35,468 hours for initial setup and 26,105 (rounded) hours for ongoing compliance).

Comments on aspects of this document that may affect reporting, recordkeeping, or disclosure requirements and burden estimates should be submitted as provided in the **ADDRESSES** section of the **SUPPLEMENTARY INFORMATION** and are invited on:

(a) Whether the collection of information is necessary for the proper performance of the functions of the OCC, including whether the information has practical utility;

(b) The accuracy of the OCC's estimate of the burden of the collection of information;

(c) Ways to enhance the quality, utility, and clarity of the information to be collected;

(d) Ways to minimize the burden of the collection on respondents, including through the use of automated collection techniques or other forms of information technology; and

(e) Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA),[135] requires an agency to consider the impact of its proposed rules on small entities (defined by the U.S. Small Business Administration (SBA) for purposes of the RFA to include commercial banks and savings institutions with total assets of $850 million or less and trust companies with total assets of $47 million or less). In connection with a proposed rule, the RFA generally requires an agency to prepare an Initial Regulatory Flexibility Analysis (IRFA) describing the impact of the rule on small entities, unless the head of the agency certifies that the proposed rule will not have a significant economic impact on a substantial number of small entities and publishes such certification along with a statement providing the factual basis for such certification in the **Federal Register**. An IRFA must contain: (1) a description of the reasons why action by the agency is being considered; (2) a succinct statement of the objectives of, and legal basis for, the proposed rule; (3) a description of and, where feasible, an estimate of the number of small entities to which the proposed rule will apply; (4) a description of the projected reporting, recordkeeping, and other compliance requirements of the proposed rule, including an estimate of the classes of small entities that will be subject to the requirements and the type of professional skills necessary for preparation of the report or record; (5) an identification, to the extent practicable, of all relevant Federal rules that may duplicate, overlap with, or conflict with the proposed rule; and (6) a description of any significant alternatives to the proposed rule that accomplish its stated objectives.

The OCC currently supervises 997 institutions (national banks, Federal savings associations, and branches or agencies of foreign banks),[136] of which approximately 609 are small entities under the RFA.[137]

In general, the OCC classifies the economic impact on an individual small entity as significant if the total estimated impact in one year is greater than 5 percent of the small entity's total annual salaries and benefits or greater than 2.5 percent of the small entity's total non-interest expense. Furthermore, the OCC considers 5 percent or more of OCC-supervised small entities to be a substantial number, and at present, 30 OCC-supervised small entities would constitute a substantial number.

Given that all current OCC banks that issue stablecoins generally have issuance of over $1 billion and are not considered small entities and the lack of small entity stablecoin issuers, the OCC will need to wait for more information to determine whether it is likely that there will be a significant number of small entities affected by the proposed rule. At this time, the OCC does not expect that the proposed rule would have a significant impact on a substantial number of small entities under the RFA.

OCC Unfunded Mandates Reform Act

The OCC has analyzed the proposed rule under the factors in the Unfunded Mandates Reform Act of 1995 (UMRA).[138] Under this analysis, the OCC considered whether the proposed rule includes a Federal mandate that may result in the expenditure by State, local, and tribal governments, in the aggregate, or by the private sector, of $100 million or more in any one year ($187 million as adjusted annually for inflation).

The OCC has determined that the proposed rule may result in an expenditure of $187 million or more annually by the private sector. The OCC has prepared an impact analysis and identified and considered alternative approaches. When the proposed rule is published in the **Federal Register**, the full text of the OCC's analysis will be available at: *https://www.regulations.gov,* Docket ID OCC–2025–0372.

Riegle Community Development and Regulatory Improvement Act of 1994

Pursuant to section 302(a) of the Riegle Community Development and Regulatory Improvement Act of 1994, 12 U.S.C. 4802(a), in determining the effective date and administrative compliance requirements for new regulations that impose additional reporting, disclosure, or other requirements on insured depository institutions, the agencies will consider, consistent with principles of safety and soundness and the public interest: (1) any administrative burdens that the proposed rule would place on

[135] 5 U.S.C. 601 *et seq.*

[136] Based on data accessed using the OCC's Financial Institutions Data Retrieval System on February 20, 2026.

[137] The OCC bases its estimate of the number of small entities on the Small Business Administration's size thresholds for commercial banks and savings institutions, and trust companies, which are $850 million and $47 million, respectively. Consistent with the General Principles of Affiliation, 13 CFR 121.103(a), the OCC counted the assets of affiliated financial institutions when determining if it should classify an OCC-supervised institution as a small entity. The OCC used average quarterly assets in 2024 to determine size because a ''financial institution's assets are determined by averaging the assets reported on its four quarterly financial statements for the preceding year.'' *See* footnote 8 of the U.S. Small Business Administration's *Table of Size Standards.*

[138] 2 U.S.C. 1531 *et seq.*

depository institutions, including small depository institutions and customers of depository institutions; and (2) the benefits of the proposed rule. The OCC requests comment on any administrative burdens that the proposed rule would place on depository institutions, including small depository institutions, and their customers, and the benefits of the proposed rule that the agencies should consider in determining the effective date and administrative compliance requirements for a final rule.

Providing Accountability Through Transparency Act of 2023

The Providing Accountability Through Transparency Act of 2023, 5 U.S.C. 553(b)(4), requires that a notice of proposed rulemaking include the internet address of a summary of not more than 100 words in length of a proposed rule, in plain language, that shall be posted on the internet website *www.regulations.gov.*

The OCC is proposing to issue regulations to implement the GENIUS Act regarding the issuance of payment stablecoins and certain related activities by entities subject to the OCC's jurisdiction. The proposal and the required summary can be found at *https://www.regulations.gov* by searching for Docket ID OCC–2025–0372 and *https://occ.gov/topics/laws-and-regulations/occ-regulations/proposed-issuances/index-proposed-issuances.html.*

Executive Order 12866 (as Amended)

Executive Order 12866, titled ''Regulatory Planning and Review,'' as amended, requires the Office of Information and Regulatory Affairs (OIRA), Office of Management and Budget to determine whether a proposed rule is a ''significant regulatory action'' prior to the disclosure of the proposed rule to the public. If OIRA finds the proposed rule to be a ''significant regulatory action,'' Executive Order 12866 requires the OCC to conduct a cost-benefit analysis of the proposed rule and for OIRA to conduct a review of the proposed rule prior to publication in the **Federal Register**. Executive Order 12866 defines ''significant regulatory action'' to mean a regulatory action that is likely to (1) have an annual effect on the economy of $100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities; (2) create a serious inconsistency or otherwise interfere with an action taken or planned by another agency; (3) materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or (4) raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in Executive Order 12866.

OIRA has determined that this proposed rule is an economically significant regulatory action under Section 3(f)(1) of Executive Order 12866 and, therefore, is subject to review under Executive Order 12866.

The OCC's analysis conducted in connection with Executive Order 12866 is set forth below.

Baselines

Prior to passage of the GENIUS Act and drafting of the proposed rule, there was no comprehensive Federal framework governing payment stablecoin issuance. Rather, payment stablecoin issuance was subject to State stablecoin laws, State crypto-asset regulations, and/or State money transmission laws. For non-OCC regulated banks that will be permitted payment stablecoin issuers, the OCC used the requirements contained in New York stablecoin laws as the baseline based on the assumption that non-OCC-regulated banks that issue stablecoins would have complied with New York State laws and regulations given that at least a portion of the issuers' stablecoin activity would occur in New York and therefore generally require the issuer to register in New York. For OCC-regulated national banks and Federal savings association affiliated subsidiaries that would be permitted payment stablecoin issuers, in the absence of the proposed rule, these entities would be subject to existing laws and regulations that do not specifically contemplate stablecoins. The OCC confirmed in interpretive letters that its regulated institutions can issue payment stablecoins and are allowed to hold deposits that serve as reserves for their stablecoin issuer customers.[139] While the interpretive letters recognized that OCC regulated institutions may provide stablecoin services, the interpretive letters did not provide a formal federal regulatory structure governing OCC regulated banks' stablecoin issuance. Therefore, the baseline would be treatment under existing applicable Federal law and regulations that did not specifically contemplate stablecoins. Stablecoin issuance and stablecoin reserve assets would generally have been treated as standard balance sheet assets and liabilities, and so the OCC estimated costs for OCC-regulated bank affiliated permitted payment stablecoin issuers relative to a baseline where the stablecoins and stablecoin reserve assets would be subject to applicable laws and regulations governing national bank and Federal savings association assets and liabilities.

For the baseline described above, the OCC assumes the most likely regulatory outcome in the absence of the GENIUS Act and its implementing regulations. Specifically, the OCC assumes that OCC regulated banks would have been allowed to legally issue payment stablecoins and would not have been subject to State stablecoin laws. Additionally, the OCC assumes there would have been no broad Federal stablecoin framework. This baseline assumes some OCC-regulated banks would eventually begin issuing or increase their issuance of payment stablecoins to compete with non-bank issuers' payment stablecoin activities. Under this baseline, the OCC concludes that stablecoin issuance by OCC-regulated bank affiliated permitted payment stablecoin issuers would increase, but significantly less than such increases in issuance after the implementation of the rules required by the GENIUS Act. The OCC expects that OCC-regulated bank affiliated permitted payment stablecoin issuers would issue fewer payment stablecoins under this baseline because payment stablecoin issuance would be more costly in absence of the proposed rule's provisions. In addition, the OCC believes that stablecoin issuance would be more limited under the baseline as there would be costs due to a lack of uniform Federal rules. Nevertheless, the OCC believes that the most likely scenario is that banks would still have issued some amount of payment stablecoins under the baseline to meet consumer demand, and this would occur despite the greater costs of issuance than would have occurred without the GENIUS Act and its implementing regulations under the baseline.

Overall, to the extent that any requirements under applicable baselines are substantially the same as the requirements in the proposed rule, the OCC's analysis considered the effect of these requirements to generally be *de minimis.* To the extent that there were differences between the mandates in the proposed rule and the assumed baselines, the OCC's analysis measures cost and benefits as the differences in the costs and benefits of the mandates

[139] OCC Interpretive Letter 1174 (January4, 2021); OCC Interpretive Letter 1172 (September 21, 2020).

in the proposed rule and the mandates in the applicable baselines.

Affected Parties

The OCC estimates that the proposed rule would affect a total of 29 entities that will become OCC-supervised permitted payment stablecoin issuers. The OCC anticipates that 12 OCC-regulated national banks and Federal savings associations will have permitted payment stablecoin issuer affiliated subsidiaries and be affected by the proposed rule. The OCC anticipates that at least 12 currently non-OCC regulated institutions would become permitted payment stablecoin issuers or have permitted payment stablecoin issuer affiliates. This number includes potential non-bank financial companies, non-financial companies, as well as already existing non-bank-financial-company payment stablecoin issuers that could apply to become payment stablecoin issuers. For the non-OCC-regulated-bank-affiliated permitted payment stablecoin issuers, the OCC is using New York State stablecoin laws and regulations as a baseline. The OCC also expects non-OCC regulated institutions could opt to issue payment stablecoins through partners (*e.g.,* white-label) or as apart of consortia of issuers. The OCC estimates that there will be five white-label or consortia issuers that will become permitted payment stablecoin issuers. Depending on the composition of the consortium, the baseline could be either New York State regulation or the OCC-regulated national bank and Federal savings association baseline.

Economic Analysis of Requirements and Expected Costs and Cost Savings

For calculations that require an estimate of the total value of expected payment stablecoin issuance, the OCC used forecasts of aggregate stablecoin issuances from private sector forecasts reported in the media. The forecast data [140] indicate upper bounds for payment stablecoin issuance of $250 billion in 2025 and $500 billion in 2026. The OCC reviewed costs associated with the proposed rule according to the following categories: (a) reserve requirements; (b) redemption requirements; (c) capital requirements; (d) custody requirements; and (e) miscellaneous administrative and compliance requirements. The OCC aggregated the cost estimates to generate a total cost estimate for each baseline.

Reserve Requirements

The proposed rule implements section 4(a) of the GENIUS Act and includes requirements governing the management, composition, and reporting of reserves that back payment stablecoin issuance. Under the proposed rule, a permitted payment stablecoin issuer must maintain and demonstrate the operational capacity to monetize all types of reserves it maintains. Because liquidity measurement and management are already integral components of a bank's ongoing operations, the OCC expects many permitted payment stablecoin issuers to already have the internal practices in place to meet this requirement or to be able to demonstrate monetization through the usual course of business. For example, institutions that monetize United States Treasury securities on a regular basis through the ordinary course of business may be able to rely on evidence of sales to meet the monetization requirement. Permitted payment stablecoin issuers may also be able to demonstrate liquidity by establishing that they maintain appropriate repo arrangements through which they can quickly pledge and receive liquid funds. Additionally, large institutions under OCC supervision are already subject to extensive monetization testing and analysis to demonstrate liquidity. In these cases, the OCC does not expect additional compliance costs due to the monetization requirement. To the extent that demonstrating liquidity does not already reflect an institution's current business practices, the requirement to demonstrate monetization could increase operational expenses; however, based on the institutions expected to become permitted payment stablecoin issuers, we expect affected institutions (*i.e.,* both non-OCC regulated institutions and OCC-regulated institutions) would already have internal liquidity practices in place and be able to meet the requirement without additional burden.

The proposed rule states that for some permitted payment stablecoin issuers—depending on the issuer's size, business model, and operations—it may be necessary to periodically conduct monetization transactions to demonstrate liquidity, which could introduce new costs for some permitted payment stablecoin issuers. For example, institutions that do not monetize certain assets already on a frequent basis may need to conduct specific transactions that go beyond ordinary business activities. In another context, trade associations have pointed out that this could potentially lead to institutions having to recognize a loss for a sale solely for demonstration purposes.[141] However, based on the experience of OCC banks that currently engage in monetization testing, the OCC expect these instances to be rare.

The proposed rule also includes requirements on the composition and reporting of reserves. Identifiable reserves must be comprised of specified high-liquid instrument types, such as cash, demand deposits, and short-term United States Treasury bills, notes, and bonds. Relative to the pre-existing regulatory baseline, the OCC estimates that non-OCC-regulated-bank affiliated issuers would have already managed reserves in a manner consistent with the proposed rule. New York's Department of Financial Services (NYDFS) imposes restrictions on how reserves can be held by stablecoin issuers and are similar to those in the proposed rule.[142] Therefore, the OCC estimates that non-OCC-regulated-bank-affiliated PPSIs would incur no new costs to acquire and report reserve assets in the instrument types required by the GENIUS Act and the proposed rule as these institutions would already satisfy these requirements under the baseline.[143]

For OCC-regulated institutions, there could be opportunity costs associated with holding reserves in the specified high-quality liquid assets compared to potentially higher-yielding alternatives, given that any prior payment stablecoin issuance may not have been subject to NYDFS regulations. While the OCC does not attempt to quantify this cost, which would fluctuate with current market rates at any given point time, the OCC anticipates that many permitted payment stablecoin issuers would likely have managed reserves in a manner consistent with the reserve requirements

[140] *See* Muyao Shen, ''Stablecoin Sector May Reach $2 Trillion: Standard Chartered,'' Bloomberg (April 15, 2025), *https://www.bloomberg.com/news/articles/2025-04-15/stablecoin-sector-may-reach-2-trillion-standard-chartered-says.* When the OCC applies a compound growth rate from $250 billion as of the time of the enactment of the GENIUS Act, market cap for 2026 is estimated at $500 billion, market cap for 2027 at $1 trillion, and market cap for 2028 at $2 trillion.

[141] *See* SIFMA, et al., ''Liquidity Coverage Ratio: Liquidity Risk Measurement, Standards, and Monitors'' (January 31, 2014), *available at https://www.sifma.org/wp-content/uploads/2017/05/sifma-and-other-associations-submit-comments-to-multiple-regulators-on-liquidity-coverage-ratio.pdf.*

[142] *See* New York Department of Financial Services, ''Guidance on the Issuance of U.S. Dollar-Backed Stablecoins,'' (June 8, 2022), *https://www.dfs.ny.gov/industry_guidance/industry_letters/il20220608_issuance_stablecoins* (describing New York State's reserve requirements for U.S. dollar-backed stablecoins).

[143] Current stablecoin issuers already hold reserves in high-liquid instrument types. For example, Circle, the second largest stablecoin issuer, holds 99.5% of its total reserves in cash, short-term U.S. Treasury bills and notes, and repurchase agreements secured by such obligations or cash. *See* BlackRock, ''Circle Reserve Fund'' (last visited December 22, 2025), *https://www.blackrock.com/cash/en-us/products/329365/.*

either to conform with market practices and remain competitive with non-OCC regulated issuers or to comply with requirements that would be applicable to payment stablecoins if held on banks' balance sheets.

Finally, the proposed rule mandates publication of a monthly reserve composition report, examination of this report by a registered public accounting firm, and monthly submission of certification of the CEO and CFO (or the persons performing the equivalent functions) to the OCC. These efforts will require various reporting, training, and auditing expenses. The OCC estimates the average burden of the monthly composition report to be two hours per response, or $3,144 (24 hours * $131) per issuer on an annual basis and apply to all permitted payment stablecoin issuers.[144]

Due to an overlap with existing State laws, the OCC does not expect that the auditing mandate will impose additional burden on non-OCC regulated institutions relative to the baseline; NYDFS requires reserves to be subject to examination at least once per month by an independent Certified Public Accountant. In contrast, the OCC anticipates that OCC-regulated institutions would face higher auditing costs from a monthly auditing requirement. OCC-regulated institutions are generally audited quarterly. Moving to monthly audits performed by an independent Certified Public Accountant would result in a threefold increase in auditing frequency. The OCC estimates the incremental cost in moving from quarterly to monthly certification of these reports by a public accounting firm to be $40,000 per issuer on an annual basis.

Overall, the OCC attributes aggregate reporting costs of $75,456 ($3,144 * 24 issuers) and auditing costs of $480,000 ($40,000 * 12 issuers) to the statute in 2026, relative to the existing regulatory baseline. The total estimated costs associated with the reserve requirements are therefore $555,456 ($555,456 = $75,456 + $480,000).

[144] This estimate is based on public reporting burden for comparable Federal Reserve Board reporting forms of similar burden. *See* Board of Governors of the Federal Reserve System, ''Reporting Forms'' (last visited December 22, 2025), *https://www.federalreserve.gov/apps/reportingforms*. The hourly wage rate is based on data from the United States Bureau of Labor Statistics (BLS) for depository credit intermediation (NAICS 522100). To estimate compensation costs associated with the Guidelines, we use $131 per hour, which is based on the average of the 90th percentile for the occupations reported annually by the BLS plus an additional 38 percent to cover inflation and private sector benefits.

Redemption Requirements

The proposed rule would impose several mandates governing payment stablecoin redemption. The OCC expects that non-OCC-regulated-bank-affiliated permitted payment stablecoin issuers would have already complied with such mandates under the baseline. Additionally, for OCC-regulated banks, the OCC expects that such banks would have voluntarily complied with these requirements and therefore generally incur no new costs relative to the baseline.

With respect to the disclosure mandates required by the proposed rule, the OCC does not expect that the proposed rule will cause OCC-regulated bank-affiliated permitted payment stablecoin issuers to incur significant new costs because current stablecoin regulations and money-transmission laws that govern New York State stablecoin issuance already impose similar mandates. For OCC-regulated banks that would be permitted payment stablecoin issuers, the OCC expects that such institutions would voluntarily provide such information to compete for customers. Additionally, because OCC-regulated banks already comply with several reporting and disclosure requirements in other business lines, the OCC does not expect that there would be significant fixed costs in complying with the redemption disclosure requirements. Therefore, OCC-regulated banks that would be permitted payment stablecoin issuers would also not incur significant new costs related to these disclosure requirements.

The proposed rule defines ''timely'' to mean that the permitted payment stablecoin issuer would have to redeem a payment stablecoin no later than two-business days from the date of the requested redemption. This is the same as New York State's guideline of two-business days and comparable to existing stablecoin procedures. Therefore, non-OCC-regulated-bank-affiliated permitted payment stablecoin issuers would incur no new costs relative to the baseline. Additionally, the OCC expects that OCC-regulated banks would have complied with the two-business day mandate in the absence of this timeliness requirement due to market conventions and competitive pressures. Since current technology allows for nearly instantaneous transfers of account funds within financial institutions, the OCC believes that the costs associated with complying with the two-business day requirement would be *de minimis.*

With respect to the provision in proposed § 15.12(c) that provides for an extended redemption period of seven calendar days in the event of significant redemption demands—unless the OCC determines that the issuer has the ability to redeem sooner in an orderly fashion and through a fair and transparent process—the OCC expects that all issuers would benefit from this extended period and there would be no associated costs. Although the proposal requires notice to the OCC within 24 hours of such a significant redemption event, the OCC expects that any costs would be *de minimis* because notification is provided through issuers' existing supervisory contacts.

Capital Requirements

In order to estimate the monetary cost of the capital requirements in the proposed rule, the OCC assumed an average cost for each payment stablecoin issuer and made assumptions regarding the inputs to the cost calculations. To calculate the cost of equity capital requirements, the OCC assumed that under the proposed rule, all payment stablecoin issuers will initially be required to maintain the minimum amount of capital which includes the $5 million requirement for de novo banks and the ongoing 12-month-operating-expense backstop. The OCC assumed that for the component of the capital requirement that is based on permitted payment stablecoin issuer discretion that permitted payment stablecoin issuers will not hold more capital than they would elect to in the absence of the proposed rule. For the cost-of-equity-capital calculation the OCC assumed:

- In 2026 there will be 12 OCC-bank-affiliated permitted payment stablecoin issuers and 12 non-OCC-bank affiliated permitted payment stablecoin issuers.
- Initially in 2026, the upper-bound for market size, measured by the value of outstanding stablecoins, will be $500 billion. Of this $500 billion, the OCC attributes $375 billion to non-OCC-bank affiliated permitted payment stablecoin issuers and $125 billion to OCC bank-affiliated permitted payment stablecoin issuers.
- Under the baseline scenario, without the GENIUS Act and the proposed rule, the OCC bank-affiliated permitted payment stablecoin issuers would only issue $50 billion in payment stablecoins, which is $75 billion less than the issuance under the GENIUS Act and the proposed rule. Additionally, under the baseline, non-OCC-bank-affiliated permitted payment stablecoin issuers would issue the same amount of payment stablecoins that they would have under the GENIUS Act and under the proposed rule. In total, under

the baseline, there is $425 billion in issuance, with $50 billion attributable to OCC bank-affiliated permitted payment stablecoin issuers and $375 billion attributable to non-OCC-bank affiliated permitted payment stablecoin issuers.

- The cost of equity capital is the ongoing yearly required return on equity capital that that the OCC expects permitted payment stablecoin issuers to pay to obtain equity to satisfy capital requirements. The current estimate of the cost of capital in the banking industry is 8.37%. Permitted payment stablecoin issuers incur the cost of equity capital upfront by receiving a discounted payment from investors for equity shares in the permitted payment stablecoin issuers.
- The 12-month operating expense amount for each permitted stablecoin issuer will be 0.40% of outstanding stablecoins. The OCC used this cost estimate as a conservative estimate of operating costs of government money market funds and a large stablecoin issuer's 10-Qs as reported pursuant to the Securities Exchange Act of 1934.

The OCC calculated the effect of capital mandates separately for OCC-bank-affiliated permitted payment stablecoin issuers and for non-OCC-bank affiliated permitted payment stablecoin issuers due to differences in baselines. The OCC calculated the effect of capital mandates for OCC-affiliated-bank permitted payment stablecoin issuers under the bank and bank-affiliated-holding company rule baseline and the OCC calculated the effect of the mandates under the New York State baseline for non-OCC-regulated bank affiliated permitted payment stablecoin issuers.

The OCC calculated the total minimum required capital under the proposed rule for all expected permitted payment stablecoin issuers. The first calculation is for the proposed rule's fixed capital requirement of $5 million for de novo issuers. The OCC multiplied the $5 million requirement by 24 to arrive at an aggregate capital requirement of $120 million. The OCC calculated the cost of the aggregate $120 million of equity capital to be roughly $10.0 million which is 8.37% multiplied by the $120 million.

The second part of the cost of capital estimate includes the proposed rule's operational backstop which is a requirement equal to 12 months of operating costs. The OCC estimated the 12-month-operating-expenses to be 0.40% times the expected $500 billion in outstanding stablecoin issues in 2026 which amounts to $2 billion ($500 billion * .40%). The cost of this $2 billion of required capital is the amount of capital times the cost of equity capital (8.37% as calculated by the NYU Stern School) which totals $167.4 million. Because there is no comparable backstop estimate in the regulatory baseline, we include the full $167.4 million toward the cost of capital calculation. The total cost of minimum capital requirements under the proposed rule is $177.4 million which is the sum of the $10.0 million cost of the de novo permitted payment stablecoin issuer requirement plus the $167.4 million cost of the operational backstop requirement.

For non-OCC-regulated-bank affiliated permitted payment stablecoin issuers, to calculate total capital requirements, the OCC subtracted the corresponding expected capital requirement for these permitted payment stablecoin issuers under the New York State baseline. For the New York State baseline, there is fixed capital requirement of $2 million per issuer that applies to stablecoin issuers under New York's ''Limited Purpose Trust Company Charter,'' and the BitLicense charter does not mention a specific minimum capital requirement. The OCC assumed that the minimum capital requirement under New York State rules is at least the $2 million under the ''Limited Purpose Trust Company Charter.'' For the 12 non-OCC-regulated-bank affiliated permitted stablecoin issuers, the OCC calculated a minimum capital requirement of $24 million.

For OCC-regulated-bank affiliated permitted payment stablecoin issuers, the OCC assumed that permitted payment stablecoin issued by OCC-regulated banks would have been treated as standard balance assets and hence, all stablecoin reserve assets would have been subject to the tier 1 leverage ratio, which is set at 4 percent. The OCC projected that OCC-bank-affiliated issuers would be responsible for $50 billion in stablecoin issuance in 2026 and would therefore have needed to hold $2 billion in tier 1 capital ($2 billion = .04 × $50 billion).

Taken together, under the two assumed baselines for the 24 expected permitted payment stablecoin issuers, the OCC calculated that these permitted payment stablecoin issuers would have been required to hold $2.024 billion ($2.024 billion = $2 billion + $24 million) under the assumed baselines. The OCC calculated the cost of equity capital under the baseline to be approximately $169.4 million ($169.4 million = $2.024 billion × 8.37%). Therefore, after accounting for the regulatory baseline, the OCC estimated the capital requirements under the proposed rule to result in a net cost of $8 million 8 million = 177.4 million − $169.4 million) relative to the regulatory baselines.

The last component of the minimum capital requirement is a self-imposed amount of capital to be determined by each permitted payment stablecoin issuer. The OCC estimated the cost of this additional requirement to be zero.

Custody Requirements

The proposed rule imposes mandates governing certain custodial activities of OCC-supervised institutions (including OCC-supervised permitted payment stablecoin issuers).[145] For the proposed rule, the OCC expects that covered custodians for covered assets would likely already be specialized custodial institutions for several assets classes or already provide custodial services for crypto assets, including stablecoins. The OCC concluded that since New York State has already imposed substantially similar compliance mandates on covered custodians for providing custodial services for covered assets, the proposed rule will not result in new costs for covered custodial activities for non-OCC supervised entities.

With respect to OCC supervised bank institutions affiliated permitted payment stablecoin issuers, OCC regulated banks were previously allowed to provide custody services for crypto assets, as confirmed in Interpretive Letters 1170, 1183, and 1184. The OCC does not expect that OCC banks would incur new costs as result of the custody services mandates in the proposed rule because OCC banks providing custody services for crypto assets generally followed industry best practices and guidance governing non-fiduciary custody activities. Therefore, the OCC concluded that OCC-regulated-bank affiliated permitted payment stablecoin issuers would not incur new compliance costs under the proposed rule.

Miscellaneous Administrative and Compliance Requirements

The proposed rule includes other administrative and compliance mandates which include risk management mandates in § 15.13; and compliance mandates in § 15.14. The OCC estimated the cost of all mandates in these sections.

The OCC assessed that for non-OCC-regulated-bank affiliated permitted

[145] Specifically, the proposed rule imposes requirements relating to the custody of ''covered assets'' which include payment stablecoin reserves, payment stablecoins used as collateral, and private keys used to issue payment stablecoins, as well as cash and other property received in the course of the provision of custodial or safekeeping services for such assets.

payment stablecoin issuers that miscellaneous administrative and compliance mandates in the proposed rule effectively overlap with New York State requirements with the exception of the higher frequency confidential weekly reporting requirement and the regular 12- or 18- to 36-month examination requirement in the proposed rule.

The OCC assessed that for OCC-regulated-bank affiliated permitted payment stablecoin issuers, miscellaneous administrative and compliance mandates from the proposed rule overlap with the requirements under the assumed regulatory baseline and that there would be no material new costs to these issuers under the proposed rule.

The OCC estimated the weekly reporting requirement will require one hour per week with a cost of $131.00 per hour. The total weekly reporting cost for 12 non-OCC-regulated bank permitted payment stablecoin issuers annually is therefore $81,744 ($81,744 = 52 * 131 * 12).

To comply with ongoing OCC exam requirements, the OCC estimated that each of the 12 non-OCC-regulated bank permitted payment stablecoin issuers will employ 1,000 employee hours annually on supervisory exams for a total of $131,000 ($131,000 = 131 * 1,000). Therefore, the OCC expected that these 12 permitted payment stablecoin issuers' total expenditures on examinations to total $1,572,000 ($1,572,000 = 131,000 * 12).

In summary, the OCC estimated the ongoing miscellaneous administrative and compliance mandate costs to total $1,653,744 per year ($1,653,744 = $1,572,000 + 81,744).

Assessments

The OCC estimated that in total, the assessment schedule under the proposed rule will save permitted payment stablecoin issuers a total of $11.9 million in assessment fee costs in 2026. The OCC estimated that the 12 OCC-bank-affiliated permitted payment stablecoin issuers would pay an additional $2.1 million in assessment fees relative to their baseline, but that the 12 non-OCC bank affiliated permitted payment stablecoin issuers would save approximately $14 million relative to the New York State baseline.

The OCC estimated that the assessment mandates in the proposed rule will cost permitted payment stablecoin issuers and increase the OCC's assessment revenue by $5.6 million in 2025 if the proposed rule were implemented at the start of 2026. The OCC's projections are based on the September 2025 assessment fee structure for existing OCC-supervised banks applied to the stablecoin market and includes a 35 percent discount for stablecoin issuers. The proposed rule suggests discounts can be increased to as high as 55 percent if approved by the OCC, based on agency needs. The projections do not consider future changes in assessment fee structure or changes to fee schedules. The estimates make the following assumptions:

- All payment stablecoins will be issued by OCC regulated permitted payment stablecoin issuers.
- The market will be occupied by 12 non-OCC-regulated bank permitted payment stablecoin issuers and 12 OCC-regulated bank permitted payment stablecoin issuers in 2026.

While assessment revenue will increase for the OCC, the assessment fees under the proposed rule for existing issuers that would have otherwise been paid to NYDFS by non-OCC-regulated bank permitted payment stablecoin issuers under the baseline would be considered a cost savings to these permitted payment stablecoin issuers. NYDFS budgets $15.5 billion in assessment revenue for State fiscal year (SFY) 2025–2026, which ends March 31, 2026. Applying NYDFS methodology for SFY 2026–2027, New York State would collect $24.1 million in fees in the absence of the GENIUS Act. It is anticipated that large stablecoin issuers under NYDFS oversight, who pay the bulk of NYDFS assessments, will migrate to OCC. Given the discounts in the proposed rule, and difference in the fee structure, a migration to OCC from NYDFS oversight will be a cost savings to the permitted payment stablecoin issuers as NYDFS's assessment fee incorporates transaction volumes and broader custodial volume supervision. The proposed rule does not currently anticipate transaction volumes to factor into OCC assessment calculations, and the OCC will not supervise custodians outside the Federal banking system other than OCC-regulated PPSIs.

For OCC-regulated-bank-affiliated permitted payment stablecoin issuers, the impact on assessments may be a cost savings relative to the baseline as stablecoin reserve assets would move from bank balance sheets to the balance sheets of the subsidiary permitted payment stablecoin issuer. The cost savings are due to a 35% discount on assessments from the standard assessment fee schedule in the proposed rule. However, the enactment of the proposed rule would expand the market beyond the baseline, resulting in a net increase in assessment revenue. Under the proposed rule, the OCC estimated that permitted payment stablecoin issuers affiliated with OCC-regulated-banks would save $2.1 million in 2026 relative to their regulatory baseline.

Total Impact of Costs and Cost Savings

The OCC estimated that as a result of the proposed rule, permitted payment stablecoin issuers would save $1.720 million on a net basis in 2026 due largely to relief in assessments, relative to the baselines assumed. While the OCC estimated additional costs of $10,209,200 discussed above, from reserve, capital, and administrative compliance associated with the proposed rule, the OCC estimated $11,929,204 million in assessment cost savings. The OCC also expected that ongoing annual savings relative to the regulatory baselines would increase over time as both stablecoin issuance and the number of permitted payment stablecoin issuers increase in the coming years.

Executive Order 14192

Executive Order 14192, titled ''Unleashing Prosperity Through Deregulation,'' requires that an agency, unless prohibited by law, identify at least 10 existing regulations to be repealed when the agency publicly proposes for notice and comment or otherwise promulgates a new regulation with total costs greater than zero. Executive Order 14192 further requires that new incremental costs associated with new regulations shall, to the extent permitted by law, be offset by the elimination of existing costs associated with at least ten prior regulations. This proposed rule, if finalized as proposed, is expected to be an E.O. 14192 deregulatory action.

List of Subjects

12 CFR Part 3

Administrative practice and procedure, Banks, Banking, Federal Reserve System, Federal savings associations, Investments, National banks, Reporting and recordkeeping requirements.

12 CFR Part 6

National banks, Insured Federal branches, and Federal savings associations.

12 CFR Part 8

Banks, Banking, Fees, Foreign banking, Federal savings associations, National banks, Reporting and recordkeeping requirements.

12 CFR Part 15

Federal savings association, Federal qualified payment stablecoin issuer,

Foreign payment stablecoin issuer, National bank, Non-bank entity, Permitted payment stablecoin issuer, State qualified payment stablecoin issuer.

12 CFR Part 19

Administrative practice and procedure, Crime, Equal access to justice, Federal savings associations, Investigations, National banks, Penalties, Securities.

For the reasons set out in the preamble, the OCC proposes to amend 12 CFR chapter I as follows:

PART 3—CAPITAL ADEQUACY STANDARDS

■ 1. The authority citation for part 3 continues to read as follows:

Authority: 12 U.S.C. 93a, 161, 1462, 1462a, 1463, 1464, 1818, 1828(n), 1828 note, 1831n note, 1835, 3907, 3909, 5412(b)(2)(B), and Pub. L. 116–136, 134 Stat. 281.

■ 2. Amend § 3.22 by adding paragraph (i) to read as follows:

§ 3.22 Regulatory capital adjustments and deductions.

* * * * *

(i) *Permitted Payment Stablecoin Issuers.* Notwithstanding any other provision in this section, an insured national bank or Federal savings association that is consolidated with a permitted payment stablecoin issuer as defined in § 15.2 of this chapter must make the following adjustments when calculating its capital ratios under § 3.10:

(1) Deconsolidate any permitted payment stablecoin issuer from the insured national bank's or Federal savings association's balance sheet;

(2) Deduct from common equity tier 1 capital any amount of positive retained earnings that originated from the permitted payment stablecoin issuer to the extent not paid out as dividends to the insured national bank or Federal savings association; and

(3) Exclude any investment in (to the extent not deducted under paragraph (i)(2) of this section) and receivable from the permitted payment stablecoin issuer when calculating standardized total risk-weighted assets, advanced approaches risk-weighted assets, average total consolidated assets, and total leverage exposure, as applicable.

PART 6—PROMPT CORRECTIVE ACTION

■ 3. The authority citation for part 6 continues to read as follows:

Authority: 12 U.S.C. 93a, 1831o, 5412(b)(2)(B

§ 6.2 [Amended]

■ 4. Amend § 6.2 by, in, in the definition of ''total assets'' the first sentence, removing ''as provided in § 3.22(a), (c), and (d) of this chapter'' and adding ''as provided in § 3.22(a), (c), (d), and (i) of this chapter'' in its place.

PART 8—ASSESSMENT OF FEES

■ 5. The authority citation for part 8 is revised to read as follows:

Authority: 12 U.S.C. 16, 93a, 481, 482, 1467, 1831c, 1867, 3102, 3108 and 5901 *et seq.;* and 15 U.S.C. 78c and 78l.

§§ 8.1 through 8.8 [Designated as Subpart A]

■ 6. Designate §§ 8.1 through 8.8 as subpart A.

■ 7. Add a heading for newly designated subpart A to read as follows:

Subpart A—Assessment of National Banks, Federal Savings Associations, Federal Branches, and Federal Agencies

■ 8. Revise § 8.1 to read as follows:

§ 8.1 Scope and application.

The assessments contained in this subpart are made pursuant to the authority contained in 12 U.S.C. 16, 93a, 481, 482, 1467, 1831c, 1867, 3102, 3108 and 5901 *et seq.;* and 15 U.S.C. 78c and 78l.

■ 9. Amend § 8.2 by:

■ a. Revising paragraphs (a)(5), (b)(2), and (c)(1);

■ b. Redesignating paragraphs (c)(2) through (4) as paragraphs (c)(3) through (5);

■ c. Adding a new paragraph (c)(2);

■ d. Revising newly redesignated paragraph (c)(5); and

■ e. Adding paragraph (e).

The revisions and additions read as follows:

§ 8.2 Semiannual Assessments

(a) * * *

(5) The specific marginal rates and complete assessment schedule will be published in the ''Notice of Office of the Comptroller of the Currency Fees and Assessments,'' provided for at § 8.8. Except as otherwise provided in paragraphs (e) and (f) of this section, each semiannual assessment is based upon the total assets shown in the national bank's or Federal savings association's most recent ''Consolidated Reports of Condition and Income'' (Call Report) preceding the payment date. Each national bank or Federal savings association subject to the jurisdiction of the OCC on the date of the second or fourth quarterly Call Report as appropriate, required by the OCC under 12 U.S.C. 161 and 12 U.S.C. 1464(v), is subject to the full assessment for the next six-month period. National banks and Federal savings associations that are no longer subject to the jurisdiction of the OCC as of the date of the first or third quarterly Call Report, as appropriate, will receive a refund of assessments for the second three months of the semiannual assessment period.

* * * * *

(b) * * *

(2) The amount of the semiannual assessment paid by each Federal branch and Federal agency shall be computed at the same rate as provided in table 1 to paragraph (a) of this section; however, except with respect to assets attributable to activities permitted under 12 U.S.C. 5901 *et seq.,* only the total domestic assets of the Federal branch or agency shall be subject to assessment.

* * * * *

(c) * * *

(1) *General rule.* Except as provided in paragraph (c)(2) of this section, in addition to the assessment calculated according to paragraph (a) of this section, each independent credit card national bank and independent credit card Federal savings association will pay an assessment based on receivables attributable to credit card accounts owned by the national bank or Federal savings association. This assessment will be computed by adding to its asset-based assessment an additional amount determined by its level of receivables attributable. The dollar amount of the additional assessment will be published in the ''Notice of Office of the Comptroller of the Currency Fees and Assessments,'' described at § 8.8.

(2) *Exception.* The additional assessment under paragraph (c)(1) of this section shall not apply to an independent credit card national bank or an independent credit card Federal savings association if the ratio of the institution's total gross receivables attributable to its balance sheet assets does not exceed 50 percent, after taking into account the institution's balance sheet assets attributable to activities permitted under 12 U.S.C. 5901 *et seq.*

(3) *Independent credit card national banks and independent credit card Federal savings associations affiliated with full-service national banks or Federal savings associations.* * * *

* * * * *

(5) *Reports of receivables attributable.* Independent credit card national banks and independent credit card Federal savings associations will report receivables attributable data and assets attributable to activities permitted under

12 U.S.C. 5901 *et seq.* data to the OCC semiannually at a time specified by the OCC.

* * * * *

(e) *Special rules governing the treatment of assets attributable to minimum stablecoin reserve assets.*

(1) To the extent the assets reported by the national bank or Federal savings association on its Call Report reflect the minimum stablecoin reserve assets that a stablecoin issuer must hold under 12 U.S.C. 5903, the semiannual general assessment fee for such institution shall be calculated as follows:

(i) For assets other than those reflecting the minimum stablecoin reserve assets that a stablecoin issuer must hold under 12 U.S.C. 5903, using the formula set forth under paragraph (a) of this section to determine the assessed amount.

(ii) For assets reflecting the minimum stablecoin reserve assets that a stablecoin issuer must hold under 12 U.S.C. 5903, using the formula set forth under paragraph (a) of this section, except that the OCC will calculate the assessed amount by reducing the resulting figure by thirty-five percent, or such other percentage (up to fifty-five percent) as the OCC may deem appropriate for minimum stablecoin reserves held by national banks and Federal savings associations based on its experience supervising stablecoin issuers. The OCC will publish the percentage reduction applied to assets reflecting minimum stablecoin reserve assets on an annual basis in the Notice of Office of the Comptroller Fees and Assessments.

(2) To the extent that the assets reported by the national bank or Federal savings association on its Call Report do not reflect the minimum stablecoin reserve assets that a stablecoin issuer must hold under 12 U.S.C. 5903, the OCC shall increase the assessment set forth in this paragraph for such institution to fully reflect the minimum required stablecoin reserve assets for the amount of outstanding issuances that the institution reports on quarterly reports pursuant to 12 CFR 15.14(i).

■ 10. Amend § 8.6 as follows:

§ 8.6 Fees for Special Examinations and Investigations

* * * * *

(c) * * *

(1) Independent trust national banks and independent trust Federal savings associations. Except as provided in paragraph (c)(3) of this section, the assessment of independent trust national banks and independent trust Federal savings associations will include a fiduciary and related asset component, in addition to the assessment calculated according to § 8.2, as follows:

* * * * *

(3) *Effect of income from balance sheet assets attributable activities permitted under the GENIUS Act.* The additional assessment under paragraph (c)(1) of this section shall not apply to an independent trust national bank or an independent trust Federal savings association if the institution generates more than 50 percent of its interest and non-interest income from activities other than credit card operations or trust activities, after taking into account the institution's balance sheet assets attributable to activities permitted under 12 U.S.C. 5901 *et seq.*

(4) *Definitions.* For purposes of this paragraph (c), the following definitions apply:

(i) *Affiliate,* with respect to a national bank, has the same meaning as this term has in 12 U.S.C. 221a(b);

(ii) *Affiliate,* with respect to Federal savings associations, has the same meaning as in 12 U.S.C. 1462(7);

(iii) *Full-service national bank* is a national bank that generates more than 50 percent of its interest and non-interest income from activities other than credit card operations or trust activities and is authorized according to its charter to engage in all types of permissible banking activities;

(iv) *Full-service Federal savings association* is a Federal savings association that generates more than 50 percent of its interest and non-interest income from activities other than credit card operations or trust activities and is authorized according to its charter to engage in all types of activities permissible for Federal savings associations;

(v) *Independent trust national bank* is a national bank that has trust powers, does not primarily offer full-service banking, and is not affiliated with a full-service national bank;

(vi) *Independent trust Federal savings association* is a Federal savings association that has trust powers, does not primarily offer full-service banking, and is not affiliated with a full-service Federal savings association; and

(vii) *Fiduciary and related assets* are those assets reported on Schedule RC–T of FFIEC Forms 031 and 041, Line 10 (columns A and B) and Line 11 (column B), any successor form issued by the FFIEC, and any other fiduciary and related assets defined in the ''Notice of Office of the Comptroller of the Currency Fees and Assessments.''

(5) *Additional reporting.* Independent trust national banks and independent trust Federal savings associations will report the percentage of their interest and non-interest income from activities other than credit card operations or trust activities, including from activities permitted under 12 U.S.C. 5901 *et seq.,* to the OCC semiannually at a time specified by the OCC.

■ 11. Add subpart B, to read as follows:

Subpart B—Assessment of Certain Other Institutions

§ 8.9 Scope and application.

The assessments contained in this subpart are made pursuant to the authority contained in 12 U.S.C. 93a, 481, 482, and 5901 *et seq.*

§ 8.10 Semiannual assessment for certain institutions.

(a) *Semiannual assessment.* This section applies to Nonbank Federal Qualified Payment Stablecoin Issuers, Foreign Payment Stablecoin Issuers subject to the OCC's jurisdiction, and State Qualified Payment Stablecoin Issuers subject to 12 U.S.C. 5903(d), except to the extent any such institution remains solely supervised by a State payment stablecoin regulator. Each institution subject to this section shall pay to the OCC a semiannual assessment fee, due by March 31 and September 30 of each year, for the six-month period beginning on January 1 and July 1 before each payment date. Except as provided under paragraph (a)(6) of this section, the OCC will calculate the amount due under this section and provide a notice of assessments to each institution no later than 7 business days prior to collection on March 31 and September 30 of each year. In setting assessments, the semiannual assessment will be calculated as follows:

TABLE 1 TO PARAGRAPH (a)

If the national bank's or Federal savings association's total assets (consolidated domestic and foreign subsidiaries) are:		The semiannual assessment is:		
Over—	But not over—	This amount—base amount	Plus marginal rates	Of excess over—
Column A	Column B	Column C	Column D	Column E
Million	Million			Million
(dollars)	(dollars)	(dollars)		(dollars)
0	2	X1	0	
2	20	X2	Y1	2
20	100	X3	Y2	20
100	200	X4	Y3	100
200	1,000	X5	Y4	200
1,000	2,000	X6	Y5	1,000
2,000	6,000	X7	Y6	2,000
6,000	20,000	X8	Y7	6,000
20,000	40,000	X9	Y8	20,000
40,000	250,000	X10	Y9	40,000
250,000		X11	Y10	250,000

(1) Every institution falls into one of the asset-size brackets denoted by Columns A and B. An institution's assessment is composed of two parts. The first part is the calculation of a base amount of the assessment, which is computed on the assets of the institution, up to the lower endpoint (Column A) of the bracket in which it falls. This base amount of the assessment is calculated by the OCC in Column C.

(2) The second part is the calculation of assessments due on the institution's remaining assets in excess of Column E. The excess is assessed at the marginal rate shown in Column D.

(3) The total semiannual assessment is the amount in Column C, plus the amount of the institution's assets in excess of Column E, times the marginal rate in Column D: Assessments = C + [(Assets − E) × D].

(4) Each year, the OCC may index the marginal rates in Column D to adjust for the percentage in the level of prices, as measured by changes in the Gross Domestic Product Implicit Price Deflator (GDPIPD) for each June-to-June period. The OCC may at its discretion adjust marginal rates by amounts other than the percentage change in the GDPIPD. The OCC will also adjust the amounts in Column C to reflect any change made to the marginal rate.

(5) The specific marginal rates and complete assessment schedule will be published in the ''Notice of Office of the Comptroller of the Currency Fees and Assessments,'' provided for at § 8.8. Except as otherwise provided in paragraph (a)(6) of this section, each semiannual assessment is based upon the assets shown on the most recent quarterly report filed by each institution pursuant to 12 CFR 15.14(i) preceding the payment date. Each institution subject to the jurisdiction of the OCC beginning on the second and fourth calendar quarters is subject to full assessment for the next period. Institutions that are no longer subject to the jurisdiction of the OCC at the end of the first and third calendar quarters, as appropriate, will receive a refund of assessments for the second three months of the semiannual assessment period.

(6)(i) To the extent the assets reported by an institution subject to this section on its quarterly report reflect the minimum stablecoin reserve assets that a stablecoin issuer must hold under 12 U.S.C. 5903, the semiannual assessment for such institution shall be calculated as follows:

(A) For assets other than those reflecting the minimum stablecoin reserve assets that a stablecoin issuer must hold under 12 U.S.C. 5903, using the formula set forth under paragraph (a) to determine the assessed amount.

(B) For assets reflecting the minimum stablecoin reserve assets that a stablecoin issuer must hold under 12 U.S.C. 5903, using the formula set forth under this paragraph (a), except that the OCC will calculate the assessed amount by reducing the resulting figure by thirty-five percent, or such other percentage (up to fifty-five percent) as the OCC may deem appropriate for minimum stablecoin reserves held by institutions subject to this section based on its experience supervising stablecoin issuers. The OCC will publish the percentage reduction applied to assets reflecting minimum stablecoin reserve assets on an annual basis in the Notice of Office of the Comptroller Fees and Assessments.

(ii) To the extent that the assets reported by the institution on its quarterly report do not reflect the minimum stablecoin reserve assets that a stablecoin issuer must hold under 12 U.S.C. 5903, the OCC shall increase the assessment set forth in this paragraph (a) for such institution to fully reflect the minimum required stablecoin reserve assets for the amount of outstanding issuances that the institution reports.

(b) *Surcharge based on the condition of the stablecoin issuer.* Subject to any limit that the OCC prescribes in the ''Notice of Office of the Comptroller of the Currency Fees and Assessments,'' the OCC shall apply a surcharge to the semiannual assessments computed in accordance with paragraph (a) of this section. This surcharge will be determined by multiplying the semiannual assessment computed in accordance with paragraph (a) of this section by—

(1) 1.5, in the case of any institution subject to this section that was found at its most recent examination to be a problem institution and require rehabilitation; and

(2) 2.0, in the case of any institution subject to this section that to have material financial or operational deficiencies that threaten the viability of the institution at its most recent examination prior to December 31 or June 30, as appropriate.

(c) *Additional assessments.* Notwithstanding paragraph (a) of this section, all State Qualified Payment Stablecoin Issuers subject to the OCC's jurisdiction may be subject to the assessments described in 8.12 in connection with carrying out the responsibilities of the Office of the Comptroller, including in connection with 12 U.S.C. 5903(d)(3) and 5906(e)(2).

§ 8.11 Fees for certain institutions engaged in custodial and safekeeping activities.

(a) This section applies to institutions subject to § 8.10 for which 50 percent or more of their interest and non-interest income is derived from custodial or safekeeping activities permitted under 12 U.S.C. 5901 *et seq.* The assessment for those institutions engaged in the custodial and safekeeping activities described in 12 U.S.C. 5901 *et seq.* shall include a component for assets attributable to such activities, in addition to the assessment calculated according to § 8.10, as follows:

(1) *Minimum fee.* Institutions subject to this paragraph (a) will pay a minimum fee, to be provided in the ''Notice of Office of the Comptroller of the Currency Fees and Assessments.''

(2) *Additional amount for certain assets in excess of $1 billion.* Institutions subject to this paragraph (a) engaged in custodial and safekeeping activities permitted under 12 U.S.C. 5901 *et seq.* with assets attributable to such activities in excess of $1 billion will pay an amount that exceeds the minimum fee. The amount to be paid will be calculated by multiplying the amount of assets attributable to the safekeeping and custodial activities permitted under 12 U.S.C. 5901 *et seq.* by a rate or rates provided by the OCC in the ''Notice of Office of the Comptroller of the Currency Fees and Assessments.''

(b) *Surcharge based on the condition of the stablecoin issuer.* Subject to any limit that the OCC prescribes in the ''Notice of Office of the Comptroller of the Currency Fees and Assessments,'' the OCC shall apply a surcharge to the semiannual assessments computed in accordance with paragraph (a) of this section. This surcharge will be determined by multiplying the semiannual assessment computed in accordance with paragraph (a) of this section by—

(1) 1.5, in the case of any institution subject to this section that was found at its most recent examination to be a problem institution and require rehabilitation; and

(2) 2.0, in the case of any institution subject to this section that to have material financial or operational deficiencies that threaten the viability of the institution at its most recent examination prior to December 31 or June 30, as appropriate.

§ 8.12 Fees for special examinations and investigations.

(a) *Fees.* With respect to any institution subject to the jurisdiction of the OCC under the GENIUS Act, the OCC may assess a fee for:

(1) Conducting special examinations or investigations, including any supervision and enforcement related activities described in 12 U.S.C. 5905 or 12 U.S.C. 5906(e)(2);

(2) Conducting special examinations and investigations of affiliates of institutions subject to this subpart;

(3) Reviewing requests for waivers as referenced in 12 U.S.C. 5903(d)(3); and

(4) Conducting special examinations and investigations made pursuant to 12 CFR part 5, Rules, Policies, and Procedures for Corporate Activities.

(b) *Notice of Office of Comptroller of the Currency Fees and Assessments.* The OCC publishes the fee schedule for special examinations and investigations under this subpart in the ''Notice of Office of the Comptroller of the Currency Fee and Assessments'' described in § 8.8.

§ 8.13 Payment of interest on delinquent assessments and examination and investigation fees.

(a) All institutions subject to subpart B shall pay to the OCC interest on its delinquent payments of semiannual assessments. In addition, each institution subject to a special examination or investigation fee shall pay to the OCC interest on its delinquent payments of special examination and investigation fees. Semiannual assessment payments will be considered delinquent if they are received after the time for payment specified in § 8.10. Special examination and investigation fees will be considered delinquent if not received by the OCC within 30 calendar days of the invoice date.

(b) In the event that an institution believes that the notice of assessments or special examination and investigation fees contains an error or miscalculation, the institution may provide the OCC with a written request for a revised notice and a refund of any overpayments. Any such request for a revised notice and refund must be made after timely payment of the semiannual assessment under the dates specified in § 8.10 or timely payment of the special examination and investigation fee within 30 calendar days of the invoice date.

(1) Within 30 calendar days of receipt of such request, the OCC shall either—

(i) Refund the amount of the overpayment; or

(ii) Provide notice of its unwillingness to accept the request for a revised notice of assessments. In the latter instance, the OCC and the entity claiming the overpayment shall thereafter attempt to reach agreement on the amount, if any, to be refunded; the OCC shall refund this amount within 30 calendar days of such agreement.

(2) The OCC shall be considered delinquent if it fails to return an overpayment in accordance with the time limitations specified in this paragraph (b). The OCC shall pay interest on any such delinquent payments.

(c) Interest on delinquent payments, as described in paragraphs (a) and (b) of this section, will be assessed beginning the first calendar day on which payment is considered delinquent, and on each calendar day thereafter up to and including the day payment is received. Interest will be simple interest, calculated for each day payment is delinquent by multiplying the daily equivalent of the applicable interest rate by the amount delinquent. The rate of interest will be the United States Treasury Department's current value of funds rate (the ''TFRM rate''); that rate is issued under the Treasury Fiscal Requirements Manual and is published quarterly in the **Federal Register**. The interest rates applicable to a delinquent payment will be determined as follows:

(1) For delinquent days occurring from January 1 to March 31, the rate will be the TFRM rate that is published the preceding December for the first quarter of the ensuing year.

(2) For delinquent days occurring from April 1 to June 30, the rate will be the TFRM rate that is published the preceding March for the second quarter of that year.

(3) For delinquent days occurring from July 1 to September 30, the rate will be the TFRM rate that is published the preceding June for the third quarter of that year.

(4) For delinquent days occurring from October 1 to December 31, the rate will be the TFRM rate that is published the preceding September for the fourth quarter of that year.

■ 12. Add part 15 to read as follows:

PART 15—PAYMENT STABLECOINS

Subpart A—Purpose, Scope, Definitions, and Severability

Sec.

Subpart B—Permitted Payment Stablecoin Issuers and State Qualified Payment Stablecoin Issuers

Authority: 12 U.S.C. 1, 24, 27, 92a, 93a, 161, 1461, 1462a, 1463, 1464, 1467a, 1818, 3101 through 3109, 5412, 5901 through 5916.

PART 15—STABLECOIN

Subpart A—Purpose, Scope, Definitions, and Severability

§ 15.1 Purpose and scope.

(a) *Purpose.* This part implements the Guiding and Establishing National Innovation for U.S. Stablecoins Act (12 U.S.C. 5901 *et seq.*) (GENIUS Act) with respect to entities for which the OCC is authorized to issue regulations or exercise its enforcement authority under the Act.

(b) *Scope.* This part applies to the following entities' activities related to payment stablecoins and certain custody activities—

(1) National banks and their subsidiaries;

(2) Federal savings associations and their subsidiaries;

(3) Federal branches and their subsidiaries;

(4) Foreign payment stablecoin issuers;

(5) Nonbank entities that seek to be or are approved as Federal qualified payment stablecoin issuers; and

(6) State qualified payment stablecoin issuers for whom the OCC has regulatory or enforcement authority pursuant to § 15.15 or § 15.16.

§ 15.2 Definitions.

For purposes of this part, the following definitions apply

Affiliate means a person that controls, is controlled by, or is under common control with another person.

Bank Secrecy Act means:

(1) Section 21 of the Federal Deposit Insurance Act (12 U.S.C. 1829b);

(2) Chapter 2 of title I of Public Law 91–508 (12 U.S.C. 1951 *et seq.*); and

(3) Subchapter II of chapter 53 of title 31, United States Code and notes thereto (31 U.S.C. 5311 *et seq.*).

Board of directors means a permitted payment stablecoin issuer's or applicant's board of directors or the group of individuals that serve the nearest equivalent function of acting as the governing body of the permitted payment stablecoin issuer or applicant.

Control. A person controls another person if:

(1) The person directly or indirectly or acting through one or more other persons owns, controls, or has power to vote 25 percent or more of any class of voting securities of the other person;

(2) The person controls in any manner the election of a majority of the directors or trustees of the other person; or

(3) The OCC determines, after notice and opportunity for hearing, that the person directly or indirectly exercises a controlling influence over the management or policies of the other person.

Customer means a person that purchases (through any consideration) the products or services of another person.

Deposit means ''deposit'' as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(l)).

Depository institution means:

(1) A depository institution as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(c)(1)); or

(2) A credit union.

Digital asset means any digital representation of value that is recorded on a cryptographically secured distributed ledger.

Director means an individual who serves on the board of directors of a permitted payment stablecoin issuer or applicant, except an advisory director who does not have the authority to vote on matters before the board of directors or any committee of the board of directors and provides solely general policy advice to the board of directors or any committee.

Distributed ledger means technology in which:

(1) Data is shared across a network that creates a public digital ledger of verified transactions or information among network participants; and

(2) Cryptography is used to link the data to maintain the integrity of the public ledger and execute other functions.

Distributed ledger protocol means publicly available and accessible executable software deployed to a distributed ledger, including smart contracts or networks of smart contracts.

Eligible financial institution means

(1) A person that:

(a) Is eligible to hold reserve assets in custody under section 10(a) of the GENIUS Act (12 U.S.C. 5909(a));

(b) Complies with the applicable requirements in section 10(b), (c), and (d) of the GENIUS Act (12 U.S.C. 5909(b), (c), and (d)), including with applicable implementing regulations issued by a relevant primary Federal payment stablecoin regulator as defined in 12 U.S.C. 5901(25), primary financial regulatory agency described in 12 U.S.C. 5301(12)(B) or (C), State bank supervisor, or State credit union supervisor; and

(c) If applicable, enters into a custody agreement with a permitted payment stablecoin issuer documenting the person's compliance with paragraph (2) of this definition, as well as policies and procedures to ensure compliance; or

(2) A Federal Reserve Bank.

Executive officer means the president, chairman, chief executive officer, chief operating officer, chief financial officer, chief investment officer, chief risk officer, chief technology officer, and Bank Secrecy Act officer. The term includes any individual serving in the functional capacity of the listed titles or their equivalent, without regard to title, salary, or compensation.

Fair value means fair value as determined under GAAP.

FDIC means the Federal Deposit Insurance Corporation.

Federal branch has the meaning set forth in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(s)(2)).

Federal qualified payment stablecoin issuer means the following entities that are approved by the OCC, pursuant to § 15.30, to issue payment stablecoins—

(1) A nonbank entity, other than a State qualified payment stablecoin issuer;

(2) An uninsured national bank that is chartered by the OCC, pursuant to title LXII of the Revised Statutes; or

(3) A Federal branch.

Federal Reserve means the Board of Governors of the Federal Reserve System.

Foreign payment stablecoin issuer means an issuer of a payment stablecoin that is—

(1) Organized under the laws of or domiciled in a foreign country or a territory of the United States; and

(2) Not a permitted payment stablecoin issuer as defined in section 2(23) of the GENIUS Act (12 U.S.C. 5901(23)).

GAAP means generally accepted accounting principles as used in the United States.

Immediate family means the spouse of an individual, the individual's minor

children, and any of the individual's children (including adults) residing in the individual's home.

Insider means a principal shareholder, an executive officer, a director, or a related interest of or the immediate family of any of these persons.

Insured credit union has the meaning given to that term in section 101 of the Federal Credit Union Act (12 U.S.C. 1752).

Insured depository institution means:

(1) An insured depository institution, as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(c)(2)); and

(2) An insured credit union.

Monetary value means a national currency or deposit denominated in a national currency.

Money means

(1) Monetary value; and

(2) Any other medium of exchange that the OCC has determined is currently authorized or adopted by a domestic or foreign government, including a monetary unit of account established by an intergovernmental organization or by agreement between two or more countries.

National currency means—

(1) A Federal Reserve note (as the term is used in the first undesignated paragraph of section 16 of the Federal Reserve Act (12 U.S.C. 411));

(2) Money standing to the credit of an account with a Federal Reserve Bank;

(3) Money issued by a foreign central bank; or

(4) Money issued by an intergovernmental organization pursuant to an agreement by two or more governments.

Nonbank entity means a person that is not a depository institution or subsidiary of a depository institution.

Nonpublic personal information, as used in this part:

(1) Means information—

(i) Provided by a customer to a permitted payment stablecoin issuer to obtain a financial product or service;

(ii) About a customer resulting from any transaction involving a financial product or service between the permitted payment stablecoin issuer and a customer; or

(iii) Otherwise obtained by the permitted payment stablecoin issuer in connection with providing a financial product or service to a customer; and

(2) Does not include publicly available information, unless such publicly available information, when combined with other information, would reveal the identity of a customer or would enable access to the customer's account.

OCC means the Office of the Comptroller of the Currency.

Outstanding issuance value means the total consolidated par value of all of a permitted payment stablecoin issuer's payment stablecoins.

Payment stablecoin, as used in this part:

(1) Means a digital asset—

(i) That is, or is designed to be, used as a means of payment or settlement; and

(ii) The issuer of which—

(A) Is obligated to convert, redeem, or repurchase for a fixed amount of monetary value, not including a digital asset denominated in a fixed amount of monetary value; and

(B) Represents that such issuer will maintain, or creates the reasonable expectation that it will maintain, a stable value relative to the value of a fixed amount of monetary value; and

(2) Does not include a digital asset that is a—

(i) National currency;

(ii) Deposit, including a deposit recorded using distributed ledger technology; or

(iii) Security, as defined in section 2 of the Securities Act of 1933 (15 U.S.C. 77b), section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c), or section 2 of the Investment Company Act of 1940 (15 U.S.C. 80a–2).

Permitted payment stablecoin issuer means a person formed in the United States that is a—

(1) Subsidiary of an insured national bank or Federal savings association that has been approved to issue payment stablecoins under § 15.30;

(2) Federal qualified payment stablecoin issuer; or

(3) State qualified payment stablecoin issuer subject to the OCC's regulatory or enforcement authority under section 4 of the GENIUS Act (12 U.S.C. 5903).

Person means an individual, partnership, company, corporation, association, trust, estate, cooperative organization, or other business entity, incorporated or unincorporated.

Principal shareholder means a person who directly or indirectly or acting in concert with one or more persons, or together with members of their immediate family, will own, control, or hold 10 percent or more of the voting stock of the permitted payment stablecoin issuer or applicant.

Private key means the unique alphanumeric sequence that allows an individual to transfer a particular unit of a digital asset using a distributed ledger.

Publicly available information means any information that a person has a reasonable basis to believe is lawfully made available to the general public from:

(1) Federal, State, or local government records;

(2) Widely distributed media;

(3) Disclosures to the general public that are required to be made by Federal, State, or local law; or

(4) A distributed ledger.

Registered public accounting firm has the meaning set forth in section 2 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7201(12)).

Related interest of a person means:

(1) A company that is controlled by that person; or

(2) A political or campaign committee that is controlled by that person or the funds or services of which will benefit that person.

Reserve asset means an asset maintained by a permitted payment stablecoin issuer of a type enumerated in § 15.11(b).

Stablecoin Certification Review Committee has the meaning set forth in section 2 of the GENIUS Act (12 U.S.C. 5901(27)).

State means each of the several States of the United States, the District of Columbia, and each territory of the United States.

State chartered depository institution has the meaning given the term ''State depository institution'' in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(c)(5)).

State payment stablecoin regulator means a State agency that has primary regulatory and supervisory authority in such State over entities that issue payment stablecoins.

State qualified payment stablecoin issuer means an entity that is—

(1) Legally established under the laws of a State and approved to issue payment stablecoins by a State payment stablecoin regulator; and

(2) Not an uninsured national bank chartered by the OCC pursuant to title LXII of the Revised Statutes, a Federal branch, an insured depository institution, or a subsidiary of such an uninsured national bank, Federal branch, or insured depository institution.

Subsidiary has the meaning set forth in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813(w)(4)).

Trading volume means the aggregate number of payment stablecoins issued by a permitted payment stablecoin issuer that were purchased or sold on exchanges during a specified period of time.

United States customer means a customer that resides in the United States.

§ 15.3 Severability.

The provisions of this part are separate and severable from one

another. If any provision is stayed or determined to be invalid, it is the OCC's intention that the remaining provisions shall continue in effect.

Subpart B—Permitted Payment Stablecoin Issuers and State Qualified Payment Stablecoin Issuers

§ 15.10 Activities.

(a) *Permitted activities.* A permitted payment stablecoin issuer may only:

(1) Issue payment stablecoins;

(2) Redeem payment stablecoins;

(3) Manage reserves related to the issuance or redemption of payment stablecoins, including purchasing, selling, and holding reserve assets or providing custodial services for reserve assets, consistent with applicable State and Federal law;

(4) Provide custodial or safekeeping services for payment stablecoins, required reserves, or private keys of payment stablecoins, consistent with subpart C of this part;

(5) Assess fees associated with purchasing or redeeming payment stablecoins;

(6) Act as principal or agent with respect to any payment stablecoin;

(7) Pay fees to facilitate customer transactions; and

(8) Undertake any other activities that directly support any of the activities described in paragraphs (a)(1) through (4) of this section.

(b) *Rule of construction.* Nothing in paragraph (a) of this section may be construed to limit the authority of a depository institution, national bank, or trust company to engage in activities permissible pursuant to applicable State and Federal law.

(c) *Prohibitions.* A permitted payment stablecoin issuer must not:

(1) Use a deceptive name by using any combination of terms relating to the United States Government, including ''United States,'' ''United States Government,'' and ''USG,'' in the name of the payment stablecoin. This prohibition does not apply to abbreviations relating directly to the currency to which the payment stablecoin is pegged, such as ''USD''.

(2) Market a payment stablecoin in such a way that a reasonable person would perceive the payment stablecoin to be:

(i) Legal tender as described in 31 U.S.C. 5103;

(ii) Issued by the United States; or

(iii) Guaranteed or approved by the Government of the United States.

(3) Directly or through implication represent that payment stablecoins are backed by the full faith and credit of the United States, guaranteed by the United States Government, or subject to Federal deposit insurance or Federal share insurance.

(4) Pay 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.

(i) The OCC presumes that a permitted payment stablecoin issuer is paying interest or yield (whether in cash, tokens, or other consideration) to the holder of a payment stablecoin solely in connection with the holding, use, or retention of such payment stablecoin if:

(A) The permitted payment stablecoin issuer has a contract, agreement, or other arrangement with an affiliate of the issuer or related third party to pay interest or yield to the affiliate or related third party;

(B) The affiliate or related third party identified in paragraph (c)(4)(i)(A) of this section or, if the person is a related third party, an affiliate of such related third party has a contract, agreement, or other arrangement to pay interest or yield (whether in cash, tokens, or other consideration) 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; and

(C) To the extent the person, or an affiliate of the person, identified in paragraph (c)(4)(i)(A) is a related third party of the permitted payment stablecoin issuer because the permitted payment stablecoin issuer issues payment stablecoins on the related third party's behalf or under the related third party's branding, the arrangement identified in paragraph (c)(4)(i)(B) of this section considers the holder of the payment stablecoin to be the holder of a payment stablecoin issued by the permitted payment stablecoin issuer on the related third party's behalf or under the related third party's branding.

(ii) For purposes of paragraph (c)(4)(i) of this section, a related third party means:

(A) A person offering to pay interest or yield to payment stablecoin holders as a service; and

(B) Any person that the issuer issues payment stablecoins on the person's behalf or under the person's branding.

(iii) A permitted payment stablecoin issuer may rebut the presumption in paragraph (c)(4)(i) of this section by submitting written materials that, in the OCC's judgment, demonstrate that the contract, agreement, or other arrangement is not prohibited under paragraph (c)(4) of this section and is not an attempt to evade the prohibition.

(5) Pledge, rehypothecate, or reuse any reserve assets required under § 15.11 either directly or indirectly (*e.g.,* through a third-party custodian of the reserve assets) except for the purpose of:

(i) Satisfying margin obligations in connection with investments in permitted reserves under § 15.11(b)(4) or (5);

(ii) Satisfying obligations associated with the use, receipt, or provision of standard custodial services; or

(iii) Creating liquidity to meet reasonable expectations of requests to redeem payment stablecoins, such that reserves in the form of Treasury bills with a maturity of 93 days or less may be sold as purchased securities in repurchase agreements, provided that either:

(A) The repurchase agreements are cleared by a clearing agency registered with the Securities and Exchange Commission; or

(B) The permitted payment stablecoin issuer receives prior approval from the OCC. All repurchase agreements under this paragraph (c)(5) wherein the Treasury bills that are sold as purchased securities have a maturity of 93 days or less are approved by the OCC.

(6) Engage in any activity that the OCC determines is an evasion of the requirements of section 4 of the GENIUS Act (12 U.S.C. 5903) or this part.

§ 15.11 Reserve assets.

(a) *Reserve requirement.* A permitted payment stablecoin issuer must:

(1) Maintain reserve assets that:

(i) Are identifiable;

(ii) Are segregated from and not commingled with other assets owned or held by the permitted payment stablecoin issuer;

(iii) At all times have a total fair value that equals or exceeds the outstanding issuance value of the permitted payment stablecoin issuer; and

(iv) Are either held directly by the permitted payment stablecoin issuer or within the custody of an eligible financial institution.

(2) Demonstrate the operational capability to access and monetize the identifiable reserve assets, commensurate with the permitted payment stablecoin issuer's risk profile and business model.

(3) Only withdraw any surplus reserve assets in excess of outstanding issuance value once per month, upon the publication of the composition report required by paragraph (e) of this section. A permitted payment stablecoin issuer may withdraw any surplus reserve assets, calculated and reported

as of the last day of the previous month, after the information in the month-end report is examined and certified pursuant to paragraph (f) of this section, provided that a permitted payment stablecoin issuer may not withdraw any reserve assets if the withdrawal would cause the current fair value of reserve assets to fall below the current outstanding issuance value, calculated as of the day of withdrawal.

(b) *Composition.* The reserve assets required under paragraph (a) of this section must comprise exclusively:

(1) United States coins and currency (including Federal Reserve notes) or money standing to the credit of an account with a Federal Reserve Bank;

(2) Funds held as deposits or insured shares payable upon demand at an insured depository institution (including any foreign branches or agents, including correspondent banks, of an insured depository institution), subject to any limitation established by the FDIC and the National Credit Union Administration, as applicable, pursuant to section 4(a)(1)(A)(ii) of the GENIUS Act (12 U.S.C. 5903(a)(1)(A)(ii)) to address safety and soundness risks of such insured depository institution;

(3) Treasury bills, Treasury notes, or Treasury bonds with a remaining maturity of 93 days or less;

(4) Money received under repurchase agreements, with the permitted payment stablecoin issuer acting as a seller of securities and with a no longer than overnight maturity, that are backed by Treasury bills with a maturity of 93 days or less;

(5) Reverse repurchase agreements, with the permitted payment stablecoin issuer acting as a purchaser of securities and with a no longer than overnight maturity, that are collateralized by Treasury bills, Treasury notes, Treasury bonds on a no longer than overnight basis, subject to overcollateralization in line with standard market terms, that are:

(i) Tri-party;

(ii) Centrally cleared through a clearing agency registered with the Securities and Exchange Commission; or

(iii) Bilateral with a counterparty that the issuer has determined to be adequately creditworthy even in the event of severe market stress;

(6) Securities issued by an investment company registered under section 8(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–8(a)), or other registered Government money market fund, and that are invested solely in underlying assets described in paragraphs (b)(1) through (5) of this section;

(7) Any other similarly liquid Federal Government-issued asset approved by the OCC, in consultation with the State payment stablecoin regulator, if applicable, of the permitted payment stablecoin issuer. In determining whether a potential reserve asset qualifies as ''any other similarly liquid Federal Government-issued asset,'' the OCC will consider, among other relevant factors, whether:

(i) The asset has liquidity characteristics, including during times of stress, comparable to the other reserve assets allowed under this paragraph (b);

(ii) Permitted payment stablecoin issuers will be operationally capable of monetizing the asset to meet redemption requests, including sudden and high-volume requests;

(iii) The asset poses levels of risk comparable to those of the assets allowed under this paragraph (b) including interest rate risk and counterparty credit risk; and

(iv) Whether the asset introduces additional risks that may be difficult for permitted payment stablecoin issuers to manage; or

(8) Any reserve described in paragraphs (b)(1) through (3) or paragraph (b)(6) or (7) of this section in tokenized form, provided that such reserves comply with all applicable laws and regulations.

Option A for Paragraph (c)

(c) *Asset diversification and concentration.*

(1) A permitted payment stablecoin issuer must maintain reserve assets that are sufficiently diverse to manage potential credit, liquidity, interest rate, and price risks. A permitted payment stablecoin issuer must measure and manage the risk that concentrating reserve assets at one eligible financial institution or a small number of eligible financial institutions may impair the ability of a permitted payment stablecoin issuer to satisfy redemption demands if individual eligible financial institutions are unable to return, or if there is a delay in returning, reserve assets placed by a permitted payment stablecoin issuer.

(2) A permitted payment stablecoin issuer will be deemed to satisfy the requirements of paragraph (c)(1) of this section if on each business day:

(i) The permitted payment stablecoin issuer maintains at least 10 percent of its reserve assets as deposits or insured shares payable upon demand or money standing to the credit of an account with a Federal Reserve Bank;

(ii) The permitted payment stablecoin issuer maintains at least 30 percent of its reserve assets as 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;

(iii) The permitted payment stablecoin issuer maintains no more than 40 percent of its reserve assets at any one eligible financial institution, whether as deposits or insured shares at any one insured depository institution, securities custodied at any one eligible financial institution, bilateral reverse repurchase agreements with any counterparty, or through other exposures;

(iv) The permitted payment stablecoin issuer maintains no more than 50 percent of the amount required in paragraph (c)(2)(i) of this section at any one eligible financial institution; and

(v) The permitted payment stablecoin issuer's total stock of reserve assets have a weighted average maturity of no more than 20 days.

Option B for paragraph (c)

(c) *Asset diversification and concentration.* A permitted payment stablecoin issuer must on each business day:

(1) Maintain at least 10 percent of its reserve assets as deposits or insured shares payable upon demand or money standing to the credit of an account with a Federal Reserve Bank;

(2) Maintain at least 30 percent of its reserve assets as 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;

(3) Maintain no more than 40 percent of its reserve assets at any one eligible financial institution, whether as deposits or insured shares at any one insured depository institution, securities custodied at any one eligible financial institution, bilateral reverse repurchase agreements with any counterparty, or through other exposures;

(4) Maintain no more than 50 percent of the amount required in paragraph (c)(1) of this section at any one eligible financial institution; and

(5) Maintain reserve assets with a weighted average maturity of no more than 20 days.

(d) *Minimum insured amount.* A permitted payment stablecoin issuer with an outstanding issuance value of $25 billion or more must, on each

business day, maintain at least 0.5 percent of its reserve assets, up to a cap of $500 million, in the form of insured deposits or insured shares at an insured depository institution.

(e) *Composition report.* By noon on the last day of each month, a permitted payment stablecoin issuer must publish the monthly composition of the issuer's reserves held pursuant to the GENIUS Act as of noon on the last day of the previous month on the website of the issuer, using a format substantially similar to the template provided in table 1 to this paragraph (e), containing:

(1) The total number of outstanding payment stablecoins issued by the issuer; and

(2) The amount and composition of the reserves described in paragraph (a) of this section, including the average tenor and geographic location of custody of each category of reserve instruments.

TABLE 1 TO PARAGRAPH (e)—MONTHLY COMPOSITION TEMPLATE

As of YYYYMMDD In thousands of U.S. Dollars		Amount	Geographic location	Average tenor
Number of Outstanding payment stablecoins				
1 [1].				
2.				
3.				
4	TOTAL OUTSTANDING PAYMENT STABLECOINS.			
Fair Value of Reserve Assets				
5	Deposits:			
6	Insured deposits.			
7	Uninsured deposits.			
8	Treasury bills, Treasury notes, or Treasury bonds.			
9	Other similarly liquid Federal Government-issued assets approved by OCC.			
10	Money received under repurchase agreements.			
11	Reverse repurchase agreements.			
12	Securities issued by an investment company solely invested in qualifying reserve assets.			
13	Reserves in tokenized form [2].			
14	Total Reserve Assets [3].			
15	Outstanding repurchase agreement liabilities.			
16	Total Reserve Assets net of Outstanding Repurchase Agreement Liabilities.			

[1] List different classes of payment stablecoin separately, if applicable. To the extent that different classes of payment stablecoins are secured by distinct pools of reserve assets, permitted payment stablecoin issuers should publish a composition table for each class of payment stablecoin and describe the legal mechanism for how the assets are separately secured.

[2] Permitted payment stablecoin issuers must separately list any reserves in tokenized form by category of reserve asset, using multiple rows if appropriate.

[3] Do not double count any reserve assets that may be listed in more than one row for purposes of computing the total.

(f) *Monthly certification; examination of reports by registered public accounting firm.* (1) By noon on the last day of each month, a permitted payment stablecoin issuer must have the information disclosed in the previous month-end report required under paragraph (e) of this section examined by a registered public accounting firm. The registered public accounting firm's examination report must be published on the website of the issuer at the same time as the month-end report required under paragraph (e).

(2) Each month, the Chief Executive Officer and Chief Financial Officer (or the persons performing the equivalent functions) of a permitted payment stablecoin issuer must submit a certification as to the accuracy of the monthly report required under paragraph (e) of this section to the OCC.

(g) *Failure to meet minimum reserve assets requirement.* (1) A permitted payment stablecoin issuer must notify the OCC through its supervisory office on any day in which its reserve asset amount has fallen below the required minimum in paragraph (a) of this section.

(2) A permitted payment stablecoin issuer that fails to satisfy the minimum reserve asset requirement in paragraph (a) of this section at any time:

(i) Is prohibited from issuing any new payment stablecoins immediately except as necessary to facilitate a transfer of payment stablecoins from one distributed ledger to another and provided that the net outstanding issuance value does not increase; and

(ii) May not resume issuance until the permitted payment stablecoin issuer satisfies its minimum reserve asset requirement.

(3) If a permitted payment stablecoin issuer fails to meet its minimum reserve asset requirement for 15 consecutive business days (which may be extended in the OCC's sole discretion), it must:

(i) Begin liquidation of reserve assets and redemption of outstanding payment stablecoins, consistent with § 15.12; and

(ii) Not charge customers a fee to redeem their payment stablecoins at any time during the liquidation.

(4) If at any point the OCC determines that a permitted payment stablecoin issuer has not demonstrated that it meets the reserve asset requirements in paragraph (a), (b), (c), or (d) of this section, the OCC may require the issuer to submit a plan describing how the permitted payment stablecoin issuer will attain compliance and the timeline for the plan. If the OCC determines, either before or after the submission of a plan, that a permitted payment stablecoin issuer faces a significant risk of being unable to attain compliance with the reserve requirements in paragraph (a), (b), (c), or (d) within a reasonable period, the OCC may order the issuer to initiate redemption of all outstanding payment stablecoins. The OCC's authority to require a compliance plan or order redemption does not limit the OCC's authority to pursue other measures, including enforcement actions, if appropriate.

§ 15.12 Redemption.

(a) *Redemption policy.* A permitted payment stablecoin issuer must publicly

disclose its redemption policy and include, at a minimum, the following information:

(1) The timeframe in which the issuer will redeem payment stablecoins and the timeframe under which the issuer is required to redeem payment stablecoins under paragraph (b)(1)(i) of this section;

(2) A statement explaining the limitation in paragraph (b)(1)(ii) of this section;

(3) A statement explaining the scenarios under which the redemption period may be extended as described in paragraph (c) of this section;

(4) A statement with clear instructions on how a payment stablecoin holder can redeem a payment stablecoin, including a link to the website(s) where a customer can redeem the payment stablecoin; and

(5) The minimum number of payment stablecoins, if any, that the permitted payment stablecoin issuer will redeem, provided that the issuer must redeem any number greater than or equal to one payment stablecoin, subject to appropriate customer screening and onboarding.

(b) *Redemption policy requirements.* A permitted payment stablecoin issuer's redemption policy must provide:

(1) Clear and conspicuous procedures for timely redemption of outstanding payment stablecoins:

(i) That timely redemption may not exceed two business days following the date of the requested redemption; and

(ii) That any discretionary limitations on timely redemptions can only be imposed by the OCC or, in the case of a State qualified payment stablecoin issuer, by the OCC, Federal Reserve, or the State payment stablecoin regulator, as applicable.

(2) [Reserved]

(c) *Timeliness extended in certain scenarios.* (1) 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, the period for timely redemption described in paragraph (b)(1) of this section is immediately extended to seven calendar days by operation of this paragraph (c)(1).

(2) The extended redemption period in paragraph (c)(1) of this section applies to all redemption requests that are outstanding at the time the 10 percent threshold is met as well as any subsequent redemption requests.

(3) A permitted payment stablecoin issuer may only redeem any of the outstanding or subsequent redemption requests described in paragraph (c)(2) of this section prior to the seven-calendar day period if the OCC determines that the issuer has the ability to redeem sooner in an orderly fashion and through a fair and transparent process or the OCC otherwise provides notice to the permitted payment stablecoin issuer that the extended redemption period no longer applies.

(4) A permitted payment stablecoin issuer must provide notice to the OCC through its supervisory office within 24 hours if its redemption requests exceed 10 percent of its outstanding issuance value in a single 24-hour period.

(5) The OCC may also, in its discretion, extend timely redemption described in paragraph (b)(1) or (c)(1) of this section, as applicable, if the OCC determines that the permitted payment stablecoin issuer poses a threat to safety and soundness, financial stability, or such an extension is otherwise in the public interest.

(d) *Disclosures and fees associated with purchase and redemption.* A permitted payment stablecoin issuer must:

(1) Publicly, clearly, and conspicuously disclose in plain language and in a format that is readily noticeable to customers, readily understandable by customers, and segregated from other information:

(i) The name of the permitted payment stablecoin issuer that issues the payment stablecoin;

(ii) That the permitted payment stablecoin issuer is the entity that is obligated to convert, redeem, or repurchase the payment stablecoin for a fixed amount of monetary value;

(iii) The link to the monthly composition report of the relevant permitted payment stablecoin issuer's reserves required under § 15.11(e); and

(iv) All fees associated with purchasing or redeeming payment stablecoins.

(2) Update the disclosures in paragraph (d)(1)(iv) of this section if there are any changes in fees associated with purchasing or redeeming payment stablecoins and provide customers at least seven calendar days' prior notice of the change, including by securely delivering the notice to current customers;

(3) Publish the disclosures in paragraph (d)(1) of this section and any updates made in accordance with paragraph (d)(2) of this section on the permitted payment stablecoin issuer's website; and

(4) Include the disclosures in paragraph (d)(1) of this section and any updates made in accordance with paragraph (d)(2) of this section in any customer agreements that it provides.

§ 15.13 Risk management.

(a) *General operational and managerial standards*—(1) *Internal controls and information systems.* A permitted payment stablecoin issuer must have internal controls and information systems to support effective risk management that are appropriate for the size and complexity of the permitted payment stablecoin issuer and the nature, scope, and risk of its activities and that provide for:

(i) An organizational structure with appropriate segregation of duties and an internal control structure that establishes clear lines of authority and responsibility for monitoring adherence to established policies;

(ii) Effective risk assessment;

(iii) Timely and accurate financial, operational, and regulatory reporting, including with respect to the reports required under this part;

(iv) Adequate procedures to monitor, safeguard, manage, control, and monetize assets, including reserve assets; and

(v) Compliance with applicable laws and regulations.

(2) *Internal audit system.* A permitted payment stablecoin issuer must have an internal audit system that is appropriate to the size and complexity of the permitted payment stablecoin issuer and the nature, scope, and risk of its activities and that provides for:

(i) Adequate monitoring of the system of internal controls through an internal audit function, or for a permitted payment stablecoin issuer whose size, complexity or scope of operations does not warrant a full-scale internal audit function, a system of independent reviews of key internal controls;

(ii) Independence and objectivity;

(iii) Qualified persons responsible for the audit function;

(iv) Adequate independent testing and review of internal controls and information systems, verification of published information available to customers, calculations for required reserves, and regulatory filings;

(v) Adequate documentation of tests and findings and any corrective actions;

(vi) Verification and review of management actions to address deficiencies; and

(vii) Review by the permitted payment stablecoin issuer's audit committee or board of directors of the effectiveness of the internal audit systems.

(3) *Interest rate exposure.* A permitted payment stablecoin issuer must:

(i) Manage interest rate risk in a manner that is appropriate to the size and complexity of the permitted payment stablecoin issuer and the

complexity of its assets and liabilities; and

(ii) Provide for periodic reporting to management and the board of directors regarding interest rate risk with adequate information for management and the board of directors to assess the level of risk.

(4) *Asset growth.* A permitted payment stablecoin issuer's asset growth must be prudent and commensurate with a permitted payment stablecoin issuer's risk management capabilities, operational capacity, and staffing.

(5) *Earnings.* A permitted payment stablecoin issuer must establish and maintain a system that is commensurate with the permitted payment stablecoin issuer's size and complexity and the nature and scope of its operations to evaluate and monitor earnings and ensure that earnings are sufficient to support operations and maintain the capital levels required by subpart E of this part.

(6) *Insider and affiliate transactions.*

(i) A permitted payment stablecoin issuer must ensure that transactions between the permitted payment stablecoin issuer and insiders or affiliates:

(A) Are not excessive and do not pose significant risks of material financial loss;

(B)(*1*) Are conducted on terms that are the same or at least as favorable to the permitted payment stablecoin issuer as those prevailing at the time for comparable transactions with or involving non-insiders or non-affiliates; or

(*2*) In the absence of comparable transactions, are offered on terms and under circumstances that, in good faith would be offered to, or would apply to non-affiliates or non-insiders; and

(C) Are appropriately documented and reviewed by the board of directors.

(ii) A permitted payment stablecoin issuer must appropriately monitor and validate compliance with the requirements of paragraph (a)(6)(i) of this section.

(7) *Oversee service provider arrangements.* A permitted payment stablecoin issuer must:

(i) Exercise appropriate due diligence in selecting its service providers;

(ii) Require its service providers by contract to implement appropriate measures designed to meet the applicable requirements of this part; and

(iii) As appropriate, monitor its service providers to confirm they have satisfied their obligations under this section. As part of this monitoring, permitted payment stablecoin issuers must review audits, summaries of test results, or other equivalent evaluations of its service providers.

(8) *Liquidity, diversification, and concentration.* A permitted payment stablecoin issuer must:

(i) Appropriately monitor and validate compliance with the requirements of § 15.11; and

(ii) Manage liquidity and concentration risk in a manner that is appropriate to the business model and risk profile of the permitted payment stablecoin issuer.

(b) *Information technology and security*—(1) *Information technology and security program.* A permitted payment stablecoin issuer must implement a comprehensive written information security risk and control framework, including a program that assesses and manages information technology and information security risks.

(2) *Board of directors approval.* The board of directors or an appropriate board committee must approve the information technology and security program described in paragraph (b)(1) of this section and oversee the development, implementation, and maintenance of the program, including the appointment of a qualified Information Technology and Security Officer. Such oversight includes assigning specific responsibility for program implementation and review of program-related reports.

(3) *Required elements of program.* A permitted payment stablecoin issuer's information technology and security program must include:

(i) An inventory and classification of assets, processes, and sensitivity of data;

(ii) Controls supporting and safeguarding sensitive information and processes;

(iii) Evaluation, validation, and reporting processes to ensure that key information technology systems and controls, including smart contracts, are operating as intended;

(iv) Periodic independent testing; and

(v) A comprehensive and effective incident identification and assessment process and incident response program.

(4) *Security of customer information.* A permitted payment stablecoin issuer's information technology and security program must include administrative, technical, and physical safeguards designed to:

(i) Ensure the security and confidentiality of records containing nonpublic personal information about a customer;

(ii) Protect against any anticipated threats or hazards to the security or integrity of such records;

(iii) Protect against unauthorized access to or use of such records that could result in substantial harm or inconvenience to any customer; and

(iv) Ensure the proper disposal of such records.

(5) *Safe handling of digital assets.* A permitted payment stablecoin issuer must develop, implement, and maintain appropriate measures to ensure secure handling of digital assets, including private key management, backup, and recovery incorporating:

(i) Relevant technical, operational, strategic, market, legal, and compliance considerations relating to each digital asset and its underlying ledger; and

(ii) Material developments specifically related to supported digital assets and their underlying ledgers.

(6) *Adjust the program.* A permitted payment stablecoin issuer must monitor, evaluate, and adjust, as appropriate, the information technology and security program in light of any relevant changes in technology, the sensitivity of its customer information, internal or external threats, and the permitted payment stablecoin issuer's own changing business arrangements, such as mergers and acquisitions, alliances and joint ventures, third-party arrangements, and changes to applicable information systems.

(7) *Notification of unauthorized access*—(i) *Notification to customers.* When a permitted payment stablecoin issuer becomes aware of an incident of unauthorized access to sensitive customer information, including a customer's private key, the permitted payment stablecoin issuer must conduct a reasonable investigation to promptly determine the likelihood that the information has been or will be misused. If the permitted payment stablecoin issuer determines that misuse of its information about a customer has occurred or is reasonably possible, it must notify the affected or possibly affected customer and the OCC as soon as possible. Customer notice must be delayed if an appropriate law enforcement agency determines that notification will interfere with a criminal investigation and provides the permitted payment stablecoin issuer with a written request for the delay. The permitted payment stablecoin issuer must notify its customers of the misuse or possible misuse of customer information as soon as law enforcement notifies the permitted payment stablecoin issuer that notification will no longer interfere with the investigation.

(ii) *Notification to group of customers.* If a permitted payment stablecoin issuer determines that a group of files has been

accessed improperly but is unable to identify which specific customers' information has been accessed and the circumstances of the unauthorized access lead the permitted payment stablecoin issuer to determine that misuse of the information is reasonably possible, it must notify all customers in the group.

(8) *Information technology resilience.* A permitted payment stablecoin issuer's information technology and security program must include measures to ensure continuity of operations and recovery of critical functions in the face of disruptions, including by business impact analyses, testing of vulnerabilities, and testing with critical service providers.

§ 15.14 Audits, reports, and supervision.

(a) *General.* The OCC will conduct a full-scope examination of every permitted payment stablecoin issuer subject to its supervision at least once during each 12-month period, unless otherwise specified in paragraph (d) of this section.

(b) *Access to books and records.* Upon request by the OCC, permitted payment stablecoin issuers must grant the OCC prompt and complete access to all officers, directors, employees, agents, and relevant books, records, or documents of any type.

(c) *Location of examinations.* The OCC may conduct examinations of every permitted payment stablecoin issuer subject to its supervision, as specified in paragraph (a) of this section, either on-site or remotely.

(d) *Extended exam cycle for certain issuers.* Notwithstanding paragraph (a) of this section, the OCC may conduct a full-scope examination of a permitted payment stablecoin issuer subject to its supervision at least once during each 18- to 36-month period, as determined by the OCC in its sole discretion, if the following conditions are satisfied:

(1) The permitted payment stablecoin issuer currently is not subject to a formal enforcement proceeding or order;

(2) No person acquired control, as specified in paragraph (m) of this section, of the permitted payment stablecoin issuer during the preceding 12-month period in which a full-scope examination would have been required but for this paragraph (d);

(3) The permitted payment stablecoin issuer has an outstanding issuance value of less than $1 billion or less than $25 billion in total monthly trading volume; and

(4) The permitted payment stablecoin issuer is in compliance with all of the reserve requirements set forth in § 15.11 and the reporting requirements of this section.

(e) *Authority to conduct more frequent examinations.* This section does not limit the authority of the OCC to examine any permitted payment stablecoin issuer as frequently as the OCC deems necessary, including examinations of a limited scope.

(f) *Recordkeeping requirements.* All permitted payment stablecoin issuers must maintain a complete set of books and records in English.

(g) *Records retention policy.* All permitted payment stablecoin issuers must develop and implement a records retention policy that ensures the permitted payment stablecoin issuer can demonstrate compliance with the GENIUS Act, this part, and all applicable laws and regulations.

(h) *Confidential weekly reporting.* All permitted payment stablecoin issuers must submit to the OCC, on a weekly basis, in the manner and form specified by the OCC, a confidential report containing the information requested in the form available at *www.occ.gov.*

(i) *Reports of financial condition.* All permitted payment stablecoin issuers must submit to the OCC a quarterly report on the financial condition of the permitted payment stablecoin issuer, including, but not limited to, income statement, expenses, balance sheet, reserves, changes in equity, investments, capital, outstanding issuance value, and assets under custody, in a standardized format as prescribed by the OCC within 30 days of the end of the prior quarter. Forms and instructions are available at *www.occ.gov.* Each report of financial condition must contain a declaration by the permitted payment stablecoin issuer's Chief Financial Officer, or the individual performing an equivalent function, that the report is true and correct to the best of their knowledge and belief. The correctness of the report of financial condition must be attested to by the signatures of the directors and senior management of the permitted payment stablecoin issuer other than the officer, or the individual performing an equivalent function, making such declaration, with the attestation stating that the report has been examined by them and to the best of their knowledge and belief is true and correct.

(j) *Submission of other reports.* All permitted payment stablecoin issuers must, upon request, submit to the OCC a report on:

(1) The financial condition of the permitted payment stablecoin issuer;

(2) The systems of the permitted payment stablecoin issuer for monitoring and controlling financial and operational risks;

(3) Compliance of the permitted payment stablecoin issuer and any subsidiary thereof with the GENIUS Act, and this part; and

(4) Compliance of the permitted payment stablecoin issuer with the requirements of the Bank Secrecy Act and with laws authorizing the imposition of sanctions and implemented by the Secretary of the Treasury.

(k) *Ongoing compliance reporting.* Not later than 180 days after the approval of an application, as defined in § 15.30, and on an annual basis thereafter, a permitted payment stablecoin issuer must submit to the OCC a certification by its board of directors that the permitted payment stablecoin issuer has implemented anti-money laundering and economic sanctions compliance programs that are reasonably designed to prevent the permitted payment stablecoin issuer from facilitating money laundering, in particular, facilitating money laundering for cartels and organizations designated as foreign terrorist organizations under section 219 of the Immigration and Nationality Act (8 U.S.C. 1189) and the financing of terrorist activities, consistent with the requirements of the GENIUS Act.

(l) *Audits.* A permitted payment stablecoin issuer with more than $50 billion in outstanding issuance value that is not subject to the reporting requirements under section 13(a) or 15(d) of the Securities and Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)) must prepare in accordance with GAAP an annual financial statement that must include the disclosure of any related party transactions, as defined by GAAP.

(1) A registered public accounting firm must perform an audit of the financial statements described in this paragraph (l). The audit must be conducted in accordance with all applicable auditing standards established by the Public Company Accounting Oversight Board, including those relating to auditor independence, internal controls, and related party transactions.

(2) A permitted payment stablecoin issuer required to prepare an audited annual financial statement under this paragraph (l) must:

(i) Make the audited financial statements publicly available on the permitted payment stablecoin issuer's website; and

(ii) Submit the audited financial statements annually, within 120 days after the end of its fiscal year, to the OCC.

(iii) If a permitted payment stablecoin issuer is unable to timely file all or any portion of the financial statement described in paragraph (l)(2)(ii) of this section, it must submit a written notice of late filing to the OCC. The notice must:

(A) Disclose the permitted payment stablecoin issuer's inability to timely file all, or specified portions, of its annual financial statement and the reasons therefore in reasonable detail;

(B) Include the date by which the financial statement will be filed; and

(C) Be filed on or before the deadline for filing the financial statement.

(m) *Changes in control.*

(1) A person seeking to acquire control, as those terms are used in 12 CFR 5.50, of a permitted payment stablecoin issuer must follow the requirements of 12 CFR 5.50 as if the permitted payment stablecoin issuer were a national bank.

(2) Paragraph (m)(1) of this section does not apply to a transaction subject to the notice or application provisions under 12 CFR part 5 or § 15.30.

(n) *Use of existing reports.* In supervising and examining a permitted payment stablecoin issuer, the OCC will, to the fullest extent possible, use existing reports and other supervisory information.

(o) *Avoidance of duplication.* The OCC will, to the fullest extent possible, avoid duplication of examination activities, reporting requirements, and requests for information.

§ 15.15 State qualified payment stablecoin issuers.

(a) *Scope.* This section addresses requirements related to a State qualified payment stablecoin issuer that is a nonbank entity transitioning to the OCC's regulatory framework pursuant to section 4 of the GENIUS Act (12 U.S.C. 5903).

(b) *Transition to Federal regulatory framework—*

(1) *Transition requirements.* A State qualified payment stablecoin issuer that is a nonbank entity of a payment stablecoin with an outstanding issuance value of more than $10 billion must:

(i) Not later than 360 days after reaching such threshold, transition to the Federal regulatory framework under this part and comply with the provisions of this part applicable to Federal qualified payment stablecoin issuers; or

(ii) Beginning on the date the payment stablecoin reaches such threshold, cease issuing, on a net basis, new payment stablecoins until the issuer is under the $10 billion outstanding issuance value threshold.

(2) *Initial notice requirement.* (i) A State qualified payment stablecoin issuer that is a nonbank entity with an outstanding issuance value of more than $10 billion must provide written notification to the OCC within five calendar days after reaching such threshold.

(ii) The written notification must include the following information:

(A) The State or States that currently regulate the State qualified payment stablecoin issuer;

(B) The State qualified payment stablecoin issuer's outstanding issuance value as of the date of the notice;

(C) The date that the State qualified payment stablecoin issuer first reached the $10 billion outstanding issuance value threshold; and

(D) An indication of whether and when the State qualified payment stablecoin issuer ceased issuing, on a net basis, new payment stablecoins and whether the State qualified payment stablecoin issuer intends to seek a waiver pursuant to paragraph (d) of this section.

(3) *Capital.* (i) Within 270 days of reaching the $10 billion outstanding issuance value threshold, a State qualified payment stablecoin issuer that is a nonbank entity must submit an analysis of the issuer's current capital position and anticipated capital needs, sufficient to ensure ongoing operations, based on its business model and risk profile.

(ii) The OCC will review the submission required under paragraph (b)(3)(i) of this section and establish a minimum capital requirement pursuant to § 15.41(a)(1).

(iii) For purposes of complying with the transition requirements under paragraph (b)(1)(i) of this section, the issuer must hold minimum capital as specified under § 15.41(a)(1)(ii) prior to the issuer's transition date.

(iv) A state qualified payment stablecoin issuer that is a nonbank entity is not required to submit a capital analysis under this paragraph (b)(3) if the issuer:

(A) Has received a waiver pursuant to paragraph (d) of this section; or

(B) Is not required to transition to the Federal regulatory framework pursuant to paragraph (b)(1)(ii) of this section.

(4) *Compliance notice requirement and transition date.* (i) For purposes of complying with paragraph (b)(1)(i) of this section, a State qualified payment stablecoin issuer that is a nonbank entity must provide written notification to the OCC that it is in compliance with the Federal regulatory framework under this part. If the State qualified payment stablecoin issuer is not in compliance with the Federal regulatory framework under this part, the written notice must identify the provisions with which the issuer does not comply, provide the issuer's plan for remediating its noncompliance, and explain why the issuer did not comply with the Federal regulatory framework within the 360-day transition period.

(ii) A State qualified payment stablecoin issuer that does not cease issuing new payment stablecoins in accordance with paragraph (b)(1)(ii) of this section must transition to the regulatory framework under this part on the earlier of 360 days after reaching the $10 billion outstanding issuance value threshold or the date on which the State qualified payment stablecoin issuer provides written notification under paragraph (b)(4)(i) of this section.

(c) *Initial Examination.* A State qualified payment stablecoin issuer that transitions to the regulatory framework under this part must undergo an initial OCC examination at the OCC's request or no later than six months after the date on which the State qualified payment stablecoin issuer provides written notification under paragraph (b)(4)(i) of this section.

(d) *Waiver from Federal supervision.*

(1) *Waiver request.* A State qualified payment stablecoin issuer that is a nonbank entity seeking to remain solely supervised by a State payment stablecoin regulator must submit to the OCC a written waiver request containing information necessary to evaluate such request under paragraphs (d)(2) and (3) of this section. A State qualified payment stablecoin issuer that is a nonbank entity seeking to remain solely supervised by a State payment stablecoin issuer must submit a waiver request within 240 days of reaching the $10 billion outstanding issuance value.

(2) *Waiver criteria.* The OCC will consider the following exclusive criteria when deciding whether to grant a waiver:

(i) The capital maintained by the State qualified payment stablecoin issuer;

(ii) The past operations and examination history of the State qualified payment stablecoin issuer;

(iii) The experience of the State payment stablecoin regulator in supervising payment stablecoin and digital asset activities; and

(iv) The supervisory framework, including regulations and guidance, of the State qualified payment stablecoin issuer with respect to payment stablecoins and digital assets.

(3) *Waiver presumption.* (i) Except as provided in paragraph (d)(3)(ii) of this section, the OCC will approve a waiver

request under this section if the relevant State payment stablecoin regulator has:

(A) Established a prudential regulatory regime (including regulations and guidance) for the supervision of digital assets or payment stablecoins as of April 19, 2025, that has been certified pursuant to section 4(c) of the GENIUS Act (12 U.S.C. 5903(c)); and

(B) Approved one or more issuers to issue payment stablecoins under the supervision of such State payment stablecoin regulator.

(ii) Paragraph (d)(3)(i) of this section does not apply to a waiver request if the OCC finds by clear and convincing evidence that the criteria in paragraph (d)(2) of this section are not substantially met or that the State qualified payment stablecoin issuer poses significant safety and soundness risks to the financial system of the United States.

§ 15.16 Unusual and exigent circumstances.

(a) *Scope.* This section addresses the OCC's authority to impose restrictions on a State qualified payment stablecoin issuer that is a nonbank entity during unusual and exigent circumstances, pursuant to section 7 of the GENIUS Act (12 U.S.C. 5906).

(b) *Unusual and exigent circumstances.* If the OCC determines that unusual and exigent circumstances exist, based on information available to the OCC, and that there is reasonable cause to believe that the continuation of any activity, including failure to act, by a State qualified payment stablecoin issuer that is a nonbank entity constitutes a serious risk to the financial safety, soundness, or stability of the nonbank entity, the OCC will impose such restrictions as the OCC determines to be necessary to address such risk during unusual and exigent circumstances in the form of a directive with the effect of a cease-and-desist order that has become final. Such restrictions may include limitations on:

(1) Redemptions of payment stablecoins;

(2) Transactions between the State qualified payment stablecoin issuer, a holding company, and the subsidiaries or affiliates of either the State qualified payment stablecoin issuer or the holding company; and

(3) Any activities of the State qualified payment stablecoin issuer that might create a serious risk that the liabilities of a holding company and the affiliates of the holding company may be imposed on the State qualified payment stablecoin issuer.

(c) *OCC considerations for unusual and exigent circumstances.* When determining whether unusual and exigent circumstances exist under this section, the OCC will consider:

(1) Whether the State qualified payment stablecoin issuer is, or is expected to imminently be, engaging in an activity (including any act, practice, or omission) that poses an immediate risk to the financial safety, soundness, or stability of the issuer or the financial system of the United States;

(2) The actions of the relevant State payment stablecoin regulator to promptly address the risk to the issuer or the financial system of the United States;

(3) Risks presented to payment stablecoin holders; and

(4) Any other factors the OCC deems appropriate in light of the particular circumstances and consistent with the purposes of the GENIUS Act.

(d) *Administrative review.* The administrative review procedures described in section 7(e)(2)(D) of the GENIUS Act (12 U.S.C. 5906(e)(2)(D)) are applicable to a State qualified payment stablecoin issuer or any institution-affiliated party, as defined in section 2(13) of the GENIUS Act (12 U.S.C. 5901(13)), subject to a directive issued under paragraph (b) of this section.

Subpart C—Custody

§ 15.20 Definitions.

For the purposes of this subpart, the following definitions apply:

Applicable law means the law of a State or other jurisdiction governing a covered custodian's custody relationships, any applicable Federal law governing those relationships, the terms of the custody agreement, and any applicable court order.

Covered assets means payment stablecoin reserves, payment stablecoins used as collateral, and private keys used to issue payment stablecoins, as well as cash and other property received in the course of the provision of custodial or safekeeping services for such assets.

Covered custodian means a national bank, Federal savings association, Federal branch, or permitted payment stablecoin issuer to the extent of such person's provision of custodial or safekeeping services for covered assets.

Covered customer means a person for or on whose behalf a covered custodian receives, acquires, or holds covered assets.

Custody agreement means a legally binding contractual agreement between a covered customer, as the principal, and the covered custodian, as the agent, that establishes the covered custodian's duties and responsibilities in providing safekeeping and ancillary services to the covered customer.

Digital wallet means a software program or hardware device that stores and manages the private keys associated with a particular unit of a digital asset.

Sub-custodian means a person that provides custody and safekeeping services to a covered custodian, including through a digital wallet for which such person controls the associated private keys, with respect to covered assets of a covered customer, for which the covered custodian otherwise serves as a custodian under this subpart.

§ 15.21 Covered asset custodial property requirements.

(a) *Separate accounting, treatment, and dealing.* A covered custodian must separately account for the covered assets of a covered customer and must treat and deal with those covered assets as belonging to such covered customer and not as the property of the covered custodian.

(b) *Protection, possession, and control.* (1) A covered custodian must take appropriate steps to protect the covered assets of covered customers from the claims of creditors of the covered custodian and any sub-custodian, as applicable, including through adopting, implementing, and maintaining written policies, procedures, and internal controls that are adequate to comply with applicable law and that are commensurate with the covered custodian's size, complexity, and risk profile and with the nature of the applicable covered assets for which it provides custodial or safekeeping services.

(2)(i) A covered custodian must maintain possession or control of the covered assets of a covered customer that are held directly, including in a digital wallet for which the covered custodian controls the associated private keys; however, a covered custodian may maintain the covered assets of a covered customer through the use of a sub-custodian if consistent with applicable law, provided the covered custodian maintains adequate safeguards and internal controls reasonably designed to provide the covered custodian with oversight of such sub-custodian's compliance with the requirements of this subpart.

(ii) With regards to any payment stablecoin or stablecoin reserve in the form of a tokenized asset held in safekeeping under this subpart, a covered custodian, or sub-custodian, as applicable, maintains control for purposes of paragraph (b)(2)(i) of this section 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.

(c) *Withdrawals and application of covered assets.* Consistent with applicable law, a covered custodian may withdraw and apply such share of the covered assets of a covered customer necessary to transfer, adjust, or settle a transaction or transfer of assets applicable to that covered customer, including the payment of commissions, taxes, storage, and other charges lawfully accruing in connection with the provision of services to that covered customer by the covered custodian.

(d) *Holdings of cash.* Notwithstanding any other provision of this section, an insured national bank or Federal savings association that provides custodial or safekeeping services, including as a sub-custodian, for covered assets that are in the form of cash may hold such cash in the form of a deposit liability, provided such treatment is consistent with Federal law.

§ 15.22 Use of omnibus accounts.

(a) *Segregation of covered assets.* A covered custodian must segregate all covered assets of covered customers from and not commingle them with the assets of the covered custodian, except as permitted under § 15.21(d).

(b) *Commingling covered assets.* A covered custodian may, for convenience, commingle the covered assets of multiple covered customers, in one or more omnibus accounts to the extent that the steps it has taken pursuant to § 15.21(b) are adequate to maintain safe and sound practices for the use of omnibus accounts, and to the extent that the use of omnibus accounts is consistent with applicable law.

§ 15.23 Self-custody hardware and software exclusion.

The requirements of this subpart do not apply to any national bank, Federal savings association, Federal branch, or permitted payment stablecoin issuer solely on the basis that such entity engages in the business of providing hardware or software to facilitate a person's or entity's self-custody of their payment stablecoins or private keys.

Subpart D—Applications and Registrations

§ 15.30 Approval of permitted payment stablecoin issuers.

(a) *Application requirement*—(1) *Insured national banks, Federal savings associations, and insured Federal branches.* Any insured national bank, Federal savings association, or insured Federal branch that seeks to issue payment stablecoins through a subsidiary must file an application under this section and receive prior approval from the OCC before issuing payment stablecoins.

(2) *Nonbank entities, uninsured national banks, and uninsured Federal branches.* Any nonbank entity, uninsured national bank, or uninsured Federal branch that seeks to issue payment stablecoins as a Federal qualified payment stablecoin issuer must file an application under this section and receive prior approval from the OCC before issuing payment stablecoins.

(b) *Application process*—(1) *Information required.*

(i) An applicant must submit all the information required by the form for an application under this section. Forms and instructions are available at *www.occ.gov.*

(ii) Each director, executive officer, and principal shareholder of the applicant (or in the case of an applicant that is an insured national bank, Federal savings association or Federal branch, of the subsidiary of the applicant) must submit the information prescribed in the Interagency Biographical and Financial Report, available at *www.occ.gov.*

(iii) An applicant must certify that any filing or supporting material submitted to the OCC contains no material misrepresentations or omissions. The OCC may review and verify any information filed in connection with an application. Any person responsible for any material misrepresentation or omission in a filing or supporting materials may be subject to enforcement action and other penalties, including criminal penalties provided in 18 U.S.C. 1001.

(2) *Where to file.* An applicant should address an application under this section to the appropriate OCC licensing office, unless the OCC advises an applicant otherwise. Relevant addresses are listed on *www.occ.gov.*

(3) *Substantially complete application.*

(i) An application is substantially complete if it contains sufficient information for the OCC to render a decision on whether the applicant satisfies the factors set forth in paragraph (c) of this section.

(ii) The OCC will notify applicants not later than 30 days after receipt of an application whether the application is substantially complete. If the application is not substantially complete, the OCC will notify the applicant of the information required in order for the application to be substantially complete.

(iii) The OCC will notify applicants not later than 30 days after receipt of additional information described in paragraph (b)(3)(ii) of this section whether the application is now substantially complete.

(iv) An application is considered substantially complete as of the date the OCC receives the information required for the application to be substantially complete.

(v) If the OCC determines that an application is substantially complete, the application remains substantially complete unless there is a material change in circumstances that requires the OCC to treat the application as a new application.

(4) *Investigation.* The OCC may examine or investigate and evaluate facts relating to an application under this section to the extent necessary to reach an informed decision. The OCC may collect fingerprints of the individuals listed in paragraph (b)(1)(ii) of this section for submission to the Federal Bureau of Investigation for a national criminal history background check.

(5) *OCC review.* A substantially complete application under this section is deemed approved by the OCC as of the 120th day after the substantially complete application is received by the OCC, unless the OCC denies the substantially complete application under paragraph (d) of this section.

(c) *Review factors.*

The OCC considers the following factors when evaluating a substantially complete application:

(1) The ability of the applicant (or in the case of an applicant that is an insured national bank, Federal savings association or insured Federal branch, the subsidiary of the applicant) based on financial condition and resources, to meet the requirements for issuing payment stablecoins under subpart B of this part;

(2) Whether any officer or director of the applicant has been convicted of a felony offense involving insider trading, embezzlement, cybercrime, money laundering, financing of terrorism, or financial fraud;

(3) The competence, experience, and integrity of the officers, directors, and principal shareholders of the applicant, its subsidiaries, and parent companies, including:

(i) The record of those officers, directors, and principal shareholders of compliance with laws and regulations; and

(ii) The ability of those officers, directors, and principal shareholders to fulfill any commitments or conditions imposed by the OCC in connection with the application filed under this section or any prior application; and

(4) Whether the applicant's redemption policy meets the standards under § 15.12.

(d) *Denial.* The OCC may deny a substantially complete application filed under this section if the OCC determines that the proposed activities would be unsafe or unsound based on the factors described in paragraph (c) of this section. Within 30 days after the OCC denies a substantially complete application, the OCC will provide the applicant with a written explanation of the disapproval, including all findings with respect to all identified material shortcomings and actionable recommendations to address the identified material shortcomings.

(e) *Appeal.*

(1) An applicant may request a written or oral hearing to appeal the OCC's denial of a substantially complete application within 30 days of receipt of the OCC's notice of denial. The request for a written or oral hearing must be in writing.

(2) If the applicant does not make a timely appeal for a hearing under this section, the OCC will notify the applicant, in writing and within 10 days of the date the applicant would have been able to request a hearing, that the denial of the substantially complete application is the final determination of the OCC.

(3) Within 30 days of receiving a timely appeal request, the OCC will notify the applicant of a time and place at which the applicant may appear, personally or through counsel, to submit written materials or provide oral testimony and oral argument. The applicant must submit all documents and written arguments that the applicant wishes to be considered in support of a written appeal.

(4) The Comptroller or authorized delegate considers all information submitted with the original substantially complete application, the material before the OCC official who made the initial denial decision, and any information submitted by the applicant at the time of appeal. The Comptroller or authorized delegate considers all submitted documentation *de novo.* The Comptroller or authorized delegate may uphold or reverse the initial decision to deny the application.

(5) Within 60 days of the hearing, the Comptroller or authorized delegate will notify the applicant in writing of a final determination. The final determination will explain the findings on which the determination is based. If the initial decision is upheld, the decision to deny the substantially complete application is effective as of the date of the original denial.

(6) The denial of a substantially complete application under this section does not prohibit the applicant from filing a subsequent application.

(f) *Safe harbor*—

(1) *Insured national banks, Federal savings associations, and insured Federal branches.* An insured national bank, Federal savings association, or insured Federal branch that has a pending substantially complete application under this section for a subsidiary to become a permitted payment stablecoin issuer on or before [effective date of the GENIUS Act] may request, in writing, that the OCC waive the requirements of section 4 of the GENIUS Act (12 U.S.C. 5903) with respect to that subsidiary.

(2) *Nonbank entities, uninsured national banks, and uninsured Federal branches.* A nonbank entity, uninsured national bank, or uninsured Federal branch that has a pending substantially complete application under this section to become a Federal qualified payment stablecoin issuer on or before [effective date of the GENIUS Act] may request, in writing, that the OCC waive the requirements of section 4 of the GENIUS Act (12 U.S.C. 5903) with respect to that entity.

(3) *Grant of waiver.* The OCC may grant a waiver for a period not to exceed 12 months beginning on [effective date of the GENIUS Act]. The OCC may grant the waiver if it finds that the waiver:

(i) Would be in the public interest; or

(ii) Extraordinary circumstances justify the waiver.

(4) *Denial notwithstanding waiver.* Notwithstanding any waiver granted under paragraph (f)(3) of this section, the OCC may deny a substantially complete application under paragraph (d) of this section.

(g) *Nullifying a decision*—(1) *In general.* The OCC may nullify the approval of a substantially complete application under this section if:

(i) The OCC discovers a material misrepresentation or omission in any information provided to the OCC in the application or supporting materials;

(ii) The decision is contrary to law or regulation thereunder; or

(iii) The decision was granted due to clerical or administrative error, or a material mistake of law or fact.

(2) *Procedure.* When the OCC intends to nullify the approval of a substantially complete application, the OCC in its sole discretion, will:

(i) Provide the applicant with notice of the intended nullification and grant the applicant an opportunity to present a written submission opposing the intended nullification; or

(ii) Take any other action designed to provide the applicant with notice and an opportunity to present its views concerning the intended nullification.

§ 15.31 Foreign payment stablecoin issuers.

(a) *In general.* A foreign payment stablecoin issuer is not subject to the prohibitions of section 3 of the GENIUS Act (12 U.S.C. 5902) if it meets all of the following requirements:

(1) The foreign payment stablecoin issuer is subject to regulation and supervision by a foreign payment stablecoin regulator that has a regulatory and supervisory regime comparable to the GENIUS Act with respect to payment stablecoins, as determined by the Secretary of the Treasury under section 18(b) of the GENIUS Act (12 U.S.C. 5916(b));

(2) The foreign payment stablecoin issuer is registered with the OCC pursuant to § 15.32;

(3) The foreign payment stablecoin issuer holds reserves in United States financial institutions sufficient to meet demands of United States customers, unless otherwise permitted under a reciprocal arrangement created and implemented by the Secretary of the Treasury under section 18(d) of the GENIUS Act (12 U.S.C. 5916(d)); and

(4) The foreign country in which the foreign payment stablecoin issuer is domiciled and regulated is not subject to comprehensive economic sanctions by the United States or in a jurisdiction that the Secretary of the Treasury has determined to be a jurisdiction of primary money laundering concern.

(b) *Reporting, supervision, and examination*—

(1) *In general.* A foreign payment stablecoin issuer registered with the OCC pursuant to § 15.32 must fully accede to any request by the OCC regarding reporting, supervision, or examination of the foreign payment stablecoin issuer.

(2) *Reporting.*

(i) A foreign payment stablecoin issuer registered with the OCC pursuant to § 15.32 must produce the reports required of a permitted payment stablecoin issuer under § 15.14 as well as any other reports the OCC may require.

(ii) A foreign payment stablecoin issuer may request, in writing, an exemption from any reporting requirement that would otherwise apply

under § 15.14. The OCC may grant an exemption in its sole discretion.

(3) *Examinations.*

(i) The OCC will conduct a full-scope examinations of a foreign payment stablecoin issuer registered with the OCC under § 15.32 at the same frequency as the OCC would examine a permitted payment stablecoin issuer under § 15.14 unless the OCC determines, in its sole discretion, to examine at a different frequency.

(ii) The OCC may conduct examinations as specified in paragraph (b)(3)(i) of this section, either on-site or remotely.

(c) *Prohibition on interest.*

(1) A foreign payment stablecoin issuer registered with the OCC pursuant to § 15.32 may not pay 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 stablecoins.

(2) The OCC presumes that a foreign payment stablecoin issuer is paying interest or yield (whether in cash, tokens, or other consideration) to the holder of a payment stablecoin solely in connection with the holding, use, or retention of such payment stablecoin if:

(i) The foreign payment stablecoin issuer has a contract, agreement, or other arrangement with an affiliate of the issuer or related third party to pay interest or yield to the affiliate or related third party;

(ii) The affiliate or related third party identified in paragraph (c)(2)(i) of this section or, if the person is a related third party, an affiliate of such related third party has a contract, agreement, or other arrangement to pay interest or yield (whether in cash, tokens, or other consideration) 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; and

(iii) To the extent the person, or an affiliate of the person, identified in paragraph (c)(2)(i) is a related third party of the permitted payment stablecoin issuer because the permitted payment stablecoin issuer issues payment stablecoins on the related third party's behalf or under the related third party's branding, the arrangement identified in paragraph (c)(2)(ii) of this section considers the holder of the payment stablecoin to be the holder of a payment stablecoin issued by the permitted payment stablecoin issuer on the related third party's behalf or under the related third party's branding.

(3) For purposes of paragraph (c)(2) of this section, a *related third party* means:

(i) A person offering to pay interest or yield to payment stablecoin holders as a service; and

(ii) Any person that the issuer issues payment stablecoins on the person's behalf or under the person's branding.

(4) A foreign payment stablecoin issuer may rebut the presumption in paragraph (c)(2) of this section by submitting written materials that, in the OCC's judgment, demonstrate that the contract, agreement, or other arrangement is not prohibited under this paragraph (c) and is not an attempt to evade the prohibition.

(d) *Public availability.* The OCC makes publicly available on *www.occ.gov* a list of foreign payment stablecoin issuers whose registrations the OCC has approved.

§ 15.32 Registration of foreign payment stablecoin issuers.

(a) *Application required.* A foreign payment stablecoin issuer that seeks to be registered with the OCC under section 18(c) of the GENIUS Act (12 U.S.C. 5916(c)) must file an application under this section.

(b) *Application process—*

(1) *Information required.* As part of an application under this section, an applicant must provide the following information:

(i) All the information required by the form for an application under this section. Forms and instructions are available at *www.occ.gov;*

(ii) Evidence that the Secretary of the Treasury has determined that the applicant is subject to regulatory and supervisory regime comparable to the GENIUS Act with respect to payment stablecoins, under section 18 of the GENIUS Act (12 U.S.C. 5916);

(iii) A certification that the applicant will make available to the OCC all information that the OCC deems necessary to determine and enforce compliance with the GENIUS Act;

(iv) The applicant's consent to United States jurisdiction relating to enforcement of the GENIUS Act and this part; and

(v) Certification that any filing or supporting material submitted to the OCC contains no material misrepresentations or omissions. The OCC may review and verify any information filed in connection with an application. Any person responsible for any material misrepresentation or omission in a filing or supporting materials may be subject to enforcement action and other penalties, including criminal penalties provided in 18 U.S.C. 1001.

(2) *Where to file.* An applicant should address an application under this section to the appropriate OCC licensing office, unless the OCC advises a filer otherwise. Relevant addresses are listed on *www.occ.gov.*

(3) *Investigation.* The OCC may examine or investigate and evaluate facts relating to an application under this section to the extent necessary to reach an informed decision.

(4) *Registration approval.* An application for registration made by a foreign payment stablecoin issuer that satisfies the requirements in paragraph (b)(1) of this section is deemed approved by the OCC as of the 30th day after the OCC received the filing, unless the OCC notifies the filer in writing that the application for registration has been rejected.

(c) *Review factors.* The OCC considers the following factors when evaluating an application under this section:

(1) The Secretary of the Treasury's determination that the foreign payment stablecoin issuer is subject to a regulatory and supervisory regime comparable to the GENIUS Act with respect to payment stablecoins under section 18 of the GENIUS Act (12 U.S.C. 5916);

(2) The financial and managerial resources of the United States operations of the foreign payment stablecoin issuer;

(3) Whether the foreign payment stablecoin issuer will provide adequate information to the OCC to determine compliance with the GENIUS Act and this part;

(4) Whether the foreign payment stablecoin issuer presents a risk to the financial stability of the United States, including risks relating to ensuring timely redemption for United States customers; and

(5) Whether the foreign payment stablecoin issuer presents illicit finance risks to the United States.

(d) *Conditions of approval.* Any approval of registration under this section is subject to the following conditions:

(1) Upon request by the OCC, a foreign payment stablecoin issuers must grant the OCC prompt and complete access to all officers, directors, employees, and agents and to all relevant books, records, or documents of any type, in a form and location accessible to the OCC in the United States.

(2) The foreign payment stablecoin issuer will make all information described in paragraph (d)(1) of this section available to the OCC in English.

(3) The foreign payment stablecoin issuer provides evidence that it holds reserves in the United States that are sufficient to meet the liquidity demands

of United States customers on an ongoing basis, unless otherwise permitted under a reciprocal arrangement implemented by the Secretary of the Treasury under section 18(d) of the GENIUS Act (12 U.S.C. 5916(d)).

(i) The reserves must be held at United States financial institutions.

(ii) The foreign payment stablecoin issuer must provide to the OCC, by noon on the last day of each month, a report describing the total number of outstanding payment stablecoins issued by the foreign payment stablecoin issuer held by United States customers and the amount and composition of the foreign payment stablecoin issuer's reserves, including their geographic location and average tenor of reserve instruments, using a format substantially similar to the template provided in table 1 to this paragraph.

TABLE 1 PARAGRAPH (d)(3)(ii)—MONTHLY COMPOSITION TEMPLATE

	As of YYYYMMDD In thousands of U.S. Dollars	Amount	Geographic location	Average tenor
	Number of Outstanding payment stablecoins Held by United States Customers			
1 [1].				
2.				
3.				
4	TOTAL OUTSTANDING PAYMENT STABLECOINS HELD BY UNITED STATES CUSTOMERS.			
	Fair Value of Reserve Assets			
5	Deposits:			
6	Insured deposits.			
7	Uninsured deposits.			
8	Treasury bills, Treasury notes, or Treasury bonds.			
9	Other similarly liquid Federal Government-issued assets approved by OCC.			
10	Money received under repurchase agreements.			
11	Reverse repurchase agreements.			
12	Securities issued by an investment company solely invested in qualifying reserve assets.			
13	Reserves in tokenized form [2].			
14	Total Reserve Assets [3].			
15	Outstanding Repurchase Agreement Liabilities.			
16	Total Reserve Assets net of Outstanding Repurchase Agreement Liabilities.			

[1] List different classes of stablecoin separately, if applicable. To the extent that different classes of stablecoins are secured by distinct pools of reserve assets, foreign payment stablecoin issuers should publish a composition table for each class of stablecoin and describe the legal mechanism for how the assets are separately secured.

[2] Foreign payment stablecoin issuers must separately list any reserves in tokenized form by category of reserve asset, using multiple rows if appropriate.

[3] Do not double count any reserve assets that may be listed in more than one row for purposes of computing the total.

(iii) The foreign payment stablecoin must promptly notify the OCC through its supervisory office on any day in which the issuer fails to meet the reserve asset requirements of paragraph (d)(3).

(iv) The foreign payment stablecoin issuer will promptly and fully address any deficiency in its compliance with this paragraph (d)(3) that is explained to the foreign payment stablecoin issuer in writing by the OCC, including by depositing additional liquidity in United Staes financial institutions to the extent doing so would address the deficiency identified.

(4) The foreign payment stablecoin issuer consents to the jurisdiction of the Federal courts of the United States and of all United States Government agencies, departments and divisions for purposes of any and all claims made by, proceedings initiated by, or obligations to, the United States, the OCC and any other United States Government agency, department or division, in any matter arising under the GENIUS Act and other applicable Federal laws.

(5) The foreign payment stablecoin issuer will comply with all understandings, commitments, or conditions contained in any determination by the Secretary of the Treasury or any arrangements entered into by the United States and the foreign jurisdiction under section 18 of the GENIUS Act (12 U.S.C. 5916).

(e) *Rejection.* The OCC may reject an application under this section if the OCC makes a negative finding with respect to any of the factors described in paragraph (c) of this section or if the OCC determines that the applicant would be unable to comply with the conditions in paragraph (d) of this section. The OCC will provide written notice to the applicant of any rejection under this paragraph (e).

(f) *Appeal of rejection.* A foreign payment stablecoin issuer may request a written or oral hearing to appeal the OCC's rejection of an application for registration within 30 days of receipt of the OCC's notice of rejection. The request for a written or oral hearing must be in writing.

(1) If the foreign payment stablecoin issuer does not make a timely appeal for a hearing under this section, the OCC will notify the applicant, in writing and within 10 days of the date the applicant would have been able to request a hearing, that the denial of the application is the final determination of the OCC.

(2) Within 30 days of receiving a timely appeal request, the OCC notify the applicant of a time and place at which the applicant may appear, personally or through counsel, to submit written materials or provide oral testimony and oral argument. The foreign payment stablecoin issuer must submit all documents and written arguments that the foreign payment stablecoin issuer wishes to be considered in support of a written appeal.

(3) The Comptroller or authorized delegate considers all information submitted with the original application for registration, the material before the OCC official who made the initial decision, and any information

submitted by the appellant at the time of appeal. The Comptroller or authorized delegate considers all submitted documentation *de novo.* The Comptroller or authorized delegate may uphold or reverse the initial decision to reject the registration.

(4) Within 60 days of the hearing, the Comptroller or authorized delegate will notify the foreign payment stablecoin issuer in writing of a final determination. The final determination will explain the findings on which the determination is based. If the initial decision is upheld, the decision to deny the application is effective as of the date of the original denial.

(5) The denial of an application under this section does not prohibit the applicant from filing a subsequent application.

(g) *Nullifying a decision*—(1) *In general.* The OCC may nullify the approval of a registration under this section if:

(i) The OCC discovers a material misrepresentation or omission in any information provided to the OCC in the application or supporting materials;

(ii) The decision is contrary to law or regulation thereunder; or

(iii) The decision was granted due to clerical or administrative error, or a material mistake of law or fact.

(2) *Procedure.* When the OCC intends to nullify the approval of a registration, the OCC in its sole discretion, will:

(i) Provide the applicant with notice of the intended nullification decision and grant the applicant an opportunity to present a written submission opposing the intended nullification; or

(ii) Take any other action designed to provide the applicant with notice and an opportunity to present its views concerning the intended nullification.

§ 15.33 Revocation or rescission of approval.

(a) *Revocation of approval of a permitted payment stablecoin issuer*—(1) *In general.* The OCC may revoke approval of a permitted payment stablecoin issuer's application under § 15.30 if the permitted payment stablecoin issuer does not submit the certification required by § 15.14(k).

(2) *Procedures*—(i) *Notice and hearing.* Except as otherwise provided in this section, the OCC may issue an order to revoke the permitted payment stablecoin issuer's application approval under § 15.30 after providing notice to the permitted payment stablecoin issuer and after providing an opportunity for a hearing.

(ii) *Procedures for hearing.* The OCC will conduct a hearing under this section pursuant to the OCC's Rules of Practice and Procedures in 12 CFR part 19.

(iii) *Expedited procedure.* The OCC may act without providing an opportunity for a hearing if it determines that expeditious action is necessary in order to protect the public interest. When the OCC finds that it is necessary to act without providing an opportunity for a hearing, the OCC in its sole discretion, may:

(A) Provide the permitted payment stablecoin issuer with notice of the intended revocation of application approval;

(B) Grant the permitted payment stablecoin issuer an opportunity to present a written submission opposing revocation of application approval; or

(C) Take any other action designed to provide the permitted payment stablecoin issuer with notice and an opportunity to present its views concerning the revocation of application approval.

(3) *Effect of rescission.* A decision to revoke an application approval is effective upon provision of notice to the permitted payment stablecoin issuer, unless otherwise specified by the OCC.

(b) *Rescission of foreign payment stablecoin issuer registration*—(1) *In general.* The OCC may, in consultation with the Secretary of the Treasury, rescind approval of a registration of a foreign payment stablecoin issuer under § 15.32 if the OCC determines that the foreign payment stablecoin issuer is not in compliance with the requirements of the GENIUS Act, including for maintaining insufficient reserves or posing an illicit finance risk or financial stability risk.

(2) *Procedures*—(i) *Notice and hearing.* Except as otherwise provided in this section, the OCC may issue an order to rescind the foreign payment stablecoin issuer's registration approval under § 15.32 after providing notice to the foreign payment stablecoin issuer and providing an opportunity for a hearing.

(ii) *Procedures for hearing.* The OCC will conduct a hearing under this section pursuant to the OCC's Rules of Practice and Procedures in 12 CFR part 19.

(iii) *Expedited procedure.* The OCC may act without providing an opportunity for a hearing if it determines that expeditious action is necessary in order to protect the public interest. When the OCC finds that it is necessary to act without providing an opportunity for a hearing, the OCC in its sole discretion, may:

(A) Provide the foreign payment stablecoin issuer with notice of the intended recission of approval registration;

(B) Grant the foreign payment stablecoin issuer an opportunity to present a written submission opposing recission of approval registration; or

(C) Take any other action designed to provide the foreign payment stablecoin issuer with notice and an opportunity to present its views concerning the recission of approval registration.

(3) *Effect of rescission.* A decision to rescind approval of a registration is effective upon publication in the **Federal Register**, unless otherwise specified by the OCC.

Subpart E—Capital and Operational Backstop

§ 15.40 Capital elements.

(a) *Capital elements.* The minimum capital requirement must consist of common equity tier 1 capital and additional tier 1 capital.

(b) *Common equity tier 1 capital.* Common equity tier 1 capital is the sum of the common equity tier 1 capital elements in this paragraph (b). The common equity tier 1 capital elements are:

(1) Any common stock instruments (plus any related surplus) issued by the permitted payment stablecoin issuer, net of treasury stock, that meet all the following criteria:

(i) The instrument is paid-in, issued directly by the permitted payment stablecoin issuer, and represents the most subordinated claim in a receivership, insolvency, liquidation, or similar proceeding of the permitted payment stablecoin issuer;

(ii) The holder of the instrument is entitled to a claim on the residual assets of the permitted payment stablecoin issuer that is proportional with the holder's share of the permitted payment stablecoin issuer's issued capital after all senior claims have been satisfied in a receivership, insolvency, liquidation, or similar proceeding;

(iii) The instrument has no maturity date, can only be redeemed via discretionary repurchases with the prior approval of the OCC, and does not contain any term or feature that creates an incentive to redeem;

(iv) The permitted payment stablecoin issuer did not create at issuance of the instrument through any action or communication an expectation that it will buy back, cancel, or redeem the instrument, and the instrument does not include any term or feature that might give rise to such an expectation;

(v) Any cash dividend payments on the instrument are paid out of the permitted payment stablecoin issuer's

net income or retained earnings and are not subject to a limit imposed by the contractual terms governing the instrument;

(vi) The permitted payment stablecoin issuer has full discretion at all times to refrain from paying any dividends and making any other distributions on the instrument without triggering an event of default, a requirement to make a payment-in-kind, or an imposition of any other restrictions on the permitted payment stablecoin issuer;

(vii) Dividend payments and any other distributions on the instrument may be paid only after all legal and contractual obligations of the permitted payment stablecoin issuer have been satisfied, including payments due on more senior claims;

(viii) The holders of the instrument bear losses as they occur equally, proportionately, and simultaneously with the holders of all other common stock instruments before any losses are borne by holders of claims on the permitted payment stablecoin issuer with greater priority in a receivership, insolvency, liquidation, or similar proceeding;

(ix) The paid-in amount is classified as equity under GAAP;

(x) The permitted payment stablecoin issuer, or an entity that the permitted payment stablecoin issuer controls, did not purchase or directly or indirectly fund the purchase of the instrument;

(xi) The instrument is not secured, not covered by a guarantee of the permitted payment stablecoin issuer or of an affiliate, and is not subject to any other arrangement that legally or economically enhances the seniority of the instrument;

(xii) The instrument has been issued in accordance with applicable laws and regulations; and

(xiii) The instrument is reported on the permitted payment stablecoin issuer's financial statements separately from other capital instruments.

(2) Retained earnings.

(3) Accumulated other comprehensive income (AOCI) as reported under GAAP.

(4) Notwithstanding the criteria for common stock instruments referenced in paragraph (b)(1) of this section, common stock issued by the permitted payment stablecoin issuer and held in trust for the benefit of its employees as part of an employee stock ownership plan does not violate any of the criteria in paragraph (b)(1)(iii), (iv), or (xi) of this section, provided that any repurchase of the stock is required solely by virtue of the Employee Retirement Income Security Act of 1974 (ERISA) for an instrument of a permitted payment stablecoin issuer that is not publicly-traded. In addition, an instrument issued by a permitted payment stablecoin issuer to its employee stock ownership plan does not violate the criterion in paragraph (b)(1)(x) of this section.

(c) *Additional tier 1 capital.* Additional tier 1 capital is the sum of additional tier 1 capital elements and any related surplus. Additional tier 1 capital elements are:

(1) Instruments (plus any related surplus) that meet the following criteria:

(i) The instrument is issued and paid-in;

(ii) The instrument is subordinated to payment stablecoin holders, general creditors, and subordinated debt holders of the permitted payment stablecoin issuer in a receivership, insolvency, liquidation, or similar proceeding;

(iii) The instrument is not secured, not covered by a guarantee of the permitted payment stablecoin issuer or of an affiliate, and not subject to any other arrangement that legally or economically enhances the seniority of the instrument;

(iv) The instrument has no maturity date and does not contain a dividend step-up or any other term or feature that creates an incentive to redeem;

(v) If callable by its terms, the instrument may be called by the permitted payment stablecoin issuer only after a minimum of five years following issuance, except that the terms of the instrument may allow it to be called earlier than five years upon the occurrence of a regulatory event that precludes the instrument from being included in additional tier 1 capital or a tax event that impacts the taxation of the instrument. In addition:

(A) The permitted payment stablecoin issuer must receive prior approval from the OCC to exercise a call option on the instrument;

(B) The permitted payment stablecoin issuer does not create at issuance of the instrument, through any action or communication, an expectation that the call option will be exercised; and

(C) Prior to or simultaneously with exercising the call option, the permitted payment stablecoin issuer must either replace the instrument to be called with an equal amount of common equity tier 1 or additional tier 1 instruments or demonstrate to the satisfaction of the OCC that following redemption, the permitted payment stablecoin issuer will continue to hold capital commensurate with its risk;

(vi) Redemption or repurchase of the instrument requires prior approval from the OCC;

(vii) The permitted payment stablecoin issuer has full discretion at all times to cancel dividends or other distributions on the instrument without triggering an event of default, a requirement to make a payment-in-kind, or an imposition of other restrictions on the permitted payment stablecoin issuer except in relation to any distributions to holders of common stock or instruments that are *pari passu* with the instrument;

(viii) Any cash dividend payments on the instrument are paid out of the permitted payment stablecoin issuer's net income or retained earnings;

(ix) The instrument does not have a credit-sensitive feature, such as a dividend rate that is reset periodically based in whole or in part on the permitted payment stablecoin issuer's credit quality, but may have a dividend rate that is adjusted periodically independent of the permitted payment stablecoin issuer's credit quality, in relation to general market interest rates or similar adjustments;

(x) The paid-in amount is classified as equity under GAAP;

(xi) The permitted payment stablecoin issuer, or an entity that the permitted payment stablecoin issuer controls, did not purchase or directly or indirectly fund the purchase of the instrument; and

(xii) The instrument does not have any features that would limit or discourage additional issuance of capital by the permitted payment stablecoin issuer, such as provisions that require the permitted payment stablecoin issuer to compensate holders of the instrument if a new instrument is issued at a lower price during a specified time frame.

(2) [Reserved]

§ 15.41 Minimum capital and backstop.

(a) *Minimum capital requirement.* A permitted payment stablecoin issuer must hold minimum capital as follows:

(1) *De novo capital requirement.*

(i) A de novo permitted payment stablecoin issuer must hold minimum capital equal to the greater of:

(A) For:

(*1*) A Federal qualified payment stablecoin issuer approved by the OCC, the amount specified as part of its licensing or chartering conditions; or

(*2*) A State qualified payment stablecoin issuer, the amount as specified under § 15.15(b)(3)(ii); or

(B) $5 million.

(ii) A de novo permitted payment stablecoin issuer means a permitted payment stablecoin issuer that has received OCC approval to issue a payment stablecoin under this part within the prior 3 years or a State

qualified payment stablecoin issuer that has transitioned to the Federal regulatory framework under this part within the prior 3 years and has not received a waiver under § 15.15.

(iii) A de novo permitted payment stablecoin issuer must hold this minimum amount for 36 months, or for a shorter or longer period as specified as part of its chartering conditions or as subsequently determined by the OCC based on the experience of the permitted payment stablecoin issuer.

(2) *Ongoing capital requirement.*

(i) A permitted payment stablecoin issuer must maintain capital commensurate with the level and nature of all risks to which the permitted payment stablecoin issuer is exposed, including risks for off-balance sheet activities.

(ii) A permitted payment stablecoin issuer must have a process for assessing its overall capital adequacy in relation to its business model and risk profile and a comprehensive strategy for sustaining an appropriate level of capital to maintain ongoing operations.

(b) *Operational backstop.* A permitted payment stablecoin issuer must maintain assets:

(1) Equal to 12 months of total expenses.

(i) In the case of a permitted payment stablecoin issuer that has provided quarterly reports under § 15.14 for one year or more, the permitted payment stablecoin issuer must calculate the amount required under this paragraph (b)(1) using the quarterly expenses reported in the current quarterly report and the three immediately preceding reports.

(ii) For each calendar quarter in the preceding 12 months for which the permitted payment stablecoin issuer has not filed a quarterly report required under § 15.14 the permitted payment stablecoin issuer must calculate its expenses using:

(A) Actual expenses, in the case of a permitted payment stablecoin issuer that was in operation during a calendar quarter in which it did not file a quarterly report under § 15.14; or

(B) Reasonably determined expenses, which may include annualizing expenses from other quarters, in the case of any other payment stablecoin issuer.

(2) Consisting of:

(i) United States coins and currency (including Federal Reserve notes) or money standing to the credit of an account with a Federal Reserve Bank;

(ii) Demand deposits or insured shares at a U.S. insured depository institution, the balances of which are fully insured by the FDIC or the National Credit Union Administration; and

(iii) U.S. Treasury bills, notes, or bonds with a remaining maturity of 93 days or less, or issued with a maturity of 93 days or less; and

(3) Separately identified from any reserve assets required under § 15.11 or other assets of the permitted payment stablecoin issuer on the reports filed under § 15.l4.

(c) *Failure to meet minimum capital or backstop requirements.*

(1) A permitted payment stablecoin issuer must comply with its minimum capital and backstop requirements at the end of each quarter based on the amounts reported in the most recent report required under § 15.14.

(2) A permitted payment stablecoin issuer that fails to satisfy its minimum capital or backstop requirement at the end of a quarter is prohibited from issuing any new payment stablecoins, except as necessary to facilitate a transfer of payment stablecoins from one distributed ledger to another and provided that the net outstanding issuance value does not increase starting on the first day of the following month and until such time as it satisfies its minimum capital and backstop requirements.

(3) If a permitted payment stablecoin issuer fails to meet its minimum capital or backstop requirements at the end of two consecutive quarters, it must:

(i) Begin liquidation of reserve assets and redemption of outstanding payment stablecoins, consistent with § 15.12;

(ii) Not charge customers a fee to redeem their payment stablecoins; and

(iii) Not issue any new stablecoins going forward.

(d) *Uninsured national trust bank minimum capital requirement.*

(1) An uninsured national trust bank, whether or not it is a permitted payment stablecoin issuer, may elect to comply with the minimum capital requirement in paragraph (a) of this section and backstop requirement in paragraph (b) of this section in lieu of complying with the minimum capital and leverage requirements in 12 CFR part 3.

(2) To make the election described in paragraph (d)(1) of this section, or rescind a prior election, an uninsured national trust bank must submit a notice to the appropriate OCC supervisory office. The election becomes effective 30 days after OCC receipt, unless the OCC provides a written objection based on good cause within that timeframe.

(3) Notwithstanding paragraph (d)(1) of this section, an uninsured national trust bank must:

(i) Comply with any OCC enforcement action, order, directive, or document that specifies an otherwise applicable minimum capital requirement; and

(ii) Continue to follow the definition of capital in 12 CFR part 3, subpart C, including any adjustments or deductions, but cannot include any Tier 2 capital instrument as described in 12 CFR 3.20(d).

§ 15.42 Individual additional capital or backstop requirement.

(a) *Applicability.* The OCC may require an additional capital or backstop requirement for an individual permitted payment stablecoin issuer in view of its circumstances. For example, an additional capital or backstop requirement may be appropriate for:

(1) Failure of management to assess an appropriate capital requirement to support ongoing operations consistent with the permitted payment stablecoin issuer's business model and risk profile;

(2) A permitted payment stablecoin issuer that has, or is expected to have, losses resulting in capital inadequacy;

(3) A permitted payment stablecoin issuer with significant exposure due to management's overall inability to monitor and control financial and operating risks;

(4) A permitted payment stablecoin issuer that is experiencing significant volatility in stablecoin issuance or redemption;

(5) A permitted payment stablecoin issuer with significant exposure due to fiduciary or operational risk;

(6) A permitted payment stablecoin issuer's significant off-balance sheet activities; or

(7) A permitted payment stablecoin issuer that may be adversely affected by the activities or condition of its affiliate(s), or other persons or institutions, with which it has significant business relationships.

(b) *Standards for determination.* The factors to be considered in the determination will vary in each case and may include, for example:

(1) The conditions or circumstances leading to the OCC's determination that an additional capital or backstop requirement is appropriate or necessary for the permitted payment stablecoin issuer;

(2) The exigency of those circumstances or potential problems;

(3) The overall condition, management strength, and future prospects of the permitted payment stablecoin issuer and, if applicable, its affiliate(s);

(4) The permitted payment stablecoin issuer's liquidity, capital, and stablecoin reserve assets compared to its peer group; and

(5) The views of the permitted payment stablecoin issuer's owners and

senior management in any response provided under paragraph (c)(2) of this section.

(c) *Procedures—*

(1) *Notice.* When the OCC determines that an additional capital or backstop requirement above that set forth in § 15.41 are necessary or appropriate for a particular permitted payment stablecoin issuer, the OCC will notify the permitted payment stablecoin issuer in writing of the proposed additional capital or backstop requirement and the date by which the requirement should be reached (if applicable) and will provide an explanation of why the requirement proposed is considered necessary or appropriate for the permitted payment stablecoin issuer.

(2) *Response.*

(i) (A) The permitted payment stablecoin issuer may respond to the OCC in writing to the notice. (B) The response should include any matters which the permitted payment stablecoin issuer would have the OCC consider in deciding whether an individual additional capital or backstop requirement should be established for the permitted payment stablecoin issuer, what the capital or backstop requirement should be, and, if applicable, when it should be achieved.

(C) Any response must be delivered to the designated OCC official within 30 days after the date on which the permitted payment stablecoin issuer received the notice or such other time period as the OCC determines appropriate based on the condition of the permitted payment stablecoin issuer.

(ii) Failure to respond within the time period specified by the OCC constitutes a waiver of any objections to the proposed individual additional capital or backstop requirement or the deadline for its achievement.

(3) *Decision.* After the close of the permitted payment stablecoin issuer's response period, the OCC will decide, based on a review of the permitted payment stablecoin issuer's response and other information concerning the permitted payment stablecoin issuer, whether the individual additional capital or backstop requirement should be established for the permitted payment stablecoin issuer and, if so, the requirement and the date the requirement will become effective. The permitted payment stablecoin issuer will be notified of the decision in writing. The notice will include an explanation of the decision, except for a decision not to establish an individual additional capital or backstop requirement for the permitted payment stablecoin issuer.

(4) *Submission of plan.* The decision may require the permitted payment stablecoin issuer to develop and submit to the OCC, within a time period specified, an acceptable plan to reach the additional capital or backstop requirement established for the permitted payment stablecoin issuer by the date required.

(5) *Change in circumstances.* If, after the OCC's decision in paragraph (c)(3) of this section, there is a significant change in the circumstances that materially affects the permitted payment stablecoin issuer's capital adequacy or its ability to reach the required additional capital or backstop requirement by the specified date, the permitted payment stablecoin issuer may request, or the OCC may propose to the permitted payment stablecoin issuer, a change in the additional capital or backstop requirement for the permitted payment stablecoin issuer, the date when the minimum must be achieved, or the permitted payment stablecoin issuer's plan (if applicable). Pending a decision on reconsideration, the OCC's original decision and any plan required under that decision continues in full force and effect.

PART 19—RULES OF PRACTICE AND PROCEDURE

■ 13. The authority citation for part 19 is revised to read as follows:

Authority: 5 U.S.C. 504, 554–557; 12 U.S.C. 93, 93a, 161, 164, 481, 504, 1462a, 1463(a), 1464; 1467(d), 1467a(r), 1817(j), 1818, 1820, 1831m, 1831o, 1832, 1884, 1972, 3102, 3108, 3110, 3349, 3909, 4717, 5412(b)(2)(B), and 5913; 15 U.S.C. 78l, 78o–4, 78o–5, 78q–1, 78s, 78u, 78u–2, 78u–3, 78w, and 1639e; 28 U.S.C. 2461; 31 U.S.C. 330 and 5321; and 42 U.S.C. 4012a.

■ 14. Amend § 19.1 by revising paragraph (h) and adding paragraph (i) to read as follows:

§ 19.1 Scope.

* * * * *

(h) Suspension or revocation of registration, cease-and-desist, temporary cease-and-desist, removal and prohibition proceedings, or civil money penalties under section 6 of the Guiding and Establishing National Innovation for U.S. Stablecoins Act (''GENIUS Act'') (12 U.S.C. 5905); and

(i) This subpart also applies to all other adjudications required by statute to be determined on the record after opportunity for an agency hearing, unless otherwise specifically provided for in the Local Rules (see § 19.3(j)).

■ 15. Amend § 19.3 by revising paragraphs (h) and (i) to read as follows:

§ 19.3 Definitions.

* * * * *

(h) *Institution* includes any national bank, Federal savings association, Federal branch or agency of a foreign bank, or a permitted payment stablecoin issuer as that term is defined in 12 CFR 15.2.

(i) *Institution-affiliated party* means any institution-affiliated party as that term is defined in section 3(u) of the FDICA (12 U.S.C. 1813(u)). For actions pursuant to the GENIUS Act, institution-affiliated party means any institution-affiliated party as that term is defined in section 2(13) of the GENIUS Act (12 U.S.C. 5901(13)).

* * * * *

■ 16. Revise § 19.180 to read as follows:

§ 19.180 Scope.

This subpart and § 19.8 apply to formal investigations initiated by order of the Comptroller and pertain to the exercise of powers specified in section 5240 of the Revised Statutes of the United States (12 U.S.C. 481); section 5(d)(1)(B) of the Home Owners' Loan Act (12 U.S.C. 1464(d)(1)(B)); sections 7(j)(15), 8(n), and 10(c) of the FDIA (12 U.S.C. 1817(j)(15), 1818(n), and 1820(c)); sections 4(b) and 13(a) and (b) of the International Banking Act of 1978 (12 U.S.C. 3102(b) and 3108(a) and (b)); section 21 of the Exchange Act (15 U.S.C. 78u); and section 6 of the GENIUS Act (12 U.S.C. 5905). This subpart does not restrict or in any way affect the authority of the Comptroller to conduct examinations into the affairs or ownership of national banks; Federal savings associations; Federal branches and agencies; permitted payment stablecoin issuers, as defined in 12 CFR 5.2; and their affiliates.

Jonathan V. Gould,

Comptroller of the Currency.

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